







Annual Fi

MTN Group Limited
Financial Statements
*for the year ended
31 December 2013*



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The Group and Company annual financial statements were audited by

The preparation of the Group and Company annual financial statements was supervised by BD Goschen, BCom, BCompt (Hons), CA(SA).

These annual financial statements were authorised on 4 March 2020 by the

limited in terms of the Companies Act 71 of 2008.

statements was supervised by the Group chief financial officer,

2014 by the board of directors.

Statement of directors' responsibility

for the year ended 31 December 2013

The directors are responsible for the integrity of the integrated report as a whole, as well as for the preparation and fair presentation of the annual consolidated financial statements of MTN Group Limited (the Company), its subsidiaries, joint ventures, associates and structured entities (together the Group) in accordance with International Financial Reporting Standards (IFRS), the South African Companies Act, No 71 of 2008 (the Companies Act) and the JSE Listings Requirements, which form an integral part of the integrated report.

The preparation of financial statements in conformity with IFRS requires management to consistently apply appropriate accounting policies, supported by reasonable and prudent judgements and estimates.

The directors are of the opinion that the information contained in the annual financial statements fairly presents the financial position at year end and the financial performance and cash flows of the Group and Company.

The directors have responsibility for ensuring that accurate and complete accounting records are kept to enable the Group and Company to satisfy their obligation with respect to the preparation of financial statements.

The directors are also responsible for the oversight of the Company's financial reporting process. This includes the

nsibility

The Group risk committee plays an integral role in risk management as well as in overseeing the Group's integrated reporting and internal audit function.

The Group's internal audit function, which operates unimpeded and independently from operational management, and has unrestricted access to the Group's audit committee, assesses and, when necessary, recommends improvements in the system of internal controls and accounting practices, based on audit plans that take cognisance of the relative degrees of risk of each function or aspect of the business.

The going concern basis has been adopted in preparing the Group and Company annual financial statements. The directors have no reason to believe that the Group or the Company will not be a going concern in the year ahead based on forecasts and available cash resources. These financial statements support the viability of the Group and the Company.

The Group's external auditors, PricewaterhouseCoopers Incorporated and SizweNtsalubaGobodo Incorporated, jointly audited the Group and Company annual financial statements and their unqualified audit report is presented on page 9.

The external auditors' opinion is presented in detail on all

Group's system of internal controls. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

The Group operates in an established controlled environment, which is documented and regularly reviewed. This incorporates risk management and internal control procedures, which are designed to provide reasonable, but not absolute, assurance that assets are safeguarded and that the risks facing the business are controlled.

Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

Certificate by the company secretary

for the year ended 31 December 2013

I certify that MTN Group Limited has filed all its returns and notices as required by the Companies Act of a public company in terms of section 88(2)(e) of the Companies Act, and that the financial statements are, to the best of my knowledge and belief, true, correct and

SB Mtshali
Company secretary

Fairland
4 March 2014

The external auditors were given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders, the board of directors and committees of the board. The directors believe that all representations made to the independent auditors during their audit are valid and appropriate.

The Group annual financial statements and Company annual financial statements which appear on pages 10 to 135 were approved for issue by the board of directors on 4 March 2014 and are signed on its behalf by:

PF Nhleko
Chairman

RS Dabengwa
Group president and chief executive officer

Fairland
4 March 2014

Secretary

notices for the year ended 31 December 2013, as are required by the Companies Act, No 71 of 2008, and that such returns and notices are up to date.

Report of the audit committee

The MTN Group audit committee (the committee) presents its report in terms of section 94(7)(f) of the Companies Act and as recommended by King III for the financial year ended 31 December 2013.

TERMS OF REFERENCE

The committee has adopted comprehensive and formal terms of reference which have been approved by the board and which are reviewed on an annual basis.

MEMBERSHIP, MEETING ATTENDANCE AND EVALUATION

Members of the committee are formally nominated by the board for re-election by shareholders. The individuals satisfy the requirements to serve as members of an audit committee as provided in section 94 of the Companies Act and ensure that the committee has adequate knowledge and experience. The composition of the committee and the attendance at meetings by its members are set out below:

e

the Companies Act and King III. To the extent that the King III recommendations have not been applied, an explanation is provided in the corporate governance highlights as contained on page 32 of the integrated report.

The committee discharged the following responsibilities during the year under review:

EXTERNAL AUDITORS

- Considered and satisfied itself with the independence and objectivity of the joint external auditors and designated registered auditors and ensured that the scope of non-audit services rendered did not impair their independence.
- Approved the non-audit-related services performed by the joint external auditors in the year in accordance with the policy established and approved by the board.
- Determined the joint external auditors' terms of engagement and fees for 2013.
- Pre-approved all agreements for the provision of non-audit services, through the chairman of the committee to whom this authority has been delegated.

AF van Biljon (Chairman)	4/4
NP Mageza	4/4
MJN Njeke	4/4
J van Rooyen	4/4

The biographical details of members are set out on pages 22 and 23 of the integrated report. The committee meets at least four times a year and members' fees are included in the table of directors' emoluments and related payments on page 112.

The Group president and chief executive officer, the Group chief financial officer, the Group chief business risk officer, joint external auditors and other assurance providers attend committee meetings by invitation. The committee also meets separately with the joint external auditors, internal auditors and senior management before or after every meeting.

The effectiveness of the audit committee as a whole and its individual members are assessed on an annual basis.

EXECUTION OF FUNCTIONS OF THE AUDIT COMMITTEE

The committee is satisfied that, in respect of the period under review, it has conducted its affairs and discharged its duties and responsibilities in accordance with its terms of reference,

- to whom this authority has been delegated.
- Satisfied itself that the joint external auditors and the designated registered auditors are accredited on the JSE list of auditors and advisers. The committee recommends the reappointment of the joint external auditors and the appointment of the designated auditors at the next annual general meeting.

FINANCIAL STATEMENTS AND ACCOUNTING PRACTICES

- Reviewed the accounting policies and the annual financial statements of the Group for the year ended 31 December 2013, and based on the information provided to it, the committee considers that, in all material respects, they are appropriate and comply with the provisions of the Companies Act, IFRS, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, financial pronouncements as issued by the Financial Reporting Standards Council (FRSC), and the Listings Requirements of the JSE.
- Reviewed the processes in place for the reporting of concerns and complaints relating to reporting and accounting practices, internal audit, contents of the Group's financial statements, internal financial controls and any related matters. The committee can confirm that there were no such complaints of substance during the year under review.

Report of the audit committee

INTERNAL FINANCIAL CONTROLS

- Reviewed the process in terms of which internal audit performed a written assessment of the effectiveness of the Group's system of internal control (including internal financial controls). This written assessment by internal audit formed the basis of the committee's recommendation in this regard to the board in order for the board to report thereon. The board's report on the effectiveness of the system of internal controls, which the committee fully supports, is included in the directors' report on page 8.
- Reviewed the reports of both internal and external auditors detailing their concerns arising from their audits and considered appropriate responses from management.

INTEGRATED REPORTING AND COMBINED ASSURANCE

- Reviewed the disclosure of the Group's sustainability information as disclosed in the integrated report. Nothing has come to the attention of the committee to indicate that the information is in any way in conflict

e (continued)

INTERNAL AUDIT

- Considered the effectiveness of the internal audit function and monitored adherence to the annual internal audit plan.
- Reviewed the performance of the chief business risk officer, Mr SA Fakie and was satisfied that he has the necessary expertise and experience to fulfil his role and that he has performed appropriately during the year under review.

FINANCE DIRECTOR AND FINANCE FUNCTION

- Reviewed the performance of the Group chief financial officers, Mr NI Patel (1 January 2013 to 21 July 2013) and Mr BD Goschen (22 July 2013 to date) and was satisfied that they had/have the necessary expertise and experience to fulfil this role and that they have performed appropriately during the year under review.
- Considered, and has satisfied itself of the appropriateness of the expertise and experience of the finance function and adequacy of resources employed in this function.

SOLVENCY AND LIQUIDITY REVIEW

- indicate that the information is in any way in conflict with the information in the annual financial statements.
- Discussed the sustainability information with the chairmen of the risk management, compliance and corporate governance committee (risk committee) and the social and ethics committee. The committee is satisfied that assurance coverage as indicated was obtained from internal and external assurance providers. The Group's external assurance provider's independent assurance report is set out in the Group's integrated report on pages 72 to 74. In the light of this, the committee has no reason to believe that the information on sustainability as contained in the integrated report is not reliable to the extent of the reported assurance.
 - Considered and recommended the integrated report for adoption and approval by the board.

GOING CONCERN STATUS

- Considered the going concern status of the Company and the Group on the basis of review of the annual financial statements and the information available to the committee and recommended such going concern status for adoption by the board. The board statement on the going concern status of the Group and Company is contained on page 5 in the directors' report.

SOLVENCY AND LIQUIDITY REVIEW

- The committee is satisfied that the board has performed a solvency and liquidity test on the Company in terms of section 46 of the Companies Act and has concluded that the Company will satisfy the test after payment of the final dividend.

The committee also considered guarantees issued on behalf of subsidiaries.

Three members of the audit committee are also members of the risk committee. The chairman of the audit committee, who is not a member of the risk committee, does attend meetings of the risk committee.

The Group's joint external auditors are Pricewaterhouse-Coopers Inc. and SizweNtsalubaGobodo Inc. Fees paid to the auditors for the year under review are disclosed in note 6 of the annual financial statements on page 33.

AF van Biljon

Audit committee chairman

4 March 2014

Directors' report

for the year ended 31 December 2013

NATURE OF BUSINESS

MTN Group Limited (the Company) incorporated in the Republic of South Africa on 23 November 1994 carries on the business of investing in the telecommunications industry through its subsidiary companies, joint ventures and associated companies. The Group is listed on the JSE Limited. The Company's registered address is 216 14th Avenue, Fairland, Roodepoort, Gauteng, 2195.

ACCOUNTING PRACTICES

The Group and Company annual financial statements were prepared in accordance with IFRS as issued by the International Accounting Standards Board (IASB) and comply with the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the JSE Listings Requirements and the requirements of the Companies Act.

FINANCIAL RESULTS

The Group recorded a profit after tax for the year ended 31 December 2013 of R30 400 million (2012:

CAPITAL EXPENDITURE

Capital expenditure for the year ended 31 December 2013 totalled R30 164 million (2012: R28 827 million*) which comprised the following:

	2013 Rm	2012* Rm
Property, plant and equipment	26 804	25 933
Land and buildings	581	293
Leasehold improvements	181	243
Network infrastructure	12 332	14 526
Information systems, furniture and office equipment	1 496	1 464
Capital work in progress/ other	11 966	9 172
Vehicles	248	235
Intangible assets	3 360	2 894
Software	1 991	2 894
Capital work in progress	1 369	–

ended 31 December 2013 of R56 400 million (2012: R24 068 million).

Full details of the financial results of the Group and Company are set out on pages 10 to 135 of these annual financial statements and accompanying notes for the year ended 31 December 2013.

** 2012 amounts restated to exclude the Group's proportionate share relating to its interests in joint ventures, refer to note 48.*

RELATED PARTY TRANSACTIONS

Details of related party transactions are set out on pages 83 and 84 of these annual financial statements.

YEAR UNDER REVIEW

The detailed reviews of performance and the activities of the Group are contained in the reports of the Group president and chief executive officer, and the Group chief financial officer as set out on pages 50 to 53 and 64 to 65 of the integrated report.

BORROWING POWERS

In terms of the memorandum of incorporation (MOI), the borrowing powers of the Company are unlimited. However, all borrowings by the Group are subject to limitations set out in the treasury policy of the Group. The details of borrowings are disclosed in note 26.

Directors' report

for the year ended 31 December 2013 (continued)

GOING CONCERN

The directors have reviewed the Group's budget and cash flow forecast for the year to 31 December 2014. On the basis of this review, and in light of the current financial position and existing borrowing facilities, the directors are satisfied that the Group and Company have access to adequate resources to continue in operational existence for the foreseeable future and are going concerns and have continued to adopt the going concern basis in preparing the annual financial statements.

SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Details of subsidiaries in which the Group has a direct or indirect interest are set out in note 47 of the annual financial statements on pages 120 to 122.

All Group entities have a year-end consistent with that of the Company with the exception of Irancell Telecommunication Company Services (PJSC) (MTN Iran) which is a subsidiary of the Company but has a year-end of 31 March 2014.

The Company's tax reference number is 9692/942/71/8. In compliance with the requirements of STRATE, the electronic settlement and custody system used by the JSE, the salient dates relating to the payment of the dividend are as follows:

Last day to trade cum dividend on the JSE	Thursday, 20 March 2014
First trading day ex dividend on the JSE	Monday, 24 March 2014
Record date	Friday, 28 March 2014
Payment date	Monday, 31 March 2014

No share certificates may be dematerialised or rematerialised between Monday, 24 March 2014 and Friday, 28 March 2014, both days inclusive. On Monday, 31 March 2014, the dividend will be transferred electronically to the bank accounts of certificated shareholders who make use of this facility.

Irancell), a joint venture of the Group that has a year end of 21 December, in line with statutory requirements in Iran.

DISTRIBUTION TO SHAREHOLDERS

Final dividend

Notice is hereby given that a gross final dividend of 665 cents per share for the period to 31 December 2013 has been declared payable to shareholders. The number of ordinary shares in issue at the date of this declaration is 1 872 213 682 (including 22 337 752 treasury shares).

The dividend will be subject to a maximum local dividend tax rate of 15% which will result in a net dividend of 565,25 cents per share to those shareholders who bear the maximum rate of dividend withholding tax of 99,75 cents per share.

In respect of those who do not use this facility, cheques dated Monday, 31 March 2014 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, 31 March 2014.

The board confirms that the Company will satisfy the solvency and liquidity test immediately after completion of the dividend distribution.

Interim dividend

A gross interim dividend of 370 cents per share (2012: 321 cents per share) amounting to R6 848 million (2012: R5 979 million) in respect of the half-year period ended 30 June 2013 was declared on 13 August 2013 and paid to shareholders on 9 September 2013.

Directors' report

for the year ended 31 December 2013 (continued)

Before declaring the interim dividend, the board:

- applied the solvency and liquidity test; and
- reasonably concluded that the Company would satisfy the solvency and liquidity test immediately after payment of the interim dividend.

The payments of future dividends will depend on the board's ongoing assessment of the Group's earnings, financial position, cash needs, future earnings prospects and other factors.

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

SHARE PRICE PERFORMANCE

Details of the share price performance of the Company are set out on page 104 of the integrated report.

CONTROL OF UNISSUED SHARE CAPITAL

The unissued ordinary shares are the subject of a general authority granted to the directors in terms of section 38 of the Companies Act. As this general authority remains valid only until the next AGM, shareholders will be asked at that meeting to consider an ordinary resolution placing the said unissued ordinary shares, up to a maximum of 10% of the Company's issued share capital, under the control of the directors until the next AGM.

ACQUISITION OF THE COMPANY'S OWN SHARES

At the last AGM held on 28 May 2013, shareholders gave the Company or any of its subsidiaries a general approval in terms of section 48 of the Companies Act, by way of special resolution, for the acquisition of its own shares.

shareholders are encouraged to mandate this method of payment for all future dividends, by approaching the Company's share registrar, Computershare Investor Services Proprietary Limited, whose contact details are set out on page 98 of the integrated report.

SHARE CAPITAL

Authorised share capital

There was no change in the authorised share capital of the Company during the year under review. The authorised ordinary share capital of the Company is 2,5 billion shares of 0,01 cent each.

Issued share capital

The issued share capital of the Company is R187 328 (2012: R188 348) comprising 1 873 278 848 (2012: 1 883 484 324) ordinary shares of 0,01 cent each.

MTN Zakhele Scheme

Details of the MTN Zakhele Scheme are set out in note 24.

Details of participation in the MTN Zakhele Scheme by directors of the Company, the Group secretary, directors and the company secretary of major subsidiaries are set out on page 120 of the annual financial statements.

As this general approval remains valid only until the next AGM to be held on 27 May 2014, shareholders will be asked at that meeting to consider a special resolution to renew this general authority until the next AGM, subject to a maximum extension of 15 months.

During the year under review, no shares of the Company were acquired by the Company or any of its subsidiaries. In 2012, a subsidiary of the Group acquired 15 573 340 shares in the Company at an average share price of R134,07, including costs.

The issued share capital of the Company was decreased during the year by the cancellation of 11 443 802 (2012: 1 521 025) shares issued to MTN Zakhele.

Further details of the authorised and issued shares are set out in note 24.

SHAREHOLDERS' INTEREST

Details of shareholders' interest and a shareholder spread analysis are disclosed in Annexure 1 of the annual financial statements.

DIRECTORATE

The composition and profiles of the board of directors of the Company are set out on pages 22 and 23 of the integrated report and the information on the board and

Directors' report

for the year ended 31 December 2013 (continued)

board committees, its activities, meetings, attendance and any other information are set out in the corporate governance statement on pages 28 to 35 of the integrated report.

Details of directors' remuneration and shareholding are set out in note 46 on pages 112 to 120 of the annual financial statements.

RETIREMENT BY ROTATION OF DIRECTORS

In accordance with the Company's memorandum of incorporation, KP Kalyan, MJN Njeke and J van Rooyen retire by rotation at the forthcoming AGM. The retiring directors, being eligible, offer themselves for re-election.

In accordance with the policy adopted by the board and the MOI of the Company, directors who have been in office for an aggregate period in excess of nine years, are required to retire at the next AGM and at each AGM

INTERESTS OF DIRECTORS AND PRESCRIBED OFFICERS

Details of the interests of directors and prescribed officers are provided in note 46.

DIRECTORS AND PRESCRIBED OFFICERS' SHAREHOLDINGS AND DEALINGS

Details of the directors and prescribed officers' shareholdings and dealings are provided in note 46.

EMPLOYEE SHARE SCHEMES

Details of the Group's share schemes are provided on pages 43 and 44 of the integrated report and in note 44.

MATERIAL RESOLUTIONS

There were no material resolutions passed by the Company or its subsidiaries during the year under review.

MERGERS AND ACQUISITIONS

thereafter. Accordingly, AF van Biljon and JHN Strydom (non-executive directors), who have served on the board for an aggregate period in excess of nine years, retire at the forthcoming AGM and are eligible and offer themselves for re-election following an evaluation of their independence.

The profiles of the directors retiring by rotation and seeking re-election are set out on page 91 of the integrated report.

RESIGNATIONS AND APPOINTMENTS

During the year under review, PF Nhleko and BD Goschen were appointed to the board as a non-executive and executive director, with effect from 28 May 2013 and 22 July 2013 respectively. Both appointments are subject to shareholder approval at the next AGM to be held on 27 May 2014.

MC Ramaphosa retired as the Group chairman and independent non-executive director on 28 May 2013.

NI Patel resigned as the Group chief financial officer and executive director on 21 July 2013.

There were no resignations other than those mentioned above.

Details of the Group's acquisitions and disposals are disclosed in note 42.

EVENTS AFTER THE REPORTING PERIOD

Details of events after the reporting period are set out in note 40 of these annual financial statements.

LITIGATION

- There are no legal or arbitration proceedings (including any such proceedings that are pending or threatening of which the Company is aware) which may have or have had a material effect on the Company's financial position over the last 12 months except for the legal action instituted by Turkcell Iletisim Hizmetleri AS and East Asian Consortium B.V (the Plaintiffs). In November 2013, the Plaintiffs filed a lawsuit against the Company, MTN International (MTNI) and others in the South Gauteng High Court of South Africa, seeking damages of approximately US\$4.2 billion plus interest. Its claim arose from substantially the same allegations on which it founded US proceedings against MTN in early 2012. Those were related to Turkcell subsidiary East Asian Consortium's (EAC) unsuccessful effort to obtain the second GSM licence in Iran during 2005. Turkcell had withdrawn its claims in the US proceedings on 1 May 2013. Turkcell's allegations were investigated by a special committee appointed by the MTN board (the Hoffmann

Directors' report

for the year ended 31 December 2013 (continued)

Committee) and its findings reported by MTN to stakeholders in February 2013. After a thorough examination of Turkcell's allegations and consideration of the available evidence, the Hoffmann Committee concluded that the allegations were unfounded. MTN will continue to vigorously defend any proceedings instituted by Turkcell in respect of such matters.

AMERICAN DEPOSITARY RECEIPT (ADR)

A sponsored American depositary receipt facility has been established. The board has approved the extension of the existing Depositary Receipts (DR) programme by 100 million DRs. This facility is sponsored by the Bank of New York and details of the administrators are reflected on page 106 of the integrated report.

ANNUAL GENERAL MEETING

The AGM will be held at 14:30 on 27 May 2014. Refer to page 90 of the integrated report for further details

audit. Although the audit identified certain weaknesses in financial controls, whether in design, implementation or execution, the board does not consider these control weaknesses (individually or in combination with other weaknesses) to have resulted in actual material financial loss, fraud or material errors. Based on the above results, nothing has come to the attention of the board that caused it to believe that the Company's system of internal controls and risk management is not effective and that the internal financial controls do not form a sound basis for the preparation of reliable financial statements. The board's opinion is supported by the audit committee.

AUDIT COMMITTEE

The report of the audit committee is set out on pages 2 and 3 of the annual financial statements.

AUDITORS

PricewaterhouseCoopers Inc. and SizweNtsalubaGobodo

of the ordinary and special business for consideration at the meeting.

INTERNAL FINANCIAL CONTROLS

During the year under review, the board, through the audit committee, assessed the results of the formal documented review of the Group's system of internal controls and risk management, including the design, implementation and effectiveness of the internal financial controls conducted by internal audit and considered information and explanations given by management and discussions with the external auditors on the results of the

Inc. will continue in office as joint auditors in accordance with section 90 of the Companies Act. Suren Sooklal will retire and Johan van Huyssteen will be the registered audit partner who will be undertaking the audit for PricewaterhouseCoopers Inc. Suleman Lockhat will continue as the registered audit partner undertaking the audit for SizweNtsalubaGobodo Inc.

The audit committee reviewed the independence of the auditors during the period under review and satisfied itself that the auditors were independent of the Group.

Independent auditors' report to the shareholders of MTN Group Limited

for the year ended 31 December 2013

We have audited the consolidated annual financial statements and separate annual financial statements of MTN Group Limited, which comprise the consolidated and separate statements of financial position as at 31 December 2013, the consolidated income statement and the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes, comprising a summary of principal accounting policies and other explanatory information on pages 10 to 135.

DIRECTORS' RESPONSIBILITY FOR THE ANNUAL FINANCIAL STATEMENTS

The Company's directors are responsible for the preparation and fair presentation of these consolidated and separate annual financial statements in accordance with IFRS and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of the consolidated and separate annual financial statements that are free from

December 2013

to the limited

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

OPINION

In our opinion, the consolidated and separate annual financial statements present fairly, in all material respects, the consolidated and separate financial position of MTN Group Limited as at 31 December 2013, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with IFRS and the requirements of the Companies Act of South Africa.

OTHER REPORTS REQUIRED BY THE COMPANIES ACT

As part of our audit of the consolidated and separate annual financial statements for the year ended 31 December 2013, we have read the directors' report, the report of the audit committee and the certificate by the company secretary for the purpose of identifying whether

material misstatements, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

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

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

there are material inconsistencies between these reports and the audited annual financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate annual financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.



PricewaterhouseCoopers Inc.

Director: S Sooklal

Designated registered auditor

Sunninghill

4 March 2014



SizweNtsalubaGobodo Inc.

Director: SY Lockhat

Designated registered auditor

Woodmead

4 March 2014

Group income statement

for the year ended 31 December 2013

Revenue

Other income
 Direct network operating costs
 Costs of handsets and other accessories
 Interconnect and roaming
 Staff costs
 Selling, distribution and marketing expenses
 Other operating expenses

EBITDA

Depreciation of property, plant and equipment
 Amortisation of intangible assets

Operating profit

Finance income
 Finance costs
 Share of results of associates and joint ventures after tax

Profit before tax

Income tax expense

Note	2013 Rm	2012* Rm
4	136 495	121 867
5	1 327	894
	(18 299)	(16 188)
	(10 744)	(9 590)
	(13 816)	(13 254)
6	(8 670)	(7 534)
	(16 362)	(15 631)
	(10 143)	(7 927)
	59 788	52 637
11	(16 458)	(13 791)
12	(2 820)	(2 161)
6	40 510	36 685
7	11 422	4 677
7	(12 656)	(8 467)
14	3 431	3 008
	42 707	35 903
8	(12 307)	(11 835)

Profit after tax

Attributable to:

Equity holders of the Company

Non-controlling interests

Basic earnings per share (cents)**Diluted earnings per share (cents)**

**2012 amounts restated to exclude the Group's proportionate share relating to its discontinued operations. For 2012, the Group's proportionate share relating to its discontinued operations was eliminated on proportionate consolidation, refer to note 48.*

	30 400	24 068
	26 289	20 704
	4 111	3 364
	30 400	24 068
9	1 434	1 126
9	1 427	1 120

s interests in joint ventures and to include the inter-entity transactions previously

Group statement of comprehensive income

for the year ended 31 December 2013

Profit after tax

Other comprehensive income after tax:

Exchange differences on translating foreign operations¹

Attributable to equity holders of the Company

Attributable to non-controlling interests

Total comprehensive income for the year

Attributable to:

Equity holders of the Company

Non-controlling interests

¹ This component of other comprehensive income does not attract any tax and no

December 2013

Comprehensive income

	2013 Rm	2012 Rm
	30 400	24 068
	11 078	(3 507)
	10 179	(3 498)
	899	(9)
	41 478	20 561
	36 468	17 206
	5 010	3 355
	41 478	20 561

may subsequently be reclassified to profit or loss.

Group statement of financial

at 31 December 2013

ASSETS

Non-current assets

Property, plant and equipment
Intangible assets and goodwill
Investments
Investment in associates and joint ventures
Loans and other non-current receivables
Deferred tax assets

Current assets

Non-current assets held for sale

Inventories
Trade and other receivables
Taxation prepaid
Current investments
Derivative assets
Restricted cash
Cash and cash equivalents

position

Note	2013 December Rm	2012* December Rm	2012* January Rm
	150 910	120 199	110 055
11	92 903	73 905	64 914
12	37 751	32 594	32 672
13	111	–	–
14	12 643	4 645	6 359
15	5 458	7 764	5 081
16	2 044	1 291	1 029
	75 911	55 875	64 018
17	1 281	1 373	820
	74 630	54 502	63 198
18	3 226	2 547	2 561
19	24 159	16 644	16 761
32	859	555	409
20	4 542	6 585	9 265
21	22	191	9
22	2 222	5 272	526
23	39 600	22 708	33 667

Total assets

EQUITY

Ordinary share capital and share premium

Retained earnings

Other reserves

Attributable to equity holders of the CompanyNon-controlling interests

Total equity

LIABILITIES**Non-current liabilities**

Borrowings

Deferred tax liabilities

Other non-current liabilities

Provisions

Derivative liabilities

Current liabilities

Trade and other payables

Unearned income

Provisions

Taxation liabilities

Borrowings

Derivative liabilities

Put option liability

Bank overdrafts

Total liabilities

Total equity and liabilities

* 2012 amounts restated to exclude the Group's proportionate share relating to eliminated on proportionate consolidation, refer to note 48.

	226 821	176 074	174 073
24	42 598	42 593	44 678
	77 831	62 247	56 567
25	(5 991)	(15 834)	(12 348)
	114 438	89 006	88 897
	5 333	3 881	3 802
	119 771	92 887	92 699
	49 066	32 713	32 718
26	34 664	21 322	23 139
16	12 676	8 711	7 966
27	1 369	2 262	1 613
28	357	416	–
21	–	2	–
	57 984	50 474	48 656
30	27 449	22 157	20 361
	7 004	6 604	6 645
28	4 637	3 931	3 120
32	7 530	6 790	8 279
26	11 338	10 593	9 476
21	3	14	4
29	–	216	178
23	23	169	593
	107 050	83 187	81 374
	226 821	176 074	174 073

its interests in joint ventures and to include the inter-entity balances previously

Group statement of changes

for the year ended 31 December 2013

	Note	Share capital Rm	Share premium Rm
Balance at 1 January 2012		*	44 678
Share buy-back		*	(2 088)
Shares issued during the year		*	3
Shares cancelled		*	—
Transfer between reserves		—	—
Transactions with non-controlling interests	42	—	—
Share-based payment transactions		—	—
Total comprehensive income		—	—
Profit after tax		—	—
Other comprehensive income		—	—
Dividends declared	10	—	—
Other movements		—	—

December 2013

in equity

Retained earnings Rm	Other reserves Rm	Total attributable to equity holders of the Company Rm	Non-controlling interests Rm	Total equity Rm
56 567	(12 348)	88 897	3 802	92 699
–	–	(2 088)	–	(2 088)
–	–	3	–	3
–	–	*	–	*
22	(22)	–	–	–
–	(122)	(122)	(55)	(177)
–	147	147	–	147
20 704	(3 498)	17 206	3 355	20 561
20 704	–	20 704	3 364	24 068
–	(3 498)	(3 498)	(9)	(3 507)
(14 919)	–	(14 919)	(3 255)	(18 174)
(127)	9	(118)	34	(84)

Balance at 31 December 2012 * 42 593

Balance at 1 January 2013		*	42 593
Restatement for impact of hyperinflation (note 14)		—	—
Restated balance at 1 January 2013		*	42 593
Shares issued during the year		*	5
Shares cancelled		*	—
Transactions with non-controlling interests	42	—	—
Share-based payment transactions		—	—
Total comprehensive income		—	—
Profit after tax		—	—
Other comprehensive income		—	—
Dividends declared	10	—	—
Other movements		—	—
Balance at 31 December 2013		*	42 598
Note		24	24

* Amounts less than R1 million.

62 247	(15 834)	89 006	3 881	92 887
62 247	(15 834)	89 006	3 881	92 887
5 563	–	5 563	–	5 563
67 810	(15 834)	94 569	3 881	98 450
–	–	5		5
–	–	*	–	*
–	(495)	(495)	(138)	(633)
–	215	215	–	215
26 289	10 179	36 468	5 010	41 478
26 289	–	26 289	4 111	30 400
–	10 179	10 179	899	11 078
(16 210)	–	(16 210)	(3 608)	(19 818)
(58)	(56)	(114)	188	74
77 831	(5 991)	114 438	5 333	119 771

25

Group statement of cash flow

for the year ended 31 December 2013

CASH FLOWS FROM OPERATING ACTIVITIES

Cash generated from operations

Finance income received
Finance costs paid
Income tax paid
Dividends paid to equity holders of the Company
Dividends paid to non-controlling interests
Dividends received from associates
Dividends received from joint ventures

Net cash generated from operating activities

CASH FLOWS FROM INVESTING ACTIVITIES

Acquisition of property, plant and equipment
– to maintain operations
– to expand operations
Acquisition of intangible assets
Proceeds from sale of property, plant and equipment and intangible assets
Proceeds on sale of towers
Acquisition of subsidiaries and associates

IS

Note	2013 Rm	2012* Rm
31	59 708	51 105
	1 752	3 032
	(3 947)	(3 725)
32	(11 184)	(13 407)
	(16 187)	(14 919)
	(3 571)	(3 018)
14	220	155
	234	839
	27 025	20 062
	(24 568)	(20 741)
	(99)	(203)
	(24 469)	(20 538)
	(3 586)	(3 072)
angible assets	106	232
5	2 378	1 405
5		152

Advance received on sale of towers
 Acquisition of subsidiary
 Increase in non-current investments
 Loans receivable granted
 Increase in investment in associates
 Increase in investment in insurance cell captives
 Proceeds from bonds, treasury bills and foreign deposits
 Decrease/(increase) in restricted cash

Net cash used in investing activities

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from the issuance of ordinary shares
 Acquisition of treasury shares
 Net cash outflows from changes in shareholding
 Proceeds from borrowings
 Repayment of borrowings
 Other financing activities

Net cash from/(used in) financing activities

Net increase/(decrease) in cash and cash equivalents
 Net cash and cash equivalents at beginning of the year
 Exchange gains/(losses) on cash and cash equivalents

Net cash and cash equivalents at end of the year

**2012 amounts restated to exclude the Group's proportionate share relating to
 eliminated on proportionate consolidation, refer to note 48.*

5	–	158
42.3	(47)	–
	(128)	–
	(64)	(517)
14	(69)	(360)
	(628)	–
	3 423	2 811
	3 348	(4 128)
	(19 835)	(24 212)
24	5	3
24	–	(2 088)
42.3	(881)	(177)
	33 279	11 093
	(25 951)	(14 054)
	(188)	(57)
	6 264	(5 280)
	13 454	(9 430)
	22 539	33 074
	3 584	(1 105)
23	39 577	22 539

its interests in joint ventures and to include the inter-entity cash flows previously

Notes to the Group annual financial statements

for the year ended 31 December 2013

1 BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

1.1 Basis of preparation

The consolidated and separate annual financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), with the SAICA Financial Reporting Guides as issued by the Accounting Standards Board, and the pronouncements as issued by the Financial Reporting Council, and the requirements of the South African Companies Act, 1973 (Act No. 71 of 1973) and the requirements of the South African Companies Regulations, 2011. The Group has adopted all new accounting pronouncements that became effective during the year.

The adoption of IFRS 10 *Consolidated Financial Statements* resulted in the Group consolidating its subsidiaries as described under 'Changes in accounting policies'.

The following standards resulted in significant changes to the Group's financial statements:

- **IFRS 11 Joint Arrangements**

The adoption of IFRS 11 resulted in the Group changing its accounting for joint ventures as described under 'Changes in accounting policies'.

- **IFRS 12 Disclosures of Interests in Other Entities**

The adoption of IFRS 12 resulted in additional disclosures of the Group's interests in joint ventures (note 14), and unconsolidated structured entities (note 15).

The annual financial statements have been prepared in accordance with the requirements of the South African Companies Act, 1973 (Act No. 71 of 1973) and the requirements of the South African Companies Regulations, 2011.

Financial statements

ACCOUNTING POLICIES

Financial statements have been prepared in accordance with International Accounting Standards Board (IASB) and comply with the Accounting Practices Committee, financial reporting Standards Council (FRSC), the JSE Listings Requirements Act, No 71 of 2008. The Group and the Company have adopted these standards became effective in the current reporting period.

Amendments resulted in the Group changing its accounting policy for 'Changes in accounting policies' on page 16.

Refer to the Group's annual financial statements:

...changing its accounting policy and accounting for its interest in 'Changes in accounting policies'.

...disclosures on interests in subsidiaries (note 45), associates and joint ventures (note 24).

...measured on the historical cost basis, except for certain financial

The annual financial statements have been prepared on the basis of the accounting policies and methods that have been measured at fair value. The Group and Company are not aware of any events that operates in a hyperinflationary economy have occurred since the reporting date. The methods used to measure fair value of the Group and Company are discussed further in the accounting policies.

Amounts are rounded to the nearest million with the exception of the number of ordinary shares (note 9), number of ordinary shares (note 24) and share-based payments (note 25).

The preparation of financial statements in conformity with the applicable accounting standards requires the use of estimates and assumptions that affect the application of accounting policies. Actual results may differ from those estimates. The Group and Company are not aware of any events that operates in a hyperinflationary economy have occurred since the reporting date. The methods used to measure fair value of the Group and Company are discussed further in the accounting policies.

1.2 Going concern

The Group's and Company's forecasts and projections, which are based on the Group and Company's performance, show that the Group and Company have sufficient resources to continue in operational existence for the foreseeable future. The Group and Company are not aware of any events that operates in a hyperinflationary economy have occurred since the reporting date. The methods used to measure fair value of the Group and Company are discussed further in the accounting policies.

After making enquiries, the directors have a reasonable expectation that the Group and Company have sufficient resources to continue in operational existence for the foreseeable future. The Group and Company are not aware of any events that operates in a hyperinflationary economy have occurred since the reporting date. The methods used to measure fair value of the Group and Company are discussed further in the accounting policies.

on the historical cost basis, except for certain financial results, cash flows and financial position of a joint venture been expressed in terms of the measuring unit current at fair value and the adjustments made to account for this joint and in the respective notes.

the exception of earnings per share and the related shares are-based payments (note 44).

ity with IFRS requires management to make judgements, n of accounting policies and the reported amounts of assets, differ from these estimates. Information about significant areas applying accounting policies that have the most significant ed annual financial statements are included in note 2.

ns, taking account of reasonably possible changes in trading ould be able to operate within their current funding levels.

ole expectation that the Group and Company have adequate the foreseeable future. The Group and Company therefore ring the annual financial statements.

Notes to the Group annual fin

for the year ended 31 December 2013 (continued)

1 BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

1.3 Principal accounting policies¹

The principal accounting policies applied in the preparation of the financial statements are set out below and in the related notes to the Group annual financial statements. The policies applied are consistent with those adopted in the previous financial statements and the policies' below.

Changes in accounting policies

IFRS 10 Consolidated Financial Statements

The objective of IFRS 10 is to establish principles for the preparation of consolidated financial statements when an entity controls one or more entities. IFRS 10 requires an entity to establish it as the basis for consolidation. IFRS 10 also requires an entity to determine whether an investor controls an investee and therefore whether it should be consolidated. The accounting requirements for the preparation of consolidated financial statements of subsidiaries' on page 17 for the Group's revised accounting policies.

The Group concluded that the adoption of IFRS 10 did not have a material impact on the financial statements of its subsidiaries.

IFRS 11 Joint Arrangements

IFRS 11 places a focus on rights and obligations of joint arrangements.

Financial statements

ACCOUNTING POLICIES (continued)

The preparation of these consolidated annual financial statements are in accordance with the IFRS 10. The principal accounting policies are consistent with those of the prior year, except as set out under 'Changes in accounting

For the presentation and preparation of consolidated financial statements, IFRS 10 defines the principle of control and sets out how to apply the principle of control to identify entities that must consolidate the investee. It further sets out the requirements for consolidated financial statements. Refer to 'Consolidation of financial statements' accounting policy.

This change did not result in any material change in the consolidation status

joint arrangements rather than its legal form. There are two

IFRS 11 places a focus on rights and obligations of joint arrangements. IFRS 11 identifies two types of joint arrangements: joint operations and joint ventures. Joint operations are joint arrangements in which the parties have rights to the assets and obligations relating to the liabilities, income and expenses. Joint ventures arise from joint arrangements in which the parties have joint control over the arrangement and hence equity accounts for its interest.

IFRS 11 requires equity accounting of joint ventures. The Group has adopted the equity method of accounting. Previously, the Group proportionately consolidated its share of the assets, liabilities, income and expenses in its financial statements.

Under the equity method, the investment in the joint venture is recognised at cost and the amount is increased or decreased to recognise the share of the joint venture's comprehensive income of the joint venture after the joint venture is recognised in a single line item in the consolidated financial statements.

The Group has applied the new policy for interests in joint ventures from the beginning of 2014 in accordance with IFRS 11. The change in accounting policy has no impact on the carrying amounts of the Group's investment in joint ventures at the beginning of the period. The carrying amounts of the assets and liabilities previously recognised in the consolidated financial statements are deemed to be the deemed cost of the Group's investments in its joint ventures. The Group's revised accounting policy is set out in note 14 for the Group's revised accounting policy.

The change from proportional consolidation to equity method of accounting has no impact on the consolidated liability, income, expense and cash flow line items with the exception of the consolidated financial statements. The impact of the application of IFRS 11 on the Group's consolidated financial statements is set out in note 14.

¹ The principal accounting policies applied in the Company annual financial statements.

joint arrangements rather than its legal form. There are two types of joint ventures. Joint operations arise where a joint operator has joint control over the arrangement and hence accounts for its interest in assets, liabilities and income where the joint venturer has rights to the net assets of the joint venture.

The Group has discontinued the proportional consolidation option and consolidated all joint ventures which entailed that it included its share of the jointly controlled entity on a line-by-line basis in its consolidated financial statements.

A joint venture is initially recognised at cost and the carrying amount is subsequently adjusted for the Group's share of the profit or loss and movements in other comprehensive income from the date of acquisition. The Group's share of the profit or loss of the joint venture is recognised in profit or loss under the equity method.

The Group has applied the transition provisions for joint ventures in accordance with the transition provisions of IFRS 11, which have been applied from 1 January 2012. The Group recognised the earliest period presented (1 January 2012), as the net of the joint venture's assets and liabilities previously proportionately consolidated by the Group. This is the net of the joint venture's assets and liabilities for purposes of applying equity accounting. Refer to note 48 for further details.

The application of equity accounting resulted in a reduction in individual asset, liability and equity, with no impact on equity or profit attributable to equity holders. The Group's financial results is disclosed in note 48.

Financial statements are consistent with those applied in the Group annual financial statements.

Notes to the Group annual financial statements

for the year ended 31 December 2013 (continued)

1 BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

1.3 *Principal accounting policies* (continued)

1.3.1 Consolidation of subsidiaries

The Group annual financial statements incorporate the financial statements of all subsidiaries, joint ventures, associates and structured entities on the basis outlined below.

Subsidiaries are all entities (including SEs) controlled or has rights to, variable returns from its involvement in the entity through its power over the entity. The Group has power through its current ability to direct the relevant activities that significantly affect the entity's financial position, performance or cash flows consolidated from the date on which control is transferred to the Group until that control ceases.

All intercompany transactions, balances and unrealised gains or losses are eliminated on consolidation. Unrealised losses are also eliminated unless the asset transferred.

Non-controlling interests in the net assets of consolidated entities are measured at equity. Non-controlling interests consist of the amount of the net assets of the entity and the non-controlling interests' share of changes in the net assets of the entity.

