MTN GROUP LIMITED
Audited results
For the year ended 31 December 2011

Registration number: 1994/009584/06 ISIN code: ZAE 000042164
Share code: MTN

Highlights
Group subscribers up 16,2% to 164,5 million
*Revenue up 9,7% to R121 884 million
EBITDA margin up 3,4% to 44,9%
Adjusted HEPS up 43,2% to 1 070,0 cents
Final dividend per share 476 cents
Dividend payout ratio increased to 70%
Buyback of R927,3 million completed

Overview
MTN Group Limited (“MTN” or “the Group”) delivered a satisfactory performance for the year growing its subscriber base by 16,2% and continuing to hold a strong market position despite increasing competition and a slower economic backdrop. Revenue was 9,7% higher on a *constant currency basis while earnings before tax, depreciation and amortization (“EBITDA”) margin expanded 3,4 percentage points to 44,9%. The Group EBITDA margin includes the profit from the sale of the Ghana passive infrastructure, which if excluded, reduces the group EBITDA margin to 43,9%. This is approximately the same level achieved in the prior year excluding the one time Zakhele charge of R2 973 million.

More details of the performance of MTN’s larger operations is provided later in the commentary. However for the other operations it is worth mentioning the improved performance of MTN Sudan, which added 2,5 million subscribers in the year, and MTN Côte d’Ivoire, which made a strong recovery in the second half of the year. MTN Uganda also performed well in a competitive market increasing its subscriber base by 18,0% to 7,6 million. Political unrest in the Middle East remains a concern. There has been an impact on the business environments in Yemen and Syria and MTN will continue to monitor both situations closely. Business in Iran remains buoyant, but MTN continues to be sensitive to the international issues relating to Iran whilst retaining its firm commitment to its operations there. In partnership with its legal advisors, MTN continues to ensure that it remains compliant with the various sanctions regimes in place. Following the SENS announcement on the

2 February 2012 of a potential claim by Turkcell and allegations made against MTN, the MTN Group Board has proactively responded by setting up the independent Hoffmann Committee. This has already started its work. Until it has concluded its deliberations, MTN will not comment further.

On the 14 February 2012, Moody's upgraded MTN's global local currency senior unsecured rating to Baa2 from Baa3 and its national scale issuer rating to A1.za from A2.za. The outlook on all ratings is positive.

The Group continued to prioritise various initiatives in line with its strategy to improve returns to shareholders, enhance new and existing revenue streams and focus on optimising cost.

During the last quarter of 2011 MTN Holdings (Pty) Ltd acquired 6 764 412 MTN shares for a cost of R927,3 million, excluding securities transfer taxes and other costs. This is in line with MTN's stated strategy of returning cash to shareholders. Buybacks will continue to be implemented as and when appropriate.

Provide competitive voice offerings aimed at maintaining market share as lower tariffs and Mobile Termination Rates ("MTR"), mainly in South Africa and Nigeria impact revenue growth.

Continued efforts on data and ICT offerings across the group. South Africa contributes 57,4% and 35,2% to group data and sms revenue respectively and remains the largest driver of growth in data services.

Key infrastructure investments to support voice quality, capacity and data growth. Infrastructure spend was lower in the first half of the year due to operational and supplier difficulties. However measures were put in place to address this issue and capital investments of R12 009 million or 67,8% of the year's total capital spend were completed in the second half of the year. This momentum is expected to continue in 2012.

MTN's mobile transfer service, Mobile Money, is now live in 12 countries with more than 6 million registered subscribers. This technology and user experience is to be enhanced in the future.

The South and East Africa IT hub became operational and is now servicing MTN Uganda and MTN Zambia. Rwanda and Swaziland are to be integrated during the first half of 2012.

The procurement transformation project, using a more centralised operating model, continued to gain traction with good progress on the reduction of equipment prices. The project has evolved considerably to include the centralisation of other support functions.

Further progress has been achieved in infrastructure sharing following the establishment of a new joint venture tower company with American Tower Corporation in Uganda. The tower company, in which MTN will hold 49%, will acquire all of the approximately 1 000 existing tower sites from MTN Uganda for an agreed upon purchase price of approximately $175 million. The sale of 1 856 towers in Ghana was concluded during the year.

*The constant currency reported numbers are those restated at the same average exchange rates that were applicable for the year ended 31 December 2010.

#2011 margin includes the profit from the sale of the Ghana towers of R1 185 million and 2010 margin excludes the MTN Zakhele charge of R2 973 million.

