

Notes to the group financial statements

for the year ended 31 December 2017

1 ACCOUNTING FRAMEWORK AND CRITICAL JUDGEMENTS

1.1 Basis of preparation

The group financial statements of MTN Group Limited (the company) comprise the company and its subsidiaries and the group's interest in associates and joint ventures (together referred to as the group and individually as group entities).

The group financial statements and company financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and Interpretations as issued by the IFRS Interpretations Committee (IFRIC), and comply with the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council (FRSC), the JSE Listings Requirements and the requirements of the South African Companies Act, No 71 of 2008. The group and the company have adopted all new accounting pronouncements that became effective in the current reporting period, none of which had a material impact on the group or the company, except for the amendment to IAS 7 *Statement of Cash Flows*, which requires additional disclosure, comprising a reconciliation of the year-on-year movement in liabilities arising from financing activities.

The financial statements have been prepared on the historical cost basis adjusted for the effects of inflation where entities operate in hyperinflationary economies and for certain financial instruments that have been measured at fair value, where applicable.

The South Sudanese and Syrian economies have been considered to be hyperinflationary. Accordingly, the results, cash flows and financial position of the group's subsidiaries, MTN South Sudan Limited and MTN Syria (JSC) have been expressed in terms of the measuring unit current at the reporting date.

Sudan ceased being regarded as a hyperinflationary economy during 2016, resulting in hyperinflation accounting relating to MTN Sudan Company Limited not being applied from 1 July 2016 onward. The methods used to measure fair value and the adjustments made to account for the group's entities that operate in hyperinflationary economies are discussed further in the accounting policies and in the respective notes.

Amounts are rounded to the nearest million with the exception of earnings per share and the related number of shares (note 2.7), number of ordinary shares (note 8.1), share-based payments (note 8.4) and directors' emoluments and interests (note 10.2).

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are included in note 1.5.

1.2 Going concern

The group's and the company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the group and the company should be able to operate within their current funding levels into the foreseeable future.

After making enquiries, the directors have a reasonable expectation that the company and its subsidiaries have adequate resources to continue in operational existence for the foreseeable future. The financial statements therefore have been prepared on a going concern basis.

1.3 Principal accounting policies¹

The principal accounting policies applied in the preparation of these financial statements are set out on the following page and in the related notes to the group financial statements, and should be read in conjunction with the financial definitions disclosed on pages 159 and 160 of the financial statements. The principal accounting policies applied are consistent with those adopted in the prior year, unless otherwise stated.

¹ Where applicable, the principal accounting policies applied in the company financial statements are consistent with those applied in the group financial statements.