December 2013

Financial statements

ACCOUNTING POLICIES (continued)

The financial statements of MTN Group Limited and all its subsidiaries (SEs) for the reporting period 31 December 2013 on

are controlled by the Group. Control exists when the Group is exposed to, or has the ability to affect those returns from the entity and has the ability to affect those returns. The Group has power over an entity when it has existing rights that give it the ability to significantly affect the entity's returns. Subsidiaries are fully consolidated into the Group and are deconsolidated from the date

when the consolidated gains on transactions between Group companies are also eliminated and are considered an impairment indicator of

Identified subsidiaries are identified separately from the Group's interests. The amount of those interests at the date of the business combination is recognised in equity since the acquisition date. Total comprehensive

and the non-controlling interests share of changes in income is attributed to non-controlling interests or deficit balance.

The acquisition method is used to account for the transferred is measured at the fair value of the assets assumed at the date of acquisition. The consideration liability resulting from a contingent consideration arrangement or loss. Identifiable assets acquired and liabilities combination are measured initially at their fair values controlling interests.

Goodwill is measured as the excess of the sum of the interests in the acquiree, and the fair value of the acquisition over the net of the acquisition date amounts of the reassessment, the net of the acquisition date amount exceeds the sum of the consideration transferred, the the fair value of the acquirer's previously held interest in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in from a contingent consideration arrangement, the fair value and included as part of the consideration consideration that qualify as measurement period adjustments against goodwill. Measurement period information obtained during the "measurement period about facts and circumstances that existed at the ac

Notes to the Group annual financial statements

for the year ended 31 December 2013 (continued)

1 BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

1.3 *Principal accounting policies* (continued)

1.3.1 Consolidation of subsidiaries (continued)

The subsequent accounting for changes in the fair value of a subsidiary in the measurement period adjustments depends on whether the consideration that is classified as equity is not remeasured at subsequent reporting dates in accordance with IAS 32 *Financial Instruments: Measurement*, or IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. If the gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the identifiable intangible assets are remeasured to fair value at acquisition date (i.e. the date of the first business combination). Any gain or loss, if any, is recognised in profit or loss. Amounts recognised in profit or loss at date that have been previously recognised in other comprehensive income or loss, if such treatment would be appropriate if that interest were classified as equity.

Non-controlling interests in the acquiree may initially be measured at fair value or at the shareholders' proportion of the net fair value of the identifiable intangible assets and liabilities assumed. The choice of measurement basis is at the discretion of the Group.

Financial statements

ACCOUNTING POLICIES (continued)

value of the contingent consideration that do not qualify as
how the contingent consideration is classified. Contingent
measured at subsequent reporting dates and its subsequent
ent consideration that is classified as an asset or a liability is
accordance with IAS 39 *Financial Instruments: Recognition and
Measurement* and *Contingent Assets*, as appropriate, with the corresponding

the Group's previously held equity interest in the acquiree is
(date when the Group obtains control) and the resulting gain
arising from an interest in the acquiree prior to the acquisition
comprehensive income, are reclassified to profit or loss where
it was disposed of.

may be measured either at fair value or at the non-controlling
the identifiable assets acquired and liabilities and contingent
consideration is made on an acquisition-by-acquisition basis.

Non-controlling shareholders are treated as equity p
interests or disposals by the Group of its interests in su
to the disposal, are accounted for as equity transact
the consideration transferred and the carrying amo
equity. All profits or losses arising as a result of t
shareholders, where control is maintained subsequen

When the Group ceases to have control, any retained
change in carrying amount recognised in profit or los
of subsequently accounting for the retained interes
any amounts previously recognised in other compre
if the Group had directly disposed of the related a
recognised in other comprehensive income are recla

Accounting policies of subsidiaries have been chang
by the Group.

The Company accounts for investments in subsidiari

1.3.2 Foreign currency

Functional and presentation currency

Items included in the annual financial statements o
that best reflects the primary economic environmen
Group annual financial statements are presented in
currency of the parent company and the presentatio

Notes to the Group annual financial statements

for the year ended 31 December 2013 (continued)

1 BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

1.3 *Principal accounting policies* (continued)

1.3.2 Foreign currency (continued)

Transactions and balances

Foreign currency transactions are translated into the reporting currency at the exchange rate at the date of the transactions. Foreign exchange gains or losses resulting from the translation of transactions at reporting date exchange rates of monetary items are recognised in profit or loss.

Translation of foreign operations

The results, cash flows and financial position of Group entities operating in hyperinflationary economies and that have a functional currency other than the reporting currency are translated into the presentation currency of the Group as follows:

- assets and liabilities are translated at rates of exchange at the reporting date
- specific transactions in equity are translated at rates of exchange at the date of the transactions
- income and expenditure and cash flow items are translated at rates of exchange at the date of the transactions
- foreign exchange translation differences are recognised in other comprehensive income

The results and financial position of a joint venture operating in a hyperinflationary economy and has a functional currency other than the reporting currency are translated into the presentation currency at rates of exchange at the reporting date.

December 2013

Financial statements

ACCOUNTING POLICIES (continued)

functional currency using the exchange rates at the dates of
resulting from the settlement of such transactions and from the
monetary assets and liabilities denominated in foreign currencies

to entities which are not accounted for as entities operating in
a functional currency different from the presentation currency of the
Group as follows:

- exchange ruling at the reporting date;
- exchange rates of exchange ruling at the transaction dates;
- translated at weighted average exchange rates for the period; and
- recognised as other comprehensive income.

of the Group which is accounted for as an entity operating in
a functional currency different from the presentation currency of the Group
as ruling at the reporting date. As the presentation currency of

are translated into the presentation currency at rates that are the same as those used to translate the Group's financial statements. If the functional currency of the Group is that of a non-hyperinflationary economy, the exchange rates used are the rates in the price level or exchange rates in the current year.

An entity may have a monetary item that is receivable or payable from or to a foreign operation. If the settlement of the item is neither planned nor likely to occur in the foreseeable future, the item is treated as an investment in that foreign operation. On consolidation, the exchange differences relating to such items are taken to or from the translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity and translated at the exchange rate at the acquisition date are recognised in other comprehensive income.

The exchange rates relevant to the Group are disclosed in the financial statements.

Disposal of foreign operations

On the disposal of a foreign operation, all of the exchange differences relating to that operation attributable to the equity holders of the Group are recognised in profit or loss.

In the case of a partial disposal that does not result in the loss of control of the foreign operation, the proportionate share of accumulated exchange differences relating to the disposal of the operation is reclassified to profit or loss.

Exchange differences accumulated in equity in respect of a foreign operation, is not reclassified to profit or loss.

1.3.3 Hyperinflation

The financial statements of an entity whose functional currency is the currency of a hyperinflationary economy are adjusted in terms of the measuring unit current at the reporting date.

...at the reporting date. As the presentation currency of the Group, comparative amounts have not been adjusted for changes in exchange rates.

...able from or payable to a foreign operation. An item for which the effect on the entity's financial position is foreseeable in the future is, in substance, a part of the entity's net assets or liabilities. Exchange differences arising from the translation of the financial statements of a foreign operation are recognised in other comprehensive income as part of the foreign currency translation reserve.

...acquisition of a foreign entity are treated as assets and liabilities at the reporting date. Exchange differences arising from the translation of the financial statements of a foreign operation are recognised in other comprehensive income as part of the foreign currency translation reserve.

...as disclosed in note 39.

...exchange differences accumulated in equity in respect of that foreign operation are reclassified to profit or loss.

...in the Group losing control over a subsidiary that includes a foreign operation, the accumulated exchange differences are re-attributed to non-controlling interests or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences is attributed to profit or loss.

...of a monetary item that is part of the Group's net investment in a foreign operation is recognised in profit or loss on settlement of the monetary item.

...the functional currency of a hyperinflationary economy is the presentation currency at the end of the reporting period.

Notes to the Group annual financial statements

for the year ended 31 December 2013 (continued)

1 BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

1.3 *Principal accounting policies* (continued)

1.3.3 Hyperinflation (continued)

Items in the statement of financial position not already restated at the beginning of the reporting period, such as non-monetary items carried at historical cost, are restated using a general price index. The restated cost, or cost less accumulated depreciation, is compared to the historical cost and accumulated depreciation at the end of the reporting period. The restated amount is used for the determination of the recoverable amount.

At the beginning of the first period of application, the carrying amounts of non-monetary items are restated by applying a general price index from the base date to the reporting date.

All items recognised in the statement of comprehensive income are restated using a general price index from the dates when the items of income were recognised.

Gains or losses on the net monetary position are recognised in the statement of comprehensive income.

In the first period of application, where comparative financial statements are not available, the effects of the application of IAS 29 *Financial Reporting in Hyperinflationary Economies* for the first period are recognised directly in equity as an adjustment to the opening balance of equity.

1.3.4 Measurement principles

Financial statements

ACCOUNTING POLICIES (continued)

Assets expressed in terms of the measuring unit current at the end of the period, are restated by applying a depreciation, of each item is determined by applying to its carrying amount a general price index from the date of acquisition to the end of the period. The carrying amount of a non-monetary item is reduced when it exceeds its fair value.

The components of owner's equity, except retained earnings, are restated to the beginning of the period or the date of contributions, if later.

Comprehensive income are restated by applying the change in the measuring unit to the income and expenses were initially recognised.

Expenses are recognised in profit or loss.

When amounts are not adjusted, the adjustment arising as a result of hyperinflationary Economies determined at the beginning of the period is added to opening retained earnings.

Items included in
the statement of
financial position

Measurement principle

Assets	
Non-current assets	
Property, plant and equipment	Historical cost, less accumulated depreciation and impairment losses
Intangible assets	Historical cost, less accumulated amortisation and impairment losses
Investment	Amortised cost
Goodwill	Historical cost, less impairment losses
Investment in associates and joint ventures	Pro rata value of investment's equity carried forward plus goodwill
Loans receivable	Amortised cost
Prepayments	Cost
Deferred tax assets	Undiscounted amount measured at the tax rates that have been enacted or are expected to apply to the period when the asset is realised

statement of financial position are measured as follows:

Items included in the statement of financial position		Measurement principle
	Liabilities	
ses	Non-current liabilities	
	Borrowings	Amortised cost
ses	Deferred tax liabilities	Undiscounted amount measured at the tax rates that have been enacted and are expected to apply to the period when the liability is settled
	Finance lease obligations	Amortised cost
ses	Provisions	Present value of settlement amount
uity	Derivative liabilities	Fair value
d at ected e l		

Notes to the Group annual financial statements

for the year ended 31 December 2013 (continued)

1 BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

1.3 *Principal accounting policies* (continued)

1.3.4 Measurement principles (continued)

Items included in
the statement of
financial position

Measurement principle

Current assets	
Non-current assets held for sale	Lower of carrying amount and fair value less costs to sell
Inventories	Lower of cost and net realisable value
Trade receivables	Amortised cost
Prepayments	Cost
Sundry debtors and advances	Amortised cost
Taxation prepaid	Amount expected to be recovered from tax authorities, using tax

Financial statements

ACCOUNTING POLICIES (continued)

	Items included in the statement of financial position	Measurement principle
	Current liabilities	
air	Trade and other payables	Amortised cost
	Unearned income	Nominal value
	Provisions	Present value of settlement amount
	Taxation liabilities	Amount expected to be paid to tax authorities, using tax rates that have been enacted or substantively enacted at the reporting date
	Borrowings	Amortised cost
ed	Derivative liabilities	Fair value

	rates that have been enacted or substantively enacted at the reporting date
Current investments	Amortised cost
Derivative assets	Fair value
Restricted cash	Amortised cost
Cash and cash equivalents	Amortised cost

1.4 **New accounting pronouncements**

The pronouncement listed below will be effective in the reporting period of the Group. The Group has elected not to early adopt the new pronouncement on its effective date in accordance with IAS 8.

Topic	Key requirement
IFRS 9 <i>Financial Instruments</i>	IFRS 9 is the first standard issued as part of the IFRS 9 project. It retains but simplifies the mixed measurement categories for financial assets. The basis of classification depends on the cash flow characteristics of the financial asset. IFRS 9 also replaces the rule-based approach in IAS 39 with a more principles-based approach to more closely align the accounting with economic reality. IFRS 9 also replaces the rule-based approach in IAS 39 on impairment of financial assets with a new expected credit loss (ECL) model. The adoption of IFRS 9 is not expected to have a significant impact on the classification of financial assets and liabilities. The classification of financial assets and liabilities will be applied retrospectively. The hedge accounting requirements in IFRS 9 are expected to have a significant impact on the Group's financial statements.

	Put option liabilities	Amortised cost
	Bank overdrafts	Amortised cost

future reporting periods and is considered significant to the new pronouncement. It is expected that the Group will adopt in accordance with the requirements of the pronouncement.

	Effective date
part of a wider project to replace IAS 39. IFRS 9 introduces a new measurement model and establishes two primary categories of financial assets: amortised cost and fair value. The Group's business model and the contractual cash flows of the financial asset.	Pending
edge accounting requirements in IAS 39 and IFRS 9. The guidance on financial assets continues to apply.	
ed to change the measurement of the Group's financial assets, but will require a review of the current classification of financial assets. Any changes in classification will be applied prospectively and is not expected to have a material impact on the financial results of the Group.	

Notes to the Group annual financial statements

for the year ended 31 December 2013 (continued)

2 CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The Group makes judgements, estimates and assumptions in preparing its annual financial statements. Actual results may differ from these estimates. Estimates are reviewed on an ongoing basis. Revisions to accounting estimates are revised and in any future periods affect the results. A significant risk of causing a material adjustment to the financial year are discussed below.

The 'Critical accounting judgements, estimates and assumptions' and 'Principal accounting policies' disclosed in note 1.

2.1 Impairment of goodwill

The Group tests goodwill for impairment on an annual basis as required in note 12. The recoverable amounts of cash-generating units are calculated. These calculations are performed internally using various assumptions.

The input factors most sensitive to change are management forecasts, growth rates and discount rates. Further details of the Group's sensitivity analysis by varying these factors are disclosed in note 12. The Group has performed a sensitivity analysis by varying these factors, assessing whether the changes in input factors

Financial statements

ESTES AND ASSUMPTIONS'

otions concerning the future when preparing the consolidated
from these estimates. Estimates and underlying assumptions
ounting estimates are recognised in the period in which the
ted. The judgements, estimates and assumptions that have a
the carrying amounts of assets and liabilities within the next

assumptions' note should be read in conjunction with the

ual basis, in accordance with the accounting policy disclosed
erating units have been determined based on value-in-use
ernally by the Group and require the use of estimates and

gement estimates of future cash flows based on budgets and
etail on these assumptions has been disclosed in note 12. The
ng these input factors by a reasonably possible margin and
esult in any of the goodwill allocated to appropriate cash-

assessing whether the changes in input factors have led to generating units being impaired. Goodwill impairment is discussed in note 12.

2.2 Impairment of trade and other non-current receivables

The Group determines impairment of trade and other receivables when there is objective evidence that one or more events have had a negative effect on the estimated future cash flows. Management exercises significant judgement in assessing the recoverability of receivables using the indicators discussed below.

The impairment loss is determined as the difference between the carrying amount and the present value of their estimated future cash flows (discounted at the receivables' original effective interest rate). The impairment loss for 2013 was R208 million (2012: R208 million*) and R223 million (2012: R223 million) for trade receivables, respectively (note 6).

2.3 Connection incentives and subscriber acquisition costs

Connection incentives paid to service providers and subscriber acquisition costs are recognised when providers utilise the incentives received from the Group to maintain/sign up customers on behalf of the Group. The incentive used by the respective service providers on behalf of the Group is capitalised only to the extent that it meets the recognition criteria. In line with the Conceptual Framework under IFRS, the Group's policy is to capitalise connection incentives of incentives utilised to retain/acquire subscribers of service providers not being reliably measurable.

¹ The critical accounting judgements, estimates and assumptions applied in the Group annual financial statements.

*2012 amounts restated to exclude the Group's proportionate share of the impairment loss on goodwill.

in any of the goodwill allocated to appropriate cash
in the current year amounted to Rnil (2012: Rnil), refer to

ables

er non-current receivables when objective evidence indicates
ect on the estimated future cash flows of the receivables.
essing the impact of adverse indicators and events on the
closed in the accounting policy in note 43.

re between the carrying amount of the receivables and the
(excluding future credit losses that have not been incurred)
est rate. In the current year, impairment losses of R610 million
) were recognised on trade receivables and non-current

costs

re expensed by the Group in the period incurred. Service
oup to fund a variety of administrative costs and/or to provide
lf of the Group, at their own discretion. The portion of the
s an incentive to retain/acquire existing/new subscribers on
hat it is reliably measurable (prepaid discount). In accordance
up has resolved not to capitalise these fees due to the portion
n behalf of the Group by the respective independent service

olied in the Company annual financial statements are consistent with those

elating to its interests in joint ventures, refer to note 48.

Notes to the Group annual financial statements

for the year ended 31 December 2013 (continued)

2 CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

2.3 Connection incentives and subscriber acquisition costs

In accordance with the recognition criteria in IAS 38, the Group recognises connection incentives and subscriber acquisition costs as intangible assets. Commissions paid to dealers, utilised to acquire new subscribers, are recognised as an expense over the period of benefit due to the portion utilised to acquire subscribers on a straight-line basis.

2.4 Interconnect revenue recognition

Due to the receipt of interconnect revenue in certain jurisdictions, the Group has resolved only to recognise interconnect revenue when a right of set-off exists with interconnect parties in such jurisdictions.

2.5 Income taxes

The Group is subject to income taxes in numerous jurisdictions. In determining the Group's provision for income taxes, the Group considers the ultimate tax position is uncertain during the period of recognition for anticipated tax issues based on estimates of whether the outcome of these matters is different from the amounts that would be determined and deferred tax in the period in which such determination is made.

Deferred tax assets

Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available to utilise the deferred tax assets.

Financial statements

NOTES AND ASSUMPTIONS (continued)

Costs (continued)

Intangible Assets, the Group has also resolved not to capitalise subscribers, as intangible assets (subscriber acquisition cost), on the basis that the benefit to the Group not being reliably measurable.

When operations not being certain at transaction date, the Group recognises the costs relating to these operations as the cash is received or where the Group is settling outstanding amounts.

in various jurisdictions. As a result, significant judgement is required in determining the appropriate tax treatment of these transactions. There are numerous calculations and transactions for which the Group is required to follow a prescribed primary course of business. The Group recognises tax liabilities for the amount of tax payable. Where the final outcome of the tax calculation is different from the amount initially recorded, such differences will impact the current period's financial statements when the final determination is made.

It is probable that taxable profits will be available against

Deferred tax assets are recognised to the extent that it is probable that there will be sufficient taxable profits against which the deferred tax assets can be utilised. When re-assessing the probability, the Group considers its historical performance and future prospects in determining whether sufficient taxable profits will be available to utilise the deferred tax assets. The performance of the underlying Group entities to which the deferred tax assets relate is a key consideration. Deferred tax assets for the current year amounted to R2 044 million.

2.6 ***Property, plant and equipment***

Property, plant and equipment represent a significant portion of the Group's assets. Their carrying amounts are determined by management's judgements made in determining their estimated useful lives and residual values, based on their current position and performance. Useful lives and residual values are reviewed annually, and changes in estimates accounted for on a prospective basis.

In determining residual values, the Group uses historical selling prices of similar items.

Useful lives of property, plant and equipment are based on the Group's historical experience with similar assets, the expected usage of the assets, and the effects of obsolescence and legal restrictions on the use of the assets.

** 2012 amounts restated to exclude the Group's proportionate share of the net assets of the subsidiary.*

It is probable that taxable profits will be available against which the deferred tax assets can be utilised. In recognising deferred tax assets, the Group exercises judgement as to whether or not sufficient taxable profits will be available; this is done by assessing the future financial performance of the Group and the periods in which the deferred tax assets relate. The Group's deferred tax assets as at 31 December 2012 (2011: R1 291 million*), refer to note 16.

A significant proportion of the Group's asset base. Therefore, the useful lives and residual values are critical to the Group's financial performance. Residual values are reviewed on an annual basis with the effects of any changes being recognised in the profit or loss.

Historical sales and management's best estimate based on market

based on management estimates and take into account historical performance of the asset, physical wear and tear, technical or commercial obsolescence of the assets.

relating to its interests in joint ventures, refer to note 48.

Notes to the Group annual fin

for the year ended 31 December 2013 (continued)

2 CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

2.6 *Property, plant and equipment* (continued)

The estimated useful lives of property, plant and equipment are as follows:

Buildings – owned
Buildings – leased ¹
Network infrastructure
Information systems equipment
Furniture and fittings
Leasehold improvements ¹
Office equipment
Motor vehicles

¹ Shorter of lease term and useful life.

2.7 *Intangible assets with finite useful lives*

The relative size of the Group's intangible assets with finite useful lives and the estimated useful lives and residual values critical to the determination of the carrying amount are reviewed on an annual basis with the effects of any changes in the carrying amount of the assets.

Financial statements

TES AND ASSUMPTIONS (continued)

quipment are as follows:

	2013 Years	2012 Years
	5 – 50	10 – 60
	1 – 20	15 – 25
	2 – 20	3 – 20
	1 – 10	3 – 10
	3 – 15	3 – 15
	2 – 15	3 – 11
	2 – 12	3 – 12
	3 – 10	3 – 10

ch finite useful lives makes the judgements surrounding the
he Group's financial position and performance. Useful lives are
changes in estimate accounted for on a prospective basis. The

residual values of intangible assets are assumed to be

The basis for determining the useful lives for the vari

Licences

The useful lives of licences are determined primarily

Customer relationships

The useful life principally reflects management's vie
assessed by reference to factors such as customer ch
in the estimated useful life.

Software

The useful life is determined with reference to the l
products controlled by the Group, the useful life is
anticipation of future events such as technological c

Other intangible assets

Useful lives of other intangible assets are based on
experience as well as future events which may impa

e zero.

ous categories of intangible assets is as follows:

with reference to the unexpired licence period.

w of the average economic life of the customer base and is
urn rates. An increase in churn rates may lead to a reduction

licence term of the computer software. For unique software
based on historical experience with similar assets as well as
hanges, which may impact the useful life.

n management's estimates and take into account historical
ct the useful lives.

Notes to the Group annual financial statements

for the year ended 31 December 2013 (continued)

2 CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

2.7 Intangible assets with finite useful lives (continued)

The estimated useful lives of intangible assets with finite useful lives are:

Licences
Customer relationships
Software
Other intangible assets

2.8 Classification of significant joint arrangements

Joint arrangements are all arrangements where two or more parties have entered into an arrangement, which only exists when decisions are made by all the parties sharing control. Joint ventures are joint arrangements where the parties have rights to the net assets of the arrangement.

The Group exercises judgement in determining the classification of joint arrangements.

IranCell Telecommunication Company Services (PJSC)

Financial statements

NOTES AND ASSUMPTIONS (continued)

)
finite useful lives are as follows:

	2013 Years	2012 Years
	3 – 20	1 – 20
	5 – 10	2 – 10
	3 – 6	3 – 5
	3 – 10	3 – 20

to or more parties contractually agree to share control of the
about the relevant activities require unanimous consent of
arrangements whereby the parties that have joint control
the arrangement.

classification of its joint arrangements.

The Group holds an effective interest of 49% in the Company Services (PJSC). The joint arrangement provides rights to the net assets of the entity. Under the contract activities. The entity has therefore been classified as a

Mascom Wireless Botswana Proprietary Limited

The Group holds an effective interest of 53,11% in the Proprietary Limited (Mascom). The joint arrangement with rights to the net assets of the entity. The Group has agreement, no party has the right to control the management classified as a joint venture of the Group.

2.9

Provisions

The Group exercises judgement in determining the amount is necessary in determining the timing of outflow of settlements that may occur.

The present value of the Group's provisions is based on expected to be required to settle the obligations, discounted current market assessment of the time value of money. Information on provisions is disclosed in note 28.

issued ordinary share capital of Irancell Telecommunication provides the Group and the other parties to the agreement with contractual agreement unanimous consent is required for all key a joint venture of the Group.

the issued ordinary share capital of Mascom Wireless Botswana provides the Group and the other parties to the agreement as joint control over this arrangement as under the contractual managing company unilaterally. The entity has therefore been

expected cash outflows related to its provisions. Judgement as well as quantifying the possible range of the financial

on management's best estimate of the future cash outflows counted using appropriate pre-tax discount rates that reflect money and the risks specific to each provision. Additional

Notes to the Group annual financial statements

for the year ended 31 December 2013 (continued)

2 CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

2.10 *Restricted cash*

The Group exercises judgement in determining the extent to which cash is restricted. The judgement exercised takes into account the severity of exchange rate fluctuations, the nature of the Group's operations affected and the purpose for which the funds are restricted. The Group has restricted cash of R1 633 million (2012: R2 869 million) relating to its operations in South Africa, as disclosed in note 22.

2.11 *Hyperinflation*

The Group exercises significant judgement in determining whether an economy is hyperinflationary and whether the functional currency of the Group is the functional currency of a hyperinflationary economy.

Various characteristics of the economic environment of the country are considered, which include, but are not limited to, whether:

- the general population prefers to keep its wealth in foreign currency;
- prices are quoted in a relatively stable foreign currency;
- sales or purchase prices take expected losses of purchasing power into account;
- interest rates, wages and prices are linked to a price index;
- the cumulative inflation rate over three years is approximately 100% or more.

Financial statements

ACCOUNTING POLICIES AND ASSUMPTIONS (continued)

the appropriate treatment of restricted cash. The judgement on the control regulations, the availability of foreign currency in the country and the availability of funds will be used. The Group has determined that an amount of cash held for the Syrian operation should be treated as restricted cash, refer to

determining the onset of hyperinflation in countries in which it operates. The functional currency of its subsidiaries, associates or joint ventures is the currency of a

country. The characteristics of each country are taken into account. These characteristics

include: the availability of non-monetary assets or in a relatively stable foreign currency; the availability of foreign currency; the purchasing power during a short credit period into account; the inflation rate index; and the inflation rate approaching, or exceeds, 100%.

Management exercises judgement as to when a restatement is necessary. Following management's assessment, a joint audit is conducted in a hyperinflationary economy. The results are used in order to calculate the Group's share of its net assets.

tement of the financial statements of a Group entity becomes
oint venture of the Group has been accounted for as an entity
s and financial position of the joint venture have been restated
ts and profit or loss (note 14).

Notes to the Group annual financial statements

for the year ended 31 December 2013 (continued)

3 OPERATING SEGMENTS

The Group has identified reportable segments (the operating decision maker) to make key operating decisions. The reportable segments are geographically differentiated.

The Group's principal activities include the provision of telecommunications services; broadband and internet services; and other products and services.

Operating results are reported and reviewed regularly. Results are reported directly attributable to a segment as well as those attributable to external transactions or from transactions with other segments.

Unallocated items mainly comprise corporate expenses of the segments or which cannot be re-allocated or any adjustment for non-controlling interests.

Segment assets and liabilities comprise those operating assets and liabilities of a segment or can be allocated to the segment on a reasonable basis.

EBITDA is used as a measure of reporting profit or loss.

December 2013

Financial statements

that are used by the Group executive committee (chief decisions, allocate resources and assess performance. The ted regions and grouped by their relative size.

on of network IT services, local, national and international internet products and services; and converged fixed/mobile

larly by the Group executive committee and include items that can be attributed on a reasonable basis, whether from er Group segments.

enses which do not directly relate to the operating activities n a reasonable basis. Segment results are determined before

ating assets and liabilities that are directly attributable to the reasonable basis.

loss of each segment.

Notes to the Group annual financial statements

for the year ended 31 December 2013 (continued)

3 OPERATING SEGMENTS (continued)

2013

Revenue

EBITDA

Depreciation and amortisation

Net finance costs

Share of results of associates and joint ventures
after tax

Profit before tax

Segment assets

Non-current assets⁴

Current assets

Total assets

Segment liabilities

Non-current liabilities

Current liabilities

Total liabilities

Financial statements

South Africa Rm	Nigeria Rm	Iran ¹ Rm	Ghana Rm	Syria Rm
39 707	48 159	9 514	8 269	3 229
13 425	29 235	4 075	3 123	561
26 229 13 103	47 020 16 226	6 818 7 147	6 082 2 354	1 256 3 956
39 332	63 246	13 965	8 436	5 212
15 539 14 793	30 937 19 107	201 10 173	1 093 3 132	2 640 2 178
30 332	50 044	10 374	4 225	4 818

EBITDA margin (%)
Capital expenditure⁶
Capex/revenue (%)

2012*

Revenue

EBITDA

Depreciation and amortisation

Net finance costs

Share of results of associates and joint ventures
after tax

Profit before tax

Segment assets

Non-current assets⁴

Current assets

Total assets

Segment liabilities

Non-current liabilities

Current liabilities

Total liabilities

EBITDA margin (%)

Capital expenditure⁶

Capex/revenue (%)

¹ Excluding adjustments for hyperinflation (note 14).

² Head office and eliminations consist mainly of the Group's central functions, as well as intersegment eliminations.

³ Irancell Telecommunication Company Services (PJSC) proportionate share of results excluded from IFRS reported results due to equity accounting for joint ventures.

⁴ Goodwill is allocated to each segment.

⁵ Including profit on tower sales.

⁶ Capital expenditure comprises additions to property, plant and equipment.

* 2012 amounts restated to exclude the Group's proportionate share of results of associates and balances previously eliminated on proportionate consolidation.

The Group is domiciled in South Africa.

Notes to the Group annual financial statements

for the year ended 31 December 2013 (continued)

Large opco cluster					
	Cameroon Rm	Ivory Coast Rm	Uganda Rm	Sudan Rm	
	5 204	5 480	4 467	2 496	
	2 550	2 813	1 603	792	
	2 707 3 747	4 540 1 887	2 992 1 434	3 461 796	
	6 454	6 427	4 426	4 257	
	154 3 168	248 3 300	536 1 354	706 2 418	
	3 322	3 548	1 890	3 124	

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Financial statements

Small opco cluster Rm	Head office companies and eliminations ² Rm	Adjust- ments to IFRS ³ Rm	Consolidated Rm
19 804	(320)	(9 514)	136 495
6 732	(1 046)	(4 075)	59 788 (19 278) (1 234)
			3 431
			42 707
17 197 9 270	39 426 23 138	(6 818) (7 147)	150 910 75 911
26 467	62 564	(13 965)	226 821
5 834 12 701	(8 621) (4 167)	(201) (10 173)	49 066 57 984
18 535	(12 788)	(10 374)	107 050

	49,0 ⁵ 768 14,8	51,3 ⁵ 830 15,1	35,9 553 12,4	31,7 1 072 43,0	
	3 812	4 124	3 296	2 158	
	1 750	1 662	1 762	598	
	1 820 2 580	5 648 1 876	2 903 1 187	5 480 1 464	
	4 400	7 524	4 090	6 944	
	360 2 049	435 2 455	609 1 263	3 722 2 767	
	2 409	2 890	1 872	6 489	
	45,9 724 19,0	40,3 903 21,9	53,5 ⁵ 435 13,2	27,7 1 336 61,9	

34,0 3 809 19,2	417	(1 758)	43,8 30 164 22,1
16 695	(506)	(12 175)	121 867
5 597	471	(5 388)	52 637 (15 952) (3 790)
			3 008
			35 903
20 251 6 595	11 669 13 535	(3 490) (4 636)	120 199 55 875
26 846	25 204	(8 126)	176 074
6 144 7 602	(6 284) (7 164)	(63) (6 818)	32 713 50 474
13 746	(13 448)	(6 881)	83 187
33,5 2 902 17,4	712	(1 122)	43,2 28 827 23,7

Notes to the Group annual financial statements

for the year ended 31 December 2013 (continued)

4 REVENUE

Revenue comprises the fair value of the consideration received or receivable in the ordinary course of the Group's activities. Revenue excludes trade discounts and after eliminating sales within the same group.

Revenue from the sale of goods and the rendering of services, net of economic benefits associated with the transaction, less the associated costs incurred or to be incurred, can be reliably measured only when the benefits to be reliably measurable until all contingencies relating to the transaction have been resolved.

Postpaid and prepaid products with multiple deliverables are accounted for as separate units of accounting, and revenue is recognised when the separate units are delivered. In applying the residual value method, fair value is determined based on the transaction, and any consideration remaining (the residual value) is allocated to the separate units of accounting.

The Group operates loyalty programmes in certain markets. Customers receive reward points on purchases made, which entitle them to discounts on future purchases. The reward points are a separately identifiable component of the initial sale. The reward points are initially recognised as deferred income at their fair value. The reward points are redeemed. Breakage (forfeiture of points) is recognised when the points are redeemed.

Financial statements

Revenue is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue, and the related costs, can be measured reliably. The amount of revenue is not considered until the uncertainties relating to the sale have been resolved.

Revenue from the sale of goods and services is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue, and the related costs, can be measured reliably. The amount of revenue is not considered until the uncertainties relating to the sale have been resolved.

Revenue from the sale of goods and services is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue, and the related costs, can be measured reliably. The amount of revenue is not considered until the uncertainties relating to the sale have been resolved.

Revenue from the sale of goods and services is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue, and the related costs, can be measured reliably. The amount of revenue is not considered until the uncertainties relating to the sale have been resolved.

The main categories of revenue and the bases of recognition are:

Airtime and subscription, data and SMS

- airtime, data and SMS: revenue is recognised on the date of sale
- connection fees: revenue is recognised on the date of sale
- SIM kits: revenue is recognised on the date of sale

The terms and conditions of postpaid bundled airtime contracts specify the number of minutes. The revenue related to the unused value of the contract is recognised on termination of the customer or on termination of the contract.

Revenue received on prepaid contracts is deferred and recognised on termination of the customer relationship or on termination of the contract.

Interconnect/roaming

Interconnect/roaming revenue is recognised on a accrual basis, that is, when the interconnect revenue will be received, in the period in which the cash is received or where a right of set-off exists.

Mobile telephone and accessories

Revenue on the sale of mobile telephones and accessories and rewards of ownership are transferred to the buyer.

Recognition are as follows:

the usage basis commencing on the date of activation;
date of activation of a new SIM card; and
e.

Some products may allow for the carryover of unused value or
or minutes is deferred and recognised when utilised by the

and recognised when services are utilised by the customer

usage basis, unless it is not probable on the transaction date
which case interconnect revenue is recognised only when
s with interconnect parties in settling outstanding amounts.

cessories to third parties are recognised only when risks and

Notes to the Group annual financial statements

for the year ended 31 December 2013 (continued)

4 REVENUE (continued)

Airtime and subscription
Roaming
Data
SMS
Interconnect
Mobile telephones and accessories
Other

The Group's unearned income at the end of the year

¹ Roaming revenue was previously included as part of "Other" revenue

* 2012 amounts restated to exclude the Group's proportionate share revenue previously eliminated on proportionate consolidation, refer to note 4

5 OTHER INCOME

Other income is recognised when the risks and rewards

December 2013

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	2013 Rm	2012* Rm
	86 365	76 405
	1 292	1 680 ¹
	20 670	14 618
	5 476	5 544
	15 367	16 070
	5 479	6 164
	1 846	1 386
	136 495	121 867

amounts to R7 004 million (2012: R6 604 million).

2.
relating to its interests in joint ventures and to include the inter-entity transactions
48.

wards of ownership of the assets are transferred to the buyer.

2013

2012*

Profit on tower sales

Sale proceeds

Carrying amount of assets disposed

Warranty provision and consultancy cost

Realisation of deferred gain on Ghana tower sale¹

Realisation of deferred gain on asset swap for investment

Other

In 2013, MTN Côte d'Ivoire S.A. and Mobile Telephonics International Holding Limited (MTH) in which MTH acquired 99% of the equity of IHS Holding Limited (IHS) in which IHS acquired 99% of the equity of IHS US\$141 million and 820 towers from Mobile Telephonics International Holding Limited (MTH) 100% shareholder of the tower companies set up in Côte d'Ivoire for mobile infrastructure. The transactions resulted in sale and lease back

In 2012, MTN Uganda Limited concluded a transaction for the sale of 962 of MTN Uganda's existing BTS sites to TowerCo Uganda. ATC holds a 51% stake in TowerCo Uganda's holding company. MTN Uganda will be the anchor tenant on commercial services. The transaction resulted in a sale and lease back transaction classified as

¹ In 2011, Scancom Limited (MTN Ghana) concluded a transaction with TowerCo Ghana for the sale of transceiver stations (BTS) sites to TowerCo Ghana which is an associate of the Group. Such unrealised profit is realised by the Group as the underlying transaction is completed.

² The deferred gain arose on the contribution of various assets from MTN Uganda to TowerCo Uganda. The investment in the associate, Belgacom International Carrier Services (BICS), is recognised over the period, which is the period of the commitment to use the international services.

* 2012 amounts restated to exclude the Group's proportionate share of the transaction.

	2015 Rm	2014 Rm
	930	547
	2 536	1 405
	(1 416)	(803)
	(190)	(55)
	38	39
ment in BICS ²	357	308
	2	–
	1 327	894

the Networks Cameroon Limited concluded transactions with 11 mobile network towers from MTN Côte d'Ivoire S.A. for one Networks Cameroon Limited for US\$143 million. IHS is a in each country to manage the towers and other passive leaseback transactions classified as operating leases.

on with American Tower Company (ATC), which involved the erCo Uganda for an agreed purchase price of US\$175 million. company, with the remaining 49% stake held by the Group. cial terms on each of the towers being sold. The transaction d as an operating lease.

th American Tower Company (ATC) which involved the sale of MTN Ghana's base ate of the Group. Profit was eliminated to the extent of the Group's interest in the ulying assets are depreciated by the associate.

MTN Dubai, MTN International Carrier Services and Uniglobe in exchange for a 20% s (BICS) (note 14). This gain was deferred and is being amortised over a five-year al gateway of BICS.

elating to its interests in joint ventures, refer to note 48.

Notes to the Group annual financial statements

for the year ended 31 December 2013 (continued)

6 OPERATING PROFIT

Connection incentives

Connection incentives are expensed in the period

Employee benefits

Remuneration to employees in respect of service rendered during the reporting period. A liability is recognised for accrued remuneration obligation as a result of past service rendered by employees.

A liability for unvested short-term benefits is recognised when the company settles the liability, and at least one of the following conditions is met:

- there is a formal plan and the amounts to be paid are disclosed in the financial statements; or
- achievement of previously agreed bonus criteria and the employees are expected to receive a bonus and the amount can be determined reliably.

Post-employment benefits

Defined contribution plans

Group companies operate various defined contribution plans, including a defined benefit plan (such as a pension plan) under which the company pays contributions into a separate entity (a fund), and the company recognises additional contributions if the fund does not hold sufficient assets to cover employee service in the current and prior periods.

Financial statements

in which they are incurred.

is rendered during a reporting period is expensed in that period if the employee is on accumulated leave when there is a present legal or constructive obligation to pay employees.

is recognised when there is no realistic alternative other than to pay the employee if the following conditions are met:

- the obligation is determined before the time of issuing the annual financial statements.

has created a valid expectation by employees that they will receive the benefit before the time of issuing the annual financial statements.

defined contribution plans. A defined contribution plan is a post-employment benefit plan in which the Group pays a fixed percentage of employees' remuneration into a separate entity. The Group will have no further legal or constructive obligations to pay benefits to employees. The Group will have sufficient assets to pay all employee benefits relating to defined contribution plans in respect of the reporting period.

employee service in the current and prior periods. Services rendered during a period are recognised as an expense and contributions are recognised as an asset to the extent that the asset is available.

Share-based payment transactions

The Group operates a number of share incentive schemes.

Termination benefits

Termination benefits may be payable when an employee's retirement date due to death or retrenchment or when an employee exchanges for these benefits.

The Group recognises termination benefits at the earliest of the following:

- when the Group can no longer withdraw the offer of termination benefits;
- when the Group recognises costs for a restructuring that includes a payment of termination benefits.

In the case of an offer made to encourage voluntary redundancy, the number of employees expected to accept the offer at the reporting date are discounted to their present value.

Contributions to defined contribution plans in respect of
an employee benefit expense when they are due. Prepaid
ent that a cash refund or a reduction in the future payments

chemes. For further details refer to note 44.

employee's employment is terminated before the normal
whenever an employee accepts voluntary redundancy in

earlier of the following dates:

er of those benefits; and

uring that is within the scope of IAS 37 that includes the

y redundancy, the termination benefits are measured based
he offer. Benefits falling due more than 12 months after the
e.

Notes to the Group annual financial statements

for the year ended 31 December 2013 (continued)

6 OPERATING PROFIT (continued)

Staff costs:

Salaries and wages

Post-employment benefits

Share options granted to directors and employees

Training

Other

The following disclosable items have been included in operating profit:

Auditors' remuneration

Audit fees

Fees for other services

Expenses

Emoluments to directors and prescribed officers (not disclosed)

Operating lease rentals

Property

Equipment and vehicles

Loss on disposal of property, plant and equipment

December 2013

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	2013 Rm	2012* Rm
	(8 670)	(7 534)
	(6 709)	(6 032)
	(381)	(300)
	(215)	(147)
	(293)	(257)
	(1 072)	(798)
<i>and in arriving at</i>		
	(125)	(122)
	(105)	(88)
	(10)	(24)
	(10)	(10)
te 41)	(149)	(165)
	(3 373)	(1 954)
	(3 063)	(1 867)
	(310)	(87)
nd intangible assets	(42)	(70)

Impairment loss on property, plant and equipment (note 17)
Reversal of impairment charge on property, plant and equipment (note 17)
Write down of inventories (note 18)
Impairment of trade receivables (note 19)
Impairment of non-current receivable (note 15)

**2012 amounts restated to exclude the Group's proportionate share of*

note 11)	(7)	(21)
d equipment (note 11)	35	59
	(64)	(95)
	(610)	(208)
	(223)	–

relating to its interests in joint ventures, refer to note 48.