Group financial review

Revenue

Group revenue increased by 6,3% to R 121 884 million due to sound growth in Nigeria, South Africa and Iran of 4,1%, 7,7% and 20,1% respectively. On a *constant currency basis, group revenue increased 9,7%. This is meaningfully higher and more reflective of the group’s operating performance. Local currency revenue growth in Nigeria, Ghana and Iran increased a healthy 9,6%, 15,1% and 26,5% respectively. An increase in handset sales in South Africa resulted in a 36,7% increase in handset revenue year on year. Revenue growth excluding handset sales would have been 5,3%. The contribution of airtime and subscription revenue reduced to 65,5% from 68,4% for the prior year. Notwithstanding lower termination rates in some countries, total group interconnect revenue increased by 8,9%. Data revenue (excluding sms) across the group remained strong, albeit off a low base, increasing 30,5%. SMS also continued to grow strongly increasing 14,2% when compared to the prior year.

Operating costs

Group operating costs remained relatively flat and meaningfully below the revenue growth rate. Total operating costs were R68 592 million, a 2,1% increase over the prior year. An 11,7%

increase in direct operating costs and a 19,7% increase in handset costs were offset by a 34,4% reduction in other expenditure and a 0,4% increase in the overall cost of selling, distribution and marketing. The increase in direct costs was a result of the impact of the larger number of installed sites, higher diesel costs as well as increased transmission costs in South Africa. A rise in handset costs was driven by higher prepaid handset volumes and higher value handsets sold by MTN South Africa.

Other income

Other income includes the Group’s profit on the sale of the Ghana towers of R1 185 million as well as a deferred gain of R273 million.

EBITDA margin

Group EBITDA, including the impact of the sale of the Ghana towers, increased by 15,2% to R54 750 million from R47 537 million in December 2010. Excluding the profit on the sale of the Ghana tower sale in 2011 and excluding the MTN Zakhele charge in 2010, EBITDA increased by 6,0% to R53 566 million. This adjusted EBITDA grew by 9,0% on a *constant currency basis. The growth in EBITDA is mainly due to strong organic growth in Nigeria, South Africa, and Iran. The EBITDA margin increased 3,4 percentage points to 44,9%. Excluding the Ghana tower sale profit, the EBITDA margin was 43,9%. EBITDA margins in Iran and South Africa increased to 42,5%, and 35,2%, respectively.MTN Nigeria EBITDA margin decreased marginally to 61,7% due to pricing pressure.

Depreciation and amortisation

The Group’s depreciation and amortisation charge increased by 0,6% to R15 459 million as a result of continued investment in network infrastructure by the Group’s operations and the unwinding of some of the intangible assets recognised on the Investcom acquisition in 2006.

Net finance costs

Net finance costs decreased by 61,4% to R1 582 million. Functional currency gains of R778 million were recorded, compared with a loss in the previous year of R1 223 million. Much of the functional currency gain of R778 million was attributable to the conversion of cash balances held in Mauritius (a functional currency rand entity).

Realised gains amounted to R418 million compared to prior realised losses of R1 440 million reported for 2010. Unrealised losses decreased 45,7% to R384 million in 2011. The realised gains were mainly due to the conversion of foreign denominated cash in Mauritius into rands.

Taxation

The Group's taxation charge increased by 22,9% to R13 853 million and the effective tax rate to 36,8%. The high effective tax rate is mainly due to increased secondary tax on companies ("STC") on the higher Group dividend payout ratio as well as withholding taxes related to increased upstreaming of cash, specifically the dividend declared by MTN Ghana and MTN Nigeria.

Earnings

Headline earnings per share ("HEPS") increased by 40,5% to 1 068,6 cents and adjusted HEPS by 43,2% to 1 070,0 cents. The increase in the current year's adjusted HEPS is positively impacted by charges associated with the implementation of the MTN Zakhele scheme in the prior year. If these charges are excluded, prior year adjusted HEPS would have been 909,1 cents, reducing the current year's growth in adjusted HEPS to 17,7%.

Cashflow

The combination of higher EBITDA and lower than planned capital expenditure ("capex") spend resulted in an increase in approximate free cashflow by 15,5% to R35 849 million, excluding the profit on the sale of the Ghana towers. Cash generated by operations remained relatively unchanged while cash inflows from operating activities decreased by 19,7% principally due to an 85,7% increase in dividends paid. Expenditure on property, plant and equipment (excluding software) of R14 035 million was 8,5% lower than the previous year.