Notes to the Group annual fin

for the year ended 31 December 2013 (continued)

7 **FINANCE INCOME AND FINANCE COSTS**

Finance income

Finance income comprises interest income on funds at fair value through profit or loss, foreign exchange gains and losses at fair value through profit or loss. Interest income is recognised as it accrues.

Finance costs

Finance costs comprise interest expense on borrowings at fair value through profit or loss, foreign exchange gains and losses at fair value through profit or loss, and interest expense on hedging instruments that are recognised in profit or loss using the effective interest method, unless the borrowing is for the construction or production of qualifying assets, in which case they are capitalised.

Interest income on loans and receivables
Interest income on bank deposits
Foreign exchange gains¹

Finance income

Interest expense on financial liabilities measured at fair value through profit or loss

Financial statements

Assets invested, changes in the fair value of financial assets at fair value, gains and losses on hedging instruments that are recognised in profit or loss, using the effective interest method.

Provisions, unwinding of the discount on provisions, changes in profit or loss, foreign exchange losses and any losses on assets or loss. All borrowing costs are recognised in profit or loss. Borrowing costs are directly attributable to the acquisition, in which case the directly attributable borrowing costs

	2013 Rm	2012* Rm
	653	1 803
	1 706	1 300
	9 063	1 574
	11 422	4 677
Amortised cost	(4 659)	(4 124)

Foreign exchange losses¹

Put options

Finance costs

Net finance costs recognised in profit or loss

¹ The year to date foreign exchange gains and losses have been determined

* 2012 amounts restated to exclude the Group's proportionate share of
previously eliminated on proportionate consolidation, refer to note 4

	(7 997)	(4 313)
	–	(30)
	(12 656)	(8 467)
	(1 234)	(3 790)

mined on an instrument-by-instrument basis.

relating to its interests in joint ventures and to include the inter-entity transactions

48.

Notes to the Group annual financial statements

for the year ended 31 December 2013 (continued)

8 INCOME TAX EXPENSE

The tax expense for the period comprises current and deferred tax. Current tax is the expected tax payable on taxable income, to the extent that it relates to items recognised in the profit or loss. For these items the tax is also recognised in the profit or loss, respectively.

Current tax

Current tax is the expected tax payable on taxable income, to the extent that it relates to items recognised in the profit or loss, enacted at the reporting date in the countries where the Group operates. Current tax is calculated on taxable income, and any adjustment to tax payable is recognised in the profit or loss. Current tax is evaluated on positions taken in tax returns with respect to interpretation and establishes provisions where necessary in relation to the tax authorities.

Deferred tax

Deferred tax is recognised using the liability method, based on the expected future tax bases of assets and liabilities and their carrying amounts at the reporting date for financial reporting purposes. Deferred tax is not recognised for the initial recognition of an asset or liability in a transaction that, at the time of the transaction, affects neither accounting income nor taxable income. Deferred tax is recognised for temporary differences (and laws) that have been enacted or substantively enacted that apply to temporary differences when they reverse.

Financial statements

and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to other comprehensive income or items recognised directly in other comprehensive income or directly in equity,

income for the year, using tax rates enacted or substantively enacted in the periods when the Company and its subsidiaries operate and generate taxable income in respect of previous years. Management periodically reviews the tax position in light of changing tax regulations to ensure that the Company is appropriately on the basis of amounts expected to be paid to

tax authorities, providing for temporary differences arising between the carrying amounts in the consolidated annual financial statements for assets and liabilities and their tax base. Deferred tax is recognised if the temporary difference arises from goodwill or from a transaction (other than a business combination) that at the reporting date will result in taxable profit or loss. Deferred tax is measured at tax rates that are expected to apply to taxable profit or loss when the temporary differences are expected to be settled or realised, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date and are expected to

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities in the balance sheet and their tax bases, except for deferred tax liabilities where the temporary differences are not deductible for tax purposes by the Group and it is probable that the temporary differences will not be realised.

A deferred tax asset is recognised for unused tax losses, unused tax credits and other deductible temporary differences to the extent that it is probable that future taxable profit will be available to utilise the benefits of the deductible differences. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Dividend withholding tax

Dividend withholding tax is payable at a rate of 15% on dividends attributable to the Company but is collected and paid by the Company makes use of regulatory intermediaries to pay the tax on behalf of the Company.

Analysis of income tax expense for the year

Normal tax

Current year

Adjustment in respect of the prior year

Deferred tax (note 16)

Current year

Adjustments in respect of the prior year

Capital gains tax

Foreign income and withholding taxes

Secondary tax on companies¹

¹ Effective 1 April 2012, STC was replaced by dividends tax. This is a tax on dividends payable by companies to shareholders under the Income Tax Act.

* 2012 amounts restated to exclude the Group's proportionate share of the tax on dividends payable by companies to shareholders under the Income Tax Act.

arising on investments in subsidiaries, associates and joint
 timing of the reversal of the temporary differences is controlled
 difference will not reverse in the foreseeable future.

esses or deductible temporary differences only to the extent
 available against which the temporary differences can be
 reporting date and are reduced to the extent that it is no
 realised.

5% on dividends distributed to shareholders. This tax is not
 paid to the tax authorities on behalf of shareholders. The
 o withhold and pay dividend tax to the tax authorities.

	2013 Rm	2012* Rm
	(8 974)	(10 146)
	(9 106)	(10 287)
	132	141
	(2 012)	465
	(2 273)	558
	261	(93)
	1	–
	(1 322)	(1 256)
	–	(898)
	(12 307)	(11 835)

tax on dividends in the hands of the shareholder, levied at a rate of 15% in terms of

relating to its interests in joint ventures, refer to note 48.

Notes to the Group annual financial statements

for the year ended 31 December 2013 (continued)

8 INCOME TAX EXPENSE (continued)

The table below explains the differences between the Group's effective tax rate and the South African statutory rate of 28%, and the Group's

The Group's effective tax rate is reconciled to the South African statutory rate of 28% as follows:

Tax rate reconciliation

Tax at statutory tax rate

Expenses not allowed

Effect of different tax rates in other countries

Income not subject to tax

Share of results of associates and joint ventures

Foreign income and withholding taxes

Effect of STC

Foreign exchange losses – MTN Sudan Company Limited
Communications Limited

Other

Effective tax rate

Financial statements

the expected tax expense on continuing operations, at the total tax expense for each year.

South African statutory rate as follows:

	2013 %	2012* %
	28,00	28,00
	1,44	1,54
	1,31	(0,93)
	(1,34)	(1,89)
	(2,36)	(2,60)
	3,09	3,50
	–	2,50
Unaudited and Investcom Mobile	–	1,47
	(1,32)	1,37
	28,82	32,96

9 EARNINGS PER ORDINARY SHARE

Basic earnings per share

Earnings per share is calculated using the weight
period and is based on the net profit attributable
earnings per share, treasury shares are deducted fro

Diluted earnings per share is calculated by adj
outstanding to assume conversion of all dilutive
attributable to ordinary shareholders, adjusted fo
potential ordinary shares which comprise share op
schemes, performance share plan and the MTN Zaf

For the share options and share rights, a calculatio
that would be required at fair value to settle the mo
share-based payment value. For the purposes of th
Company is used.

Headline earnings per share

Headline earnings per share is calculated using the
the period and is based on the earnings attributab
required by Circular 2/2013 issued by the South Afr

ium, Benin, Cameroon, Congo, Ivory Coast, Cyprus, Ghana, mibia, Nigeria, Rwanda, Sudan, South Sudan, Syria, Uganda, jurisdictions is calculated at the rates that have been enacted ns.

re relating to its interests in joint ventures, refer to note 48.

ed average number of ordinary shares in issue during the e to ordinary shareholders. For the purpose of calculating om the number of ordinary shares in issue.

usting the weighted average number of ordinary shares potential ordinary shares and is based on the net profit or the after-tax dilutive effect. The Company has dilutive otions and share rights issued in terms of the Group's share khele transaction.

is done to determine the number of the Company's shares onetary value of the rights, after deducting the unamortised is calculation, the average annual market share price of the

weighted average number of ordinary shares in issue during ole to ordinary shareholders, after excluding those items as rican Institute of Chartered Accountants (SAICA).

Notes to the Group annual financial statements

for the year ended 31 December 2013 (continued)

- 9 EARNINGS PER ORDINARY SHARE** (continued)
- In terms of the MTN Zakhele B-BBEE transaction, the Group has issued 100 million MTN Zakhele shares at par value. The Group has a call option over these shares. These shares are included in the diluted earnings per share calculation. The Group has also determined the number of shares that could have been issued in the event of the exercise of the call option.

Weighted average number of shares (excluding treasury shares)

Adjusted for:

- Share options – MTN Zakhele
- Share options
- Share appreciation rights
- Performance Share Plan

Weighted average number of shares for diluted earnings per share calculation

Refer to note 24 for a reconciliation of total shares in issue.

Reconciliation between net profit attributable to the equity holders of the Group and net profit attributable to the equity holders of the Group after the effect of the MTN Zakhele transaction.

December 2013

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The Group issued notional vendor financing shares to MTN for these shares. As these shares are potentially dilutive shares, a calculation is done at each reporting period to determine the number of shares that would have been acquired at fair value.

	2013 '000	2012 '000
treasury shares)	1 832 730	1 837 992
	6 741	9 836
	50	194
	985	894
	1 953	487
Earnings per share	1 842 459	1 849 403

issue.

the equity holders of the Company and headline earnings:

Profit after tax

Adjusted for:

Net loss on disposal of property, plant and equipment and intangible assets (IAS 16 and IAS 38)

Net reversal of impairment of property, plant and equipment (IAS 36)

Impairment of associate (IAS 36)

Realisation of deferred gain (IAS 28)

Profit on disposal of non-current assets held for sale (IFRS 5)

Realisation of deferred gain on disposal of non-current assets held for sale (IFRS 5)

Headline earnings

Earnings per ordinary share (cents)

– Basic earnings

– Basic headline earnings

– Diluted earnings

– Diluted headline earnings

¹ Amounts are measured after taking into account non-controlling interest

² Including profit on disposal of property, plant and equipment from discontinued operations
Headline earnings is calculated in accordance with Circular 2/2013 Headline Earnings
at the request of the JSE Limited.

2013		2012	
Rm Gross	Rm Net ¹	Rm Gross	Rm Net ¹
	26 289		20 704
45 ²	34	68 ²	49
(28)	(20)	(38)	(26)
–	–	6	6
(357)	(357)	(308)	(308)
(930)	(510)	(547)	(368)
(38)	(38)	(39)	(39)
	25 398		20 018
	2013		2012
	1 434		1 126
	1 386		1 089
	1 427		1 120
	1 378		1 082

interests and tax.

joint ventures.

adline Earnings as issued by the South African Institute of Chartered Accountants

Notes to the Group annual fin

for the year ended 31 December 2013 (continued)

10 DIVIDEND

Dividend distribution to the Company's shareho
statements in the period in which the dividends are

Dividends paid

Final dividend paid in respect of the prior year
Interim dividend paid in respect of the current year

Dividends declared

Approved after the reporting date and not
recognised as a liability

¹ Declared at the board meeting on 4 March 2014.
² Excluding dividends on treasury shares (note 24).

11 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are measured at hist
impairment losses. Property, plant and equipment a
at fair value and are subsequently carried at the in

Financial statements

holders is recognised as a liability in the Group's financial statements as approved by the Company's directors.

2013		2012	
Cents per share	Rm	Cents per share	Rm
503	9 362 ²	476	8 940 ²
370	6 848 ²	321	5 979 ²
	16 210		14 919
665 ¹	12 302 ²	503	9 362 ²

Historical cost less accumulated depreciation and accumulated impairment losses on non-current assets acquired through business combinations are initially shown at fair value less accumulated depreciation and impairment losses.

and accumulated impairment losses.

The cost of property, plant and equipment includes the cost of purchase or construction of the assets, any other costs directly attributable to the condition for their intended use and the presence of any intangible software that is integral to the functionality of the non-current asset.

Property, plant and equipment under construction are recognised when the assets are available for use in the manner intended. When the assets are transferred from capital work-in-progress to non-current assets, they are transferred at their carrying amount at the date of transfer, when commissioned and ready for their intended use.

The Group capitalises general and specific borrowing costs incurred in connection with the acquisition or production of a qualifying asset as part of the cost of that asset, provided that the asset which takes more than 12 months to acquire, construct or produce. Specific borrowings directly attributable to the acquisition or production of a qualifying asset. Other borrowing costs are expensed in profit or loss.

Asset exchange transactions are transactions whereby one non-current asset is acquired in exchange for non-monetary assets, or other non-current assets, in circumstances whereby the Group enters into an exchange transaction. Such an exchange has commercial substance. Commercial substance exists if the Group's future cash flows are expected to change significantly as a result of the exchange. If the exchange lacks commercial substance, the Group recognises the exchange at the carrying amount of the assets exchanged:

- the configuration of the cash flows of the asset given up; or
- the entity-specific value of the part of the operation that is given up in the exchange.

Property, plant and equipment acquired in an exchange transaction lacks commercial substance if the carrying amount of the asset given up is reliably measurable. If the acquired asset's carrying amount is not reliably measurable, the carrying amount of the asset given up. Any gain or loss is recognised in profit or loss.

is expenditure that is directly attributable to the acquisition of an asset. Costs are directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by management. The net value of estimated decommissioning costs. Purchased intangible assets and related equipment is capitalised as part of the equipment.

Assets are measured at initial cost and depreciated from the date of acquisition. Depreciation is determined by management over their estimated useful lives. Assets are classified into an appropriate category of property, plant and equipment and are depreciated over their useful lives.

Costs directly attributable to the acquisition, construction or production of an asset are included in the cost of that asset. A qualifying asset is deemed to be an asset that is necessary to construct or produce. Borrowing costs include general and specific borrowing costs. Borrowing costs are included in the cost of acquisition, construction or production of qualifying assets.

When one or more items of property, plant and equipment are acquired in exchange for a combination of monetary and non-monetary assets. In an asset exchange transaction, the Group determines whether the transaction has commercial substance depends on the extent to which the transaction is expected to change the Group's future cash flows as a result of the transaction. A transaction has commercial substance if the difference between the fair value of the assets received and the fair value of the assets given up is significant relative to the fair value of the assets given up.

If the transaction does not have commercial substance, the asset received differs from the configuration of the cash flows of the Group and the transaction changes as a result of the transaction.

An asset exchange transaction is measured at fair value unless the fair value of neither the asset received nor the asset given up is measured at fair value, its cost is measured at the consideration paid or payable is included in the cost of the asset received.

Notes to the Group annual financial statements

for the year ended 31 December 2013 (continued)

11 PROPERTY, PLANT AND EQUIPMENT (continued)

In instances whereby the Group receives assets for free, the assets are valued in accordance with IAS 16 *Property, Plant and Equipment*.

When parts of an item of property, plant and equipment are replaced, the replaced parts are treated as separate items (major components) of property, plant and equipment.

Depreciation is calculated on a straight-line basis to allocate the cost of the assets over their estimated useful lives. For a summary of useful lives, see Note 12.

Useful lives and residual values are reviewed on an annual basis and adjusted where appropriate and accounted for on a prospective basis.

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

Subsequent costs are included in the asset's carrying amount when it is probable that future economic benefits associated with the asset will flow to the Group and can be measured reliably. The carrying amount of the asset is increased by the cost of the subsequent expenditure, net of any depreciation charged to profit or loss during the financial period.

The gain or loss arising on the disposal or retirement of an asset is the difference between the proceeds from the disposal and the carrying amount of the asset at the time of disposal.

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For no consideration, the Group accounts for these at cost in the statement of financial position, being zero value.

When components have different useful lives, they are accounted for as separate assets (plant and equipment).

The Group writes off the cost of the assets to their residual values over their useful lives, refer to note 2.

Depreciation is calculated on an annual basis and the effect of any changes in estimate is recognised in profit or loss.

Leases are depreciated over their expected useful lives on a straight-line basis over the expected term of the relevant lease.

When a component is replaced, the cost of the replaced part is recognised as a separate asset, only when it is probable that the cost of the item will flow to the Group and the cost of the item can be measured reliably. The replaced part is derecognised. Repairs and maintenance costs are recognised in profit or loss in the period in which they are incurred.

The residual value of an asset is determined as the difference between the expected proceeds from the disposal of the asset, and is included in profit or loss.

Determination of fair values

The fair value of property, plant and equipment is determined as the depreciated replacement cost.

Impairment

An impairment loss is recognised in profit or loss if the carrying amount of the cash-generating unit exceeds its estimated recoverable amount. The recoverable amount is the greater of its value in use and its fair value less costs of disposal. Cash flows are discounted to their present value using a pre-tax discount rate of the time value of money and the risks specific to the unit.

For the purpose of impairment testing, assets are grouped into the smallest groups of assets that generate cash inflows from continuing use that are largely independent of the other groups of assets (the cash-generating unit).

Impairment losses recognised in respect of cash-generating units are allocated first to goodwill and then to the other assets of the unit (group of units) on a pro rata basis.

When an impairment loss subsequently reverses, the carrying amount of the cash-generating unit is increased to the revised estimate of its recoverable amount, but not above the carrying amount that would have been determined had no impairment loss been recognised. A reversal of an impairment loss is recognised in profit or loss. A reversal of an impairment loss of goodwill is not reversed.

Property, plant and equipment with finite useful lives

The Group annually reviews the carrying amounts of property, plant and equipment with finite useful lives in order to determine whether there is any indication of impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent, if any, of the impairment loss.

cognised as a result of a business combination is based on

the carrying amount of an asset or its cash-generating unit
recoverable amount of an asset or cash-generating unit is the
s to sell. In assessing value in use, the estimated future cash
re-tax discount rate that reflects current market assessments
to the asset.

e grouped together into the smallest group of assets that
e largely independent of the cash inflows of other assets or

generating units are allocated first to reduce the carrying
then to reduce the carrying amounts of the other assets in

he carrying amount of the asset (or cash-generating unit) is
e amount, but limited to the carrying amount that would
en recognised for the asset (or cash-generating unit) in prior
d immediately in profit or loss. An impairment loss in respect

lives

of its property, plant and equipment and intangible assets
er there is any indication that those assets have suffered an
recoverable amounts of the assets are estimated in order to
5.

Notes to the Group annual financial statements

for the year ended 31 December 2013 (continued)

11 PROPERTY, PLANT AND EQUIPMENT (continued)

	Land and buildings ¹ Rm	Leasehold improve- ments Rm
Carrying amount at 1 January 2012*	4 871	1 079
Additions	293	243
Disposals	(47)	(16)
Reallocations ³	729	105
Depreciation for the year	(358)	(198)
Impairment loss	–	–
Reversal of impairment loss	–	–
Other movements	(6)	(152)
Effect of movements in exchange rates	58	11
Carrying amount at 31 December 2012*	5 540	1 072

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Network infra- structure Rm	Information systems, furniture and office equipment Rm	Capital work-in- progress/ other Rm	Vehicles ² Rm	Total Rm
47 657	3 014	7 939	354	64 914
14 526	1 464	9 172	235	25 933
(1 468)	(92)	(322)	(11)	(1 956)
3 820	194	(6 618)	13	(1 757)
(11 773)	(1 196)	(95)	(171)	(13 791)
(18)	(2)	(1)	–	(21)
–	–	59	–	59
(333)	(155)	283	(1)	(364)
746	39	21	13	888
53 157	3 266	10 438	432	73 905

Comprising:		
Cost	6 826	2 225
Accumulated depreciation and impairment losses	(1 286)	(1 153)
	5 540	1 072
Carrying amount at 1 January 2013	5 540	1 072
Additions	581	181
Disposals	(23)	(4)
Reallocations ³	240	3
Depreciation for the year	(425)	(199)
Impairment loss	–	–
Reversal of impairment loss	–	–
Other movements	57	(42)
Effect of movements in exchange rates	373	111
Carrying amount at 31 December 2013	6 343	1 122
Comprising:		
Cost	8 221	2 515
Accumulated depreciation and impairment losses	(1 878)	(1 393)
	6 343	1 122

¹ Included in land and buildings are leased assets with a carrying amount of R82 million.

² Included in vehicles are leased assets with a carrying amount of R82 million.

³ Reallocations include an amount of R1 265 million (2012: R1 373 million) relating to the sale of the Group's share in the sale (note 17).

* 2012 amounts restated to exclude the Group's proportionate share of the sale.

104 264	7 797	10 615	1 123	132 850
(51 107)	(4 531)	(177)	(691)	(58 945)
53 157	3 266	10 438	432	73 905
53 157	3 266	10 438	432	73 905
12 332	1 496	11 966	248	26 804
(644)	(23)	–	(20)	(714)
12 104	96	(13 799)	50	(1 306)
(14 190)	(1 341)	(126)	(177)	(16 458)
(7)	–	–	–	(7)
32	–	3	–	35
33	(173)	(131)	–	(256)
8 034	518	1 774	90	10 900
70 851	3 839	10 125	623	92 903
137 128	9 866	10 481	1 376	169 587
(66 277)	(6 027)	(356)	(753)	(76 684)
70 851	3 839	10 125	623	92 903

ount of R180 million (2012: R197 million).

2 million (2012: R66 million*).

illion) relating to network infrastructure reallocated to non-current assets held for

elating to its interests in joint ventures, refer to note 48.

Notes to the Group annual financial statements

for the year ended 31 December 2013 (continued)

11 PROPERTY, PLANT AND EQUIPMENT (continued)

11.1 Register of land and buildings

Registers with details of land and buildings are available for inspection by the representatives at the registered office of the Company.

11.2 Impairment loss

MTN Nigeria reversed a portion of the previously recognised impairment loss (2012: R59 million).

11.3 Leased property, plant and equipment

The Group leases various premises and sites which have been classified as finance leases.

Finance lease commitments are disclosed in note 37.

11.4 Capital work-in-progress

There are various capital work-in-progress projects which are disclosed in the table found below:

December 2013

Financial statements

available for inspection by shareholders or their duly authorised company and its respective subsidiaries.

recognised impairment losses amounting to R32 million

have varying terms, escalation clauses and renewal rights.

under way within the Group, a summary thereof can be

	2013 Rm	2012* Rm
South Africa)	385	1 099
	661	849

Scancom Limited (Ghana)
 MTN Sudan Company Limited
 MTN Nigeria Communications Limited
 MTN Afghanistan Limited
 Areeba Guinea S.A.
 MTN Côte d'Ivoire S.A.
 MTN Uganda Limited
 MTN (Dubai) Limited
 MTN Yemen
 MTN South Sudan Limited
 MTN Syria (JSC)
 Others

11.5 Changes in estimates

MTN Uganda Limited revised the useful life of its motor vehicles, resulting in an increase of R40 million in the depreciation charge for the year. The revised useful life of its motor vehicles and other fixed assets resulted in a decrease of R40 million in the depreciation charge for the current and future periods.

In 2012, Scancom Limited (Ghana) revised the useful life of its motor vehicles, resulting in a decrease of R134 million in the annual depreciation charge for the year.

**2012 amounts restated to exclude the Group's proportionate share of the depreciation charge*

	117	1 028
	1 276	1 186
	295	166
	175	176
	95	92
	263	200
	243	68
	240	88
	601	17
	467	249
	293	596
	5 111	5 814

network equipment from 12 to 10 years. This resulted in an for the current and future years. MTN Syria (JSC) revised the s from 5 to 4 years. This resulted in an increase of R104 million e years.

life of its network equipment from 7 to 10 years. This resulted ion charge.

relating to its interests in joint ventures, refer to note 48.

Notes to the Group annual financial statements

for the year ended 31 December 2013 (continued)

11 PROPERTY, PLANT AND EQUIPMENT (continued)

11.6 Encumbrances

Borrowings are secured by various categories of property, plant and equipment with the following carrying amounts:

MTN Côte d'Ivoire S.A.
 MTN Uganda Limited
 MTN Sudan Company Limited
 MTN Congo S.A.
 Scancom Limited (Ghana)
 MTN Rwandacell Limited

* 2012 amounts restated to exclude the Group's proportionate share of

12 INTANGIBLE ASSETS AND GOODWILL

Intangible assets with an indefinite useful life

Goodwill is measured at cost less accumulated impairment losses, reviewed annually.

Goodwill is measured at the acquisition of subsidiaries and is not amortised.

Financial statements

	2013 Rm	2012* Rm
Property, plant and equipment		
	127	870
	2 568	1 956
	3 027	2 566
	–	40
	6 087	579
	1 419	1 228
	13 228	7 239

relating to its interests in joint ventures, refer to note 48.

impairment losses and is not amortised but tested for impairment

Goodwill arising on the acquisition of subsidiaries or joint ventures', and is tested for impairment as part of the cash generating unit to which it relates.

Goodwill arising on the acquisition of an associate or joint ventures', and is tested for impairment as part of the cash generating unit to which it relates.

Gains or losses on the disposal of an entity include the difference between the net proceeds from the disposal and the carrying amount of the entity's identifiable intangible assets.

Intangible assets with finite useful lives

Intangible assets with finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets are carried at fair value and are subsequently carried at the lower of cost less accumulated amortisation and accumulated impairment losses. The initial cost of an intangible asset includes the cost of obtaining legal rights to the asset and the cost of any legal fees incurred. Licence fees are expensed as they are incurred.

Amortisation is calculated on a straight-line basis to the residual value over the estimated useful lives. For a summary of useful lives, refer to note 2.2.

The gain or loss arising on the disposal or retirement of an intangible asset is the difference between the proceeds from the disposal and the carrying amount of the asset.

included in intangible assets.

or joint venture is included in 'investment in associates and of the overall balance.

the carrying amount of goodwill allocated to the entity sold.

ured at historical cost less accumulated amortisation and acquired through business combinations are initially shown initially determined fair value less accumulated amortisation st incurred in respect of licences is capitalised. Contingent

o write off the cost of intangible assets over their estimated ote 2.

ent of an intangible asset is determined as the difference arrying amount of the asset, and is included in profit or loss.

Notes to the Group annual financial statements

for the year ended 31 December 2013 (continued)

12 INTANGIBLE ASSETS AND GOODWILL (continued)

Intangible assets with finite useful lives (continued)

The Group's intangible assets with finite useful lives include:

- licences;
- customer relationships;
- computer software; and
- other intangible assets.

Costs associated with maintaining intangible assets are recognised as expenses.

Costs that are directly associated with the production or development of intangible assets and that will probably generate economic benefits, are recognised as intangible assets.

Expenditure that enhances or extends the performance of intangible assets is recognised as a capital improvement and added to the carrying amount of the asset.

Expenditure on research activities is recognised as an expense.

Determination of fair values

The fair value of customer relationships acquired in a business combination is determined using the period excess earnings method, whereby the subject of the valuation is the cash flows from the assets that are part of creating the related cash flows.

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d)
d)
s are as follows:

s are recognised as an expense as incurred.

on of identifiable intangible assets controlled by the Group,
are capitalised when all the criteria for capitalisation are met.

ance of intangible assets beyond their original specifications
to the original cost of the assets.

an expense in the period in which it is incurred.

in a business combination is determined using the multi-
ect asset is valued after deducting a fair return on all other
vs.

The fair value of patents and trademarks acquired is based on the estimated royalty payments that have been avoided.

The fair values of all other intangible assets acquired are based on the discounted cash flows expected to be generated.

Impairment

The accounting policy on impairment testing and measurement is as follows:

Goodwill acquired in a business combination is allocated to the cash-generating units (CGUs) that are expected to benefit from the synergies of the combination. An impairment test is performed annually, or more frequently if there are indicators of impairment.

d in a business combination is based on the discounted
d as a result of the patent or trademark being owned.

ed in a business combination applicable to the Group are
e derived from the use and eventual sale of the assets.

he recognition of an impairment loss is disclosed in note 11.

located to cash-generating units that are expected to benefit
ment loss in respect of goodwill is not reversed.

Notes to the Group annual financial statements

for the year ended 31 December 2013 (continued)

12 INTANGIBLE ASSETS AND GOODWILL (continued)

	Goodwill Rm	Licences Rm
Carrying amount at 1 January 2012*	23 329	5 024
Additions	–	1 033
Disposals	–	–
Reallocations	–	132
Amortisation for the year	–	(718)
Other movements	–	(77)
Effect of movements in exchange rates	(2 009)	(76)
Carrying amount at 31 December 2012	21 320	5 318
Comprising:		
Cost	21 320	11 395
Accumulated amortisation and impairment losses		

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d)

customer relation- ships Rm	Software ¹ Rm	Other intangible assets Rm	Work-in- progress Rm	Total Rm
121	3 722	476	–	32 672
–	2 894	–	–	3 927
–	(7)	–	–	(7)
–	249	9	–	390
(11)	(1 329)	(103)	–	(2 161)
15	12	(14)	–	(64)
(125)	51	(4)	–	(2 163)
–	5 592	364	–	32 594
4 408	10 195	934	–	48 252

amortisation and impairment losses	–	(6 077)
	21 320	5 318
Carrying amount at 1 January 2013	21 320	5 318
Additions	–	139
Disposals	–	–
Reallocations	–	85
Amortisation for the year	–	(829)
Other movements	–	(50)
Effect of movements in exchange rates	2 840	966
Carrying amount at 31 December 2013	24 160	5 629
Comprising:		
Cost	24 160	13 624
Accumulated amortisation and impairment losses	–	(7 995)
	24 160	5 629

¹ Included in software are leased assets with a carrying amount of R6.

*2012 amounts restated to exclude the Group's proportionate share of

(4 408)	(4 603)	(570)	–	(15 658)
–	5 592	364	–	32 594
–	5 592	364	–	32 594
–	1 991	–	1 369	3 499
–	(9)	–	–	(9)
–	255	4	(303)	41
–	(1 895)	(96)	–	(2 820)
–	36	(33)	148	101
–	489	32	18	4 345
–	6 459	271	1 232	37 751
4 408	13 480	1 119	1 232	58 023
(4 408)	(7 021)	(848)	–	(20 272)
–	6 459	271	1 232	37 751

70 million (2012: R726 million).

relating to its interests in joint ventures, refer to note 48.

Notes to the Group annual financial statements

for the year ended 31 December 2013 (continued)

12 INTANGIBLE ASSETS AND GOODWILL (continued)

12.1 Goodwill

A summary of the goodwill allocation and related changes is presented below:

	Growth rate %	2013 Disposal
MTN Côte d'Ivoire S.A.	2,5	
Scancom Limited (Ghana)	7,0	
MTN Sudan Company Limited	10,0 ¹	
MTN Yemen	7,5 ¹	
MTN Afghanistan Limited	5,0	
MTN Uganda Limited	5,0	
MTN Congo S.A.	2,6	
MTN Syria (JSC)	6,7 ¹	
MTN Cyprus Limited	1,8	
Spacetel Benin SA	2,8	
Areeba Guinea S.A.	6,0	
Other		

December 2013

Financial statements

d)

assumptions applied for impairment testing purposes are

2013 Growth rate %	Rm	2012*		Rm
		Growth rate %	Discount rate %	
13,1	2 697	3,0	11,6	2 078
17,9	8 760	5,0	16,4	8 560
28,4	2 385	3,0	18,3	2 477
36,1	3 040	3,0	36,1	2 448
17,0	1 560	5,0	16,4	1 350
16,1	674	4,0	14,9	518
12,4	892	3,0	10,6	688
29,2	183	5,0	20,6	245
12,8	873	1,0	8,3	676
11,2	1 381	3,0	10,2	1 064
21,7	860	5,0	20,9	695
	855			521

Goodwill is tested annually for impairment. There was no impairment in 2013. The carrying amount of goodwill is shown above to which goodwill had been allocated.

The recoverable amounts of CGUs were determined using cash flow projections based on financial budgets approved by Management. Management is confident that projections covering the long-term nature of the Group's infrastructure and operations are extrapolated using the estimated growth rates measured using value-in-use calculations:

- growth rates: the Group used steady growth rates for cash flows. The growth rates were consistent with projected growth rates for each of the markets in which the Group operates, ranging from 1,8% to 10,0% (2012: 1,0% to 5,0%); and
- discount rates: discount rates range from 11,2% to 12,5% reflecting specific risks relating to the relevant CGU.

Goodwill impairment sensitivity

In 2013, a reasonable possible change in one of the assumptions for MTN Syria (JSC) would result in their recoverable amounts

For MTN Sudan Company Limited, if the discount rate was to decrease to 6,5%, the recoverable amount would be

If the discount rate for MTN Syria (JSC) had to decrease, the carrying amount.

Individually material intangible assets

Other than goodwill, network licences and software, there are no individually material intangible assets at the end of the current or prior year.

has no impairment of any of the cash-generating units (CGUs)

and based on value-in-use calculations. The calculations mainly
 assets approved by management covering a 3 to 10 year period.
 periods longer than five years are appropriate based on the
 operating model. Cash flows beyond the above period were
 determined below. The following key assumptions were used for the

used to extrapolate revenues beyond the budget period cash
 publicly available information relating to long-term average
 the respective CGU operated. The average growth rates used
 and
 to 36,1% (2012: 8,3% to 36,1%). Discount rates used reflect

key assumptions for MTN Sudan Company Limited and MTN
 assets being equal to their carrying amounts.

rate had to increase to 29,4% or if the growth rate had to
 equal to its carrying amount.

case to 27,6%, the recoverable amount would be equal to its

there were no items of intangible assets that were individually

Notes to the Group annual fin

for the year ended 31 December 2013 (continued)

12 INTANGIBLE ASSETS AND GOODWILL (continued)

12.2 Licences

Licence agreements

Mobile Telephone Networks
Proprietary Limited (South
Africa)

MTN Uganda Limited

MTN Rwandacell Limited

MTN Zambia Limited

MTN Nigeria Communications
Limited

Financial statements

d)

Type	Granted/ renewed	Term
ECS licence	15/01/2009	15 years
ECNS licence	15/01/2009	20 years
900MHz	1/01/2010	Renewable annually
1 800MHz		
3G		
900MHz	15/04/1998	20 years
1 800MHz		
GSM	1/07/2008	13 years
SNO	30/06/2006	15 years
1 800MHz	23/09/2010	15 years
900MHz	9/02/2001	15 years
1 800MHz		
G spectrum licence	1/05/2007	15 years
licence (including	1/09/2006	15 years

Scancom Limited (Ghana)

Mobile Telephone Network
Cameroon Limited

First cat
intern

MTN Côte d'Ivoire S.A.

W
30

Spacotel Benin SA

Areeba Guinea S.A.

licence (including international gateway)	17/09/2000	15 years
WACS	1/01/2010	20 years
x 3,5GHz spectrum	2007	Renewable annually
microwave spectrum 8GHz – 26GHz	2001	Renewable annually
900MHz	2/12/2004	15 years
1 800MHz		
3G	23/01/2009	15 years
900MHz	15/02/2000	15 years
category network for internet access and VPN	31/03/2006	10 years
900MHz	2/04/1996	20 years
1 800MHz		
WiMax 2,5 – 3,5GHz	31/07/2002	20 years
G/UMTS 1,9/2,1GHz	31/05/2012	10 years
900MHz	19/10/2007	25 years
1 800MHz		
Universal licence	19/03/2012	20 years
900MHz	31/08/2005	18 years
1 800MHz		
WiMax	4/06/2009	5 years

Notes to the Group annual financial statements

for the year ended 31 December 2013 (continued)

12 INTANGIBLE ASSETS AND GOODWILL (continued)

12.2 Licences (continued)

Licence agreements

MTN Congo S.A.

Inter
Op

Lonestar Communications
Corporation LLC
(Liberia)

Spacetel Guinea-Bissau SA

MTN Syria (JSC)

December 2013

Financial statements

d)

Type	Granted/ renewed	Term
900MHz	15/10/1999	15 years
1 800MHz	21/08/2002	15 years
International gateway	5/02/2002	15 years
Optical fibre licence	2/04/2010	15 years
3G licence	25/11/2011	17 years
2G licence	25/11/2011	15 years
900MHz	24/03/2009	15 years
1 800MHz WiMax		
1 800MHz	1/03/2004	10 years
900MHz	1/03/2004	10 years
900MHz	29/06/2002	15 years
1 800MHz	22/03/2007	10 years
3G	29/04/2009	8 years
ISP ¹	31/05/2009	3 years
Frequency 2G + 3G Transmission	25/10/2003	20 years

MTN Afghanistan Limited	3
MTN Yemen	
MTN Cyprus Limited	

¹ Renewal application lodged.

13

INVESTMENTS

Investments consist of held-to-maturity financial assets. The accounting policy disclosed in note 43.

Held-to-maturity financial assets

Treasury bills with a fixed interest rate of 6,3% which

There were no held-to-maturity financial assets disposed of during the period.

² Denominated in Côte d'Ivoire Communauté Financière Africaine francs.

Transmission		
VSAT gateway		
VSAT hub		
VSAT terminal		
3G unified licence	1/07/2012	15 years
900MHz	31/07/2000	15 years
1 800MHz	17/02/2008	
900MHz	1/12/2003	20 years
1 800MHz		
3G		

l assets that are accounted for in accordance with the

	2013 Rm	2012 Rm
matures in 2018 ² .	111	–
posed of in 2013 or in 2012.		
nc.		

Notes to the Group annual financial statements

for the year ended 31 December 2013 (continued)

14 INVESTMENT IN ASSOCIATES AND JOINT VENTURES

Associates are all entities over which the Group has significant influence but does not have control or joint control. Significant influence is presumed to exist when the Group holds 20% or more of the voting power of another entity.

Joint ventures are joint arrangements whereby two or more parties, including the Group, have rights to the net assets of the arrangement.

Prior to 1 January 2013, the Group's interests in joint ventures were accounted for using the proportional consolidation option. This policy is effective for annual periods beginning on or after 1 January 2012 and eliminates the proportional consolidation option.

The Group has changed its policy for accounting for its interests in joint ventures in accordance with the provisions of IFRS 11 and has applied the change in accounting policy retrospectively.

The Group recognised its investment in joint ventures as at 1 January 2012, as the net of the carrying amount of the investment less any accumulated impairment losses consolidated by the Group. This is the deemed cost for the purposes of applying equity accounting.

Associates and joint ventures are accounted for using the equity method. The Group's investment in associates and joint ventures is stated at cost less accumulated impairment losses. The consolidated financial statements show post-acquisition accumulated profits or losses of

Financial statements

JOINT VENTURES

significant influence, but not control, over the financial and operating policies of the entity, and is required to exist when the Group holds between 20% and 50% of the equity of the entity.

The parties that have joint control of the arrangement by contract or otherwise are required to account for the arrangement as a joint venture.

Joint ventures were proportionately consolidated. IFRS 11, which became effective from 1 January 2013, requires equity accounting of joint ventures instead of proportionate consolidation.

The Group's interests in joint ventures in accordance with the transitional provisions of IFRS 11 were accounted for retrospectively from 1 January 2012.

At the beginning of the earliest period presented, the Group's share of the assets and liabilities previously proportionately consolidated was included in the Group's investments in its joint ventures for the purpose of equity accounting.

Investments in joint ventures are accounted for using the equity method and are recognised initially at cost. The carrying amount of the investment includes goodwill identified on acquisition net of any impairment losses. The Group's share of the results of associated companies and joint ventures is included in the carrying amount of the investment.

amount of the investments, which are generally based on the Group's financial statements or management accounts and the annual loss. The Group's share of post-acquisition movements is calculated on the basis of the cumulative post-acquisition movements are added to the carrying amount of the investments.

Where an associate or joint venture's functional currency differs from the Group's functional currency, the results and financial position of the associate or joint venture are translated into the Group's functional currency of its net assets and profit or loss.

The carrying amount of the Group's investments in associates and joint ventures is reviewed for potential impairment in the value of individual investments if there is any indication that the carrying amount of the investment exceeds its interest in the net assets of the associate or joint venture. If the carrying amount of the investment exceeds its interest in the net assets of the associate or joint venture, the Group recognises further losses, unless the Group has an obligation to provide financial support to the associate or joint venture.

Dilution gains or losses arising on investments in associates and joint ventures are recognised in the Group's profit or loss.

If the ownership interests in an associate or joint venture are measured at fair value, the Group recognises its proportionate share of the amounts previously recognised in the associate's or joint venture's profit or loss.

Profits or losses resulting from upstream and downstream transactions between the Group and its associates and joint ventures are recognised in the Group's profit or loss in proportion to the Group's interest in the associates and joint ventures. If the carrying amount of the investment exceeds its interest in the net assets of the associate or joint venture, the Group recognises further losses, unless the Group has an obligation to provide financial support to the associate or joint venture.

Accounting policies of associates and joint ventures are recognised in the Group's profit or loss in proportion to the policies of the Group.

by determined from their latest audited annual financial statements. The share of profit attributable to the Group is recognised in profit or loss and the share of losses is recognised in other comprehensive income. The share of losses is adjusted against the carrying amount of the investment.

If the currency of the investee is the currency of a hyperinflationary economy, the financial statements of the investee are restated in order to calculate the Group's share of profit or loss.

The Group's share of profit or loss of associates and joint ventures is reduced to recognise any impairment losses. When the Group's share of losses in the associate or joint venture exceeds the Group's interest in the associate or joint venture, the Group does not recognise further losses. However, the Group recognises its share of losses if it has issued guarantees or made payments on behalf of the associate or joint venture.

Associates and joint ventures are recognised in profit or loss.

If the Group's share of losses in an associate or joint venture is reduced but significant influence is retained, only a portion of the losses recognised in other comprehensive income are reclassified to profit or loss.

Transactions between the Group and its associates and joint ventures are recognised in the Group's annual financial statements only to the extent of unrelated transactions. Unrealised losses are eliminated unless the transaction is a sale of inventory to the Group.

These policies have been changed where necessary to align them with the Group's accounting policy for associates and joint ventures.

Notes to the Group annual financial statements

for the year ended 31 December 2013 (continued)

14 INVESTMENT IN ASSOCIATES AND JOINT VENTURES

Investment in associates

Investment in joint ventures

Total investment in associates and joint ventures

Share of results of associates after tax

Share of results of joint ventures after tax

Total share of results of associates and joint ventures

Share of results of associates after tax

Share of results of associates after tax recognised in investment in associates
Amortisation of customer relationships – BICS

Share of results of associates after tax recognised in investment in joint ventures
non-current receivables

Unwind of deferred tax on customer relationships – BICS

Share of results of joint ventures after tax

Recognised in investment in joint ventures

December 2013

Financial statements

PROFIT (continued)

	2013 Rm	2012* Rm
	2 095	1 765
	10 548	2 880
	12 643	4 645
	23	(180)
	3 408	3 188
Profit after tax	3 431	3 008
Investment in associates	120	12
	(150)	(123)
	(30)	(111)
Loans and other	–	(108)
BICS	53	39
	23	(180)
	3 408	3 188

Total share of results after tax

*2012 amounts restated to include the Group's investment in its joint

Investment in associates

Unless otherwise stated, the Group's associates' contribution is in the form of cash for the operation.

The Group has the following effective interests in ass

Associate	Principal
Belgacom International Carrier Services SA (BICS)	Telecommunications
Uganda Tower InterCo BV	Management of telecommunications infrastructure
Ghana Tower InterCo BV	Management of telecommunications infrastructure
Number Portability Proprietary Limited	Porting
Leaf Wireless Proprietary Limited	Cellular development

	3 431	3 008
--	-------	-------

ventures for the purposes of applying equity accounting, refer to note 48.

countries of incorporation are also their principal place of

sociates:

Activity	Country of incorporation	Effective % interest in issued ordinary share capital	
		2013	2012
Communications	Belgium	20	20
ent of			
unication			
ure	Netherlands	49	49
ent of			
unication			
ure	Netherlands	49	49
	South Africa	20	20
alership	South Africa	44	44

Notes to the Group annual financial statements

for the year ended 31 December 2013 (continued)

14 INVESTMENT IN ASSOCIATES AND JOINT VENTURES

Investment in associates (continued)

Belgacom
International
Carriers
Services
SA (Belgium)

2012

Balance at beginning of the year

Reclassification to loans and other
non-current receivables

Additions

Other income (refer note 5)

Share of results after tax including
amortisation of customer relationships

Dividend income

Impairment of associate

Effect of movements in exchange rates

Balance at end of the year

Financial statements

URES (continued)

om onal rier ices ICS) Rm	Uganda Tower InterCo BV Rm	Ghana Tower InterCo BV Rm	Other Rm	Total Rm
489	–	1 178	14	2 681
–	–	(1 059)	–	(1 059)
–	335	25	–	360
–	–	39	–	39
22	(70)	(57)	(6)	(111)
155)	–	–	–	(155)
–	–	–	(6)	(6)
137	5	(126)	–	16
493	270	–	2	1 765

2013***Balance at beginning of the year***

Additions

Other income (refer note 5)

Share of results after tax including
amortisation of customer relationships

Dividend income

Other equity movements

Effect of movements in exchange rates

Balance at end of the year

493	270	–	2	1 765
–	69	–	–	69
–	–	38	–	38
44	(77)	–	3	(30)
220)	–	–	–	(220)
–	(45)	(38)	–	(83)
469	87	–	–	556
786	304	–	5	2 095

Notes to the Group annual financial statements

for the year ended 31 December 2013 (continued)

14 INVESTMENT IN ASSOCIATES AND JOINT VENTURES

Investment in associates (continued)

Summarised financial information of associates

Set out below is the summarised financial information of associates. The summarised financial information is adjusted to reflect the cost of acquisition method as required by IFRS 12.

	2013 R
Summarised statement of financial position	
Total assets	12 912
Non-current assets	3 381
Current assets	9 531
Total liabilities	8 621
Non-current liabilities	911
Current liabilities	8 530
Net assets	4 291

December 2013

Financial statements

URES (continued)

ation of each associate that is material to the Group. The
ct adjustments made by the Group when applying the equity

Belgacom International rier Services SA (BICS)	2012* Rm	Uganda Tower InterCo BV 2013 Rm	2012* Rm	Ghana Tower InterCo BV 2013 Rm	2012* Rm
13 m					
18	10 856	2 406	1 930	3 169	2 853
86	3 103	2 190	1 612	2 001	1 677
32	7 753	216	318	1 168	1 176
29	6 968	1 785	1 380	4 185	3 073
99	61	1 459	1 089	3 557	2 545
30	6 907	326	291	628	528
39	3 888	621	550	(1 016)	(220)

% ownership interest held	2
Interest in associate excluding goodwill	85
Goodwill	92
Losses recognised against loans and other non-current receivables	
Unrecognised share of losses from associate	
Unrecognised share of other comprehensive losses from associate	
Balance at end of the year	1 78
Summarised income statement	
Revenue	21 27
EBITDA	1 79
Profit before tax	50
Income tax expense	(28)
Profit after tax	21
% ownership interest held	2
Share of results after tax including amortisation of customer relationships	4
Share of results of associate after tax recognised in loans and other non-current receivables	
Unrecognised share of losses from associate	
Share of results of associates after tax	4

There are no significant contingent liabilities relating current or prior year.

* Summarised information has been restated to reflect adjustments
Previously the information was presented before any adjustments in

¹ Translated at rates of exchange ruling at the reporting date.

20	20	49	49	49	49
58	778	304	270	(498)	(108)
28	715	–	–	–	–
–	–	–	–	–	108
–	–	–	–	331 ¹	–
–	–	–	–	167 ¹	–
36	1 493	304	270	–	–
79	17 278	474	187	893	651
98	1 361	42	(38)	367	284
00	316	(156)	(201)	(879)	(454)
33)	(205)	–	59	260	117
17	111	(156)	(142)	(619)	(337)
20	20	49	49	49	49
44	22	(77)	(70)	(303)	(165)
–	–	–	–	–	108
–	–	–	–	303	–
44	22	(77)	(70)	–	(57)

g to the Group's interests in these associates at the end of the

made by the Group when applying the equity method as required by IFRS 12.
accordance with IAS 28.

Notes to the Group annual financial statements

for the year ended 31 December 2013 (continued)

14 INVESTMENT IN ASSOCIATES AND JOINT VENTURES

Investment in joint ventures

The Group had the following effective interests in joint ventures:

Joint venture

IranCell Telecommunication Company Services (PJSC)	
Mascom Wireless Botswana Proprietary Limited	
Swazi MTN Limited	
MTN Mobile Money Holdings Proprietary Limited	Wireless
Deci Investments	Investment
Satalite Data Networks Mauritius Proprietary Limited	Internet

¹ During the year, Satalite Data Networks Limited became a subsidiary of the Group and was acquired to 100% for R47 million (note 42).

The joint ventures listed above are unlisted and the

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FINANCIAL STATEMENTS (continued)

Joint ventures:

Principal activity	Country of incorporation	Effective % interest in issued ordinary share capital	
		2013	2012
Network operator	Iran	49	49
Network operator	Botswana	53,1	53,1
Network operator	Swaziland	30	30
Financial banking services	South Africa	50	50
Holding company	Botswana	33,3	33,3
Asset service provider	Mauritius	— ¹	60

¹ The Group increased its shareholding in the entity from 60% to 100%.

The countries of incorporation are also their principal place of

operation.

The economy of Iran has been classified as hyperinflationary and is accounted for as an entity operating in a hyperinflationary environment. The 2013 and financial position at 31 December 2013 of the Group's share of its net assets and profit or loss. The financial position of Iran is set out below:

31 December 2013
31 December 2012
31 December 2011
31 December 2010
31 December 2009
31 December 2008
31 December 2007
31 December 2006

The average adjustment factor used for 2013 was 1,000.

All joint ventures have a year end consistent with the requirements of the Telecommunication Company Services (PJSC) that are in requirements in Iran.

ationary. As a result, the Group's joint venture in Iran has been
 onary economy. The results for the period ended 31 December
 the joint venture have been restated in order to calculate the
 general price index used as published by the Central Bank of

Base year	General price index	Inflation rate (%)
2011	181	29,60
2004	390	36,90
2004	286	22,40
2004	233	12,80
2004	207	7,40
2004	193	26,40
2004	152	19,60
1997	362	15,90

09.

with that of the Company with the exception of Irancell
 t has a year end of 21 December, in line with statutory

Notes to the Group annual financial statements

for the year ended 31 December 2013 (continued)

14 INVESTMENT IN ASSOCIATES AND JOINT VENTURES

Investment in joint ventures (continued)

2012

Balance at beginning of the year

Share of results after tax

Inter-entity dividends

Dividend income

Other comprehensive income and effect of movements in exchange rates

Balance at end of the year

2013

Balance at beginning of the year

Restatement of opening balance for the effect of

December 2013

Financial statements

URES (continued)

Irancell Telecom- munication Company Services (PJSC) Rm	Mascom Wireless Botswana Proprietary Limited Rm	Other Rm	Total Rm
2 425	1 044	209	3 678
2 896	244	48	3 188
–	(98)	98	–
(2 293)	(161)	(47)	(2 501)
(1 485)	10	(10)	(1 485)
1 543	1 039	298	2 880
1 543	1 039	298	2 880
5 562			5 562

hyperinflation¹
Share of results after tax
Dividend income
Other comprehensive income and effect of
movements in exchange rates

Balance at end of the year

¹ Refer to note 1.3.3 for the Group's accounting policy with regards to e

5 563	–	–	5 563
3 115	237	56	3 408
(1 391)	–	(61)	(1 452)
–	120	29	149
8 830	1 396	322	10 548

entities whose functional currency is the currency of a hyperinflationary economy.

Notes to the Group annual financial statements

for the year ended 31 December 2013 (continued)

14 INVESTMENT IN ASSOCIATES AND JOINT VENTURES

Investment in joint ventures (continued)

Summarised financial information of joint ventures

Set out below is the summarised financial information of joint ventures. The summarised financial information is adjusted to the equity method.

Summarised statement of financial position

ASSETS

Non-current assets

Property, plant and equipment

Intangible assets

Loans and other non-current receivables

Deferred tax assets

Current assets

Inventories

Trade and other receivables

Financial statements

URES (continued)

es

ation of each joint venture that is material to the Group.
o reflect adjustments made by the Group when applying the

Cell Telecommunication Company Services (PJSC)		Mascom Wireless Botswana Proprietary Limited	
2013 Rm	2012* Rm	2013 Rm	2012* Rm
27 657	7 707	875	968
21 020	5 494	726	826
2 702	1 051	133	129
3 935	878	–	–
–	284	16	13
14 591	9 444	1 086	384
76	68	6	6
3 238	2 898	772	99

Current investments	
Restricted cash	
Cash and cash equivalents	
Total assets	
LIABILITIES	
Non-current liabilities	
Borrowings	
Deferred tax liabilities	
Other non-current liabilities	
Provisions	
Current liabilities	
Trade and other payables	
Unearned income	
Provisions	
Taxation liabilities	
Borrowings	
Total liabilities	
Net assets	
% ownership interest held	
Interest in joint venture excluding goodwill	
Goodwill	
Balance at end of the year	

**Summarised information has been restated to reflect adjustments
Previously the information was presented before any adjustments m*

The 2013 results and financial position of Irancell Tele
for the impact of hyperinflation. Comparative amount

–	998	–	–
253	11	–	–
11 024	5 469	308	279
42 248	17 151	1 961	1 352
3 360	128	428	387
–	–	240	217
2 788	–	103	93
24	35	85	77
548	93	–	–
20 895	13 897	345	311
13 444	8 640	329	296
1 450	807	–	–
185	132	–	–
1 332	860	16	15
4 484	3 458	–	–
24 255	14 025	773	698
17 993	3 126	1 188	654
49	49	53,1	53,1
8 816	1 532	631	347
14	11	765	692
8 830	1 543	1 396	1 039

made by the Group when applying the equity method as required by IFRS 12.
made for purposes of proportionate consolidation in accordance with IAS 31.

communication Company Services (PJSC) have been adjusted
nts have not been adjusted.

Notes to the Group annual financial statements

for the year ended 31 December 2013 (continued)

14 INVESTMENT IN ASSOCIATES AND JOINT VENTURES

Investment in joint ventures (continued)

Summarised financial information of joint ventures

	Iran Co
Summarised income statement	
Revenue	
Operating expenses	
EBITDA	
Depreciation of property, plant and equipment	
Amortisation of intangible assets	
Operating profit	
Finance income	
Finance costs	
Net monetary gain	
Profit before tax	
Income tax expense	

December 2013

Financial statements

URES (continued)

ps (continued)

Cell Telecommunication
Company Services (PJSC)

Mascom Wireless Botswana
Proprietary Limited

2013 Rm	2012* Rm	2013 Rm	2012* Rm
22 916 (13 090)	24 846 (13 851)	1 483 (721)	1 402 (646)
9 826	10 995	762	756
(3 438) (645)	(1 996) (344)	(179) (10)	(107) (74)
5 743 1 452 (587) 1 280	8 655 2 751 (3 497) –	573 17 (19) –	575 20 (18) –
7 888 (1 531)	7 909 (1 999)	571 (125)	577 (118)

income tax expense

Profit after tax

% ownership interest held

Share of results after tax

Cash and cash equivalents and other funds relating to the Group's operations, but is available for use within the Group (2012: R1 181 million) declared by Irancell Telecommunications Co. (PSC) have been received by the Group as at 31 December 2012. The Group is compliant with ongoing sanctions for repatriation of funds.

**Summarised information has been restated to reflect adjustments made to the financial statements. Previously the information was presented before any adjustments were made.*

(1,551,7)	(1,555)	(1,25)	(118)
6 357	5 910	446	459
49	49	53,1	53,1
3 115	2 896	237	244

to Irancell Telecommunication Company Services (PJSC) are the Iranian operation. Dividends receivable of R3 110 million Irancell Telecommunication Company Services (PJSC) in 2012 and 2013 has not been received. The Group continues to explore acceptable channels that may lead to the recovery of these funds.

made by the Group when applying the equity method as required by IFRS 12. made for purposes of proportionate consolidation in accordance with IAS 31.

Notes to the Group annual financial statements

for the year ended 31 December 2013 (continued)

14 INVESTMENT IN ASSOCIATES AND JOINT VENTURES

Commitments relating to joint ventures

Commercial commitments

Irancell Telecommunication Company Services (PJSC)

The investment in Irancell is subject to a number of conditions, including the risk of the Group failing to realise full market value of its investment in Irancell. In this regard, 21% of Irancell is required to be repaid to the Group approximately three years from the date of the licence. The Group's 49% shareholding, effectively reduced to 28%, together with the shareholders continue to engage

Capital commitments

Share of capital commitments of joint ventures for the year ended 31 December 2013

Share of capital expenditure not yet incurred at the year end 31 December 2013 follows:

- contracted
- authorised but not contracted

Financial statements

URES (continued)

)
 overnign, regulatory and commercial risks, which could result
 s investment should it be required to dispose of any portion
 d to be offered to members of the Iranian public within
 ce. Such offering could have a proportional dilutory effect on
 ing its shareholding by 10,3% to 38,7%. Local management
 the regulator on this matter.

	2013 Rm	2012 Rm
ne acquisition of property,		
reporting date is as		
	1 653	691
	1 610	369

Operating lease commitments

The Group's share of future aggregate minimum lease payments for non-cancellable operating lease arrangements are as follows:

Not later than one year

The Group's share of future aggregate minimum lease payments for cancellable operating lease arrangements are as follows:

Not later than one year

Later than one year and no later than five years

Contingent liabilities relating to joint ventures

There are no significant contingent liabilities relating to joint ventures.

	3 263	1 060
se payments under s follows:	–	3
	–	3
se payments under ows:	117	98
	208	205
	325	303

to the Group's interests in its joint ventures.

Notes to the Group annual financial statements

for the year ended 31 December 2013 (continued)

15 LOANS AND OTHER NON-CURRENT RECEIVABLES

Loans and other non-current receivables are accounted for in accordance with the accounting policy disclosed in note 43.

Loan to Irancell Telecommunication Company Services (PJSC)¹
Loan to Uganda Tower InterCo BV²
Loan to Ghana Tower InterCo BV³
Non-current interconnect receivables
Non-current prepayments and advances

¹ The loan to Irancell Telecommunication Company Services (PJSC) is payable in 2014. The loan is registered in the books of Iran (OIETAI) under the foreign investment licence obtained by Irancell under the Foreign Investment Protection Act (FIPPA). The loan is included in trade and other receivables.

² The loan to Uganda Tower InterCo BV attracts interest at LIBOR + 5%.

³ The loan to Ghana Tower InterCo BV attracts interest at a fixed rate of 12%.

* 2012 amounts restated to exclude the Group's proportionate share of the amounts previously eliminated on proportionate consolidation, refer to note 14.

December 2013

Financial statements

LES

ounted for as loans and receivables in accordance with the

	2013 Rm	2012* Rm
ices (PJSC) ¹	–	3 441
	704	534
	1 688	1 131
	203	–
	2 863	2 658
	5 458	7 764

attracts interest at LIBOR +4% per annum which is capitalised against the loan.
istered with the Organisation for Investments Economic and Technical Assistance
the Company and which is covered by the Foreign Investment Promotion and
ivables in the current year (note 19).

5,3% per annum. The loan is repayable in 2019.

erest rate of 9,0% per annum. The loan is repayable in 2016.

re relating to its interests in joint ventures and to include the inter-entity balances
te 48.

orting date and was not found to be impaired

The recoverability of the loans were assessed at rep

An impairment loss of R223 million (2012: Rnil) in res
in 2013 (note 6).

reporting date and was not found to be impaired.

respect of non-current interconnect receivables was recognised

Notes to the Group annual financial statements

for the year ended 31 December 2013 (continued)

16 DEFERRED TAXES

Deferred tax is accounted for in accordance with the

	1 January 2012* Rm	Recognised in profit or loss Rm	Exchange and other movement Rm
Provisions and other temporary differences	678	314	(40)
Tax loss carried forward	50	(16)	(4)
Arising due to fair value adjustments on business combinations/ revaluations	(235)	(29)	14
Working capital allowances	1 047	(226)	2

Financial statements

the accounting policy disclosed in note 8.

	31 December 2012* Rm	Recognised in profit or loss Rm	Exchange and other movements Rm	31 December 2013 Rm
0)	952	301	(179)	1 074
4)	30	540	17	587
4	(250)	(23)	227	(46)
2	823	(8)	1	816

tax allowances			
in excess of depreciation	(8 319)	92	(352)
Other temporary differences	(158)	330	(568)
Net deferred tax liability	(6 937)	465	(948)
Comprising:			
Deferred tax assets	1 029	280	(18)
Deferred tax liabilities	(7 966)	185	(930)
	(6 937)	465	(948)

Deferred tax assets are recognised for tax losses carrying forward where the benefit through future taxable profits is probable.

Deductible temporary differences, unused tax losses and tax credits have been recognised in the statement of financial position.

Deductible temporary differences
Unused tax losses¹

¹ The unused tax losses had expiry dates between 2015 and 2018. Deferred tax assets are recognised for tax losses carrying forward where the benefit through future taxable profits is probable.
*2012 amounts restated to exclude the Group's proportionate share of non-controlling interests.

2)	(8 579)	(3 124)	(1 303)	(13 006)
3)	(396)	302	37	(57)
3)	(7 420)	(2 012)	(1 200)	(10 632)
3)	1 291	653	100	2 044
0)	(8 711)	(2 665)	(1 300)	(12 676)
3)	(7 420)	(2 012)	(1 200)	(10 632)

ed forward to the extent that the realisation of the related tax

s and unused tax credits for which no deferred tax asset has
on are as follows:

	2013 Rm	2012 Rm
	–	359
	–	1 361
	–	1 720

ferred tax assets arising from these losses have been recognised in the current year.
relating to its interests in joint ventures, refer to note 48.

17 NON-CURRENT ASSETS HELD FOR SALE

Property, plant and equipment – network assets

Balance at beginning of the year

Additions

Disposals

Effect of movements in exchange rates

Balance at end of the year

The Group entered into a transaction with IHS Holding towers from MTN Rwandacell Limited and 704 tower tower companies set up in each country to manage Limited and MTN (Zambia) Limited will be the anchor term of 10 years. Each transaction is expected to customary closing conditions.

In 2013, MTN Côte d'Ivoire S.A. and Mobile Telephonics Holding Limited (IHS) in which IHS acquired 99.99% of the shares of IHS for a total consideration of US\$141 million and 820 towers from Mobile Telephonics Holding Limited, a 100% shareholder of the tower companies set up in 2013.

December 2013

Financial statements

as non-current assets held for sale and are stated at the lower of carrying amount and fair value less costs to sell when their carrying amounts are to be recovered principally through a sale transaction and their fair value less costs to sell is considered to be highly probable.

	2013 Rm	2012 Rm
	1 373	820
	1 265	1 373
	(1 416)	(803)
	59	(17)
	1 281	1 373

ing Limited (IHS) in which IHS will acquire 558 mobile network towers from MTN (Zambia) Limited. IHS is a 100% shareholder of the company. IHS will manage the towers and other passive infrastructure. MTN Rwandacell will lease the towers and other passive infrastructure from IHS on commercial terms on the towers for an initial period of 10 years, subject to renewal for a further 10 years, subject to close independently during the first half of 2014, subject to

ne Networks Cameroon Limited concluded transactions with 11 mobile network towers from MTN Côte d'Ivoire S.A. for one Networks Cameroon Limited for US\$143 million. IHS is a 100% shareholder of the company. IHS will manage the towers and other passive infrastructure. MTN Côte d'Ivoire S.A. will lease the towers and other passive infrastructure from IHS on commercial terms on the towers for an initial period of 10 years, subject to renewal for a further 10 years, subject to

18 INVENTORIES

Inventory mainly comprises handsets, SIM cards, ac

Inventories are measured at the lower of cost and n
the weighted average method. Cost comprises di
been incurred in bringing the inventories to their
Net realisable value represents the estimated sellin
variable selling expenses.

Finished goods (handsets, SIM cards and accessories)
Consumable stores and maintenance spares – at cos
Less: Write-down to net realisable value

MTN Uganda Limited (2013: R33 million; 2012: R38
2012: Rnil) have secured facilities through the pledg

Reconciliation of write-down of inventory

	At beginning of the year Rm	Addition R
2013		
Movement in write-down	(469)	(9)
2012*		
Movement in write-down	(392)	(1)

¹ A net write-down of R64 million (2012: R95 million) was incurred in the cu

*2012 amounts restated to exclude the Group's proportionate share n

cessories held for sale and consumable items.

net realisable value. The cost of inventory is determined using
direct materials and, where applicable, overheads that have
present location and condition, excluding borrowing costs.
ing price in the ordinary course of business, less applicable

	2013 Rm	2012* Rm
) – at cost	3 746	2 863
st	51	153
	(571)	(469)
	3 226	2 547

3 million) and Scancom Limited (Ghana) (2013: R64 million;
e of their inventories.

ns ¹ m	Reversals ¹ Rm	Utilised Rm	Exchange differences Rm	At end of the year Rm
95)	31	1	(39)	(571)
18)	23	20	(2)	(469)

urrent year. This amount is included in other operating expenses in profit or loss (note 6).
relating to its interests in joint ventures, refer to note 48.

Notes to the Group annual financial statements

for the year ended 31 December 2013 (continued)

19 TRADE AND OTHER RECEIVABLES

Trade receivables are amounts due from customers in the ordinary course of business; they are accounted for as loans and receivables as disclosed in note 43.

Prepayments and other receivables are stated at the carrying amount.

Trade receivables

Less: Allowance for impairment of trade receivables

Net trade receivables

Loan to Irancell Telecommunication Company Services (PJSC)

Dividend receivable from Irancell Telecommunication Company Services

Prepayments and other receivables²

Sundry debtors and advances³

¹ The loan to Irancell Telecommunication Company Services (PJSC) at the end of the year is 1,000,000,000,000. The loan and capitalised interest is payable in 2014. The loan is registered in the State Register of the Republic of Armenia (OJETAI) under the foreign investment licence obtained by the Company (FIPPA).

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s for merchandise sold or services rendered in the ordinary
s and receivables in accordance with the accounting policy

their nominal values.

	2013 Rm	2012* Rm
	14 358	13 796
	(2 679)	(1 925)
	11 679	11 871
ces (PJSC) ¹	4 468	–
n Company Services (PJSC)	3 110	1 181
	2 943	2 501
	1 959	1 091
	24 159	16 644

tracts interest at LIBOR +4% per annum which is capitalised against the loan. The
with the Organisation for Investments Economic and Technical Assistance of Iran
ny and which is covered by the Foreign Investment Promotion and Protection Act

²Prepayments and other receivables include prepayments for Base Trade Receivables.
³Sundry debtors and advances include advances to suppliers.

An impairment loss of R610 million (2012: R208 million) was recognised in other operating expenses in profit or loss (note 6).

Scancom Limited has secured facilities through the bank (2012: Rnil).

The Group does not hold any collateral for trade and other receivables.

The Group's exposure to credit and currency risk relating to trade and other receivables is as follows:

**2012 amounts restated to exclude the Group's proportionate share of the net assets of the subsidiary previously eliminated on proportionate consolidation, refer to note 6.*

on*) was incurred in the current year. This amount is included

pledge of its trade and other receivables (2013: R949 million;

and other receivables.

ting to trade and other receivables is disclosed in note 43.

relating to its interests in joint ventures and to include the inter-entity balances
48.

Notes to the Group annual financial statements

for the year ended 31 December 2013 (continued)

20 CURRENT INVESTMENTS

Current investments consist of loans and receivables and other financial assets that are accounted for in accordance with IAS 39.

Loans and receivables

Foreign currency fixed deposits with fixed interest rates of 1,5% – 2,5% (2012: 1,5% – 2,5%)¹

Foreign currency fixed deposits with fixed interest rates of 1,5% – 2,5% (2012: 1,5% – 2,5%)¹

Financial assets held at fair value

Investment in insurance cell captives (note 43.3)

Held-to-maturity financial assets

Government bonds with interest rates of 5,5% – 9,4% between January and February 2013²

Treasury bills with interest rates of 11,6% – 12,4% (2012: 11,6% – 12,4%) dates between January and April 2014 (2012: January and April 2013)

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ables, financial assets held at fair value and held-to-maturity
ce with the accounting policy disclosed in note 43.

	2013 Rm	2012* Rm
ates of 1,1% – 2,5%	1 283	1 234
ates of 2,2% – 2,5% ¹	–	3 620
	1 283	4 854
	691	–
	691	–
% and maturity dates	–	484
14,1% – 15,6%) and maturity nd November 2013) ²	2 568	1 247
	2 568	1 731

Total current investments

**2012 amounts restated to exclude the Group's proportionate share of*
¹ Denominated in United States dollar.
² Denominated in Nigeria naira.

No provision for impairment has been raised as at fully performing.

There were no disposals of held-to-maturity financial

21 DERIVATIVES

Derivatives are accounted for in accordance with the

Derivatives held for trading

Current assets

Forward exchange contracts
Floating-to-fixed interest rate swap

Non-current liabilities

Floating-to-fixed interest rate swap

Current liabilities

Floating-to-fixed interest rate swap
Forward exchange contracts

(Losses)/gains accounted for directly in profit or loss
Notional principal amount (US\$ forward exchange c
Notional principal amount (EUR forward exchange c
Notional principal amount (US\$ interest rate swap)

relating to its interests in joint ventures, refer to note 48.

the reporting date as all investments are considered to be

l assets in 2013 or in 2012.

the accounting policy disclosed in note 43.

	2013 Rm	2012* Rm
	20	191
	2	–
	22	191
	–	(2)
	(3)	–
	–	(14)
	19	175
	(29)	179
ontracts)	305	4 783
ontracts)	29	20
	152	2 117

Notes to the Group annual financial statements

for the year ended 31 December 2013 (continued)

22 RESTRICTED CASH

Restricted cash comprises short-term deposits that are restricted for use in accordance with the accounting policy for restricted cash.

Restricted cash deposits

**2012 amounts restated to exclude the Group's proportionate share of the 2012 amounts.*

Restricted cash deposits include an amount of R1 633 million which is not available for use by the Group due to the currency in Syria. The majority of the cash balance is composed of SYP-denominated liabilities.

Other restricted cash deposits consist of monies placed in escrow accounts which were undrawn and not freely available at the reporting date.

23 NET CASH AND CASH EQUIVALENTS

Cash and cash equivalents are accounted for as loans and receivables as disclosed in note 43.

Financial statements

at are not highly liquid and are accounted for as loans and
icy disclosed in note 43.

	2013 Rm	2012* Rm
	2 222	5 272

elating to its interests in joint ventures, refer to note 48.

million (2012: R2 869 million) relating to the Syrian operations
e to exchange control regulations and a lack of foreign
considered to represent excess cash not required for payment

aced on deposit with banks to secure letters of credit, which
ng date.

ns and receivables in accordance with the accounting policy

Bank overdrafts are accounted for as financial liabilities in note 43.

Cash and cash equivalents comprise cash on hand and bank balances held by the Group. Bank overdrafts are included within cash and cash equivalents unless the Group has a legally enforceable right to realise the asset and settle the liability simultaneously. Cash and cash equivalents on the statement of financial position.

For the purposes of the statement of cash flows, cash and cash equivalents

Cash at bank and on hand

Bank overdrafts

MTN Uganda Limited (2013: R628 million; 2012: R709 million) and MTN Sudan Limited (2013: R29 million; 2012: Rnil) cash and cash equivalents.

**2012 amounts restated to exclude the Group's proportionate share of*

ities in accordance with the accounting policy disclosed in

and deposits held on call, all of which are available for use
n current liabilities on the statement of financial position,
set off the amounts and intends to settle on a net basis, or
ously, in which case it is netted off against cash and cash

h and cash equivalents comprise of the following:

	2013	2012*
	Rm	Rm
	39 600	22 708
	(23)	(169)
	39 577	22 539

million), Scancom Limited Ghana (2013: R1 325 million; 2012:
2: Rnil) have secured their facilities through the pledge of their

relating to its interests in joint ventures, refer to note 48.

Notes to the Group annual financial statements

for the year ended 31 December 2013 (continued)

24 ORDINARY SHARE CAPITAL AND SHARE PREMIUM

Ordinary shares are classified as equity. Incremental costs of issuing ordinary shares or share options are recognised in equity.

Where any Group company purchases the Company's own shares, the purchase price paid, including any directly attributable incremental costs, is recognised as a deduction attributable to the Company's equity holders until the shares are subsequently reissued, any consideration received is net of transaction costs and the related income tax effect, and is recognised as a contribution to equity holders.

Ordinary share capital (par value of 0,01 cents)

Authorised

Issued (fully paid up)

In issue at 1 January

Options exercised and allotted

Strike price

R9,31

December 2013

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SUM

total external costs directly attributable to the issue of new equity as a deduction (net of tax) from the proceeds.

ny's equity share capital (treasury shares), the consideration total external costs (net of tax), is deducted from equity and the shares are cancelled or reissued. Where such ordinary ion received, net of any directly attributable incremental ects, is included in equity attributable to the Company's

Number of shares	
2013	2012
2 500 000 000	2 500 000 000
1 873 278 848	1 883 484 324
1 883 484 324	1 884 811 569
173 160	193 780
—	161 360

R27,00

R40,50

Shares cancelled

In issue at end of year

Shares cancelled but not delisted at year end¹

Options – MTN Zakhele transaction²

Treasury shares³

In issue at end of the year – excluding MTN Zakhele treasury shares⁴

¹ These shares were delisted on 2 January 2014.

² Due to the call option over the notional vendor finance shares, these shares are shown in terms of IFRS and are shown as such in the share capital reconciliation.

³ Treasury shares held by MTN Holdings Proprietary Limited.

⁴ There are no restrictions, rights and preferences including restrictions on dividends.

	169 850	21 600
	3 310	10 820
	(10 378 636)	(1 521 025)
	1 873 278 848	1 883 484 324
	(1 065 166)	–
	(17 030 125)	(28 473 927)
	(22 337 752)	(22 337 752)
the transaction and		
	1 832 845 805	1 832 672 645

the shares, although legally issued to MTN Zakhele, are not deemed to be issued in
on.

s on dividend distributions attached to these shares.

Notes to the Group annual financial statements

for the year ended 31 December 2013 (continued)

24 ORDINARY SHARE CAPITAL AND SHARE PREMIUM

Share capital

Balance at beginning of the year

Additions

Shares cancelled

Balance at end of the year

Share premium

Balance at beginning of the year

Options exercised

Share buy-back

Balance at end of the year

* Amounts less than R1 million.

MTN Zakhele transaction

The Group concluded its broad-based black economic empowerment transaction in October 2010. This was done through a separate unitary trust (MTN Zakhele). The transaction is designed to provide a platform for growth and will run for a period of six years.

Financial statements

IM (continued)

	2013 Rm	2012 Rm
	*	*
	*	*
	*	*
	*	*
	42 593	44 678
	5	3
	—	(2 088)
	42 598	42 593

nic empowerment (B-BBEE) transaction "MTN Zakhele" during
unconsolidated structured entity, MTN Zakhele (RF) Limited
de long-term, sustainable benefits to all B-BBEE participants

and will run for a period of six years.

MTN Zakhele acquired 75 363 138 of the Company's 45 368 186 shares was funded using equity raised from the Group (R1 618 million, third-party preference share funding of R12 045 412 shares) received from the Group. The Company issued shares at par value to MTN Zakhele amounting to R12 045 412. These shares were cancelled as at 31 December 2013.

The total cost of this transaction for the Group was R12 045 412, which was charged in profit or loss in 2010. This charge included the cost of the third-party preference shares of R1 382 million, the employee share option plan of R126 million and the cost of the third-party preference shares of R126 million.

MTN Zakhele's sole business is holding shares in the Company. Its success is therefore dependent on the success of the Company. MTN Zakhele is required to service and repay debt from the Group to service and repay debt.

y/s shares at a price of R107,46 per share. The acquisition of
sed from the allotment of MTN Zakhele shares totalling
of R2 160 million and a donation of R1 294 million (equal to
mpany also issued 29 994 952 notional vendor finance (NVF)
pproximately R3 214 million. 12 964 827 (2012: 1 521 025) of
3.

R2 973 million which was recognised as a once-off charge
nce-off share-based payment transaction charges for NVF of
R171 million and the donation of R1 294 million. Transaction

e Group and administering the associated funding of these
cess of the Group as well as the ongoing receipt of dividends

Notes to the Group annual financial statements

for the year ended 31 December 2013 (continued)

24 ORDINARY SHARE CAPITAL AND SHARE PREMIUM NVF shares

The Group has a call option over the NVF shares (2012: R1 747 million) and was determined using a Monte Carlo valuation.

The significant inputs into the Monte Carlo valuation are:

Share price (R)
NVF balance (Rm)
NVF shares (number)
Volatility (%)
Dividend yield (%)
Expected option life (years)
Annual risk-free rate (%)

A reconciliation of the NVF balance is provided below:

Balance at beginning of the year

Interest accrued

Settlement

December 2013

Financial statements

UM (continued)

ares. The fair value of the call option is R1 463 million
Monte Carlo valuation model.

n model were as follows:

	2013	2012
	217,02	177,60
	1 685	3 525
	17 030 125	28 473 927
	26,28	28,71
	5,37	6,06
	3	4
	6,6	5,5
	Rm	Rm
	3 525	3 496
	216	268
	(2 056)	(230)

Settlement

Balance at end of the year

In terms of the notional vendor financing arrangement, the Company has a notional interest at 85% of the prime rate per annum.

MTN Zakhele settled R2 056 million (2012: R239 million) for the repurchase of 1 521 025 (2012: 1 521 025) of the Company's shares in the open market. The shares were initially issued by the Company to MTN Zakhele, back in 2011.

Third-party preference share funding acquired by the Company

A reconciliation of the third-party preference share funding acquired by the Company is provided below.

Class A cumulative redeemable non-participating preference shares

Balance at beginning of the year

Issued

Accrued interest paid

Interest accrued at effective interest rate

Balance at end of the year

The Class A preference shares are held by Newsham Investments (Pty) Ltd. The redemption is effected before the redemption date. The Class A preference shares are not redeemable; however, mandatory redemption must be made out of the Company's cash resources on the redemption date, subject to a cash waterfall. Interest is required to be paid as an annual dividend from the Group.

The payment obligation accrues interest which is based on the prime rate per annum at a rate of 77% of the prime rate per annum.

	(2 656)	(255)
	1 685	3 525

ment, the notional funding provided by MTN Group earns
n).

million) of the NVF funding in 2013 via acquiring 11 443 802
open market and delivering an equivalent number of shares,
back to the Company.

MTN Zakhele

funding obtained by MTN Zakhele to purchase shares of the

	2013 Rm	2012 Rm
<i>Preference shares</i>		
	1 492	1 486
	1 700	–
	(153)	(68)
	137	74
	3 176	1 492

Self 1041 Proprietary Limited. Voluntary redemption can be
preference shares are redeemable on 24 November 2016,
of available cash after three years and one day from the issue
to be paid on 30 April of each year, following the receipt of the

ed on a fixed rate of 6,6787% until 30 April 2013 and thereafter

Notes to the Group annual financial statements

for the year ended 31 December 2013 (continued)

24 ORDINARY SHARE CAPITAL AND SHARE PREMIUM

Class B cumulative redeemable non-participating preference shares

Balance at beginning of the year

Redemptions

Accrued interest paid

Interest accrued at effective interest rate

Balance at end of the year

Class B preference shares were fully redeemed in April 2013. Dividends received from the Company.

Preference shares refinancing

In the current year, the directors of MTN Zakhele so the notional vendor finance. The entity made a sub an issue price of R1 000 on 1 August 2013. The su Newshelf 1041 Proprietary Limited. The dividend rat was reduced from 77% of prime to 71% of prime fro to be paid on 30 April and 30 September of each y

Financial statements

Unaudited (continued)

	2013 Rm	2012 Rm
Preference shares	—	290
	—	(289)
	—	(16)
	—	15
	—	—

April 2012, earlier than anticipated due to higher-than-expected

ought to find a cheaper source of funding in order to reduce
 subsequent issue of 1 700 000 BIC Class A preference shares at
 subsequent issue of the Class A preference share is held by
 te in the floating period which came to effect on 1 May 2013
 from the subscription date (1 August 2013). Interest is required
 ear.

Dividends paid to MTN Zakhele

Dividends paid by the Company to MTN Zakhele amount to R134,07 per share.

The dividend income earned on the MTN shares is used to cover the Company's operational fees, costs, expenses and tax liabilities and is not distributed to the party funders.

On 22 November 2013, MTN Holdings Proprietary Limited (MTN Holdings) entered into a guarantee agreement with MTN Zakhele. The guarantee expires on extinguishment of the MTN Zakhele platform. The guarantee is for potential claims arising out of the MTN Zakhele platform.

Share buy-back

In the current year, there were no share buy-backs. The Company has 15 573 340 shares at an average price of R134,07 per share. The shares are held by JSE Limited. The total amount paid to acquire the shares is R2 086 000 000. The shares are fully paid shares and are held as treasury shares.

The Group's objective in terms of the buy-back is to reduce the number of shares in issue and to improve the Group's financial position.

amounted to R658 million (2012: R601 million) for the year.

held by MTN Zakhele is required to firstly, pay permitted
and thereafter, to meet the dividend obligations to the third-

Limited provided a guarantee in favour of the funders to
ment of funding in MTN Zakhele, which is estimated at three
ut of losses suffered as a result of operating the share trading

cks. In 2012, MTN Holdings Proprietary Limited acquired
r share, inclusive of transaction costs in the Company on the
e shares, inclusive of transaction costs, was R2 088 million.
sury shares.

create shareholder value over time and improve the structure

Notes to the Group annual financial statements

for the year ended 31 December 2013 (continued)

25 OTHER RESERVES

Balance at beginning of the year

Transactions with non-controlling interests
Transfer to retained earnings
Share-based payment transactions
Exchange differences on translating foreign operations
Other

Balance at end of the year

Consisting of:

Contingency reserve (as required by insurance regulations)
Statutory reserve (as required by Rwanda and Congo)
Transactions with non-controlling interests³
Share-based payment transactions⁴
Foreign currency translation reserve⁵
Other

¹ A contingency reserve has been created in terms of the Short-term Insurance Act, 1997.

December 2013

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	2013 Rm	2012* Rm
	(15 834)	(12 348)
	(495)	(122)
	–	(22)
	215	147
ns	10 179	(3 498)
	(56)	9
	(5 991)	(15 834)
ations) ¹	4	4
o-Brazzaville legislation) ²	211	211
	(11 396)	(10 901)
	2 404	2 189
	2 831	(7 348)
	(45)	11
	(5 991)	(15 834)

m Insurance Act, 1988. Transfers to the contingency reserve are treated as an

appropriation of income, and the balance of the reserve is disclosed in the statement of shareholders' funds. On dissolution of the structured entities to which the reserve relates, the balance of the reserve is disclosed in the statement of financial position.