The result is a net outflow in cash and cash equivalents of R4 775 million and slightly lower cash and cash equivalents balance of R35 213 million. Investments in treasury bills, foreign currency deposits and bonds of R9 480 million in certain subsidiaries is not included in the year-end cash balance.

Capex

Capex reduced by 9,0% to R17 717 million due to delays in projects and open orders in the first half of the year. Second half capex spend picked up meaningfully following corrective action. A significant portion of the outstanding capex has been committed to the projects which are expected to be completed during the first half of 2012. The relatively strong rand had the effect of reducing the expenditure of the Group by R315 million. Had there been no change in currency rates during the year, capex would have been R18 032 million, compared to the approved budget for the period of R22 165 million.

Assets and liabilities

Assets and liabilities at 31 December 2011 were impacted by the movement in year-end foreign currency exchange rates, and in particular the weakening of the rand against the US dollar to a closing rate at the end of December 2011 of 8,07 versus 6,61 for the prior year.

Property, plant and equipment increased by 13,0% from December 2010 due to the impact of the translation of foreign currencies as well as capex additions of R17 717 million.

Net cash increased meaningfully from R905 million to R11 890 million as cash balances in Nigeria and Syria increased meaningfully while gross interest bearing liabilities remained largely the same.

Changes in ownership

- In February 2011, MTN Rwanda divested its 70% investment in Supercell.
- In April 2011, MTN reduced its shareholding in MTN Zambia from 90,0% to 86,0%. For IFRS consolidation purposes the step down in equity shareholding has not impacted the proportionate consolidation at 97,8% as risks and rewards are not deemed to have passed fully to the purchaser.
- In August 2011, MTN settled the Nigeria put option through the acquisition of the IFC interest and thereby increased its shareholding in the company from 76,08% to 78,83%.
- In October 2011, MTN increased its shareholding in MTN Rwanda from 55,0% to 80%.

MTN South Africa

MTN South Africa performed well for the year increasing its subscriber base by 16,9% to 22,0 million. This was mainly due to growth of 17,6% in the prepaid segment to 18,2 million subscriber’s. The postpaid segment showed growth mainly in the second half of the year, increasing subscribers for the year by 14,0% to 3,8 million. Hybrid packages were the primary contributor to growth in this segment together with telemetry sims. SIM market share declined marginally in the first half of the year but recovered in H2, with signs of an upward trend.

Total revenue increased 7,7% due to strong growth in data revenue, which was up 27,7% (excluding sms), as well as growth in total airtime and subscriptions of 4,2%. Prepaid airtime and subscription revenue increased 14,0%. The strong growth in handset revenue of 45,3% was as a result of robust demand for both entry level handsets and demand for smartphones. Data revenue (excluding sms) now contributes 12,0% of total revenue. At the end of the year there were 5,5 million 3G devices on the network which included 3,6 million smartphones and 1,4 million dongles and other data devices. Interconnect revenue declined 9,8% following the reduction in mobile termination rates to 73 cents from 89 cents in March 2011. Average revenue per user per month (“ARPU”) reduced 12% primarily due to lower interconnect revenue.

MTN South Africa recorded a 1,1 percentage point increase in EBITDA margin to 35,2% for the year. This was mainly the result of cost savings in general expenses, professional and consulting fees as well as lower marketing and advertising costs.

Capital expenditure for the period was marginally ahead of the Group’s guidance at R4 105 million as MTN South Africa continued to modernise the network by introducing IP technology to improve network quality. There were 313 2G and 598 3G base transceiver stations (BTS’s) added during the year bringing the total BTS’s to 9 785. Fibre rollout remains a priority with the national long distance fibre project still underway. At the end of December, 89% of the Johannesburg to Durban route was trenched, as was 86% of the Johannesburg to Bloemfontein route and 58% of the Bloemfontein to Cape Town route. MTN South Africa has embarked on a pilot of 103 long term evolution (LTE) base stations in line with its future LTE deployment strategy. MTN has submitted comments to an invitation from ICASA for 2.6GHz and 800MHz frequency spectrum band needed to offer LTE services. The frequency decision has been delayed by ICASA.