² Statutory reserve has been created in terms of local legislation. The balance of the reserve is disclosed in the statement of financial position.

³ Non-controlling shareholders are treated as equity participants and the difference between the fair value of the consideration transferred and the equity is recorded in equity. All profits or losses arising as a result of the disposal of interests subsequent to the disposal, are also recorded in equity.

⁴ Refer to the accounting policy in note 44 with regards to equity-settlement.

⁵ Refer to the translation and disposal of foreign operations sections in the financial statements.

the statement of financial position as a non-distributable reserve, forming part of which these reserves relate, they will become available for distribution. Transfers to the statutory reserve are treated as an appropriation of income, and the reserve as a non-distributable reserve, forming part of the shareholders' funds. Therefore, all acquisitions of non-controlling interests or disposals by the Group subsequent to the disposal are accounted for as equity transactions. Consequently, the carrying amount of a non-controlling interest purchased is recorded in the consolidated financial statements in subsidiaries to non-controlling shareholders, where control is maintained. Share-based payments.

Accounting policy 1.3.2 Foreign currency.

Notes to the Group annual financial statements

for the year ended 31 December 2013 (continued)

26 BORROWINGS

Borrowings are accounted for as financial liabilities in accordance with IAS 32, see note 43.

Fees paid on the establishment of loan facilities are accounted for as prepaid expenses in accordance with IAS 37, to the extent that it is probable that some or all of the fees will be recovered. If there is no evidence that it is probable that some or all of the fees will be recovered, the transaction costs are amortised to profit or loss. Prepayment for liquidity services and amortised over the period of the services.

Details of the Group's significant unsecured borrowings are as follows:

	2013 Rm	2012* Rm	Debt
Unsecured			
MTN Holdings Proprietary Limited	12 886	12 439	
	3 953	7 192	
	4 482	2 992	
	1 096	1 005	

Financial statements

are recognised in accordance with the accounting policy disclosed in

are recognised as transaction costs and capitalised to the facility will be drawn down. When the draw down is made, s using the effective interest method. To the extent there is f the facility will be drawn down, the fee is capitalised as a ver the period of the facility to which it relates.

ings are provided below:

Nominal interest** %	Repayment details
ZAR ^{1,2} 9,4 – 10,2	Maturity: January 2014 – July 2017
ZAR ^{3,4} 6,5	Quarterly. Final repayment: December 2015
ZAR ^{2,5} 5,5	Final repayment: January 2014

	1 000 751	1 000 250
	1 604	–
MTN Nigeria Communications Limited	24 757	12 613
	–	10 134
	–	1 251
	–	1 228
	18 515	–
	133	–
	152	–
	373	–
	2 932	–
	1 031	–
	825	–
	796	–

¹ Domestic medium-term notes

² Fixed interest rate

³ Commercial paper

⁶ Bilateral term loan facility

⁹ Vendor finance facility

¹⁰ Bank borrowings

* 2012 amounts restated to exclude the Group's proportionate share

** Nominal interest rates are the contractual interest rates on loans as

ZAR ^{4,6}	7,1	2012: Commercial paper repaid during the year
ZAR ^{4,7}	6,6	Maturity: March 2014
		Quarterly. Final repayment: June 2016
ZAR ^{2,11}	5,6 – 5,7	Monthly. Final repayment: January 2014

NGN ^{3,4}	16,0	Loan repaid during the year
US\$ ^{4,8}	3,2	Loan repaid during the year
US\$ ^{4,8}	1,3	Loan repaid during the year
NGN ^{3,4}	15,0	Annual. Final repayment: November 2019
US\$ ^{4,8}	3,0	Semi-annual. Final repayment: June 2015
US\$ ^{2,6}	1,3	Semi-annual. Final repayment: December 2015
US\$ ^{4,9}	3,0	Semi-annual. Final repayment: December 2019
US\$ ^{2,3}	3,0	Semi-annual. Final repayment: April 2019
US\$ ^{4,8}	1,0	Semi-annual. Final repayment: August 2019
US\$ ^{2,8}	2,0	Semi-annual. Final repayment: June 2015
US\$ ^{2,8}	2,0	Semi-annual. Final repayment: June 2019

³ Syndicated term loan facility

⁴ Variable interest rate

⁷ Revolving credit facility

⁸ Export credit facility

¹¹ General bank facility

relating to its interests in joint ventures, refer to note 48.

at 31 December 2013.

Notes to the Group annual financial statements

for the year ended 31 December 2013 (continued)

26 BORROWINGS (continued)

Details of the Group's significant unsecured borrowings

	2013 Rm	2012* Rm
Unsecured (continued)		
MTN Zambia Limited	1 495	1 248
	1 155	975
	340	273
Spacetel Benin SA	1 186	1 083
	221	341
	965	742
Mobile Telephone Networks Cameroon Limited	418	537
MTN Congo S.A.	447	474

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ings are provided below:

Denominated currency	Nominal interest** %	Repayment details
ZMK ^{3,4}	13,4	Interest semi-annual. Bullet capital repayment: January 2014
US\$ ^{4,10}	3,9	Interest semi-annual. Final repayment: June 2019
XOF ^{2,3}	8,3	Semi-annual. Final repayment: August 2014
XOF ^{2,3}	7,8	Semi-annual. Final repayment: March 2017
XAF ^{2,3}	6,0	Semi-annual. Final repayment: May 2015
XAF ^{2,3}	7,0	Monthly. Final repayment: November 2016

MTN Côte d'Ivoire S.A.***	1 114	71
	8	71
	442	–
	442	–
	222	–
Lonestar Communications Corporation LLC (Liberia)	263	42
	263	–
	–	42
Other unsecured borrowings	300	260
Total unsecured borrowings	42 866	28 767

*2012 amounts restated to exclude the Group's proportionate share

**Nominal interest rates are the contractual interest rates on loans at

***2012 amount previously included as part of 'Other unsecured borrowings'

XOF ^{2,6}	8,3	Monthly. Final repayment: December 2014
XOF ^{2,10}	4,0	Semi-annual. Final payment: May 2014
XOF ^{2,10}	4,8	Quarterly. Final repayment: May 2014
XOF ^{2,10}	4,8	Quarterly. Final repayment: February 2014
US\$ ^{2,6}	9,0	Quarterly. Final repayment: June 2018
US\$ ^{2,6}	11,0	Loan repaid during the year

relating to its interests in joint ventures, refer to note 48.
as at 31 December 2013.
owings.

Notes to the Group annual financial statements

for the year ended 31 December 2013 (continued)

26 BORROWINGS (continued)

Details of the Group's significant secured borrowings

	2013 Rm	2012* Rm	Denominated currency
Secured			
MTN Sudan Company Limited	1 872 815	1 573 573	EU
	697	604	US
	339	380	EU
	21	16	US
MTN Côte d'Ivoire S.A.	41	561	

Financial statements

s are provided below:

and y	Nominal interest** %	Repayment details	Security/ collateral
R ^{4,9}	8,0	Quarterly. Final repayment: June 2020	Pledge of network and capital work-in- progress assets
\$ ^{2,9}	10,0	Quarterly. Final repayment: December 2016	Pledge of network and capital work-in- progress assets
R ^{4,9}	4,0	Semi-annual. Final repayment: December 2019	Pledge of network and capital work-in- progress assets
\$ ^{2,10}	10,0	Repayment: July 2014	Deposit equivalent to 140% of the loan

	–	486	XC
	41	75	XC
MTN Uganda Limited	184	408	
	131	192	UG
	53	86	US
	–	130	UG
MTN Afghanistan Limited	294	372	
	69	87	US
	225	285	US

¹ Domestic medium-term notes

² Fixed interest rate

⁵ Commercial paper

⁶ Bilateral term loan facility

⁹ Vendor finance facility

¹⁰ Bank borrowings

* 2012 amounts restated to exclude the Group's proportionate share

** Nominal interest rates are the contractual interest rates on loans

0F ^{2,3}	8,0	Loan repaid during the year	
0F ^{2,6}	8,0	Quarterly. Final repayment: July 2014	Pledge of certain property, plant and equipment
0X ^{3,4}	13,7	Quarterly. Final repayment: October 2014	Floating charge over current and future assets
0\$ ^{3,4}	4,4	Quarterly. Final repayment: October 2014	Floating charge over current and future assets
0X ^{4,7}	13,0	Loan repaid during the year and not rolled over. Final repayment: October 2014	
0\$ ^{4,6}	5,5	Quarterly. Final repayment: September 2015	Pledge of shares
0\$ ^{4,6}	5,5	Quarterly. Final repayment: September 2015	Pledge of shares

³ Syndicated term loan facility

⁴ Variable interest rate

⁷ Revolving credit facility

⁸ Export credit facility

¹¹ General bank facility

relating to its interests in joint ventures, refer to note 48.
as at 31 December 2013.

Notes to the Group annual financial statements

for the year ended 31 December 2013 (continued)

26 BORROWINGS (continued)

	2013 Rm	2012* Rm	Denominated in foreign currency
Secured (continued)			
Scancom Limited (Ghana)	621	52	GH
	77	52	GH
	22	–	GH
	522	–	US
Other secured borrowings	124	182	
Total secured borrowings	3 136	3 148	

December 2013

Financial statements

Entity	Nominal interest** %	Repayment details	Security/ collateral
HS ^{3,4}	19,3	Semi-annual. Final repayment: May 2017	Floating charge on company assets
HS ^{4,7}	19,3	Semi-annual. Final repayment: May 2017	Floating charge on company assets
SS ^{3,4}	3,5	Semi-annual. Final repayment: May 2017	Floating charge on company assets

Total unsecured borrowings	42 866	28 767
Total borrowings	46 002	31 915

*2012 amounts restated to exclude the Group's proportionate share

**Nominal interest rates are the contractual rates on loans as at 31 D

relating to its interests in joint ventures, refer to note 48.
December 2013.

Notes to the Group annual financial statements

for the year ended 31 December 2013 (continued)

26 BORROWINGS (continued)

The classification of the Group's borrowings is as follows:

Current

Non-current

The carrying amounts of the Group's borrowings are denominated in the following currencies:

South African rand

Nigerian naira

United States dollar

Euro

Benin Communauté Financière Africaine franc

Zambian kwacha

Côte d'Ivoire Communauté Financière Africaine franc

Cameroon Communauté Financière Africaine franc

Congo-Brazzaville Communauté Financière Africaine franc

Uganda shilling

Various currencies

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	2013 Rm	2012* Rm
ollows:		
	11 338	10 593
	34 664	21 322
	46 002	31 915
re denominated in the		
	12 886	12 454
	18 515	10 134
	8 496	3 977
	1 454	1 201
	1 186	1 083
	1 155	975
c	1 155	632
	418	537
e franc	487	515
	131	322
	119	85

Undrawn facilities

Floating rate

Fixed rate

** 2012 amounts restated to exclude the Group's proportionate share of*

MTN Sudan – Breach of loan agreement

MTN Sudan Company Limited breached the requirements of its borrowing facilities with a carrying amount of R815 million due to significant realised foreign exchange losses incurred. The Group is currently in the process of finalising a waiver of the breach of the loan. The loan has, however, been reflected as a liability.

27 OTHER NON-CURRENT LIABILITIES

Finance leases are accounted for in accordance with IAS 17. Other liabilities are accounted for in accordance with the applicable accounting standards.

Finance lease obligations (note 37)

Deferred gain on asset swap¹Other

Less: Current portion of deferred gain on asset swap

¹ The deferred gain arose on the contribution of various assets from MTN Sudan to the Group for a 20% investment in the associate, Belgacom International Carrier Services, for a five-year period, which is the period of the commitment to use the assets.

** 2012 amounts restated to exclude the Group's proportionate share of*

	46 002	31 915
	34 785	21 627
	8 766	16 419
	43 551	38 046

relating to its interests in joint ventures, refer to note 48.

red EBITDA to Financial Net Payable covenant on one of its million (2012: R573 million). The breach is primarily attributable urred. Management has notified the affected lender and is breach. The lender has not requested accelerated repayment current at 31 December 2013.

with the accounting policy disclosed in note 37 and other accounting policy disclosed in note 43.

	2013	2012*
	Rm	Rm
	756	855
	358	599
	613	1 121
	1 727	2 575
(note 30)	(358)	(313)
	1 369	2 262

MTN (Dubai) Limited, MTN International Carrier Services and Uniglobe in exchange er Services SA (BICS) (note 14). This gain was deferred and is being amortised over international gateway of Belgacom SA (note 5).

relating to its interests in joint ventures, refer to note 48.

Notes to the Group annual financial statements

for the year ended 31 December 2013 (continued)

28 PROVISIONS

A provision is recognised when there is a present obligation, which it is more likely than not that an outflow of resources will be required to settle, for which a reliable estimate can be made of the amount of the outflow or operating losses.

Where there are a number of similar obligations, the amount of the provision is determined by considering the class of obligations and the probability of an outflow with respect to any one item included in the class.

Provisions are measured at the present value of the obligation using a pre-tax rate that reflects current market conditions specific to the obligation. The increase in the provision is recognised as an expense.

Onerous contracts

A provision for onerous contracts is recognised when the costs of a contract are lower than the unavoidable costs of meeting the obligations under the contract. The provision is measured at the present value of the lower of the net cost of continuing with the contract. Before a provision is recognised, a loss on the assets associated with the contract is recognised.

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legal or constructive obligation as a result of a past event for which the settlement of resources will be required to settle the obligation and a reliable estimate of the obligation. Provisions are not recognised for future

the likelihood that an outflow will be required in settlement is remote. A provision is recognised even if the likelihood of settlement is remote in the same class of obligations may be small.

the expected outflow of resources required to settle the obligation, taking into account market assessments of the time value of money and the risks specific to the obligation due to the passage of time is recognised as a finance

when the expected benefits to be derived by the Group from a contract are less than the expected cost of meeting its obligations under the contract. The provision is recognised as the expected cost of terminating the contract or the expected cost of the provision is established, the Group recognises any impairment

	At beginning of the year Rm	Addition Rm
2013		
<i>Non-current</i>		
Decommissioning provision	158	3
Other provisions	258	9
	416	12
<i>Current</i>		
Bonus provision	760	78
Decommissioning provision	79	3
Licence obligations	257	
Other provisions	2 835	1 19
	3 931	2 01

ns m	Reversals Rm	Utilised Rm	Exchange and other movements Rm	At end of the year Rm
33	(49)	(15)	59	186
92	(14)	(5)	(160)	171
25	(63)	(20)	(101)	357
38	(105)	(915)	235	763
32	(1)	–	(26)	84
–	–	–	–	257
90	(357)	(260)	125	3 533
10	(463)	(1 175)	334	4 637

Notes to the Group annual financial statements

for the year ended 31 December 2013 (continued)

28 PROVISIONS (continued)

	At beginning of the year Rm	Additions Rm
2012*		
Non-current		
Decommissioning provision	84	1
Other provisions	282	3
	366 ¹	1
Current		
Bonus provision	556	8
Decommissioning provision	97	
Licence obligations	338	
Other provisions	2 129	1 24
	3 120	2 12

¹ Previously included in other non-current liabilities.

* 2012 amounts restated to exclude the Group's proportionate share of

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ns m	Reversals Rm	Utilised Rm	Exchange and other movements Rm	At end of the year Rm
77	–	(10)	7	158
33	–	(15)	(42)	258
10	–	(25)	(35)	416
78	(73)	(591)	(10)	760
–	(8)	(10)	–	79
–	–	(81)	–	257
49	(445)	(204)	106	2 835
27	(526)	(886)	96	3 931

Bonus provision

The bonus provision consists of a performance-based bonus for the Company's management based on the Company's performance with regard to a set of predetermined targets. The bonus is paid annually after the Group annual results have been approved.

Decommissioning provision

This provision relates to the estimate of the cost of removing the equipment and restoring the site on which the item is located. It includes the anticipated costs associated with the restoration of the site at the end of the lease, including removal of items included in the plan.

The Group only recognises these decommissioning costs when it expects decommissioning to take place. The expected costs are recognised in the respective operations.

Licence obligations

The licence obligation provision represents the estimated cost of the licence obligation (USO). USOs are governed by the Electronic Communications Act (ECA).

Other provisions

The Group is involved in various regulatory and tax matters. The Group operates. These matters may not necessarily result in an outflow of economic benefits. The Group has therefore recognised provisions in respect of these matters.

sed bonus, which is determined by reference to the overall
etermined key performance measures. Bonuses are payable
pproved.

f dismantling and removing an item of property, plant and
was located to its original condition. The Group provides for
of leasehold property to its original condition at inception of
nt and equipment that are erected on leased land.

costs for the proportion of its overall number of sites for which
ected percentage has been based on actual experience in the

mated costs to be incurred in fulfilling the Universal Services
nic Communications Act.

matters specific to the respective jurisdictions in which the
be resolved in a manner that is favourable to the Group. The
ct of these matters based on estimates and the probability of

Notes to the Group annual financial statements

for the year ended 31 December 2013 (continued)

29 PUT OPTION LIABILITY

The put option liability is accounted for as a financial liability in note 43.

Put option in respect of subsidiary

During 2013, the International Finance Corporation (IFC) acquired an interest of 9,1% in MTN Afghanistan to MTN (Dubai) Limited, a wholly owned subsidiary of MTN (Dubai) Limited (note 43).

30 TRADE AND OTHER PAYABLES

Trade payables are obligations to pay for goods or services received from business from suppliers; they are accounted for as financial liabilities disclosed in note 43.

Other payables are stated at their nominal values.

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Financial liability in accordance with the accounting policy disclosed

	2013 Rm	2012 Rm
	–	216

IFC) exercised their put option and sold their non-controlling interest in MTN Afghanistan Limited for R248 million. MTN Afghanistan Limited is now a subsidiary (see note 42).

Financial services that have been acquired in the ordinary course of business are classified as financial liabilities in accordance with the accounting policy

2013

2012*

Trade payables
Sundry creditors
Accrued expenses
Current portion of deferred gain (note 27)
Other payables

**2012 amounts restated to exclude the Group's proportionate share of*

	Rm	Rm
	7 451	5 989
	1 254	1 523
	15 502	11 371
	358	313
	2 884	2 961
	27 449	22 157

relating to its interests in joint ventures, refer to note 48.

Notes to the Group annual fin

for the year ended 31 December 2013 (continued)

31 CASH GENERATED FROM OPERATIONS

Profit before tax

Adjusted for:

Finance costs (note 7)

Finance income (note 7)

Depreciation of property, plant and equipment (note 6)

Amortisation of intangible assets (note 12)

Loss on disposal of property, plant and equipment a
(note 6)

Share of results of associates and joint ventures after

Increase in provisions

Write-down of inventories (note 6)

Impairment loss on property, plant and equipment (

Reversal of impairment on property, plant and equip

Impairment of trade receivables (note 6)

Impairment of non-current receivable (note 6)

Profit on sale of towers (note 5)

Realisation of previously deferred profit on Ghana to

Financial statements

	2013 Rm	2012* Rm
	42 707	35 903
	12 656	8 467
	(11 422)	(4 677)
e 11)	16 458	13 791
	2 820	2 161
nd intangible assets	42	70
tax (note 14)	(3 431)	(3 008)
	1 437	1 389
	64	95
(note 11)	7	21
oment	(35)	(59)
	610	208
	223	–
	(930)	(547)
wer sale (note 5)	(38)	(39)

Realisation of deferred gain on asset swap (note 5)
Equity-settled share-based payment transactions (note 5)
Other

Changes in working capital
Increase in inventories
Decrease in unearned income
Increase in receivables and prepayments
Increase/(decrease) in trade and other payables

Cash generated from operations

32 INCOME TAX PAID

At beginning of the year
Amounts recognised in profit or loss (note 8)
Deferred tax charge (note 8)
Effect of movements in exchange rates
Other
At end of the year
Taxation prepaid
Taxation liabilities

Total tax paid

** 2012 amounts restated to exclude the Group's proportionate share of income tax previously eliminated on proportionate consolidation, refer to note 8*

ote 6)	(357)	(308)
	215	147
	166	54
	61 192	53 668
	(1 484)	(2 563)
	(627)	(64)
	(183)	(59)
	(1 052)	(335)
	378	(2 105)
	59 708	51 105
	(6 235)	(7 870)
	(12 307)	(11 835)
	2 012	(465)
	(1 497)	143
	172	385
	6 671	6 235
	(859)	(555)
	7 530	6 790
	(11 184)	(13 407)
relating to its interests in joint ventures and to include the inter-entity cash flows		
48.		

Notes to the Group annual financial statements

for the year ended 31 December 2013 (continued)

33 CONTINGENT LIABILITIES

Contingent liabilities represent possible obligation confirmed only by the occurrence or non-occurrence of the Group. Contingent liabilities also represent liabilities that are not recognised because an outflow of resources is not probable. The Group does not recognise contingent liabilities in the statement of financial position if it is probable that an outflow of resources will take place and a provision is raised.

Contingent liabilities
Licence fee and regulatory matters
Litigation and other matters
Other

34 COMMERCIAL COMMITMENTS
Incentives for handset upgrades

The Group's present policy is to pay incentives to subscribers for handset upgrades only payable once the subscribers have completed a handset upgrade within the term of their contract or previous upgrade and the eligible subscribers are

December 2013

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ns that arise from past events and whose existence will be
nce of uncertain future events not wholly within the control
present obligations that arise from past events but are not
probable or a reliable estimate cannot be made. The Group
ement of financial position until future events indicate that
place and a reliable estimate can be made, at which time a

	2013 Rm	2012 Rm
	1 023	473
	502	298
	521	158
	—	17

Service Providers (SP) for handset upgrades. These upgrades are
21-month period with the SP since the initial commencement
the subscribers have exercised their rights to receive upgrades

for new post-paid contracts with minimum terms
prevailing business rules at the time of the upgrade
exercised their right to upgrade at 31 December 2013
in respect of these incentives amounts to R859 million

Cable systems and gateways

The Group, together with various other parties, has
the West Africa Cable Systems (WACS) to address the

The Group's commitment in respect of the contract a
been settled in full at 31 December 2013 (2012: US\$)

35 CAPITAL COMMITMENTS

Commitments for the acquisition of property, plant and

Capital expenditure not yet incurred at the reporting
– Contracted
– Authorised but not contracted

Total commitments for property, plant and equipment

Capital expenditure will be funded from operating c
by raising additional facilities.

t. The value of the obligation may vary depending on the
e. The total number of eligible subscribers who had not yet
was 1 268 708 (2012: 960 325) and the estimated commitment
on (2012: R751 million).

entered into a construction and maintenance agreement for
the growing demand for international bandwidth in Africa.

amounts to US\$77,2 million (2012: US\$96,5 million), which has
75,8 million).

and equipment and software:

	2013 Rm	2012 Rm
g date is as follows:		
	11 260	13 325
	14 891	13 832
ment and software	26 151	27 157

cash flows, existing borrowing facilities and where necessary

Notes to the Group annual financial statements

for the year ended 31 December 2013 (continued)

36 OPERATING LEASE COMMITMENTS

Leases, where a significant portion of the risks and rewards are transferred to the lessee, are classified as operating leases. Rentals payable under operating leases are recognised as an expense over the term of the relevant lease.

Sub-lease income is recognised in profit or loss on a straight-line basis over the term of the sub-lease.

In all significant operating lease arrangements in place at 31 December 2013, the lessor has no significant residual value at the end of the lease term.

Sale and leaseback

In sale and leaseback transactions that result in operating leases, the asset is derecognised at fair value. If the sale price is below fair value, any profit or loss is recognised on the sale. If the sale price is above fair value, any profit or loss is recognised on the sale, but the profit is deferred and compensated for by future lease payments at below fair value. If the sale price is below fair value, the lease payments over the period during which the asset is used are expected to be less than the fair value, the excess over fair value is deferred and amortised over the period in which the asset is used.

If the fair value at the time of a sale and leaseback transaction is below the carrying amount, a loss equal to the amount of the difference between the carrying amount and the fair value is recognised immediately.

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Residuals of ownership are retained by the lessor, are classified as operating leases and are charged to profit or loss on a straight-line basis

on a straight-line basis over the term of the lease.

During the year, the Group acted as the lessee.

For operating leases, where it is clear that the transaction is priced at fair value on the effective date of the sale transaction. If the sale price is below fair value on the effective date of the sale transaction except that, if a loss is recognised, it is deferred and amortised in proportion to the expected use of the asset. If the sale price is above fair value, the gain is recognised over the period for which the asset is expected to be used.

If the sale price is less than the carrying amount of the asset, the difference between the carrying amount and fair value is recognised as a loss.

The Group leases various premises and sites under operating lease arrangements. The leases have varying terms, escalation clauses and should they be cancelled before the end of the agreement, the Group may be liable for a penalty.

The future aggregate minimum lease payments under operating lease arrangements are as follows:

Not later than one year
Later than one year and no later than five years
Later than five years

The future aggregate minimum lease payments under operating lease arrangements are as follows:

Not later than one year
Later than one year and no later than five years
Later than five years

** 2012 amounts restated to exclude the Group's proportionate share of the net assets of the subsidiary*

for non-cancellable/cancellable operating lease agreements. and renewal rights. Penalties are chargeable on certain leases agreement.

	2013 Rm	2012* Rm
Under non-cancellable		
	417	282
	220	359
	1	37
	638	678
Under cancellable		
	2 105	1 481
	8 527	4 463
	11 031	8 861
	21 663	14 805

relating to its interests in joint ventures, refer to note 48.

Notes to the Group annual financial statements

for the year ended 31 December 2013 (continued)

37 FINANCE LEASE COMMITMENTS

Leases over property, plant and equipment are classified as finance leases when they transfer substantially all the risks and rewards of ownership to the lessee. Such leases are capitalised at the lower of the fair value of the leased asset or the present value of the lease payments at the inception of the lease. The carrying amount of the lease liability is included in the statement of financial position under non-current liabilities. The expense is allocated between the liability and finance charge over the term of the lease. The total lease commitments and fair value of the leased asset are disclosed in the relevant lease so as to produce a constant payment obligation for each accounting period.

In all significant finance lease arrangements in place at the reporting date, the Group has opted for the

Sale and leaseback

In sale and leaseback transactions that result in finance leases, the profit or loss on the sale is deferred and amortised over the lease term.

At the reporting date, the Group had outstanding non-cancellable finance leases which fall due as follows:

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classified as finance leases whenever the terms of the lease transfer ownership to the lessee. Assets held under finance leases are recorded at the estimated present value of the minimum lease payments, less the present value of the minimum lease payments corresponding liability to the lessor, net of finance charges, is less other non-current/current liabilities. Each lease payment is allocated between the liability and finance charges. Finance charges, which represent the difference between the carrying amount of the lease liability and the carrying amount of the assets acquired, are charged to profit or loss over the term of the lease at a periodic rate of interest on the remaining balance of the

During the period, the Group acted as the lessee.

On termination of finance leases, any excess of sale proceeds over the carrying amount is recognized in profit or loss.

	2013 Rm	2012* Rm
Financial commitments under finance leases follows:		

Minimum lease payments:

Not later than one year

Later than one year and no later than five years

Later than five years

*Less: Future finance charges on finance leases***Present value of finance lease obligations****Present value of finance lease obligations are as follows:****Current**

Not later than one year

Non-current (note 27)

Later than one year and no later than five years

Later than five years

**2012 amounts restated to exclude the Group's proportionate share of*

	195	188
	471	478
	617	843
	1 283	1 509
	(423)	(536)
	860	973
llows:		
	104	118
	756	855
	288	271
	468	584
	860	973
relating to its interests in joint ventures, refer to note 48.		

Notes to the Group annual financial statements

for the year ended 31 December 2013 (continued)

38 JOINT OPERATIONS

Joint operations are joint arrangements whereby the parties have joint control and share the rights to the assets and obligations for the liabilities.

In respect of its interest in joint operations, the Group recognizes its share of the assets held jointly, classified according to the nature of the assets, and its share of any liabilities incurred jointly with the other joint operators. The Group also recognizes the sale or use of its share of the output of the joint operation and any expenses that it has incurred.

The Group has entered into agreements with several other operators to develop submarine cable systems.

The Group has the following interests in jointly controlled operations:

Joint operation

Europe India Gateway Submarine Cable System
West Africa Cable System

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the parties that have joint control of the arrangement have
s, relating to the arrangement.

group recognises in its financial statements its share of the
e of the assets, any liabilities that it has incurred, its share of
operators in relation to the joint operation, any income from
operation, together with its share of any expenses incurred
incurred in respect of its interest in the joint operation.

eral other companies to construct high-capacity fibre-optic

rolled operations:

Ownership interest held

2013
%

2012
%

7,09
11,78

7,09
11,78

The following table presents, on a condensed basis, the results of the jointly controlled operations which are included in the income statement:

Revenue
Expenses
Total assets
Total liabilities

	11,78	11,78
	15,31	15,31

the Group's share of assets and liabilities, revenue and expenses
 ded in the consolidated statement of financial position and

	2013 Rm	2012 Rm
	199	98
	(201)	(139)
	1 827	1 439
	(114)	(220)

Notes to the Group annual financial statements

for the year ended 31 December 2013 (continued)

39 EXCHANGE RATES TO SOUTH AFRICAN RAND AND CURRENCY TRANSLATIONS

United States dollar	US\$
Uganda shilling	UGX
Rwanda franc	RWF
Cameroon Communauté Financière Africaine franc	XAF
Nigerian naira	NGN
Iranian rial	IRR
Botswana pula	BWP
Côte d'Ivoire Communauté Financière Africaine franc	CFA
Congo-Brazzaville Communauté Financière Africaine franc	XAF
Zambian kwacha	ZMK
Swaziland lilangeni	E
Lebanese pound	LBP
Afghanistan afghani	AFN

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USED FOR THE PURPOSES OF FOREIGN

Closing rates		Average rates	
2013	2012	2013	2012
0,10	0,12	0,10	0,12
239,81	312,26	264,66	303,08
63,90	73,99	67,01	74,46
45,23	58,70	51,96	62,20
15,23	18,47	16,46	19,50
2 355,94	2 905,20	2 554,14	1 685,67
0,83	0,92	0,87	0,93
45,23	58,70	51,50	62,31
45,23	58,70	51,96	62,20
0,53 ¹	610,66	0,55 ¹	631,93
1,00	1,00	1,00	1,00
142,82	177,18	157,10	183,55
5,33	6,16	5,72	6,23

Euro	EUR
Ghanaian cedi	GHS
Benin Communauté Financière Africaine franc	XOF
Guinean franc	GNF
Sudanese pound	SDG
Syrian pound	SYP
Guinea-Bissau Communauté Financière Africaine franc	XOF
Yemen rial	YER

¹ Zambia has rebased its currency at 1 January 2013. The new Zambia

0,07	0,09	0,08	0,10
0,22	0,22	0,21	0,23
45,23	58,70	51,44	62,28
654,29	810,04	705,86	841,45
0,54	0,52	0,50	0,43
13,67	10,22	13,57	8,34
45,23	58,70	51,64	62,12
20,44	25,39	22,39	26,35

an kwacha was introduced at a rate of 1 000 old kwacha to 1 new kwacha.

Notes to the Group annual financial statements

for the year ended 31 December 2013 (continued)

40 EVENTS AFTER THE REPORTING PERIOD

Acquisition of Africa Internet Holding and Middle East Internet Holding

The Group has agreed to acquire 33,3% of Africa Internet Holding and Millicom International Cellular, to develop internet businesses in Africa. Cellular and Rocket Internet will each become 33,3% owner.

The Group and Rocket Internet have also agreed to co-develop internet businesses in the Middle East, with Rocket Internet in MEIH.

The Group expects to invest approximately EUR300 million in these acquisitions.

The investments are subject to regulatory approval, and are expected to be completed in the first and second quarter of 2014 respectively.

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Middle East Internet Holding

Internet Holding (AIH), a joint venture between Rocket Internet and the Group's internet businesses in Africa. The Group, Millicom International and Rocket Internet are the shareholders in AIH.

The Group plans to create a joint venture, Middle East Internet Holding (MEIH), to which the Group and Rocket Internet becoming 50% shareholders

and will transfer approximately 100 million over the next two to four years into AIH and MEIH.

Both transactions and the two transactions are expected to close during the first

Notes to the Group annual financial statements

for the year ended 31 December 2013 (continued)

41 RELATED PARTY TRANSACTIONS

Related party transactions constitute the transfer of resources or obligations between a party related to the Group, regardless of whether the transaction is on commercial terms. Related party transactions with key management, key management personnel, executive committee and includes close members of their families and close associates of these individuals.

Key management compensation

Salaries and other short-term employee benefits

Post-employment benefits

Other benefits

Bonuses

Total

Details of directors' remuneration are disclosed in note 42.

Loan to shareholder

Previously, certain legal claims were made against MTN Group Limited by certain previous MTN Ghana shareholders; claiming benefits from the sale of MTN Ghana to MTN Group Limited.

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of resources, services or obligations between the Group and
er a price is charged. For the purposes of defining related
management has been defined as directors and the Group's
of their families and entities controlled or jointly controlled by

	2013 Rm	2012 Rm
	69	66
	6	5
	15	37
	59	57
	149	165

te 46.

MTN (Dubai) Limited and Scancom Limited (Ghana) by two
ial title to a portion of the shares in MTN Ghana. As a result of

this, an agreement was reached between M1 Limited and the Group in relation to the settlement of these claims. During 2009 a loan was repaid to M1 Limited which was paid by the Group on its behalf.

This interest-free loan was fully repaid in 2012.

Balance at beginning of the year
Payments made for the year
Effect of movement in exchange rates

Balance at end of the year

Subsidiaries

Details of investments in subsidiaries are disclosed in the notes to the financial statements.

During 2013, the non-controlling shareholders of MTN (Dubai) Limited in terms of a put option, refer to the notes to the financial statements.

d (M1) and MTN (Dubai) Limited that they will share the cost as granted to M1 in respect of its share of these costs which

	2013 Rm	2012 Rm
	–	53
	–	(58)
	–	5
	–	–

in note 47 of the annual financial statements.

MTN Afghanistan Limited sold their shareholding of 9,1% to note 29 and 42.

Notes to the Group annual financial statements

for the year ended 31 December 2013 (continued)

41 RELATED PARTY TRANSACTIONS (continued)

Joint ventures

Details of the Group's investments in and share of results of joint ventures are disclosed in note 14 of the annual financial statements.

Details of other transactions and balances with joint ventures are disclosed in note 14 of the annual financial statements.

Swazi MTN Limited
Mascom Wireless Botswana Proprietary Limited
Irandell Telecommunication Company Services (PJSC)
Satalite Data Networks Mauritius Proprietary Limited¹

¹ During the year, Satalite Data Networks Limited became a subsidiary of the Group, increasing its ownership to 100% for ZAR47 million (note 42).

* 2012 amounts restated to include the inter-entity transactions and balances.

Associates

Financial statements

Results and dividend income from its joint ventures are disclosed

ventures are set out below:

Net income for the year		Net balance receivable	
2013 Rm	2012* Rm	2013 Rm	2012* Rm
40	14	42	38
3	1	2	4
184	155	7 810	4 694
—	1	—	3

of the Group when the Group increased its shareholding in the entity from 60%

balances previously eliminated on proportionate consolidation, refer to note 48.

Details of the Group's investments in and share of res
note 14 of the annual financial statements.

Details of other transactions and balances with asso

Belgacom International Carrier Services SA (BICS)
Ghana Tower InterCo BV
Uganda Tower InterCo BV

Scancom Limited (MTN Ghana) entered into op
The operating lease commitments amount to R8 1
rental amounts escalate every year by inflation and
renewal periods.

MTN Uganda entered into operating lease agree
commitments amount to R2 411 million (2012: R1 73
every year by inflation and the initial term is 10 years

Shareholders

The principal shareholders of the Company are discl

Directors

Cyril Ramaphosa, who resigned as chairman of the C
of 29,63% in Shanduka which acquired a non-cont
subsidiary of the Group, for US\$335 million in Novem

Results and dividend income from its associates are disclosed in

Associates are set out below:

Net income for the year		Net balance receivable	
2013	2012	2013	2012
Rm	Rm	Rm	Rm
460	245	125	3
131	97	1 689	1 230
38	17	705	534

Operating lease agreements with Ghana Tower InterCo BV. R8 04 million at 31 December 2013 (2012: R8 200 million). The initial term is 10 years, followed by four times five-year

agreements with Uganda Tower InterCo BV. The operating lease R9 million) at 31 December 2013. The rental amounts escalate, followed by four times five-year renewal periods.

Disclosed in Annexure 1.

Company effective 28 May 2013, has an effective shareholding controlling interest in MTN Nigeria Communications Limited, a member 2012.

Notes to the Group annual financial statements

for the year ended 31 December 2013 (continued)

42 CHANGES IN SHAREHOLDING

Changes in shareholding of subsidiaries are transacted in a subsidiary of the Group and are accounted for as in note 1.3.1.

42.1 Current year changes in shareholding

42.1.1 MTN Cyprus Limited

The Group increased its shareholding in MTN Cyprus Limited.

The impact on equity arising from the acquisition is as follows:

Purchase consideration
Net asset value acquired

Difference included in equity on consolidation

42.1.2 MTN Côte d'Ivoire S.A.

The Group sold 0,84% of its shareholding in MTN Côte d'Ivoire S.A.

December 2013

Financial statements

itions that result in increases or reductions in the interest held
s transactions with non-controlling shareholders as disclosed

s Limited from 50% to 100% for R690 million.

as follows:

	Carrying amount on acquisition date
	Rm
	(690)
	163
	(527)

te d'Ivoire S.A. for R57 million.

The impact on equity arising from the disposal is as follows:

Consideration received
Net asset disposed of
<i>Difference included in equity on consolidation</i>

- 42.1.3

Satalite Data Networks Limited (Mauritius)

The Group increased its shareholding in Satalite Data Networks Limited.
- 42.1.4

MTN Afghanistan Limited

The International Finance Corporation (IFC) exercised its option to acquire 9,1% in MTN Afghanistan to MTN (Dubai) Limited, a wholly owned subsidiary of MTN (Dubai) Limited.

Follows:

	Carrying amount on disposal date
	Rm
	57
	(25)
	32

a Networks Limited from 60% to 100% for R47 million.

d their put option and sold their non-controlling interest of
for R248 million. MTN Afghanistan Limited is now a wholly

Notes to the Group annual financial statements

for the year ended 31 December 2013 (continued)

42 CHANGES IN SHAREHOLDING (continued)

42.2 Prior year changes in shareholding

42.2.1 MTN Côte d'Ivoire S.A.

In 2012, the Group increased its shareholding in MTN Côte d'Ivoire S.A.

The impact on equity arising from the acquisition is as follows:

Purchase consideration
Net asset value acquired

Difference included in equity on consolidation

42.3 Net cash flows relating to business combinations and shareholding changes

Change in shareholding of subsidiaries

Consideration for acquisition of shares from non-controlling interests

Financial statements

N Côte d'Ivoire S.A. by 3% to 67,7% for R177 million.

as follows:

	Carrying amount on acquisition date Rm
	(177)
	55
	(122)

and changes in shareholdings

	2013 Rm	2012 Rm
--	------------	------------

controlling interests

– MTN Cyprus Limited
– MTN Côte d'Ivoire S.A.
Proceeds from sale of shares to non-controlling inter
– MTN Côte d'Ivoire S.A.
Consideration for the settlement of put option
– MTN Afghanistan Limited

Acquisition of subsidiary

Consideration for the acquisition of a subsidiary
– Satalite Data Networks Limited (Mauritius)¹

¹ During the year, Satalite Data Networks Limited, previously a joint venture, was acquired from 60% to 100% for an amount of R47 million.

	(690)	–
	–	(177)
ests	57	–
	(248)	–
	(881)	(177)
	(47)	–
	(928)	(177)

ture of the Group, became a subsidiary when the Group increased its shareholding

Notes to the Group annual financial statements

for the year ended 31 December 2013 (continued)

43 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

Accounting for financial instruments

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

All financial assets and liabilities are initially measured at fair value. Financial assets are classified as at fair value through profit or loss which are measured at fair value through profit or loss. Transaction costs directly attributable to the acquisition of financial assets are recognised in profit or loss. Transaction costs directly attributable to the acquisition of financial liabilities are recognised in profit or loss (derecognised) on the date the Group commits to the financial liability.

Financial assets and liabilities are classified as current or non-current depending on whether they are due or payable within 12 months after the reporting date. If not, they are classified as non-current.

Offsetting financial instruments

Offsetting of financial assets and liabilities is applied when the Group has a legally enforceable right to offset recognised amounts and there is an intention to settle the net amount or realise the assets and liabilities simultaneously. The net amount is reported in the balance sheet.

Financial instrument classification

The Group classifies its financial instruments into the following categories:

- financial assets at fair value through profit or loss
- loans and receivables

December 2013

Financial statements

FINANCIAL INSTRUMENTS

The Group's statement of financial position when the Group has financial instruments.

Financial assets are measured at fair value, including transaction costs, except for those that are initially measured at fair value excluding transaction costs. The acquisition of financial assets or financial liabilities at fair value is recognised immediately in profit or loss. Financial assets are recognised at the date of purchase (sell) the instruments (trade date accounting).

Financial liabilities are recognised if expected to be realised or settled within 12 months;

Financial assets are recognised when there is a legally enforceable right to offset the financial liability on a net basis, or realise the asset and settle the liability in the statement of financial position.

The following categories:

;

- loans and receivables;
- held-to-maturity investments;
- financial liabilities at fair value through profit or loss;
- financial liabilities at amortised cost.

The classification is dependent on the purpose for which the financial instrument is held and determines the classification of financial instruments.

Financial instruments comprise investments in equity securities, loans and receivables, cash and cash equivalents, borrowing facilities, overdrafts, derivatives and trade and other payables.

Subsequent measurement

Subsequent to initial recognition, financial instruments are measured at:

Financial assets at fair value through profit or loss

An instrument is classified at fair value through profit or loss if it is held for trading or if the purpose of selling the item in the short term. Financial assets are subsequently measured at fair value and changes in fair value are recognised in profit or loss, unless they are designated as held for trading unless they are designated as held for trading.

Loans and receivables

Loans and receivables are non-derivative financial assets that are not quoted in an active market. The Group's loans and receivables include its investments, trade and other receivables (excluding cash and cash equivalents). Loans and receivables are subsequently measured at amortised cost, less any impairment losses.

Interest income is recognised by applying the effective interest rate method. The recognition of interest would be immaterial.

loss; and

which the financial instruments were acquired. Management
nts at initial recognition.

equity and debt securities, loans receivable, trade and other
gs, other non-current liabilities, put option liabilities, bank
s.

ents are measured as described below.

s
profit or loss if it is held for trading, i.e. acquired principally for
Financial instruments at fair value through profit or loss are
therein are recognised in profit or loss. Derivatives are also
gnated as hedging instruments.

l assets with fixed or determinable payments that are not
receivables comprise loans and other receivables, certain of
(cluding prepayments), restricted cash, and cash and cash
tly measured at amortised cost using the effective interest

ective interest rate, except for short-term receivables when

Notes to the Group annual financial statements

for the year ended 31 December 2013 (continued)

43 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed maturity that the Group has the positive intention to hold to maturity. The Group upon initial recognition designates as held-to-maturity investments only investments in debt instruments and receivables.

Held-to-maturity investments are subsequently measured at fair value using the effective interest method, less any impairment losses.

Financial liabilities

Financial liabilities comprise trade and other payables, borrowings, derivative liabilities and other non-current liabilities.

All financial liabilities, excluding derivative liabilities, are subsequently measured at fair value using the effective interest method.

Derivative liabilities are subsequently measured at fair value using the effective interest method.

Derecognition

Financial assets are derecognised when the rights to the cash flows from the assets have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

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AL INSTRUMENTS (continued)

financial assets with fixed or determinable payments and
ention and ability to hold to maturity other than those that
at fair value through profit or loss and those that are loans

measured at amortised cost using the effective interest

ables, a put option liability, bank overdrafts, borrowings,
s (excluding provisions).

es, are subsequently measured at amortised cost using the

air value and changes therein are recognised in profit or loss.

to receive cash flows from the assets have expired or have
ostantially all risks and rewards of ownership.

Financial liabilities are derecognised when the obligation is extinguished or expires.

Impairment

The Group assesses at the end of each reporting period whether a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired if one or more events have had a negative effect on its estimated future cash flows.

An impairment loss in respect of a financial asset is the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

When a loan or receivable is impaired, the Group recognises an impairment loss. The estimated future cash flows discounted at the original effective interest rate continues unwinding the discount as interest income is recognised using the effective interest rate.

Significant financial assets are tested for impairment individually. Financial assets that are not individually significant are collected in groups and tested for impairment based on their credit risk characteristics.

All impairment losses are recognised in profit or loss.

An impairment loss is reversed if the reversal can be objectively linked to an impairment loss was recognised.

gations specified in the contracts are discharged, cancelled

ate whether there is any objective evidence that a financial
ncial assets is impaired if objective evidence indicates that
the estimated future cash flows of that asset.

measured at amortised cost is calculated as the difference
lue of the estimated future cash flows discounted at the

duces the carrying amount to its recoverable amount, being
he original effective interest rate of the instrument, and
ome. Interest income on impaired loans and receivables is

ent on an individual basis. The financial assets that are not
actively assessed for impairment in groups that share similar

ss.

n be related objectively to an event occurring after the

Notes to the Group annual financial statements

for the year ended 31 December 2013 (continued)

43 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

Impairment of trade receivables

An impairment of trade receivables is established when the Group is unable to collect all amounts due according to the original terms of the debtor, probability that the debtor will enter into delinquency in payments are considered indicators.

The carrying amount of the trade receivable is reduced by the amount of the loss is recognised in profit or loss. When the allowance account for trade receivables is fully exhausted, the loss is credited to profit or loss.

Risk management

Introduction

The Group has exposure to the following risks from its financial instruments: market risk (foreign exchange and interest rate risk). To manage each of the above risks, the Group's objectives, policies and procedures for the Group's management of capital. Further quantitative disclosures are provided in the annual financial statements.

Risk profile

The Group's overall risk management programme for the year ended 31 December 2013 is as follows:

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FINANCIAL INSTRUMENTS (continued)

When there is objective evidence that the Group will not be able to collect the full amount of the receivables on the original terms of the receivables. Significant financial difficulties of the debtor are evident, such as the debtor has entered bankruptcy or financial reorganisation and default or other events that the trade receivable is impaired.

Provision is made through the use of an allowance account and the amount of the provision is determined based on the expected credit loss. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to the allowance account.

The Group's use of financial instruments: credit risk, liquidity risk and market risk. This note presents information about the Group's exposure to these risks, the policies and processes for measuring and managing risk, and the disclosures are included throughout these consolidated financial statements.

The Group focuses on the unpredictability of financial markets and seeks to manage the risk by using various financial instruments.

The Group's overall risk management programme is designed to minimise potential adverse effects on the financial performance of the Group. The Group does not use derivative financial instruments, such as forward exchange contracts. As a matter of principle, the Group does not enter into derivative contracts for speculative purposes. The Group does not apply hedge accounting.

Risk management is carried out under policies approved by the Board of Directors and applied to all Group subsidiaries. The MTN Group executive committee is responsible for the day-to-day management of risk, in consultation with the Group's operating units. The board provides oversight and approves the risk management strategy in specific areas such as foreign exchange risk, interest rate risk and investing excess liquidity.

...based on the unpredictability of financial markets and seeks
...financial performance of the Group. The Group uses derivative
...contracts and interest rate swaps to hedge certain exposures, but
...into derivative contracts for speculative purposes. The Group

...approved by the board of directors of the Group and of relevant
...identifies, evaluates and hedges financial risks in co-operation
...written principles for overall risk management, as well as for
...rate risk, credit risk, use of derivative financial instruments, and

Notes to the Group annual financial statements

for the year ended 31 December 2013 (continued)

43 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

43.1 Categories of financial instruments

	Loans and receiv- ables Rm	Assets Fair value through profit or loss Rm
2013		
Non-current financial assets		
Loans and other non- current receivables	2 820	
Investments	–	
Current financial assets		
Trade and other receivables	21 048	
Current investments	1 283	69
Derivative assets	–	2
Restricted cash	2 222	

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AL INSTRUMENTS (continued)

ts ue gh or ss m	Held-to- maturity Rm	Liabilities		Total carrying amount Rm
		Amortised cost Rm	Fair value through profit or loss ¹ Rm	
-	-	-	-	2 820
-	111	-	-	111
-	-	-	-	21 048
01	2 568	-	-	4 542
22	-	-	-	22
-	-	-	-	2 222

Cash and cash equivalents	39 600	
	66 973	71 100
Non-current financial liabilities		
Borrowings	—	
Other non-current liabilities	—	
Current financial liabilities		
Trade and other payables	—	
Borrowings	—	
Derivative liabilities	—	
Bank overdrafts	—	
	—	

¹ All financial instruments at fair value through profit or loss are held for trading

	–	–	–	39 600
3	2 679	–	–	70 365
–	–	34 664	–	34 664
–	–	1 093	–	1 093
–	–	25 354	–	25 354
–	–	11 338	–	11 338
–	–	–	3	3
–	–	23	–	23
–	–	72 472	3	72 475

for trading.

Notes to the Group annual financial statements

for the year ended 31 December 2013 (continued)

43 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

43.1 Categories of financial instruments (continued)

	Loans and receivables Rm	Assets Fair value through profit or loss Rm
2012*		
Non-current financial assets		
Loans and other non- current receivables	5 535	–
Current financial assets		
Trade and other receivables	13 365	–
Current investments	4 854	–
Derivative assets	–	191
Restricted cash	5 272	–
Cash and cash equivalents	22 700	–

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FINANCIAL INSTRUMENTS (continued)

	Held-to-maturity Rm	Liabilities Amortised cost Rm	Fair value through profit or loss ¹ Rm	Total carrying amount Rm
	–	–	–	5 535
	–	–	–	13 365
	1 731	–	–	6 585
	–	–	–	191
	–	–	–	5 272
				22 700

Cash and cash equivalents	22 708	
	51 734	191
Non-current financial liabilities		
Borrowings	–	–
Other non-current liabilities	–	–
Derivative liabilities	–	–
Current financial liabilities		
Trade and other payables	–	–
Borrowings	–	–
Derivative liabilities	–	–
Put option liabilities	–	–
Bank overdrafts	–	–
	–	–

¹ All financial instruments at fair value through profit or loss are held for trading

* 2012 amounts restated to exclude the Group's proportionate share of the net assets and liabilities of the subsidiaries and balances previously eliminated on proportionate consolidation

	–	–	–	22 708
	1 731	–	–	53 656
	–	21 322	–	21 322
	–	1 023	–	1 023
	–	–	2	2
	–	20 826	–	20 826
	–	10 593	–	10 593
	–	–	14	14
	–	216	–	216
	–	169	–	169
	–	54 149	16	54 165

for trading.

relating to its interests in joint ventures and to include the inter-entity transactions
, refer to note 48.

Notes to the Group annual fin

for the year ended 31 December 2013 (continued)

43 FINANCIAL RISK MANAGEMENT AND FINANCIAL

43.2 Financial assets and liabilities subject to offsetting

The following table presents the Group's financial as

2013

Current financial assets

Trade and other receivables

Current financial liabilities

Trade and other payables

2012

Current financial assets

Trade and other receivables

Current financial liabilities

Trade and other payables

43.3 Fair value estimation

Financial statements

AL INSTRUMENTS (continued)

sets and liabilities that are subject to offsetting:

	Gross amount Rm	Amount offset Rm	Net amount Rm
	3 826	(1 238)	2 588
	2 798	(1 238)	1 560
	2 882	(714)	2 168
	2 586	(714)	1 872

The table below presents the Group's assets and liabilities measured at fair value. The classification of assets and liabilities at different levels is based on the extent that quoted prices are available for the assets or liabilities. The levels have been defined as follows:

- level 1: fair value based on quoted prices (unadjusted) for identical assets or liabilities in active markets;
- level 2: fair value based on inputs other than quoted prices, which are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices);
- level 3: fair value based on inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table presents the Group's assets and liabilities measured at fair value:

2013	
<i>Current financial assets</i>	
Current investments	
Derivative assets	
<i>Total assets</i>	
<i>Current financial liabilities</i>	
Derivative liabilities	

liabilities that are measured at fair value. The classification into prices are used in the calculation of fair value and the levels

ted) in active markets for identical assets or liabilities;
ted prices included within level 1 that are observable for the
indirectly (that is, derived from prices); or
liability that are not based on observable market data (that is,

liabilities that are measured at fair value:

Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm
–	–	691	691
20	2	–	22
20	2	691	713
–	3	–	3

Notes to the Group annual financial statements

for the year ended 31 December 2013 (continued)

43 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

43.3 Fair value estimation (continued)

2012

Current financial assets

Derivative assets

Non-current financial liabilities

Derivative liabilities

Current financial liabilities

Derivative liabilities

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an independent broker, industry group, pricing service, or regulatory body. For financial instruments that are not traded in an active market, the fair value is determined using valuation techniques occurring market transactions on an arm's-length basis. For derivatives, the fair value is the current bid price. These instruments are classified as derivative assets or liabilities.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. These valuation techniques maximise the use of observable market data and rely on

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Financial statements

FINANCIAL INSTRUMENTS (continued)

Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm
–	191	–	191
–	2	–	2
–	14	–	14

Financial instruments measured at fair value in active markets is based on quoted market prices at the reporting date. These prices are readily and regularly available from an exchange, dealer, broker, pricing agency, and those prices represent actual and regularly updated market prices. The quoted market price used for financial assets held by the Group is included in level 1.

Financial instruments traded in an active market is determined by using valuation techniques that make use of observable market data where it is available and rely

as little as possible on entity-specific estimates. If a financial instrument is not directly observable, the instrument is included in level 2.

If one or more of the significant inputs are not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- quoted market prices or dealer quotes for similar instruments;
- the fair value of interest rate swaps is calculated using observable yield curves; and
- other techniques, such as discounted cash flow analysis, for financial instruments.

all significant inputs required to fair value an instrument are
based on observable market data, the instrument is included in
the following categories of instruments include:
Level 1 instruments;
Level 2 instruments;
Level 3 instruments. The present value of estimated future cash flows based on
the analysis, are used to determine fair value for the remaining

Notes to the Group annual financial statements

for the year ended 31 December 2013 (continued)

43 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

43.3 Fair value estimation (continued)

Reconciliation of level 3 financial assets

The table below sets out the reconciliation of financial assets and liabilities that are not based on observable market data (level 3):

Balance at 1 January 2013

Reclassification of investment in insurance cell captives

Contributions paid to insurance cell captives

Claims received from cell captives

Gain recognised in profit or loss

Balance at 31 December 2013

The effect on profit or loss for a reasonable possible change in the fair value of current investments is negligible.

¹ The Group invested in insurance cell captives created by Guardrisk with its own assets (1st party cells). The Group previously considered these investments as level 3 assets under IAS 39 Consolidated and Separate Financial Statements.

Financial statements

FINANCIAL INSTRUMENTS (continued)

Financial assets that are measured at fair value based on inputs that

	Current investments Rm
Investments ¹	557
	281
	(177)
	30
	691

change in assumptions used in determining the fair value of

¹ hereby Guardrisk's insurance licence was extended for use for the insurance of the
and the insurance cells to be separate portions of an entity subject to consolidation
and SIC 12 Consolidation – Special Purpose Entities (effective for periods prior to

43.4 Credit risk

Credit risk, or the risk of financial loss to the Group due to its obligations, is managed through the application of credit risk management policies.

The Group's maximum exposure to credit risk is represented by the carrying amount of assets exposed to credit risk.

The Group considers its maximum exposure per class of assets, including guarantees, to be as follows:

Loans and other non-current receivables
Investments
Trade and other receivables
Current investments
Derivative assets
Restricted cash
Cash and cash equivalents

**2012 amounts restated to exclude the Group's proportionate share of assets and liabilities previously eliminated on proportionate consolidation, refer note 48.*

IFRS 12 Consolidation – Special Purpose Entities (effective for periods prior to the financial Statements in the current year, the Group concluded that the cell captive entities are separate entities’ and are accordingly not subject to consolidation. The cell assets receivable from these cells.

to customers or counterparties not meeting their contractual credit approvals, limits and monitoring procedures.

represented by the carrying amount of the financial assets that are

ass, without taking into account any collateral and financial

	2013 Rm	2012* Rm
	2 820	5 535
	111	–
	21 048	13 365
	4 542	6 585
	22	191
	2 222	5 272
	39 600	22 708
	70 365	53 656

relating to its interests in joint ventures and to include the inter-entity balances

Notes to the Group annual financial statements

for the year ended 31 December 2013 (continued)

43 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

43.4 Credit risk (continued)

Cash and cash equivalents and current investments

The Group's exposure and the credit ratings of its counterparties are spread among various geographical locations. The Group's policy is to limit the amount of credit exposure to any one financial institution to ensure that the limits that are reviewed and approved by the credit risk management committee are not exceeded.

The operations in Nigeria, Dubai and South Africa are conducted through financial institutions with a rating range from BBB- to A-.

Given these credit ratings, management does not expect any credit losses.

Trade receivables

The Group has no significant concentrations of credit risk. The Group's operations and dispersion across geographical locations and the range of products and services are made to customers with different credit ratings.

The recoverability of interconnect receivables in certain countries is actively managed within acceptable limits and has been assessed using the recognition policy (note 4) and the impairment of interconnect receivables in countries where there exists a right of set-off with interconnect

December 2013

Financial statements

AL INSTRUMENTS (continued)

ts

counterparties are continuously monitored and the aggregate
st approved financial institutions. The Group actively seeks to
al institution and credit exposure is controlled by counterparty
risk department.

(including head office entities) hold their cash balances in
o AA.

expect any counterparty to fail to meet its obligations.

redit risk, due to its wide spread of customers across various
ons. The Group has policies in place to ensure that retail sales
h an appropriate credit history.

certain international operations is uncertain; however, this is
een incorporated in the assessment of an appropriate revenue
f trade receivables where applicable. In addition, in certain
nect parties to assist in settling outstanding amounts.

Notes to the Group annual financial statements

for the year ended 31 December 2013 (continued)

43 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

43.4 Credit risk (continued)

Ageing and impairment analysis

	2013 Rm Gross	2013 Rm Impaired
Fully performing trade receivables	9 088	–
Interconnect receivables	1 701	–
Contract receivables	5 480	–
Other receivables	1 907	–
Past due trade receivables	5 270	(2 679)
Interconnect receivables	1 666	(1 033)
0 to 3 months	232	(1)
3 to 6 months	130	(38)
6 to 9 months	120	(25)
9 to 12 months	1 184	(969)

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FINANCIAL INSTRUMENTS (continued)

2013 Rm Net	2012* Rm Gross	2012* Rm Impaired	2012* Rm Net
9 088	9 675	–	9 675
1 701	2 336	–	2 336
5 480	6 131	–	6 131
1 907	1 208	–	1 208
2 591	4 121	(1 925)	2 196
633	1 235	(743)	492
231	358	(81)	277
92	95	(10)	85
95	64	(11)	53
215	719	(641)	77

9 to 12 months	1 184	(969)	
Contract receivables	2 599	(1 287)	
0 to 3 months	900	(77)	
3 to 6 months	503	(266)	
6 to 9 months	407	(243)	
9 to 12 months	789	(701)	
Other receivables	1 005	(359)	
0 to 3 months	141	(2)	
3 to 6 months	77	(7)	
6 to 9 months	533	(201)	
9 to 12 months	254	(149)	
Total	14 358	(2 679)	

*2012 amounts restated to exclude the Group's proportionate share of previously eliminated on proportionate consolidation, refer to note 4

215	718	(641)	77
1 312	1 495	(1 021)	474
823	233	(95)	138
237	150	(30)	120
164	525	(392)	133
88	587	(504)	83
646	1 391	(161)	1 230
139	1 004	(6)	998
70	150	(46)	104
332	92	(11)	81
105	145	(98)	47
11 679	13 796	(1 925)	11 871

relating to its interests in joint ventures and to include the inter-entity balances
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Notes to the Group annual financial statements

for the year ended 31 December 2013 (continued)

43 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

43.4 *Credit risk* (continued)

Total past due per significant operation

2013

MTN South Africa

MTN Nigeria Communications Limited

Other operations

2012*

MTN South Africa

MTN Nigeria Communications Limited

Other operations

Provision for impairment of trade receivables

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FINANCIAL INSTRUMENTS (continued)

Interconnect receivables Rm	Contract receivables Rm	Other receivables Rm	Total Rm
177	1 017	334	1 528
766	502	19	1 287
723	1 080	652	2 455
1 666	2 599	1 005	5 270

29	533	68	630
416	252	26	694
790	710	1 297	2 797
1 235	1 495	1 391	4 121

Exchange
rate

	At beginning of the year Rm	Additions ¹ Rm
2013		
Movement in provision for impairment of trade receivables	(1 925)	(698)
2012*		
Movement in provision for impairment of trade receivables	(1 622)	(290)

The Group does not hold any collateral for trade receivables.

¹ A net impairment loss of R610 million (2012: R208 million) was incurred during the year or loss (note 6).

*2012 amounts restated to exclude the Group's proportionate share of impairment losses and balances previously eliminated on proportionate consolidation.

Reversals ¹ Rm	Utilised Rm	differences and other movements Rm	At end of the year Rm
88	59	(203)	(2 679)

82	26	(121)	(1 925)
----	----	-------	---------

reivables.

urred during the year. This amount is included in other operating expenses in profit

relating to its interests in joint ventures and to include the inter-entity transactions
, refer to note 48.

Notes to the Group annual financial statements

for the year ended 31 December 2013 (continued)

43 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

43.4 Credit risk (continued)

Loans and other non-current receivables

The recoverability of all loans were assessed at reporting date.

An impairment loss of R223 million (2012: Rnil) in respect of loans was recognised in 2013. The impairment analysis is set out below:

Non-current interconnect receivables

43.5 Liquidity risk

Liquidity risk is the risk that an entity in the Group will be unable to meet its financial obligations as they fall due.

The Group's approach to managing liquidity risk is to ensure that it maintains sufficient liquidity to meet its financial obligations when due under both normal and stressed conditions, without incurring unacceptable losses to the Group's reputation.

The Group ensures it has sufficient cash on demand or access to facilities to meet expected operational requirements.

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AL INSTRUMENTS (continued)

ting date and were not found to be impaired.

pect of non-current interconnect receivables was recognised

	2013 Rm Gross	2013 Rm Impaired	2013 Rm Net
	426	(223)	203

ill be unable to meet its obligations as they become due.

ensure that sufficient liquidity is available to meet its liabilities
ns, without incurring unacceptable losses or risking damage

(currently the Group is maintaining a positive cash position)
l expenses, including the servicing of financial obligations:

on access to facilities to meet expected operations. this excludes the potential impact of extreme circumstances, including natural disasters.

The following liquid resources are available:

Trade and other receivables
Current investments
Cash and cash equivalents, net of overdrafts

** 2012 amounts restated to exclude the Group's proportionate share previously eliminated on proportionate consolidation, refer to note 12*

The Group's undrawn borrowing facilities are disclosed in note 13.

expenses, including the servicing of financial obligations, circumstances that cannot reasonably be predicted, such as

	2013 Rm	2012* Rm
	13 470	12 184
	1 974	4 854
	39 577	22 539
	55 021	39 577

relating to its interests in joint ventures and to include the inter-entity balances
48.

ed in note 26.

Notes to the Group annual financial statements

for the year ended 31 December 2013 (continued)

43 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

43.5 *Liquidity risk* (continued)

The following are the contractual cash flows of financial liabilities

	Carrying amount Rm	Total Rm	Payable within one month or demand Rm
2013			
Borrowings	46 002	61 491	3 500
Other non-current liabilities	1 093	1 453	
Trade and other payables	25 354	25 354	13 800
Derivative liabilities	3	3	
Bank overdrafts	23	23	23
	72 475	88 324	17 423

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FINANCIAL INSTRUMENTS (continued)

Financial liabilities:

	More than one month but not exceeding three months Rm	More than three months but not exceeding one year Rm	More than one year but not exceeding two years Rm	More than two years but not exceeding five years Rm	More than five years Rm
17	3 492	8 294	14 693	26 005	5 490
–	–	–	225	260	968
68	9 118	2 368	–	–	–
–	3	–	–	–	–
23	–	–	–	–	–
08	12 613	10 662	14 918	26 265	6 458

2012*			
Borrowings	31 915	37 216	5 5
Other non-current liabilities	1 023	1 490	
Derivative liabilities	16	16	
Trade and other payables	20 826	21 066	11 2
Put option liability	216	216	2
Bank overdrafts	169	169	10
	54 165	60 173	17 2

*2012 amounts restated to exclude the Group's proportionate share of

43.6 Market risk

Market risk is the risk that changes in market prices (including interest rates) will affect the Group's income or the value of its holding of financial instruments. The Group monitors and controls market risk exposures within acceptable limits.

43.6.1 Interest rate risk

Interest rate risk is the risk borne by an interest-bearing asset or liability.

Financial assets and liabilities that are sensitive to interest rates include cash, current investments, trade and other receivables/payables, and other financial instruments. The Group's interest rate risk arises from the repricing of existing financial instruments, incremental funding or new borrowings, the refinancing of existing debt, and significant cash balances which exist.

59	88	5 688	11 178	14 441	262
–	–	–	280	367	843
9	5	–	2	–	–
73	4 288	5 505	–	–	–
16	–	–	–	–	–
64	5	–	–	–	–
21	4 386	11 193	11 460	14 808	1 105

relating to its interests in joint ventures, refer to note 48.

foreign exchange and interest rate risk) will affect the Group's
ments. The objective of market risk management is to manage
parameters, while optimising the return.

ing asset or liability, due to variability of interest rates.

interest rate risk are cash and cash equivalents, restricted cash,
payables, loans receivable/payable and bank overdrafts. The
nts are a combination of floating and fixed rates in line with

cing of the Group's forward cover and floating rate debt,
hancing of existing borrowings and the magnitude of the

Notes to the Group annual fin

for the year ended 31 December 2013 (continued)

43 FINANCIAL RISK MANAGEMENT AND FINANCIAL

43.6 Market risk (continued)

43.6.1 Interest rate risk (continued)

Debt in the South African entities and all holding companies (Mauritius) Limited) is managed on an optimal fixed Group Treasury Policy. Significant cash balances and exposure mix.

Debt in the majority of the Group's non-South African underdeveloped and expensive nature of derivative monitor developments which may create opportunities operation can be aligned with the Group Treasury Po

The Group makes use of various products including as a way to manage these risks; however, derivative i

Profile

At the reporting date the interest rate profile of the C

Financial statements

FINANCIAL INSTRUMENTS (continued)

The Group's financial instruments (including MTN (Dubai) Limited and MTN International) are classified as fixed rate or variable rate instruments, depending on the basis of interest rate, in line with the approved policy. The Group also considers the fixed versus floating interest rate

The Group's operations are at floating interest rates. This is due to the nature of the products in these financial markets. The Group continues to monitor market conditions as these markets evolve in order that each underlying instrument is in line with the Group's policy.

The Group uses interest rate derivatives and other appropriate hedging tools to manage its interest rate risk. Instruments may only be used to hedge existing exposures.

The Group's interest-bearing financial instruments was:

2013		2012*	
Fixed rate instruments	Variable rate instruments	Fixed rate instruments	Variable rate instruments
Rm	Rm	Rm	Rm

Non-current financial assets

Loans and other non-current receivables

Investments

Current financial assets

Trade and other receivables

Current investments

Restricted cash

Cash and cash equivalents

Non-current financial liabilities

Borrowings

Other non-current liabilities

Current financial liabilities

Trade and other payables

Borrowings

Bank overdrafts

** 2012 amounts restated to exclude the Group's proportionate share previously eliminated on proportionate consolidation, refer to note 2*

RM	RM	RM	RM
1 736	856	1 696	3 545
111	–	–	–
123	5 255	648	34
3 851	–	6 585	–
189	1 663	109	4 726
25 729	7 252	7 338	13 166
31 739	15 026	16 376	21 471
4 850	29 772	6 185	15 126
723	347	849	165
128	69	1 137	609
7 623	3 715	5 506	5 087
12	11	5	164
13 336	33 914	13 682	21 151

relating to its interests in joint ventures and to include the inter-entity balances
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Notes to the Group annual financial statements

for the year ended 31 December 2013 (continued)

43 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

43.6 *Market risk* (continued)

43.6.2 Sensitivity analysis

The Group has used a sensitivity analysis technique to measure the effect of an instantaneous increase or decrease of 1% (100 basis points) on the profit or loss at 31 December, for each class of financial instrument vulnerable to market risk. The results are for illustrative purposes only, as in practice market rates do not move in isolation.

The Group is mainly exposed to fluctuations in the interest rates of the EURIBOR, money market rates and prime rate. Changes in interest rates affect the expense of floating rate financial instruments. Changes in interest rates also affect the value of financial instruments with fixed interest rates if they are measured at fair value.

A change in the above market interest rates at the reporting date would affect the profit or loss by the amounts shown below.

The analysis has been performed on the basis of the current market rates. It assumes that all other variables, in particular foreign exchange rates, remain the same as was used for 2012.

	2013 (Decrease)/increase in profit or loss

December 2013

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FINANCIAL INSTRUMENTS (continued)

... that measures the estimated change to profit or loss of an
... (s points) in market interest rates, from the rate applicable at
... with all other variables remaining constant. This analysis is for
... rarely change in isolation.

... the following market interest rates: JIBAR, LIBOR, NIBOR and
... changes in market interest rates affect the interest income or
... ges in market interest rates only affect profit or loss in relation
... ese financial instruments are recognised at their fair value.

... reporting date would have increased/(decreased) profit before

... e change occurring at the start of the reporting period and
... currency rates, remain constant. The analysis is performed on

... t before tax
... 2012*
... (Decrease)/increase in profit before tax

	Change in interest rate %	Upward change in interest rate Rm
JIBAR	1	(62,5)
LIBOR	1	(187,3)
Three-month LIBOR	1	(3,6)
NIBOR	1	–
EURIBOR	1	(10,2)
Money market	1	31,1
Prime	1	(1,3)
Other	1	44,9

**2012 amounts restated to exclude the Group's proportionate share of interest expense previously eliminated on proportionate consolidation, refer to note 21*

43.6.3 Currency risk

Currency risk is the exposure to exchange rate fluctuations from foreign currency activities.

The Group operates internationally and is exposed to foreign currency exchange rate exposures. Refer to the table that follows for the Group's foreign currency exposures in G amounts. Foreign currency risk arises when future cash flows are denominated in a currency that is not the entity's functional currency. As holding companies do not report in the same currency as the entities they control, as holding companies do not report in the same currency as the entities they control,

Where possible, entities in the Group use forward contracts to hedge their foreign currency risk. Refer to note 21 for the Group's outstanding foreign currency derivatives. The Group uses foreign currency risk on major foreign purchases by purchase orders of Credit (LCs) when each order is placed.

Downward change in interest rate Rm	Change in interest rate %	Upward change in interest rate Rm	Downward change in interest rate Rm
62,5	1	(42,1)	42,1
187,3	1	23,4	(23,4)
3,6	1	(9,9)	9,9
–	1	(82,2)	82,2
10,2	1	(7,1)	7,1
(31,1)	1	65,0	(65,0)
1,3	1	(1,4)	1,4
(44,9)	1	56,9	(56,9)

relating to its interests in joint ventures and to include the inter-entity balances
48.

circumstances that have an impact on cash flows and financing

to foreign currency risk arising from various foreign currency
Group's exposure to foreign currency risk based on notional
commercial transactions or recognised assets and liabilities are
functional currency. The Group is also exposed to translation risk
currencies as operating entities.

contracts to hedge their actual exposure to foreign currency.
exchange contracts. The Group's Nigerian subsidiary manages
placing foreign currency on deposit as security against Letters

Notes to the Group annual financial statements

for the year ended 31 December 2013 (continued)

43 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

43.6 *Market risk* (continued)

43.6.3 *Currency risk* (continued)

The Group has foreign subsidiaries whose assets are exposed to currency risk primarily through borrowings denominated in the local currency, which are not available on reasonable terms in the local capital market.

Foreign currency exposure

Included in the Group statement of financial position are assets and liabilities denominated in currencies other than the functional currency of the reporting entities.

ASSETS

Non-current assets

– United States dollar

Current assets

– United States dollar

– Euro

– Iranian rial

Financial statements

AL INSTRUMENTS (continued)

exposed to foreign currency translation risk, which is managed
relevant foreign currencies to the extent that such funding is
markets.

are the following amounts denominated in currencies other
S:

	2013 Rm	2012* Rm
	203	–
	203	–
	6 935	10 567
	1 406	1 281
	3 110	1 181

- Italian Lira
- South African rand
- British pound sterling

Total assets

LIABILITIES

Non-current liabilities

- United States dollar
 - Euro
-

Current liabilities

- United States dollar
 - Euro
 - South African rand
 - British pound sterling
 - Botswana pula
-

Total liabilities

**2012 amounts restated to exclude the Group's proportionate share previously eliminated on proportionate consolidation, refer to note 4*

	5 110	1 181
	13	54
	–	5
	11 464	13 088
	11 667	13 088
	5 832	2 953
	540	368
	6 372	3 321
	6 624	4 019
	1 332	846
	32	40
	3	48
	4	–
	7 995	4 953
	14 367	8 274

relating to its interests in joint ventures and to include the inter-entity balances
48.

Notes to the Group annual financial statements

for the year ended 31 December 2013 (continued)

43 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

43.6 Market risk (continued)

43.6.3 Currency risk (continued)

Sensitivity analysis

The Group has used a sensitivity analysis technique to measure the impact on the equity of an instantaneous 10% strengthening or weakening of the Iranian rial, applicable at 31 December, for each class of financial instrument. This analysis is for illustrative purposes only, as in practice the Group's exposure to currency risk is more complex.

The Group is mainly exposed to fluctuations in the exchange rates of the pound and Iranian rials. This analysis considers the impact on the foreign exchange translation differences resulting from the use of currencies different from the presentation currency, in the foreign currency translation reserve).

A change in the foreign exchange rates to which the Group is exposed would (decreased) profit before tax by the amounts shown in the table below.

The analysis has been performed on the basis of the Group's financial statements, assuming that all other variables, in particular interest rates, remain constant on the basis as applied in 2012.

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Financial statements

FINANCIAL INSTRUMENTS (continued)

...e that measures the estimated change to profit or loss and
...akening in the rand against all other currencies, from the rate
...al instrument with all other variables remaining constant. This
...e, market rates rarely change in isolation.

...eign exchange rates in respect of the US dollar, euro, Syrian
...pact of changes in foreign exchange rates on profit, excluding
...from the translation of Group entities that have functional
...nto the Group's presentation currency (and recognised in the

...Group is exposed at the reporting date would have increased/
...below.

...e change occurring at the start of the reporting period and
...rates, remain constant. The analysis is performed on the same

Denominated: functional currency

2013

- US\$:ZAR
- US\$:SYP
- US\$:SDG
- US\$:SSP
- US\$:NGN
- EUR:SDG
- EUR:US\$
- EUR:CYE
- US\$:GNF
- US\$:ZMK
- IRR:ZAR

2012

- US\$:ZAR
- US\$:SDG
- US\$:SSP
- US\$:NGN
- EUR:SDG
- EUR:US\$
- US\$:GNF
- SYP:US\$
- US\$:ZMK
- IRR:ZAR

	Increase/(decrease) in Change in exchange rate %	in profit before tax Weakening in functional currency Rm	Strengthening in functional currency Rm
	10	365,8	(365,8)
	10	(80,2)	80,2
	10	(91,5)	91,5
	10	(181,3)	181,3
	10	(627,3)	627,3
	10	(121,3)	121,3
	10	59,0	(59,0)
	10	(29,9)	29,9
	10	(109,5)	109,5
	10	(151,5)	151,5
	10	311,0	(311,0)
	10	699,5	(699,5)
	10	(225,2)	225,2
	10	(81,2)	81,2
	10	(195,3)	195,3
	10	(322,9)	322,9
	10	330,0	(330,0)
	10	(97,2)	97,2
	10	285,6	(285,6)
	10	(119,8)	119,8
	10	118,1	(118,1)

Notes to the Group annual fin

for the year ended 31 December 2013 (continued)

43 FINANCIAL RISK MANAGEMENT AND FINANCIAL

43.6 Market risk (continued)

43.6.4 Price risk

The Group is not directly exposed to commodity price

43.7 Capital risk management

The Group's policy is to maximise borrowings at an acceptable level of debt for the maturity of the local

Equity funding for existing operations or new acquisitions while retaining an acceptable level of debt available to the operation locally or in specific circumstances centrally and on-lent. The Group's policy is to borrow issues and borrowing facilities from the local and international together with cash generated to meet anticipated fu

The board of directors has approved three key debt ratios: EBITDA, net debt:equity and net interest:EBITDA. Net debt includes cash and cash equivalents.

These internal ratios establish levels of debt that the Group can sustain over periods of time and are shared with the Group's deb

Financial statements

AL INSTRUMENTS (continued)

ce risk or material equity securities price risk.

operating company level, on a non-recourse basis, within an
company.

sitions is raised centrally, first from excess cash and then from
el of debt for the consolidated Group. Where funding is not
instances where it is more efficient to do so, funding is sourced
v using a mixture of long-term and short-term capital market
ernational capital markets as well as multilateral organisations
unding requirements.

ot protection ratios at a consolidated level being net debt:
t debt is defined as borrowings and bank overdrafts less cash

he Group should not exceed other than for relatively short
t rating agencies, being Moody's and Fitch.

Net debt:EBITDA

Borrowings and bank overdrafts (Rm)

Less: Bank balances, deposits and cash (Rm)

Net debt/(cash) (Rm)

EBITDA (Rm)

Net debt/EBITDA ratio

Net debt:total equity

Net debt/(cash) (Rm)

Total equity (Rm)

Net debt/total equity (%)

Net interest:EBITDA

Net finance costs (Rm)

EBITDA (Rm)

Net interest/EBITDA (%)

**2012 amounts restated to exclude the Group's proportionate share previously eliminated on proportionate consolidation, refer to note 4*

et interest:EBITDA at the end of the year are set out below.

	2013	2012*
	46 025 (45 673)	32 084 (34 565)
	352	(2 481)
	59 788 0,0	52 637 (0,0)
	352 119 771 0,3	(2 481) 92 887 (2,7)
	(1 234) 59 788 (2,1)	(3 790) 52 637 (7,2)

relating to its interests in joint ventures and to include the inter-entity balances
48.

Notes to the Group annual financial statements

for the year ended 31 December 2013 (continued)

44 SHARE-BASED PAYMENTS

Equity-settled share-based payments

The schemes described below are accounted for as equity-settled share-based payments (share-based payments) measured at fair value (the fair value is measured at the grant date, taking into account the conditions) at the grant date. The fair value is measured using a Black-Scholes model. The Black-Scholes model has been adjusted, based on management's estimate of the number of equity-settled share-based options or rights that will be exercised, taking into account restrictions and behavioural considerations where applicable. The fair value of equity-settled share-based options or rights is expensed over the period on the Group's estimate of the shares that will eventually be issued, based on the number of options and share rights for which the conditions are met.

Where employees exercise options or share rights, new shares are issued to participants as beneficial owners. The shares are issued on the JSE Limited, the securities exchange on which the Group's shares are listed. The scheme participants entitled to share options pay a nominal value when the options are exercised. The nominal value of shares issued is equal to the nominal value and the option price is credited to share premium.

The MTN Group share options, share appreciation plan and performance share plan

The Group operates a number of equity-settled share-based payment schemes.

Financial statements

equity-settled share-based payments to employees. Equity-fair value (excluding the effect of non-market-based vesting) measured using a stochastic model. The expected life used in the model is the best estimate, for the effects of non-transferability, exercise restrictions, etc. The fair value determined at the grant date of the options is expensed on a straight-line basis over the vesting period, based on the number of options that are expected to eventually vest. The expense is adjusted to reflect the actual number of options that vest and the related service and non-market based vesting conditions.

in terms of the rules and regulations of the schemes, new shares are issued. The directors procure a listing of these shares on the stock exchange where the Company's shares are listed. In terms of the share option scheme, the consideration equal to the option price when the options are exercised is credited to share capital and the difference between the exercise price and the market price of the shares is the share premium.

Share-based payment schemes and share rights schemes and

Share-based payment schemes for the benefit of eligible

employees, including executive directors, in accordance with the Group's policy to retain and recognise the contributions of executive directors and to provide financial incentives to contribute to the Group's continued growth.

The performance share plan is the active scheme. The share appreciation rights and the share rights scheme. The share rights scheme and/or unexercised awards previously made have run their course.

The vesting periods under the share rights scheme, the share appreciation rights scheme and the performance share plan are as follows: 20%, 20%, 30% and 30% on the anniversary of the grant date. The strike price for these schemes is the closing price of the Company's Limited shares on the day prior to the date of allocation. Shares are forfeited if the employee leaves the Group on or after the date of grant and are forfeited if the employee leaves the Group before the date of grant.

The vesting period for the performance share plan is three years from the date of grant, subject to the achievement of performance targets.

The total number of shares which may be allocated under the share rights scheme, the share appreciation rights scheme and the performance share plan is 10% of the total issued ordinary share capital of the Company, based on the number of shares in issue at the time of the transaction and treasury shares) as approved by shareholders.

ance with the schemes' rules. The schemes are designed to directors and eligible employees and to provide additional growth.

which superseded the share option scheme and the share e superseded schemes will be wound up once all unvested n their remaining courses.

share option scheme and share appreciation rights scheme ersary of the second, third, fourth and fifth years respectively, es is determined as the closing market price for MTN Group tion. Unexercised options and rights lapse 10 years from the s the Group before they vest.

n is three years and the awards vest in full based on set

for the purposes of the schemes shall not exceed 5% of the eing 91 642 290 (2012: 91 633 632 shares) (excluding Zakhele eholders in 2001.

Notes to the Group annual fin

for the year ended 31 December 2013 (continued)

44 SHARE-BASED PAYMENTS (continued)

MTN Group share options

Details of the outstanding share options scheme are

Offer date	Strike price R	3
1 December 2003	27,00	
1 December 2004	40,50	
Total		

The options outstanding at the end of the year under of 11 months (2012: one year). No new options were recognised as the above options vested in prior peri

The share option scheme has been superseded by th described below.