MTN Nigeria

MTN Nigeria faced a challenging year as the entire market was negatively affected by the process of SIM registration. Aggressive price competition had a negative impact on gross connections and network quality again became a focus area for the regulator as higher elasticity from lower pricing impacted traffic demand across almost all of the major networks. Notwithstanding these challenges the company increased its subscriber base by 7,7% to 41,6 million and ended the year with a more stabilised market share of 50%. There is no clarity on the deadline for SIM registration although the regulator has initiated a process to form a central database of registration records. At the end of the year MTN Nigeria had registered 83% of the subscriber base.

Total naira revenue increased 9,6% mainly driven by a 54,5% increase in interconnect revenue. This was a result of continued changes in traffic patterns during the year as cheaper off network prices were offered tactically by the competition. More competitive tariffs by MTN in the second half of the year have partially stabilised the traffic mix. Data revenue (excluding sms) grew 105% as more data packages were introduced to the market. MTN Nigeria has 1,7 million smartphones and 330 000 dongles on the network. Airtime and subscription revenue increased only 3,7% due to a reduction in effective tariffs which was not fully compensated by a proportionate increase in minutes of use. ARPU declined by 8,1% to $9,7 and by 5,3% in local currency terms.

MTN Nigeria’s EBITDA margin declined by 1,2 percentage points to 61,7% when compared to the prior year. Higher operating costs were mainly the result of a 25% increase in the average diesel price as well as increased site rental costs and professional fees.

The marginally weaker naira against the rand, negatively impacted rand reported revenue growth for the year resulting in only a 4,1% increase in revenue to R34 879 million. Reported EBITDA increased 2,2% to R21 536 million.

Network rollout improved in the second half of the year, with the company adding 529 2G and 453 3G BTS’s in the year bringing the total number of BTS’s to 9 131. Capital expenditure amounted to R6 331 million compared to R4 700 million at the end of 31 December 2010. Corrective action and measures have been put into place to ensure that capital expenditure programs moving forward are delivered more effectively. MTN Nigeria rolled out an additional 1 312km of fibre in the year and connected fibre to 90 sites to support its data strategy.

MTN Irancell

MTN Irancell delivered a sound performance increasing its subscriber base by 16,6% in a market where penetration is above 100%. The growth was mainly attributable to lower denomination vouchers and seasonal promotions, increasing market share to

45%. The improved distribution of airtime through ATM’s has also contributed to higher spend by subscribers.

Total rial revenue grew 26,5% for the year. Airtime and subscription revenue increased 22,8% while interconnect revenue increased 11,4% as the quality of the network improved. Data revenue (excluding sms) gained momentum increasing 66,5% off a low base. Sms revenue growth remained robust at 47,0%. ARPU increased by 2,0% to $7,9 and by 5,6% in local currency terms.

EBITDA margin showed a healthy expansion of 1,2 points to 42,5% as MTN Irancell continues to maintain a low operating cost base. Distribution and commission costs also reduced as physical recharge vouchers were replaced by logical airtime distribution. These savings were partially reduced by a large increase in rent and utilities following the removal of government subsidies and the increase in fuel prices.

A weaker rial resulted in lower rand reported revenue growth of 20,1% to R11 050 million and EBITDA growth of 24,1% to R4 697 million.

MTN Irancell continued to invest in its network improving quality and capacity although rollout of some projects have been slower than anticipated because of delayed equipment delivery. Capital expenditure amounted to R1 168 million, lower than that guided at the interim results. Population and geographic coverage increased to 77% and 23%. 781 2G BTS’s were added in the year bringing the total to 7 640.

MTN Ghana

MTN Ghana delivered a solid performance as subscribers increased by 16,5% to 10,2 million. This was mainly attributable to attractive promotions including bonus on recharge offers which included “weekend super saver” and a “10 million subscriber promo”. Market share declined marginally to 52% from 53% but is considered highly satisfactory given the very competitive nature of the market.

Total cedi revenue increased 15,1% for the year. This was mainly due to a 13,9% increase in airtime and subscription revenue and a 35,1% increase in interconnect revenue. Data revenue (excluding sms) continued to gain traction, albeit off a low base, increasing 79,7%, while sms revenue decreased 43,4% due to regulatory requirements to change sms promotions. ARPU declined 2,8% to $7,0 while in local currency ARPU increased 3,5%.

MTN Ghana’s EBITDA margin, excluding the profit from the sale of the towers, decreased 6,2 percentage points to 38,1% as interconnect costs rose more than interconnect revenue due to competitive off network tariffs. EBITDA margin was also negatively impacted by an increase in transmission and utility costs. Although there was an increase in lease costs, the full impact of the new tower arrangements will only be incurred in 2012.