MTN Group Share Appreciation Rights Scheme and

The Share Appreciation Rights Scheme was imple

Financial statements

as follows:

Number outstanding at 1 December 2012	Forfeited during 2013	Exercised during 2013	Number outstanding at 31 December 2013
178 190	–	(178 190)	–
67 140	–	(3 310)	63 830
245 330	–	(181 500)	63 830

er review have a weighted average remaining contractual life
e granted in the current and prior year and no expense was
ods.

the introduction of the Group share appreciation rights scheme

Share Rights Scheme (the rights schemes)

plemented on 31 May 2006 and superseded the share option

Number outstanding at 1 December 2012	Forfeited during 2013	Exercised during 2013	Number outstanding at 31 December 2013
271 660	(4 380)	(57 470)	209 810
154 900	(1 400)	(26 070)	127 430
31 380	–	(31 380)	–
106 280	(1 900)	(62 780)	41 600
298 680	–	(72 069)	226 611
862 900	(7 680)	(249 769)	605 451

Notes to the Group annual financial statements

for the year ended 31 December 2013 (continued)

44 SHARE-BASED PAYMENTS (continued)
MTN Group Share Appreciation Rights Scheme and MTN performance share plan (PSP)
Details of the outstanding share rights are as follows:

Offer date	Strike price R	31 December 2013
1 September 2008	118,64	6,0
28 June 2010	107,49	1,0
Total		7,0

The share rights and share appreciation rights outstanding at 31 December 2013 have an average remaining contractual life of 5 years (2012: 6 years).

There were no new grants during the 2013 or 2012 financial years.

MTN performance share plan (PSP)
During the 2013 and 2012 financial year the Group established the MTN performance share plan (PSP) to attract, retain and reward selected employees in order to attract, retain and reward selected employees.

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Share Rights Scheme (the rights schemes) (continued)

:

Number outstanding at 1 December 2012	Forfeited during 2013	Exercised during 2013	Number outstanding at 31 December 2013
947 000	(17 141)	(497 689)	432 170
2 178 657	(59 280)	(760 430)	1 358 947
3 125 657	(76 421)	(1 258 119)	1 791 117

standing at the end of the year under review have a weighted
(years).

financial year.

up granted eligible employees share rights under the PSP,
employees on level 3 – 4 and 5 – 6. The PSP was established in
as who are able to contribute to the business of the employer

order to attract, retain and reward selected employees of the companies and to stimulate their personal involvement, encouraging them to advance the interests of the re

The share rights vest after three years from date of g
to qualify for the percentage of the shares granted a

Vesting conditions for shares granted

Total shareholder return

Adjusted free cash flow

Individual retention (guaranteed, subject to remaining
the duration of the award fulfilment period)

For the total shareholder return vesting condition, ve
at the median to 100% vesting at the 75% percenti
listed on the JSE. For the adjusted free cash flow ve
11% – 19% compound annual growth in the adjuste
guaranteed subject to the employee remaining emp

Employees who are able to contribute to the business of the employer
 thereby encouraging their continued service and
 relevant employer company and the Group generally.

grant. The following performance conditions must be fulfilled
 as stated in the table below:

	Proportion of grant	
	Employee level 3 – 4 %	Employee level 5 – 6 %
Based on the PSP for	37,5	50,0
	37,5	50,0
	25,0	–

vesting is based on a sliding scale that ranges from 25% vesting
 level of the performance of a comparable group of companies
 vesting condition, vesting is based on a sliding scale between
 free cash flow. The individual return retention condition is
 employed by the Group for the duration of the vesting period.

Notes to the Group annual financial statements

for the year ended 31 December 2013 (continued)

- 44 SHARE-BASED PAYMENTS** (continued)
MTN performance share plan (PSP) (continued)
 Details of the outstanding equity-settled performance share plan

Offer date

29 June 2011
 29 December 2011
 28 December 2012
 20 December 2013

Total

A valuation has been prepared using a stochastic model and the expense to be recognised for share rights issued

The range of inputs into the stochastic model used for

Financial statements

Performance share plan are as follows:

Number outstanding at 31 December 2012	Offered during 2013	Forfeited during 2013	Number outstanding at 31 December 2013
1 497 300	–	(166 874)	1 330 426
1 388 714	–	(193 421)	1 195 293
1 960 540	–	(226 813)	1 733 727
–	2 452 200	(24 893)	2 427 307
4 846 554	2 452 200	(612 001)	6 686 753

Model to determine the fair value of the performance share plan issued during the year.

For rights granted during the year were as follows:

2013	2012
------	------

Share price
Expected life
Risk-free rate
Expected volatility
Dividend yield

The risk-free rate was estimated using the implied yield

Volatility was estimated using the weekly closing share price
year moving average of the dividend yield at valuation date

Expense arising from equity-settled share-based payment
transactions (note 6)

	207,02	178,28
	3 years	3 years
	5,61% – 6,57%	4,97% – 5,35%
	24,63% – 22,15%	21,00% – 22,54%
	4,60%	5,08%

held on SA zero-coupon government bonds.

are price and the dividend yield was estimated by using a one
on date.

	2013	2012
	Rm	Rm
ment	215	147

Notes to the Group annual financial statements

for the year ended 31 December 2013 (continued)

45 SUMMARISED FINANCIAL INFORMATION OF SUBSIDIARIES AND JOINT VENTURES INTERESTS

The subsidiaries in which MTN Group Limited has direct or indirect controlling interests are:

A summary of the Group's subsidiaries with material interests is set out below:

Subsidiary	Principal place of incorporation
MTN Nigeria Communications Limited	Nigeria
MTN Côte d'Ivoire S.A.	Côte d'Ivoire
MTN Rwandacell Limited	Rwanda
Mobile Telephone Networks Cameroon Limited	Cameroon
Other	

Set out below and on the next page is the summary of the Group's subsidiaries and joint ventures with controlling interests that are material to the Group. Unless otherwise stated, the country of incorporation are also their principal place of operation. The Group has eliminated all intercompany eliminations.

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SUBSIDIARIES WITH MATERIAL NON-CONTROLLING

Direct and indirect interests in are set out in note 47.

The non-controlling interests is presented below.

Principal place of business	Non-controlling interests	
	2013 Rm	2012 Rm
Ghana	2 795	1 931
Côte d'Ivoire	955	826
Uganda	239	196
Cameroon	627	398
	717	530
	5 333	3 881

Summarised financial information for each subsidiary that has non-controlling interests is presented in note 47. Unless otherwise stated, the Group's subsidiaries' countries of incorporation and the summarised financial information presented is before

% ownership interest held by non-controlling interests

Summarised statement of financial position

Non-current assets¹

Current assets

Total assets

Non-current liabilities

Current liabilities

Total liabilities

Summarised income statement

Revenue

EBITDA

Profit before tax

Income tax expense

Profit after tax

Profit allocated to non-controlling interests

Dividends paid to non-controlling interests

¹ Excludes goodwill on consolidation of subsidiaries.

MTN Nigeria Communications Limited		MTN Côte d'Ivoire S.A.	
2013	2012	2013	2012
21,17	21,17	33,17	32,33
Rm	Rm	Rm	Rm
47 020	33 653	4 540	3 570
16 226	8 533	1 887	1 876
63 246	42 186	6 427	5 446
30 937	13 536	248	435
19 107	19 527	3 300	2 455
50 044	33 063	3 548	2 890
48 159	38 697	5 480	4 124
29 235	22 544	2 813	1 662
18 862	15 619	2 165	1 099
(5 707)	(4 205)	(447)	(264)
13 155	11 414	1 718	835
2 785	2 416	568	270
2 378	2 603	667	114

Notes to the Group annual financial statements

for the year ended 31 December 2013 (continued)

45 SUMMARISED FINANCIAL INFORMATION OF SUBSIDIARIES AND ASSOCIATED INTERESTS (continued)

Summarised statement of cash flows

Net cash generated from operating activities

Net cash (used in)/from investing activities

Net cash from/(used in) financing activities

Net increase/(decrease) in cash and cash equivalents

Net cash and cash equivalents at beginning of the year

Exchange gains on cash and cash equivalents

Net cash and cash equivalents at end of the year

Financial statements

SUBSIDIARIES WITH MATERIAL NON-CONTROLLING

MTN Nigeria Communications Limited		MTN Côte d'Ivoire S.A.	
2013 Rm	2012 Rm	2013 Rm	2012 Rm
11 037 (12 799) 8 517	5 004 (5 245) (3 579)	(578) 377 293	1 351 (706) (532)
6 755	(3 820)	92	113
1 939 819	5 300 459	489 126	369 7
9 513	1 939	707	489

% ownership interest held by non-controlling interests

Summarised statement of financial position

Non-current assets¹

Current assets

Total assets

Non-current liabilities

Current liabilities

Total liabilities

Summarised income statement

Revenue

EBITDA

Profit before tax

Income tax expense

Profit after tax

Profit allocated to non-controlling interests

Dividends paid to non-controlling interests

¹ Excludes goodwill on consolidation of subsidiaries.

*The non-controlling interests hold 30% of the issued ordinary share capital. The non-controlling interests' share of profit for accounting purposes is 20% due to outstanding funding provided in Mobile Telephone Networks Cameroon.

2013	2012	2013	2012
20	20	20*	20*
Rm	Rm	Rm	Rm
988	1 293	2 707	1 820
1 020	475	3 747	2 580
2 008	1 768	6 454	4 400
338	349	154	360
477	437	3 168	2 049
815	786	3 322	2 409
1 239	1 209	5 204	3 812
354	491	2 550	1 750
54	244	1 875	1 121
(1)	(81)	(545)	(418)
53	163	1 330	703
11	33	266	141
–	17	173	81

capital of Mobile Telephone Networks Cameroon, however, the effective ownership
ed by the Group to the non-controlling interests to acquire ordinary share capital

Notes to the Group annual financial statements

for the year ended 31 December 2013 (continued)

45 SUMMARISED FINANCIAL INFORMATION OF SUBSIDIARIES AND ASSOCIATED INTERESTS (continued)

Summarised statement of cash flows

Net cash generated from operating activities

Net cash used in investing activities

Net cash used in financing activities

Net (decrease)/increase in cash and cash equivalents

Net cash and cash equivalents at beginning of the year

Exchange gains on cash and cash equivalents

Net cash and cash equivalents at end of the year

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SUBSIDIARIES WITH MATERIAL NON-CONTROLLING

MTN Rwandacell Limited		Mobile Telephone Networks Cameroon Limited	
2013 Rm	2012 Rm	2013 Rm	2012 Rm
317 (295) (93)	405 (185) (78)	609 549 (243)	1 143 (509) (286)
(71)	142	915	348
257 35	111 4	1 359 583	951 60
221	257	2 857	1 359

Notes to the Group annual financial statements

for the year ended 31 December 2013 (continued)

46 EMOLUMENTS, EQUITY COMPENSATION BENEFITS AND RETAINERS

46.1 Directors' emoluments and related payments

	Date appointed	Salaries R000	Post-employment benefits R000
2013			
Executive directors			
RS Dabengwa	1/10/2001	8 913	1 140
NI Patel [†]	27/11/2009	3 081	390
BD Goschen	22/07/2013	2 336	290
Total		14 330	1 820

* Includes medical aid and unemployment insurance fund.

** Pre-tax gains and post-brokerage cost on share appreciation rights.

[†] Resigned 21 July 2013.

	Date appointed	Retainer [#] R000
Non-executive directors		
MC Ramaphosa [^]	1/10/2001	412
PE Nkomo ^{^^}	28/5/2013	62

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PROFITS AND DEALINGS IN ORDINARY SHARES

Profit before tax R000	Other benefits* R000	Bonuses R000	Sub-total R000	Share gains** R000	Total R000
43	2 621	16 163	28 840	19 237	48 077
95	2 856	–	6 332	1 223	7 555
92	37	3 661	6 326	–	6 326
30	5 514	19 824	41 498	20 460	61 958

* Includes share scheme and share rights plan.

Attendance# R000	Special board R000	Special projects R000	Ad hoc work R000	Total R000
191	248	–	–	851
218	284	175	–	1 301

PF Ntseko	28/5/2013	624
KP Kalyan	13/6/2006	316
AT Mikati* [†]	18/7/2006	1 054
MJN Njeke	13/6/2006	296
JHN Strydom	11/3/2004	296
AF van Biljon	1/11/2002	298
J van Rooyen	18/7/2006	370
MLD Marole	1/1/2010	285
NP Mageza	1/1/2010	339
A Harper*	1/1/2010	1 083
F Titi	1/7/2012	231
Sub-total non-executive directors		5 604

[^] Resigned 28 May 2013.

^{^^} Appointed 28 May 2013.

* Fees have been paid in Euro.

[†] Fees are paid to M1 Limited.

[#] Retainer and attendance fees include fees for board and committee

218	284	175	–	1 301
348	226	132	–	1 022
578	657	339	10	2 638
282	268	111	–	957
324	289	132	51	1 092
304	268	169	10	1 049
440	268	209	–	1 287
325	268	112	–	990
410	222	189	–	1 160
593	557	291	10	2 534
243	246	150	–	870
4 256	3 801	2 009	81	15 751

25.

Notes to the Group annual financial statements

for the year ended 31 December 2013 (continued)

46 EMOLUMENTS, EQUITY COMPENSATION BENEFITS AND RETAINERS

46.1 Directors' emoluments and related payments (continued)

	Date appointed	Salaries R000	Post-employment benefits R000
2012			
Executive directors			
RS Dabengwa	1/10/2001	8 405	1 072
NI Patel	27/11/2009	5 030	640
Total		13 435	1 712

*Includes medical aid and unemployment insurance fund.

**Pre-tax gains and post-brokerage cost on share appreciation rights

	Date appointed	Retainer R000
Non-executive directors		
MC Ramaphosa	1/10/2001	973
KP Kalyan	13/6/2006	270

December 2013

Financial statements

PROFITS AND DEALINGS IN ORDINARY SHARES (continued)

Costs R00	Other benefits* R000	Bonuses R000	Sub-total R000	Share gains** R000	Total R000
78	600	13 456	23 539	–	23 539
45	1 742	6 431	13 848	–	13 848
23	2 342	19 887	37 387	–	37 387

* scheme and share rights plan.

Attendance# R000	Special board R000	Special projects R000	Ad hoc work R000	Total R000
550	400	–	–	1 923
418	209	–	–	897

AT Mikati*†	18/7/2006	839
MJN Njeke	13/6/2006	279
JHN Strydom	11/3/2004	319
AF van Biljon	1/11/2002	280
J van Rooyen	18/7/2006	333
MLD Marole	1/1/2010	252
NP Mageza	1/1/2010	304
A Harper*	1/1/2010	854
F Titi	1/7/2012	96

Sub-total non-executive directors		4 799
--	--	-------

* Fees have been paid in Euro.

† Fees are paid to M1 Limited.

Retainer and attendance fees include fees for board and committee

585	402	–	–	1 826
316	192	–	–	787
508	210	109	10	1 156
402	210	145	–	1 037
498	250	91	58	1 230
411	210	55	–	928
492	210	109	58	1 173
593	403	35	–	1 885
174	87	18	–	375
4 947	2 783	562	126	13 217

25.

Notes to the Group annual financial statements

for the year ended 31 December 2013 (continued)

46 EMOLUMENTS, EQUITY COMPENSATION BENEFITS AND POST-EMPLOYMENT BENEFITS

46.2 Prescribed officers' emoluments and related payments

for the year ended 31 December 2013

	Salaries R000	Post- employment benefits R000
Prescribed officers		
JA Desai	6 957	790
PD Norman	4 041	518
C de Faria	517	52
A Farroukh	6 853	685
KL Shuenyane	1 946	249
S Fakie	3 013	400
KW Pienaar	4 356	558
BD Goschen	3 310	274
P Verkade	3 402	340
Z Bulbulia	2 057	264
M Ikpoki	2 603	201
Total	39 055	4 331

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PROFITS AND DEALINGS IN ORDINARY SHARES (continued)

cents

Other benefits R000	Bonuses R000	Sub-total R000	Share gains R000	Total R000
1 791	10 178	19 716	–	19 716
251	4 501	9 311	–	9 311
2 353	–	2 922	–	2 922
932	6 982	15 452	–	15 452
869	–	3 064	–	3 064
142	4 171	7 726	3 530	11 256
210	3 637	8 761	–	8 761
65	3 528	7 177	–	7 177
794	3 763	8 299	–	8 299
419	–	2 740	4 925	7 665
1 053	2 411	6 268	3 032	9 300
8 879	39 171	91 436	11 487	102 923

	Salaries R000	Post- employment benefits R000
Prescribed officers		
JA Desai	5 634	853
I Sehoole [†]	930	119
PD Norman	3 809	488
C de Faria	5 633	563
J Ramadan [#]	1 156	–
A Farroukh	6 104	–
KL Shuenyane	3 722	477
S Fakie	2 834	377
KW Pienaar	4 104	526
BD Goschen	5 045	546
Total	38 971	3 949

[†] Withdrawn 31 March 2012.

[#] Retired 31 March 2012.

8679 33 171 31 130 11 107 102 723

ents

Other benefits R000	Bonuses R000	Sub-total R000	Share gains R000	Total R000
1 149	6 256	13 892	–	13 892
68	–	1 117	–	1 117
426	4 201	8 924	1 804	10 728
16	5 712	11 924	–	11 924
31 744	–	32 900	–	32 900
142	6 788	13 034	–	13 034
261	3 555	8 015	–	8 015
338	3 200	6 749	–	6 749
284	4 377	9 291	5 147	14 438
124	3 095	8 810	–	8 810
34 552	37 184	114 656	6 951	121 607

Notes to the Group annual financial statements

for the year ended 31 December 2013 (continued)

46 EMOLUMENTS, EQUITY COMPENSATION BENEFITS AND SHARE-BASED PAYMENTS

46.3 Equity compensation benefits for executive directors under the share option scheme

Offer date	Strike price R	Vesting date	31 December 2013
RS Dabengwa			
1/12/2003	27,00	1/12/2007	100,000
1/12/2003	27,00	1/12/2007	100,000
1/12/2003	27,00	1/12/2008	100,000
Total			
Z Bulbulia			
1/12/2003	27,00	1/12/2005	100,000
1/12/2003	27,00	1/12/2006	100,000
1/12/2003	27,00	1/12/2007	100,000
1/12/2003	27,00	1/12/2008	100,000
Total			

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PROFITS AND DEALINGS IN ORDINARY SHARES (continued)

for and directors of major subsidiaries in respect of the

Number outstanding at December 2012	Exercised 2013	Exercise date	Exercise price R	Number outstanding at 31 December 2013
2 770	(2 770)	13/6/2013	172,10	–
41 000	(41 000)	14/6/2013	177,32	–
87 330	(87 330)	13/6/2013	172,10	–
131 100	(131 100)			–
4 940	(4 940)	14/6/2013	177,05	–
4 940	(4 940)	14/6/2013	177,05	–
7 410	(7 410)	14/6/2013	177,05	–
7 410	(7 410)	14/6/2013	177,05	–
24 700	(24 700)			–

46.4 Equity compensation benefits for executive directors under the share appreciation rights and share rights scheme

Offer date	Strike price R	Vesting date	31 Dec 2013
Z Bulbulia			
19/3/2008	126,99	19/3/2010	
19/3/2008	126,99	19/3/2011	
19/3/2008	126,99	19/3/2012	
19/3/2008	126,99	19/3/2013	
Total			
RS Dabengwa			
31/5/2006	56,83	30/11/2008	
31/5/2006	56,83	30/11/2009	
31/5/2006	56,83	30/11/2010	
21/11/2006	71,00	21/11/2008	
21/11/2006	71,00	21/11/2009	
21/11/2006	71,00	21/11/2010	
21/11/2006	71,00	21/11/2011	
19/3/2008	126,99	19/3/2010	
19/3/2008	126,99	19/3/2011	
19/3/2008	126,99	19/3/2012	
19/3/2008	126,99	19/3/2013	
Total			

Number outstanding at December 2012	Exercised 2013	Exercise date	Exercise price R	Number outstanding at 31 December 2013
4 920	(4 920)	14/6/2013	179,82	–
4 920	(4 920)	14/6/2013	179,82	–
7 380	(7 380)	14/6/2013	179,82	–
7 380	(7 380)	14/6/2013	179,82	–
24 600	(24 600)			–
13 920	–	–	–	13 920
26 440	–	–	–	26 440
40 440	–	–	–	40 440
8 680	–	–	–	8 680
8 680	–	–	–	8 680
13 020	–	–	–	13 020
13 020	–	–	–	13 020
14 440	–	–	–	14 440
14 440	–	–	–	14 440
21 660	–	–	–	21 660
21 660	–	–	–	21 660
196 400	–			196 400

Notes to the Group annual financial statements

for the year ended 31 December 2013 (continued)

46 EMOLUMENTS, EQUITY COMPENSATION BENEFITS AND SHARE APPRECIATION RIGHTS

46.4 Equity compensation benefits for executive directors and share appreciation rights and share rights scheme

Offer date	Strike price R	Vesting date	Outstanding at 31 December 2013
AR Bing			
31/5/2006	56,83	30/11/2010	
21/11/2006	71,00	21/11/2010	
21/11/2006	71,00	21/11/2011	
22/6/2007	96,00	22/6/2011	
22/6/2007	96,00	22/6/2012	
Total			
NI Patel			
22/6/2007	96,00	22/6/2009	
22/6/2007	96,00	22/6/2010	
22/6/2007	96,00	22/6/2011	

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PROFITS AND DEALINGS IN ORDINARY SHARES (continued)

Directors and directors of major subsidiaries in respect of the shares (continued)

Number outstanding at December 2012	Exercised 2013	Exercise date	Exercise price R	Number outstanding at 31 December 2013
4 860	—	—	—	4 860
960	—	—	—	960
960	—	—	—	960
6 330	—	—	—	6 330
6 330	—	—	—	6 330
19 440	—			19 440
2 420	(2 420)	15/8/2013	196,08	—
2 420	(2 420)	15/8/2013	196,08	—
3 630	(3 630)	15/8/2013	196,08	—

22/6/2007	96,00	22/6/2012
Total		
S Fakie		
1/1/2007	85,30	1/1/2012
Total		
BD Goschen		
19/3/2008	126,99	19/3/2010
19/3/2008	126,99	19/3/2011
19/3/2008	126,99	19/3/2012
19/3/2008	126,99	19/3/2013
Total		
P Sibiya		
28/6/2010	107,49	28/6/2011
28/6/2010	107,49	28/6/2012
28/6/2010	107,49	28/6/2013
28/6/2010	107,49	28/6/2014
Total		

3 630	(3 630)	15/8/2013	196,08	–
12 100	(12 100)			–
31 380	(31 380)	30/9/2013	197,10	–
31 380	(31 380)			–
12 260	–	–	–	12 260
12 260	–	–	–	12 260
18 390	–	–	–	18 390
18 390	–	–	–	18 390
61 300	–			61 300
5 800	–	–	–	5 800
5 800	–	–	–	5 800
8 700	–	–	–	8 700
8 700	–	–	–	8 700
29 000	–			29 000

Notes to the Group annual financial statements

for the year ended 31 December 2013 (continued)

46 EMOLUMENTS, EQUITY COMPENSATION BENEFITS FOR EXECUTIVE DIRECTORS 46.5 *Equity compensation benefits for executive directors in respect of the performance share plan*

Offer date

PD Norman

29/6/2011	3
29/12/2011	2
28/12/2012	2
20/12/2013	1

Total

Z Bulbulia

29/6/2011	3
29/12/2011	2
28/12/2012	2
20/12/2013	1

Total

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PROFITS AND DEALINGS IN ORDINARY SHARES (continued) *for, prescribed officers and directors of major subsidiaries*

Vesting date	Offered	Forfeited	Number outstanding at 31 December 2013
31/12/2013	36 500	—	36 500
29/12/2014	36 100	—	36 100
28/12/2015	30 600	—	30 600
29/12/2016	28 400	—	28 400
	131 600	—	131 600
31/12/2013	18 500	—	18 500
29/12/2014	15 300	—	15 300
28/12/2015	15 500	—	15 500
29/12/2016	24 500	—	24 500
	73 800	—	73 800

RS Dabengwa	
29/6/2011	3
29/12/2011	2
28/12/2012	2
20/12/2013	1

Total

KW Pienaar	
29/6/2011	3
29/12/2011	2
28/12/2012	2
20/12/2013	1

Total

AR Bing	
29/6/2011	3
29/12/2011	2
28/12/2012	2
20/12/2013	1

Total

NI Patel	
29/6/2011	3
29/12/2011	2
28/12/2012	2

Total

S Fakie	
29/6/2011	3
29/12/2011	2

Total

31/12/2013	107 800	–	107 800
30/09/12/2014	111 600	–	111 600
30/08/12/2015	94 600	–	94 600
30/09/12/2016	87 800	–	87 800
	401 800	–	401 800
31/12/2013	31 500	–	31 500
30/09/12/2014	24 200	–	24 200
30/08/12/2015	33 000	–	33 000
30/09/12/2016	30 600	–	30 600
	119 300	–	119 300
31/12/2013	20 600	–	20 600
30/09/12/2014	15 600	–	15 600
30/08/12/2015	14 900	–	14 900
30/09/12/2016	16 000	–	16 000
	67 100	–	67 100
31/12/2013	57 700	(57 700)	–
30/09/12/2014	57 000	(57 000)	–
30/08/12/2015	48 500	(48 500)	–
	163 200	(163 200)	–
31/12/2013	28 200	–	28 200
30/09/12/2014	18 609	–	18 609
	46 809	–	46 809

Notes to the Group annual financial statements

for the year ended 31 December 2013 (continued)

46 EMOLUMENTS, EQUITY COMPENSATION BENEFITS
46.5 Equity compensation benefits for executive directors
in respect of the performance share plan (continued)

Offer date

BD Goschen

29/12/2011	2
28/12/2012	2
20/12/2013	1

Total

I Sehoole[^]

29/6/2011	3
29/12/2011	2
28/12/2012	2

Total

KL Shuenyane[#]

29/12/2011	2
28/12/2012	

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PROFITS AND DEALINGS IN ORDINARY SHARES (continued)

for directors, prescribed officers and directors of major subsidiaries

Vesting date	Offered	Forfeited	Number outstanding at 31 December 2013
29/12/2014	22 300	–	22 300
28/12/2015	26 500	–	26 500
29/12/2016	43 700	–	43 700
	92 500	–	92 500
31/12/2013	37 300	(6 224)	31 076
29/12/2014	36 900	(17 357)	19 543
28/12/2015	29 500	(23 687)	5 813
	103 700	(47 268)	56 432
29/12/2014	35 300	(35 300)	–
28/12/2015	29 900	(29 900)	–

29/12/2012

Total

C de Faria[†]

29/6/2011

3

Total

A Farroukh

29/6/2011

3

29/12/2011

2

28/12/2012

2

20/12/2013

1

Total

JA Desai

29/6/2011

3

29/12/2011

2

28/12/2012

2

20/12/2013

1

Total

SB Mtshali*

29/6/2011

3

29/12/2011

2

28/12/2012

2

20/12/2013

1

Total

[^]Resigned 31 July 2013.

[#]Resigned 30 June 2013.

[†]Retired 31 January 2013.

* Company secretary of MTN Group Limited.

31/12/2013	29 900	(29 900)	–
	65 200	(65 200)	–
31/12/2013	45 200	(16 414)	28 786
	45 200	(16 414)	28 786
31/12/2013	44 600	–	44 600
30/9/12/2014	42 900	–	42 900
30/8/12/2015	40 800	–	40 800
30/9/12/2016	43 800	–	43 800
	172 100	–	172 100
31/12/2013	45 200	–	45 200
30/9/12/2014	43 600	–	43 600
30/8/12/2015	41 400	–	41 400
30/9/12/2016	44 400	–	44 400
	174 600	–	174 600
31/12/2013	6 500	–	6 500
30/9/12/2014	9 005	–	9 005
30/8/12/2015	6 400	–	6 400
30/9/12/2016	6 000	–	6 000
	27 905	–	27 905

Notes to the Group annual financial statements

for the year ended 31 December 2013 (continued)

46 EMOLUMENTS, EQUITY COMPENSATION BENEFITS AND OTHER BENEFITS 46.5 Equity compensation benefits for executive directors in respect of the performance share plan (continued)

Offer date

MML Mokoka[^]

29/6/2011	3
29/12/2011	2
28/12/2012	2
20/12/2013	1

Total

M Ikpoki

20/12/2013	1
------------	---

Total

P Sibiyi

20/12/2013	1
------------	---

Total

P Verkade

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EFFECTS AND DEALINGS IN ORDINARY SHARES (continued)
Directors, prescribed officers and directors of major subsidiaries
(continued)

Vesting date	Offered	Forfeited	Number outstanding at 31 December 2013
31/12/2013	5 300	—	5 300
29/12/2014	6 400	—	6 400
28/12/2015	5 800	—	5 800
29/12/2016	5 500	—	5 500
	23 000	—	23 000
29/12/2016	39 600	—	39 600
	39 600	—	39 600
29/12/2016	14 700	—	14 700
	14 700	—	14 700

P Verkaude	
29/12/2011	3
28/12/2012	2
20/12/2013	1

Total

**46.6 Directors', prescribed officers', company secretary of
of major subsidiaries shareholding and dealings in**

RS Dabengwa
NP Mageza
PD Norman^{#*}
KL Shuenyane^{#*}
MJN Njeke
BD Goschen[#]
KW Pienaar[#]
AR Bing[#]
Z Bulbulia[#]

Total

[^] Company secretary of Mobile Telephone Networks Proprietary Limited

^{*} Prescribed officer.

[#] Major subsidiary director.

1/06/2014	15 900	–	15 900
8/12/2015	13 200	–	13 200
9/12/2016	25 400	–	25 400
	54 500	–	54 500

*of the MTN Group and directors' and company secretaries'
n ordinary shares*

	December 2013	December 2012	Beneficial
	1 473 552	1 473 552	Direct
	400	400	Indirect
	266 002	266 002	Direct
	1 640	1 640	Direct
	10	10	Direct
	40 000	40 000	Direct
	455 261	498 522	Direct
	136 836	136 836	Direct
	–	40 000	Direct
	2 373 701	2 456 962	

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Notes to the Group annual financial statements

for the year ended 31 December 2013 (continued)

46 EMOLUMENTS, EQUITY COMPENSATION BENEFITS AND SHARE-BASED PAYMENTS

46.7 Directors', prescribed officers', company secretary and other key management personnel of major subsidiaries shareholding relating to MTN Group Limited

The following persons, being directors of MTN Group Limited, were allocated the following number of MTN Group Limited shares.

Beneficiary

PF Nhleko
MC Ramaphosa
KP Kalyan
MLD Marole
MJN Njeke
NP Mageza
SB Mtshali
F Jakoet
CWN Molope
F Titi
SA Fakie

Total

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INTERESTS AND DEALINGS IN ORDINARY SHARES (continued)

of the MTN Group and directors' and company secretaries' V Zakhele

MTN Group Limited and its major subsidiaries and the company secretary, have no shares which has a shareholding in MTN Group Limited

Nature of interest	Shares
Direct beneficial	2 010 700
Indirect beneficial	9 367 465
Direct beneficial	27 700
Direct beneficial	15 700
Direct beneficial	6 700
Indirect beneficial	51 420
Indirect beneficial	6 500
Direct beneficial	30 700
Direct beneficial	1 000
Indirect beneficial	15 500
Direct beneficial	1 000
	11 534 385

Subsidiaries in which MTN Group Limited has a direct and indirect interest	Principal
MTN Afghanistan Limited	Telecom
Spacetel Benin SA	Telecom
MTN Business Solutions Botswana Proprietary Limited	Internet s provider
Easy Dial International Limited	Holding o
Interserve Overseas Limited	Internatio
Investcom Consortium Holding S.A.	Holding o
Investcom Global Limited	Managing company
Investcom International Limited	Dormant
Investcom Mobile Benin Limited	Holding o
Investcom Mobile Communications Limited	Holding o
Investcom Telecommunications Afghanistan Limited	Holding o
Investcom Telecommunications Guinea (Conakry) Limited	Holding o
Investcom Telecommunications Yemen Limited	Telecom
Starcom Global Limited	Holding o
Mobile Telephone Networks Cameroon Limited	Network
MTN Network Solutions Limited	Internet s provider

activity	Place of incorporation	Effective % interest in issued ordinary share capital	
		2013	2012
communications	Afghanistan	100	90,9
communications	Benin	75	75
service	Botswana	80	80
company	British Virgin Islands	99	99
onal business	British Virgin Islands	99	99
company	British Virgin Islands	99	99
g and holding	British Virgin Islands	99	99
company	British Virgin Islands	99	99
company	British Virgin Islands	99	99
company	British Virgin Islands	100	100
company	British Virgin Islands	100	100
company	British Virgin Islands	99	99
communications	British Virgin Islands	100	100
company	British Virgin Islands	89	89
operator	Cameroon	70	70
service	Cameroon	70	70

Notes to the Group annual financial statements

for the year ended 31 December 2013 (continued)

47 INTERESTS IN SUBSIDIARY COMPANIES (continued)

Subsidiaries in which MTN Group Limited has a direct and indirect interest	Principal activity
Afnet	Internet service provider
Arobase	Fixed line
MTN Côte d'Ivoire S.A.	Network
MTN Cyprus Limited	Telecom
MTN ICT Services PLC	ICT services
Easynet Search Limited	Internet service provider
Scancom Limited	Telecom
Areeba Guinea S.A.	Telecom
Spacetel Guinea-Bissau S.A.	Telecom
MTN Business Limited (Kenya)	Internet service provider
MTN Business Kenya Limited	Internet service provider

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activity	Place of incorporation	Effective % interest in issued ordinary share capital	
		2013	2012
service			
	Côte d'Ivoire	66,83	67,7
operator	Côte d'Ivoire	66,83	67,7
operator	Côte d'Ivoire	66,83	67,7
munications	Cyprus	100	50
ce provider	Ethiopia	99,9	99,9
service			
	Ghana	99,6	99,6
munications	Ghana	97,7	97,7
munications	Guinea	75	75
munications	Guinea-Bissau	100	100
service			
	Kenya	70	42
service			
	Kenya	70	42

Inteltec Offshore SAL	Maintenanc
Servico SAL	engineer
	Maintenanc
	engineer
Lonestar Communications Corporation LLC	Telecom
Econet Wireless Citizens Limited	Investme
	company
Mobile Botswana Limited	Investme
	company
MTN International (Mauritius) Limited	Investme
	company
Satalite Data Networks Mauritius Proprietary Limited	Internet s
	provider
MTN Business Solutions Namibia Proprietary Limited	Internet s
	provider
MTN (Netherlands) Co-Op UA	Holding c
MTN (Netherlands) BV	Holding c
MTN NIC BV	Holding c
Electronic Funds Transfer Operations Nigeria Limited	Virtual air
MTN Nigeria Communications Limited	Network
XS Broadband Limited	Telecom
Galactic Engineering Projects SA	Holding c
Vernis Associates SA	Holding c
MTN Congo S.A.	Network
MTN Rwandacell Limited	Network
Aconcagua 11 Proprietary Limited	Property

ing services	Lebanon	99,8	99,8
nce and ing services	Lebanon	99,97	99,97
munications	Liberia	60	60
nt holding /	Mauritius	82,8	82,8
nt holding /	Mauritius	100	100
nt holding /	Mauritius	100	100
service	Mauritius	100	60
service	Namibia	100	100
company	Netherlands	100	100
company	Netherlands	100	100
company	Netherlands	100	100
time	Nigeria	50	50
operator	Nigeria	78,83	78,83
munications	Nigeria	78,83	78,83
company	Panama	78	78
company	Panama	100	100
operator	Republic of the Congo	100	100
operator	Rwanda	80	80
holding	South Africa	100	100

Notes to the Group annual financial statements

for the year ended 31 December 2013 (continued)

47 INTERESTS IN SUBSIDIARY COMPANIES (continued)

Subsidiaries in which MTN Group Limited has a direct and indirect interest	Principal activity
Cell Place Proprietary Limited	Cellular data services
iTalk Cellular Proprietary Limited	Service provider
Mobile Telephone Networks Proprietary Limited	Network operator
Mobile Telephone Networks Holdings Proprietary Limited	Investment holding company
MTN Business Solutions Proprietary Limited	Internet service provider
MTN Group Management Services Proprietary Limited	Management services
MTN International Proprietary Limited	Investment holding company
MTN Network Solutions Proprietary Limited	Internet service provider
MTN Propco Proprietary Limited	Property holding
MTN Service Provider Proprietary Limited ¹	Dormant company

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activity	Place of incorporation	Effective % interest in issued ordinary share capital	
		2013	2012
dealership	South Africa	100	100
provider	South Africa	100	100
operator	South Africa	100	100
ent holding	South Africa	100	100
y	South Africa	100	100
service	South Africa	100	100
ment services	South Africa	100	100
ent holding	South Africa	100	100
y	South Africa	100	100
service	South Africa	100	100
holding	South Africa	100	100
company	South Africa	100	100

MTN Service Provider Proprietary Limited	Dormant
MTN Treasury Limited	Treasury
Satellite Data Networks Proprietary Limited	Dormant
MTN Sudan Company Limited	Network
MTN South Sudan Limited	Network
MTN Syria (JSC)	Telecom
MTN (Dubai) Limited	Holding
Fourteenth Avenue Investment Holding Limited	Holding
Global Sourcing Company LLC	Procurem
Global Trading Company LLC	Procurem
MTN Investments Limited	Procurem
Telecom Sourcing Services FZ-LLC	Procurem
MTN Publicom Limited	Payphone
MTN Uganda Limited	Network
MTN SEA Shared Services Limited	Shared se
Spacotel International Limited	Dormant
MTN Yemen	Telecom
Munyati Buffalo Zambia Limited	Structure
Cotel Holdings Limited	Investme company
MTN (Zambia) Limited	Network
MTN Business Solutions Limited (Zambia)	Internet s provider
MTN Mobile Money Limited	Wireless b services

¹ The operation has been restructured in 2013 and forms part of Mobil

company	South Africa	100	100
company	South Africa	100	–
company	South Africa	100	100
operator	Sudan	85	85
operator	South Sudan	100	–
munications	Syria	75	75
company	UAE	100	100
company	UAE	100	100
ent company	UAE	100	–
ent company	UAE	100	–
ent company	UAE	100	–
ent company	UAE	100	–
e services	Uganda	96	96
operator	Uganda	96	96
services hub	Uganda	100	100
company	United Kingdom	100	100
munications	Yemen	82,8	82,8
d entity	Zambia	100	100
nt holding			
/	Zambia	100	100
operator	Zambia	86	86
service			
	Zambia	80	48
banking			
	Zambia	86	86

le Telephone Networks Proprietary Limited.

Notes to the Group annual financial statements

for the year ended 31 December 2013 (continued)

48 RESTATEMENTS

Interest in joint ventures

IFRS 11 requires equity accounting of joint ventures instead of the proportional consolidation accounting. Previously, the Group proportionally consolidated its share of the assets, liabilities, income and expenses of its joint ventures in its financial statements.

Under the equity method, the investment in the joint venture is recognised at cost and the amount is increased or decreased to recognise the share of the joint venture's comprehensive income of the joint venture after the investment. The share of the joint venture is recognised in a single line item in the consolidated financial statements.

The Group has applied the new policy for interests in joint ventures from the beginning of 2013 in accordance with IFRS 11. The change in accounting policy has been applied retrospectively to the investment in joint ventures at the beginning of the year. The carrying amounts of the assets and liabilities previously recognised under the proportional consolidation method are deemed to be the deemed cost of the Group's investments in its joint ventures at the beginning of 2013. See note 14 for the Group's revised accounting policy.

The change from proportional consolidation to equity method has resulted in a decrease in liability, income, expense and cash flow line items with respect to joint ventures.

The impact of the application of IFRS 11 on the Group's financial statements is as follows:

December 2013

Financial statements

es and eliminates the proportional consolidation option of consolidated all joint ventures which entailed that it included its s of the jointly controlled entity on a line-by-line basis in its

joint venture is initially recognised at cost and the carrying Group's share of the profit or loss and movements in other e date of acquisition. The Group's share of the profit or loss of n profit or loss under the equity method.

n joint ventures in accordance with the transition provisions een applied from 1 January 2012. The Group recognised its earliest period presented (1 January 2012), as the net of the ously proportionately consolidated by the Group. This is the ventures for purposes of applying equity accounting. Refer to

equity accounting resulted in a reduction in individual asset, th no impact on equity or profit attributable to equity holders.

up's financial results is disclosed below.

Revenue

Other income

Direct network operating costs

Costs of handsets and other accessories

Interconnect and roaming

Staff costs

Selling, distribution and marketing expenses

Other operating expenses

Reversal of impairment of property, plant and equipment

Impairment of property, plant and equipment

EBITDA

Depreciation of property, plant and equipment

Amortisation of intangible assets

Operating profit

Finance income

Finance costs

Share of results of associates and joint ventures after

Profit before tax

Income tax expense

Profit after tax

31 December 2012

	Previously reported Rm	Adjustments required in accordance with IFRS 11 Rm	Restated Rm
	135 112	(13 245)	121 867
	894	–	894
	(20 464)	4 276	(16 188)
	(9 789)	199	(9 590)
	(15 041)	1 787	(13 254)
	(7 775)	241	(7 534)
	(16 052)	421	(15 631)
	(8 359)	394	(7 965)
ment	59	–	59
	(21)	–	(21)
	58 564	(5 927)	52 637
	(14 860)	1 069	(13 791)
	(2 386)	225	(2 161)
	41 318	(4 633)	36 685
	5 966	(1 289)	4 677
	(10 123)	1 656	(8 467)
tax	(180)	3 188	3 008
	36 981	(1 078)	35 903
	(12 913)	1 078	(11 835)
	24 068	–	24 068

Notes to the Group annual financial statements

for the year ended 31 December 2013 (continued)

48 RESTATEMENTS (continued) Group statement of financial position

	31 December 2013	31 December 2012
	Previously reported Rm	As previously reported Rm
ASSETS		
Non-current assets	121 097	121 097
Property, plant and equipment	77 485	77 485
Intangible assets and goodwill	33 935	33 935
Investment in associates and joint ventures	1 765	1 765
Loans and other non-current receivables	6 475	6 475
Deferred tax assets	1 437	1 437
Current assets	60 287	60 287
Non-current assets held for sale	1 373	1 373
Inventories	58 914	58 914
Prepaid expenses and other receivables	2 503	2 503

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31 December 2012			1 January 2012	
Adjustments required in accordance with IFRS 11 Rm	Restated Rm	Previously reported Rm	Adjustments required in accordance with IFRS 11 Rm	Restated Rm
(898)	120 199	113 787	(3 732)	110 055
(3 580)	73 905	71 610	(6 696)	64 914
(1 341)	32 594	34 540	(1 868)	32 672
2 880	4 645	2 681	3 678	6 359
1 289	7 764	3 672	1 409	5 081
(146)	1 291	1 284	(255)	1 029
(4 412)	55 875	67 621	(3 603)	64 018
–	1 373	820	–	820
(4 412)	54 502	66 801	(3 603)	63 198
(46)	2 547	2 620	(60)	2 561

inventories	2 593
Trade and other receivables	17 523
Taxation prepaid	556
Current investments	7 074
Derivative assets	191
Restricted cash	5 277
Cash and cash equivalents	25 700
Total assets	181 384

(46)	2 547	2 629	(68)	2 561
(879)	16 644	17 916	(1 155)	16 761
(1)	555	415	(6)	409
(489)	6 585	9 480	(215)	9 265
–	191	9	–	9
(5)	5 272	546	(20)	526
(2 992)	22 708	35 806	(2 139)	33 667
(5 310)	176 074	181 408	(7 335)	174 073

Notes to the Group annual financial statements

for the year ended 31 December 2013 (continued)

48 RESTATEMENTS (continued) *Group statement of financial position* (continued)

	31 December 2013	31 December 2012
		Previously reported Rm
EQUITY		
Ordinary share capital and share premium	42 593	
Retained earnings	62 247	
Other reserves	(15 834)	
Attributable to equity holders of the Company	89 006	
Non-controlling interests	3 881	
Total equity	92 887	
LIABILITIES		
Non-current liabilities	33 307	

December 2013

Financial statements

December 2012			1 January 2012		
Adjustments required in accordance with IFRS 11 Rm	Restated Rm	Previously reported Rm	Adjustments required in accordance with IFRS 11 Rm	Restated Rm	
–	42 593	44 678	–	44 678	
–	62 247	56 567	–	56 567	
–	(15 834)	(12 348)	–	(12 348)	
–	89 006	88 897	–	88 897	
–	3 881	3 802	–	3 802	
–	92 887	92 699	–	92 699	
(594)	32 713	33 392	(674)	32 718	

Borrowings	21 742
Deferred tax liabilities	8 782
Other non-current liabilities	2 320
Provisions	461
Derivative liabilities	2
Current liabilities	55 190
Trade and other payables	25 915
Unearned income	7 011
Provisions	4 017
Taxation liabilities	7 227
Borrowings	10 621
Derivative liabilities	14
Put option liabilities	216
Bank overdrafts	169
Total liabilities	88 497
Total equity and liabilities	181 384

(420)	21 322	23 554	(415)	23 139
(71)	8 711	8 036	(70)	7 966
(58)	2 262	1 802	(189)	1 613
(45)	416	–	–	–
–	2	–	–	–
(4 716)	50 474	55 317	(6 661)	48 656
(3 758)	22 157	25 054	(4 693)	20 361
(407)	6 604	7 330	(685)	6 645
(86)	3 931	3 252	(132)	3 120
(437)	6 790	9 037	(758)	8 279
(28)	10 593	9 869	(393)	9 476
–	14	4	–	4
–	216	178	–	178
–	169	593	–	593
(5 310)	83 187	88 709	(7 335)	81 374
(5 310)	176 074	181 408	(7 335)	174 073

Notes to the Group annual financial statements

for the year ended 31 December 2013 (continued)

48 **RESTATEMENTS** (continued) *Group statement of cash flows*

CASH FLOWS FROM OPERATING ACTIVITIES

Cash generated from operations

Finance income received

Finance costs paid

Income tax paid

Dividends paid to equity holders of the Company

Dividends paid to non-controlling interests

Dividends received from associates

Dividends received from joint ventures

Net cash generated from operating activities

CASH FLOWS FROM INVESTING ACTIVITIES

Acquisition of property, plant and equipment

Financial statements

31 December 2012		
Previously reported Rm	Adjustments required in accordance with IFRS 11 Rm	Restated Rm
57 856	(6 751)	51 105
3 075	(43)	3 032
(3 768)	43	(3 725)
(14 303)	896	(13 407)
(14 919)	–	(14 919)
(3 018)	–	(3 018)
155	–	155
–	839	839
25 078	(5 016)	20 062
(22 572)	1 831	(20 741)

– to maintain operations
– to expand operations
Proceeds from sale of property, plant and equipment and intangible assets
Acquisition of intangible assets
Loans receivable granted
Increase in investment in associates
Proceeds from bonds, treasury bills and foreign deposits
Proceeds on sale of towers
Advance received on sale of towers
Increase in restricted cash

Net cash used in investing activities

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from the issuance of ordinary shares
Acquisition of treasury shares
Net cash outflows from changes in shareholding
Proceeds from borrowings
Repayment of borrowings
Other financing activities

Net cash used in financing activities

Net decrease in cash and cash equivalents
Cash and cash equivalents at beginning of the year
Exchange losses on cash and cash equivalents

Cash and cash equivalents at end of the year

	(203) (22 369)	– 1 831	(203) (20 538)
t	235 (3 250)	(3) 178	232 (3 072)
	(515)	(2)	(517)
	(360)	–	(360)
osits	1 968	843	2 811
	1 405	–	1 405
	158	–	158
	(4 128)	–	(4 128)
	(27 059)	2 847	(24 212)
	3 (2 088)	– –	3 (2 088)
	(177)	–	(177)
	11 108	(15)	11 093
	(14 552)	498	(14 054)
	(53)	(4)	(57)
	(5 759)	479	(5 280)
	(7 740)	(1 690)	(9 430)
	35 213	(2 139)	33 074
	(1 942)	837	(1 105)
	25 531	(2 992)	22 539

Company statement of comprehensive income

for the year ended 31 December 2013

Finance income
Finance costs
Management fees received
Operating expenses

Profit before tax

Income tax recovery/(expense)

Total comprehensive income after tax attributable to the equity holders of the Company

Company statement of financial position

at 31 December 2013

December 2013

Comprehensive income

Note	2013 Rm	2012 Rm
1	16 520	11 456
1	(3)	(5)
	86	68
2	(154)	(129)
	16 449	11 390
3	20	(897)
equity holders	16 469	10 493

Financial position

ASSETS***Non-current assets***

Investment in subsidiaries

Deferred tax asset

Current assets

Trade and other receivables

Cash and cash equivalents

Total assets

SHAREHOLDERS' EQUITY

Ordinary share capital and share premium

Retained earnings

Reserves

Total equity

LIABILITIES***Non-current liabilities***

Deferred tax liability

Current liabilities

Taxation liability

Trade and other payables

Total liabilities

Total equity and liabilities

Note	2013 Rm	2012 Rm
	23 715	23 708
4	23 708	23 708
	7	–
	334	270
5	174	136
6	160	134
	24 049	23 978
7	45 616	45 611
	(23 387)	(23 451)
	1 662	1 662
	23 891	23 822
	–	1
	158	155
8	39	21
	119	134
	158	156
	24 049	23 978

Company statement of change

for the year ended 31 December 2013

	Share capital Rm
Balance at 1 January 2012	*
Shares issued during the year	*
Shares cancelled	*
Total comprehensive income	—
Dividends declared	—
Balance at 31 December 2012	*
Balance at 1 January 2013	*
Shares issued during the year	*
Total comprehensive income	—
Dividends declared	—
Balance at 31 December 2013	*
Note	7

¹ Share-based payment reserve.

* Amounts less than R1 million.

ges in equity

Share premium Rm	Retained earnings Rm	Reserves ¹ Rm	Total Rm
45 608	(18 921)	1 662	28 349
3	–	–	3
–	–	–	*
–	10 493	–	10 493
–	(15 023)	–	(15 023)
45 611	(23 451)	1 662	23 822
45 611	(23 451)	1 662	23 822
5	–	–	5
–	16 469	–	16 469
–	(16 405)	–	(16 405)
45 616	(23 387)	1 662	23 891

Company statement of cash f

for the year ended 31 December 2013

CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES

Cash utilised in operations

Finance income received

Income tax refunded/(paid)

Dividends paid

Dividends received

Net cash generated from/(utilised in) operating activities

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from the issuance of ordinary shares

Net cash generated from financing activities

Net increase/(decrease) in cash and cash equivalents

Cash and cash equivalents at beginning of year

Cash and cash equivalents at end of year

Note	2013 Rm	2012 Rm
9	(145)	(116)
	19	93
10	29	(907)
	(16 382)	(15 023)
	16 500	11 360
	21	(4 593)
	5	3
	5	3
	26	(4 590)
	134	4 724
6	160	134

Notes to the Company annual financial statements

for the year ended 31 December 2013

1 FINANCE INCOME AND FINANCE COSTS

Finance income

Finance income comprises interest income on financial assets and dividend income. Interest income is recognised as it accrues in profit or loss. Dividend income is recognised when the right to receive payment is established.

Finance costs

Refer to note 7 of the Group annual financial statements for details.

Interest income
Foreign exchange gains
Dividend income

Finance income

Interest on borrowings
Foreign exchange losses

Finance costs

Net finance income recognised in profit or loss
--

December 2013

Financial statements

Assets invested, dividend income and foreign exchange gains.
or loss, using the effective interest method. Dividend income
established.

ments for the applicable accounting policy.

	2013 Rm	2012 Rm
	19	93
	1	3
	16 500	11 360
	16 520	11 456
	(2)	(1)
	(1)	(4)
	(3)	(5)
	16 517	11 451

2

OPERATING EXPENSES

The following disclosable items have been included

Directors' emoluments

Fees paid for services

– Professional fees

– Management fees (note 11)

Auditors' remuneration

– Audit fees

– Fees for other services

3

INCOME TAX EXPENSE

Refer to note 8 of the Group annual financial statement

Secondary tax on companies (STC)

Normal tax

– Current year

– Adjustments in respect of the prior year

Deferred tax

South African normal taxation is calculated at 28% (2019: 28%)

in operating expenses:		
	(16)	(13)
	(87)	(87)
	(9)	(25)
	(78)	(62)
	(6)	(5)
	(5)	(3)
	(1)	(2)

ments for the applicable accounting policy.

	2013 Rm	2012 Rm
	–	(898)
	12	1
	12	(18)
	–	19
	8	–
	20	(897)

2012: 28%) of the estimated taxable income for the year.

Notes to the Company annual

for the year ended 31 December 2013 (continued)

3 INCOME TAX EXPENSE (continued)

Tax rate reconciliation

The charge for the year can be reconciled to the effective tax rate in South Africa as follows:

Tax at statutory tax rate

Income not subject to tax

Effect of STC

Effect of normal tax adjustments in respect of the prior year

4 INVESTMENT IN SUBSIDIARIES

Refer to note 1.3.1 of the Group annual financial statements

Total interest in subsidiary Mobile Telephone Network
Proprietary Limited

Total interest in MTN Group Management Services P

l financial statements

	2013 %	2012 %
ective rate of taxation in		
	28	28
	(28,1)	(27,9)
	–	7,9
ior year	–	(0,1)
	(0,1)	7,9

statements for the applicable accounting policy.

	2013 Rm	2012 Rm
arks Holdings		
	23 651	23 651
roprietary Limited	57	57

Total interest in subsidiary companies

**Amounts less than R1 million.*

5 TRADE AND OTHER RECEIVABLES

Refer to note 19 of the Group annual financial state

Trade receivables due from related parties
Prepayments and other receivables
Sundry debtors and advances

6 CASH AND CASH EQUIVALENTS

Refer to note 23 of the Group annual financial state

Cash at bank and on hand

	*	*
	57	57
	23 708	23 708

ements for the applicable accounting policy.

	2013 Rm	2012 Rm
	168	134
	3	2
	3	–
	174	136

ements for the applicable accounting policy.

	2013 Rm	2012 Rm
	160	134

Notes to the Company annual financial statements

for the year ended 31 December 2013 (continued)

7 ORDINARY SHARE CAPITAL

Refer to note 24 of the Group annual financial statements

Authorised
Issued (*fully paid up*)

In issue at beginning of the year
Options exercised and allotted
Shares cancelled

In issue at end of the year
Shares cancelled but not delisted at year end¹
Options – MTN Zakhele transaction²
Treasury shares³

In issue at end of the year – excluding Zakhele transaction

¹ The shares were delisted on 2 January 2014.

² Due to the call option over the notional vendor finance shares, these shares are shown in the share capital reconciliation in terms of IFRS and are shown as such in the share capital reconciliation.

³ Treasury shares are held by MTN Holdings Proprietary Limited and are shown as such in the share capital reconciliation.

December 2013

Financial statements

ements for the applicable accounting policy.

	2013 Number of shares	2012 Number of shares
	2 500 000 000	2 500 000 000
	1 873 278 848	1 883 484 324
	1 883 484 324	1 884 811 569
	173 160	193 780
	(10 378 636)	(1 521 025)
	1 873 278 848	1 883 484 324
	(1 065 166)	–
	(17 030 125)	(28 473 927)
	–	–
nsaction ²	1 855 183 557	1 855 010 397

the shares, although legally issued to MTN Zakhele, are not deemed to be issued in
on.

are therefore excluded in this reconciliation. Refer to note 24 of the Group annual

Share capital

Balance at beginning of the year
Additions
Shares cancelled

Balance at end of the year

Share premium

Balance at beginning of the year
Options exercised

Balance at end of the year

** Amounts less than R1 million.*

8 TRADE AND OTHER PAYABLES

Refer to note 30 of the Group annual financial statements

Payables due to related parties
Accrued expenses and other payables

	2013 Rm	2012 Rm
	*	*
	*	*
	*	*
	*	*
	45 611 5	45 608 3
	45 616	45 611

ements for the applicable accounting policy.

	2013 Rm	2012 Rm
	8	12
	111	122
	119	134

Notes to the Company annual

for the year ended 31 December 2013 (continued)

9 CASH UTILISED IN OPERATIONS

Profit before tax

Adjusted for:

Finance income (note 1)

Finance costs (note 1)

Other

Changes in working capital

Increase in trade and other receivables

(Decrease)/increase in trade and other payables

10 INCOME TAX PAID

Balance at beginning of the year

Amounts recognised in profit or loss (note 3)

Deferred tax income

Other

Balance at end of the year

l financial statements

	2013 Rm	2012 Rm
	16 449	11 390
	(16 520)	(11 456)
	3	5
	(1)	(1)
	(69)	(62)
	(76)	(54)
	(38)	(73)
	(38)	19
	(145)	(116)
	(21)	(31)
	20	(897)
	(8)	–
	(1)	–
	39	21

Refer to note 41 of the Group annual financial statements

Various transactions were entered into by the Company

The following is a summary of significant transactions and balances receivable at the reporting date:

Dividends paid

– Mobile Telephone Networks Holdings Proprietary

Dividends received

– Mobile Telephone Networks Holdings Proprietary

Management fees paid

– MTN Group Management Services Proprietary Limited

Management fees received

– MTN International Proprietary Limited

Professional fees paid

– MTN Group Management Services Proprietary Limited

Receivables

– Mobile Telephone Networks Holdings Proprietary

Directors

Details of directors' remuneration are disclosed in note 10

Shareholders

The principal shareholders of the Company are disclosed in note 11

	29	(907)
--	----	-------

ements for the applicable accounting policy.

pany during the period with related parties.

ions with related parties during the period and significant

	2013 Rm	2012 Rm
Limited	195	104
Limited	16 500	11 360
nited	(78)	(62)
	86	68
nited	(33)	(11)
Limited	151	121

ote 2 of the Company annual financial statements.

losed in Annexure 1.

Notes to the Company annual financial statements

for the year ended 31 December 2013 (continued)

12 CONTINGENT LIABILITIES AND COMMITMENTS

Refer to notes 33 to 37 of the Group annual financial statements.

The Company does not have any contingent liabilities.

13 FINANCIAL GUARANTEE CONTRACTS

A financial guarantee contract is a contract that requires the holder to compensate the holder for a loss it incurs because a specified debt instrument is not repaid in full in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Company are subsequently measured at the higher of:

- the amount of the obligation under the contract, less any impairment losses; and
- the amount initially recognised less, where appropriate, with IAS 18 *Revenue*.

The Company, along with other subsidiaries, has guaranteed the banking facilities of Mobile Telephone Networks Holdings Limited. The Company will make payments to reimburse the bank for payments when due.

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Financial statements

Financial statements for the applicable accounting policy.

Assets and commitments at year end.

requires the issuer to make specified payments to reimburse the lender if the debtor fails to make payments when due in accordance with the terms of the guarantee.

The bonds are initially measured at their fair values and are subsequently measured at amortised cost, as determined in accordance with IAS 37 *Provisions, Liabilities and Contingencies*. Appropriate, cumulative amortisation recognised in accordance with IAS 37 *Provisions, Liabilities and Contingencies*.

The bonds are guaranteed by the parent company, which has provided a guarantee to the lenders upon failure of the guaranteed entity to make payments when due in accordance with the terms of the guarantee.

Bond guarantees

Bonds* and commercial paper

Syndicated and other loan facilities

ZAR long-term loan

US\$ long-term loan

General banking facilities

ZAR facilities

**These bonds are listed on the Bond Exchange of South Africa.*

In addition, the Company has provided unrestricted Mobile Telephone Networks Holdings Proprietary Limited, MTN International Proprietary Limited, MTN Service Provider Proprietary Limited, MTN International Proprietary Limited, MTN Service Provider Proprietary Limited.

Face value		Drawn down balance	
2013 Rm	2012 Rm	2013 Rm	2012 Rm
10 000	10 000	5 053	7 192
8 514	8 512	6 249	4 254
14 198	11 429	–	–
2 750	2 750	1 105	502
35 462	32 691	12 407	11 948

l suretyship with regards to the cash management facility of limited and suretyship to the amount of R5 850 million with e Networks Proprietary Limited, MTN International (Mauritius) Mobile Telephone Networks Holdings Proprietary Limited and

Notes to the Company annual

for the year ended 31 December 2013 (continued)

14 FINANCIAL RISK MANAGEMENT AND FINANCIAL

Refer to note 43 of the Group annual financial state

14.1 Categories of financial instruments

2013

Trade and other receivables
Cash and cash equivalents

Trade and other payables

2012

Trade and other receivables
Cash and cash equivalents

Trade and other payables

l financial statements

AL INSTRUMENTS

ements for the applicable accounting policy.

Loans and receivables Rm	Amortised cost Rm	Total ¹ carrying amount Rm	Fair value Rm
174	–	174	174
160	–	160	160
334	–	334	334
	119	119	119
136	–	136	136
134	–	134	134
270	–	270	270
	134	134	134

14.2 Credit risk

Refer to note 43.4 of the Group annual financial statements for details of how credit risk is managed.

The Company considers its maximum exposure per contract to be the carrying amount of the guarantees, to be as follows:

Cash and cash equivalents
Trade and other receivables

14.3 Liquidity risk

Refer to note 43.5 of the Group annual financial statements for details of how liquidity risk is managed.

The following liquid resources are available:

Cash and cash equivalents
Trade and other receivables

fair value.

statements for an explanation on credit risk and how it is

class, without taking into account any collateral and financial

	2013 Rm	2012 Rm
	160	134
	174	136
	334	270

statements for an explanation on liquidity risk and how it is

	2013 Rm	2012 Rm
	160	134
	174	136
	334	270

Notes to the Company annual financial statements

for the year ended 31 December 2013 (continued)

14 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

14.3 *Liquidity risk* (continued)

The following are the contractual maturities of financial liabilities

2013

Trade and other payables
– Accrued expenses and other payables
– Trade payables from related parties

2012

Trade and other payables
– Accrued expenses and other payables
– Trade payables from related parties

December 2013

Financial statements

Financial Instruments (continued)

Financial liabilities:

Carrying amount Rm	Total Rm	Payable within 1 month or on demand Rm	More than 1 month but not exceeding 3 months Rm
111	111	111	—
8	8	8	—
119	119	119	—
122	122	122	—
12	12	12	—
134	134	134	—

14.4 **Market risk**

14.4.1 **Interest rate risk**

Refer to note 43.6.1 of the Group annual financial statement for details of how interest rate risk is managed.

At the reporting date the interest rate profile of the Group was as follows:

2013

Financial assets

Cash and cash equivalents

2012

Financial assets

Cash and cash equivalents

14.4.2 **Currency risk**

Refer to note 43.6.3 of the Group annual financial statement for details of how currency risk is managed.

The Company is not exposed to significant currency risk.

15 SPECIAL RESOLUTIONS

Adoption of new memorandum of incorporation (MOC)

The memorandum and articles of association of the Company were adopted on 15 November 2013.

- MTN International Proprietary Limited
- Mobile Telephone Networks Holdings Proprietary Limited
- MTN Group Management Services Proprietary Limited
- Mobile Telephone Networks Proprietary Limited

statements for an explanation on interest rate risk and how it

Company's interest-bearing financial instruments was:

	Variable rate instruments Rm
	160
	134

statements for an explanation on currency risk and how it is

risk.

MOI)
following subsidiaries were substituted with new MOIs:

Limited ited	135
-----------------	-----

Annexure 1 – Shareholders’ in

Shareholder spread

1 – 1 000 shares	
1 001 – 10 000 shares	
10 001 – 100 000 shares	
100 001 – 1 000 000 shares	
1 000 001 shares and over	

Total

Nominees holding shares in excess of 5% of the issued o

Nedcor Bank Nominees Limited	38
Standard Bank Nominees (Tvl) Proprietary Limited	55
First National Nominees Proprietary Limited	29
Absa Nominees Proprietary Limited	
Cmb Nominees Proprietary Limited	9

**Shares less than 5% of the issued ordinary capital of the Company.*

Information

Number of shareholders	%	Number of shares	%
126 373	87,40	28 731 092	1,53
15 731	10,88	42 647 624	2,28
1 727	1,19	53 254 814	2,84
591	0,41	179 971 506	9,61
173	0,12	1 568 673 812	83,74
144 595	100,00	1 873 278 848	100,00

Ordinary capital of the Company

2013		2012	
Number of shares	% of issued share capital	Number of shares	% of issued share capital
39 882 001	20,81	397 863 194	21,12
50 447 807	29,38	626 718 889	33,27
2 575 007	15,62	296 249 416	15,73
*	*	157 902 523	8,38
4 732 939	5,06	*	*

Spread of ordinary shareholders

	Number of shareholdings	
Public	144 559	1 2
Non-public	36	6
Directors and associates of the Company	9	
Empowerment	2	
Lombard Odier Darier Hentsch & Cie (M1 Limited)	8	1
Government employees Pension Fund	16	3
Mobile Telephone Networks Holdings	1	
Total	144 595	1 8

Beneficial shareholders holding 5% or more

	N
Government Employees Pension Fund	31
Lombard Odier Darier Hentsch & Cie (M1 Limited)	18

2013		2012	
Number of shares	% of issued share capital	Number of shares	% of issued share capital
270 208 671	67,81	1 280 878 892	68,01
503 070 177	32,19	602 605 432	31,99
1 916 800	0,10	1 958 440	0,10
76 747 538	4,10	76 748 338	4,07
83 152 564	9,78	183 152 564	9,72
318 915 523	17,02	318 408 338	16,91
22 337 752	1,19	22 337 752	1,19
873 278 848	100,00	1 883 484 324	100,00

2013		2012	
Number of shares	% of issued share capital	Number of shares	% of issued share capital
8 915 523	17,02	318 408 338	16,91
83 152 564	9,78	183 152 564	9,72

Annexure 2 – Five-year financial statements

INCOME STATEMENT	2013 US\$m	2012 US\$m
Revenue	14 135	13 811
Other income	143	143
Operating expenses	(8 083)	(7 811)
EBITDA	6 195	6 143
Depreciation and amortisation	(1 992)	(1 992)
Impairment of goodwill	–	–
Operating profit	4 203	4 151
Net finance costs	(118)	(118)
Share of results of associates and joint ventures after tax	353	353
Profit before tax	4 438	4 386
Income tax expense	(1 283)	(1 283)
Profit after tax	3 155	3 103
Profit after tax attributable to		
– Equity holders of the Company	2 730	2 730
– Non-controlling interests	425	373
Headline earnings	2 632	2 357

December 2013

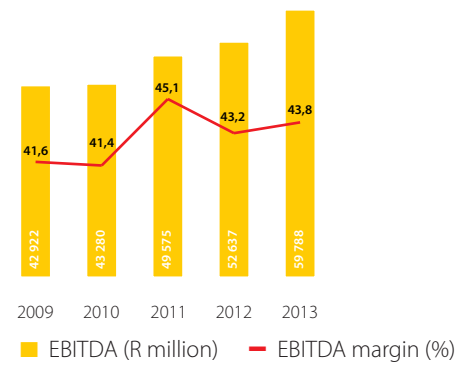
Financial review

CAGR ¹ %	2013 Rm	2012* Rm	2011* Rm	2010* Rm	2009* Rm
7	136 495	121 867	109 834	104 500	103 295
	1 327	894	1 458	–	–
7	(78 034)	(70 124)	(61 717)	(61 220)	(60 373)
9	59 788	52 637	49 575	43 280	42 922
10	(19 278)	(15 952)	(14 032)	(14 119)	(13 374)
–	–	–	(31)	(32)	–
8	40 510	36 685	35 512	29 129	29 548
(30)	(1 234)	(3 790)	(1 512)	(3 873)	(5 284)
33	3 431	3 008	2 821	2 098	1 087
14	42 707	35 903	36 821	27 354	25 351
11	(12 307)	(11 835)	(13 034)	(10 527)	(8 190)
15	30 400	24 068	23 787	16 827	17 161
16	26 289	20 704	20 754	14 300	14 650
13	4 111	3 364	3 033	2 527	2 511
14	25 398	20 018	19 811	14 011	14 869

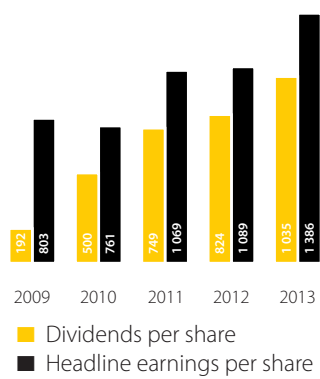
¹ Compound annual growth rate.

* 2012 to 2009 amounts restated to exclude the Group's proportionate share related to transactions previously eliminated on proportionate consolidation.

EBITDA



Headline earnings and dividends per share (cents)



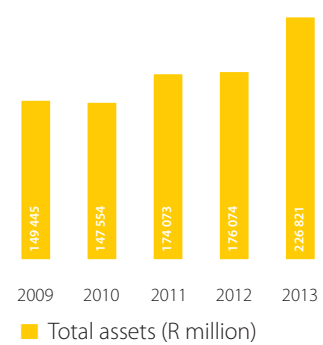
* 2012 to 2009 amounts restated to exclude the Group's proportionate share of

Financial review (continued)

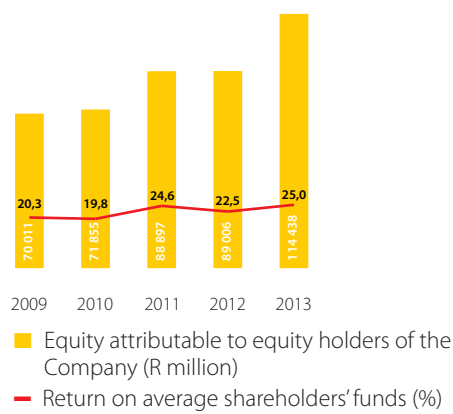
CAGR %	2013 Rm	2012* Rm	2011* Rm	2010* Rm	2009* Rm
11	92 903	73 905	64 914	57 345	61 336
3	37 751	32 594	32 672	28 518	33 997
15	18 212	12 409	11 440	9 964	10 292
15	2 044	1 291	1 029	1 225	1 180
19	45 673	34 565	43 458	32 933	22 846
11	30 238	21 310	20 560	17 569	19 794
11	226 821	176 074	174 073	147 554	149 445
13	114 438	89 006	88 897	71 855	70 011
17	5 333	3 881	3 802	2 219	2 855
13	119 771	92 887	92 699	74 074	72 866
6	46 025	32 084	33 208	34 454	36 268
9	48 349	42 392	40 200	32 043	34 703
23	12 676	8 711	7 966	6 983	5 608
9	107 050	83 187	81 374	73 480	76 579
11	226 821	176 074	174 073	147 554	149 445

...ing to its interests in joint ventures and to include the inter-entity balances and

Total assets



Equity and return



Annexure 2 – Five-year financial

STATEMENT OF CASH FLOWS	2013 US\$m
Net cash inflows from operating activities	2 800
Net cash used in investing activities	(2 055)
Net cash from/(used in) financing activities	649
Net increase/(decrease) in cash and cash equivalents	1 394
Cash and cash equivalents at beginning of the year	2 662
Exchange gains/(losses) on cash and cash equivalents	(293)
Cash and cash equivalents at end of the year	3 763
Statement of cash flows – extracts	
Cash generated from operations	6 187
Dividends paid to equity holders of the Company	(1 677)
Acquisition of property, plant and equipment	(2 546)

* 2012 to 2009 amounts restated to exclude the Group's proportionate share re previously eliminated on proportionate consolidation.

December 2013

Financial review (continued)

CAGR %	2013 Rm	2012* Rm	2011* Rm	2010* Rm	2009* Rm
(2)	27 025	20 062	23 279	28 722	29 645
(10)	(19 835)	(24 212)	(17 492)	(13 982)	(30 242)
43	6 264	(5 280)	(8 867)	368	1 482
98	13 454	(9 430)	(3 080)	15 108	885
(3)	22 539	33 074	32 626	20 763	24 983
	3 584	(1 105)	3 528	(3 245)	(5 105)
18	39 577	22 539	33 074	32 626	20 763
7	59 708	51 105	46 626	45 962	45 146
48	(16 187)	(14 919)	(11 722)	(6 313)	(3 381)
(1)	(24 568)	(20 741)	(13 191)	(14 366)	(25 481)

relating to its interests in joint ventures and to include the inter-entity cash flows

Performance per ordinary share

Basic earnings (cents)	1
Diluted earnings (cents)	1
Headline earnings (cents)	1
Dividends (cents)	5
Net asset value – book value (rand) ¹	1

Returns and profitability ratios

Return on assets (%) ²	
Return on average shareholders' funds (%) ³	
EBITDA margin (%)	
Adjusted free cash flow (Rm)	
EBITDA multiple (times) ⁴	
Effective taxation rate (%)	

Solvency and liquidity ratios

Gearing (%) ⁵	
Interest cover (times) ⁶	
Dividends cover (times) ⁷	
Net (cash)/debt to EBITDA ⁸	
Operating cash flow/revenue (%)	

**2012 to 2009 amounts restated to exclude the Group's proportionate share relating to transactions previously eliminated on proportionate consolidation.*

¹ Ordinary shareholders' interest divided by the number of ordinary shares in issue.

² Operating profit as a percentage of the average of the opening and closing balance sheet assets.

³ Headline earnings as a percentage of the average of the opening and closing balance sheet assets.

⁴ Market capitalisation less net (cash)/debt (interest-bearing liabilities less bank balances).

⁵ Net (cash)/debt as a percentage of total equity.

⁶ Operating profit divided by finance costs.

⁷ Headline earnings divided by total dividend.

⁸ Interest-bearing liabilities less cash, divided by EBITDA.

GR %	2013	2012*	2011*	2010*	2009*
16	1 434	1 126	1 119	776	791
16	1 427	1 120	1 111	765	782
15	1 386	1 089	1 069	761	803
52	1 035,0	824,0	749,0	500,0	192,0
12	61,1	47,3	47,2	38,1	38,2
	20,1	21,0	22,1	19,6	18,8
	25,0	22,5	24,6	19,8	20,3
	43,8	43,2	45,1	41,4	41,6
	29 624	23 810	33 170	25 653	15 211
	6,8	6,4	5,7	5,8	4,7
	28,8	33,0	35,4	38,5	32,3
	(0,3)	(2,7)	(11,1)	2,1	18,4
	3,2	4,3	5,7	4,8	2,5
	1,3	1,3	1,4	1,5	4,2
	–	–	(0,2)	–	0,3
	43,7	41,9	42,5	44,0	43,7

ating to its interests in joint ventures and to include the inter-entity balances and

e at year end.

ances of total assets.

balances of ordinary shareholders' interest.

balances, deposits and cash) divided by EBITDA.

Annexure 2 – Five-year financial

	CAC
Share statistics	
Number of ordinary shares in issue (million)	
– at year end	
– weighted average during the year	
Closing price (cents per share)	1
Market capitalisation (Rm)	1
US dollar to rand exchange rates	
Average	
Closing	

**2012 to 2009 amounts restated to exclude the Group's proportionate share relating to transactions previously eliminated on proportionate consolidation.*

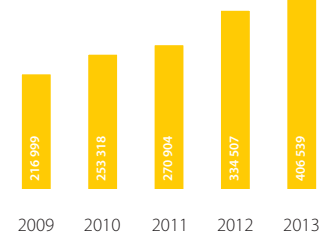
Market capitalisation (R million)

Financial review (continued)

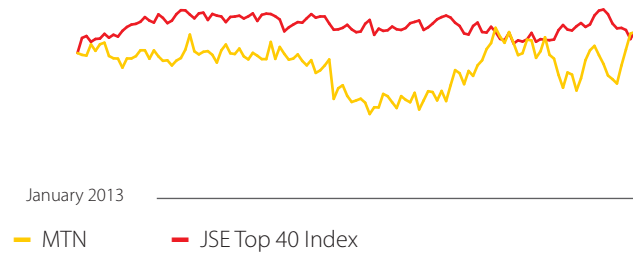
GR %	2013	2012*	2011*	2010*	2009*
–	1 873	1 883	1 885	1 885	1 841
–	1 833	1 838	1 854	1 842	1 851
16	21 702	17 760	14 373	13 442	11 790
17	406 539	334 507	270 904	253 318	216 999
4	9,65	8,16	7,17	7,34	8,32
9	10,52	8,47	8,07	6,61	7,39

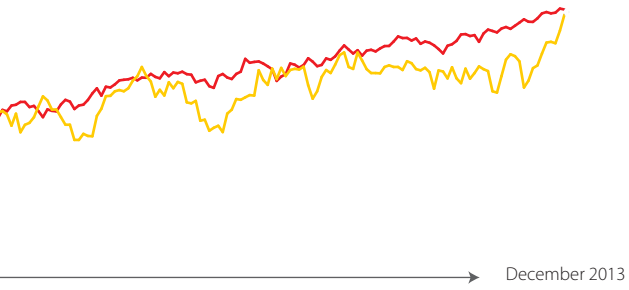
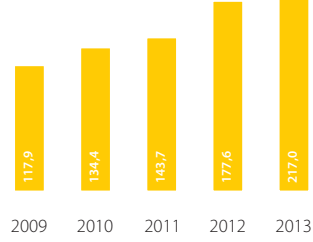
...ing to its interests in joint ventures and to include the inter-entity balances and

Closing share price (R)



Share price performance





Annexure 2 – Five-year financial performance

NON-FINANCIAL INFORMATION	CAGR %
Countries in which MTN has GSM licences (number)	16
Subscriber numbers (million)	16
Group entities (excluding joint ventures)	15
Joint ventures	
Countries in which MTN has largest market share (number)	
Total number of employees	(1)
Group entities (excluding joint ventures)	(4)
Joint ventures	
CO ₂ emissions from energy use (tonnes)	28 1 52
Operational information	
South Africa	
Mobile penetration (%)	
Market share (%)	
Subscribers (million)	13
ARPU (ZAR) ¹	(4)
EBITDA margin (%)	

December 2013

Financial review (continued)

2013	2012	2011	2010	2009
21	21	21	21	21
207,8	189,3	164,5	141,6	116,0
163,9	146,4	127,5	109,7	90,9
43,9	42,9	37,0	31,9	25,1
15	15	15	15	15
25 424	26 716	24 252	26 055	26 361
22 476	23 871	21 504	23 594	24 553
2 948	2 845	2 748	2 461	1 808
25 542	1 040 723	950 564	1 127 254	565 861
135	131	120	105	103
35	38	34	36	32
26	25	22	19	16
108	122	134	154	126
34	35	35	34	31

Capex/revenue (%)	
Nigeria	
Mobile penetration (%)	
Market share (%)	
Subscribers (million)	16
ARPU (US\$) ¹	(10)
EBITDA margin (%)	
Capex/revenue (%)	
Nigerian naira average foreign exchange rate	(2)
Nigerian naira closing foreign exchange rate	(7)
Ghana	
Mobile penetration (%)	
Market share (%)	
Subscribers (million)	13
ARPU (US\$) ¹	(7)
EBITDA margin (%) ²	
Capex/revenue (%)	
Ghanaian cedi average foreign exchange rate	6
Ghanaian cedi closing foreign exchange rate	3

¹ Annual ARPU.

² Excluding profit on tower sales.

15	16	11	11	18
69	62	54	49	42
49	48	50	52	50
57	47	42	39	31
7	9	10	11	12
61	58	62	63	59
30	36	18	14	31
16,46	19,50	21,76	20,67	17,83
15,23	18,47	20,10	23,00	20,29
99	91	78	67	61
50	51	52	53	55
13	12	10	9	8
6	6	7	7	8
38	37	37	44	45
20	16	14	54	46
0,21	0,23	0,21	0,20	0,17
0,22	0,22	0,20	0,22	0,19

Annexure 2 – Five-year financial

NON-FINANCIAL INFORMATION (continued)	CAGR %
Operational information (continued)	
Iran	
Mobile penetration (%)	
Market share (%)	
Subscribers (million)	16
ARPU (US\$) ¹	(16)
EBITDA margin (%)	
Capex/revenue (%)	
Iranian rial average foreign exchange rate	21
Iranian rial closing foreign exchange rate	15
Syria	
Mobile penetration (%)	
Market share (%)	
Subscribers (million)	11
ARPU (US\$) ¹	(27)
EBITDA margin (%)	
Capex/revenue (%)	
Syrian pound average foreign exchange rate	25
Syrian pound closing foreign exchange rate	

cial review (continued)

2013	2012	2011	2010	2009
114	113	103	92	80
47	47	45	44	40
41	41	35	30	23
4	7	8	8	8
43	44	43	41	35
18	9	11	18	44
2 554	1 686	1 474	1 401	1 195
2 356	2 905	1 378	1 566	1 354
81	59	58	50	46
44	45	46	45	45
6	6	6	5	4
5	9	14	16	18
17	23	26	24	20
28	11	7	6	11
13,57	8,34	6,54	6,39	5,59

Syrian pound closing foreign exchange rate	22
Cameroon	
Mobile penetration (%)	
Market share (%)	
Subscribers (million)	22
ARPU (US\$) ¹	(14)
EBITDA margin (%) ²	
Capex/revenue (%)	
Cameroon Communauté Financière Africaine franc average foreign exchange rate	(2)
Cameroon Communauté Financière Africaine franc closing foreign exchange rate	(8)
Ivory Coast	
Mobile penetration (%)	
Market share (%)	
Subscribers (million)	15
ARPU (US\$) ¹	(6)
EBITDA margin (%) ²	
Capex/revenue (%)	
Côte d'Ivoire Communauté Financière Africaine franc average foreign exchange rate	(3)
Côte d'Ivoire Communauté Financière Africaine franc closing foreign exchange rate	(8)
¹ Annual ARPU.	
² Excluding profit on tower sales.	

	13,67	10,22	6,71	7,13	6,20
	69	62	54	40	39
	59	56	55	60	61
	9	7	6	5	4
	5	6	7	8	9
	43	46	44	49	51
	15	19	10	16	23
	51,96	62,20	65,67	67,26	56,58
	45,23	58,70	62,73	74,20	61,89
	79	77	75	64	51
	38	36	37	38	38
	7	6	6	5	4
	7	6	6	7	9
	41	40	42	33	29
	15	22	12	24	28
	51,50	62,31	64,81	67,43	57,08
	45,23	58,70	62,73	76,07	61,89

Annexure 2 – Five-year financial

NON-FINANCIAL INFORMATION (continued)	CAGR %
Operational information (continued)	
Uganda	
Mobile penetration (%)	
Market share (%)	
Subscribers (million)	16
ARPU (US\$) ¹	(10)
EBITDA margin (%) ²	
Capex/revenue (%)	
Uganda shilling average foreign exchange rate	2
Uganda shilling closing foreign exchange rate	(2)
Sudan	
Mobile penetration (%)	
Market share (%)	
Subscribers (million)	22
ARPU (US\$) ¹	(21)
EBITDA margin (%)	
Capex/revenue (%)	
Sudanese pound average foreign exchange rate	15

December 2013

Financial review (continued)

2013	2012	2011	2010	2009
44	41	42	34	25
54	53	52	56	63
9	8	8	6	5
4	4	4	5	6
36	36	35	45	44
12	13	26	21	34
264,66	303,08	347,60	295,99	242,29
239,81	312,26	306,73	348,03	256,43
73	73	53	39	34
34	32	27	21	28
9	8	6	3	4
2	3	5	5	5
32	28	22	17	20
43	62	49	41	34
0,50	0,43	0,36	0,34	0,29

¹ Annual ARPU.² Excluding profit on tower sales.











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