A weaker cedi against the dollar resulted in a lower rand reported revenue growth of 5,1% to R5 941 million while EBITDA decreased 13,2% to R2 172, excluding the sale of the towers.

Capital expenditure for the period amounted to R851 million. The lower spend is mainly due to the change in structure following the establishment of the tower company. 430 2G and 125 3G BTS’s where rolled out for the period. The company continued to prioritise capacity and quality on the network as traffic increased, although quality of service remains a challenge.

MTN Syria

MTN Syria’s performance was dampened by the unrest in the country. The company increased its subscriber base by 16,7% to 5,7 million marginally decreasing market share to 45%.

Revenue in Syrian pounds remained flat as airtime and subscription revenue declined 1,2% as a result of the challenges of providing continuous network service. Data revenue (excluding sms) increased 17,0% while sms revenue increased 11,8%.

EBITDA margin increased 2,7 percentage points to 26,2%. This was mainly due to lower distribution and commission costs associated with reduced sales and tighter cost management.

Rand reported revenues showed a decline of 5,2% to R6 463 million while EBITDA grew 5,3% to R1 690 million. These results were also negatively impacted by a weaker Syrian pound against the rand. Capital expenditure for the period amounted to R442 million.

Prospects

MTN remains cautiously optimistic about the year ahead with macroeconomic conditions in key markets not expected to change significantly. The key focus areas over the year are to maintain and improve our market position and improve customer experience.

There will be continued effort to strengthen our position in non-voice services in all markets. Increased efficiency in rolling out investments in infrastructure and cost optimisation initiatives are a priority in support of this strategy. Value accretive opportunities which fit within the parameters of MTN’s M&A strategy will still be considered. We will continue to manage the challenges brought about by sanctions and political instability in some of our markets. The MTN Group Board remains committed to improving shareholder returns.

Subscriber net additions guidance for 2012 is detailed below.

	‘000
South Africa	2 900
Nigeria	4 000
Ghana	950
Iran	4 000
Syria	450
Rest	8 000
Total	20 300

Total capital expenditure guidance for the year is R24 401 million.

Declaration of final ordinary dividend

Shareholders are advised that a final dividend of 476 cents per ordinary share in respect of the period to 31 December 2011 has been declared and is payable to shareholders recorded in the register of the MTN Group at the close of business on Friday, 30 March 2012.

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

Last day to trade cum dividend	Friday, 23 March 2012
Shares commence trading ex dividend	Monday, 26 March 2012
Record date	Friday, 30 March 2012
Payment of dividend	Monday, 2 April 2012

Share certificates may not be dematerialised or rematerialised between Monday, 26 March 2012 and Friday, 30 March 2012, both days inclusive.

On Monday, 2 April 2012, the dividend will be transferred electronically to the bank accounts of certificated shareholders who make use of this facility.

In respect of those who do not use this facility, cheques dated Monday, 2 April 2012 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, 2 April 2012.

For and behalf of the Board
MC Ramaphosa
(Chairman)

RS Dabengwa
(Group President and CEO)

Fairland
7 March 2012

Condensed consolidated income statement
for the year ended 31 December

	Note	2011 Rm	2010 Rm
Revenue		121 884	114 684
Other income		1 458	–
Direct network operating costs		(18 782)	(16 818)
Cost of handsets and other accessories		(8 160)	(6 819)
Interconnect and roaming		(13 395)	(12 593)
Employee benefits		(6 754)	(5 961)
Selling, distribution and marketing expenses		(14 805)	(14 741)
Other operating expenses		(6 696)	(10 215)
Depreciation of property, plant and equipment		(13 296)	(13 248)
Amortisation of intangible assets		(2 163)	(2 120)
Impairment of goodwill		(31)	(32)
Net finance costs		(1 582)	(4 094)
Share of results of associates		(38)	52
Profit before tax		37 640	28 095
Income tax expense		(13 853)	(11 268)
Profit after tax		23 787	16 827
Attributable to:		23 787	16 827
Equity holders of the Company		20 754	14 300
Non-controlling interests		3 033	2 527
Basic earnings per share (cents)	6	1 119,5	776,2
Diluted earnings per share (cents)	6	1 110,8	764,5

Condensed consolidated statement of comprehensive income
for the year ended 31 December

	2011 Rm	2010 Rm

Profit after tax	23 787	16 827
Other comprehensive income:		
Exchange differences on translating foreign operations	10 796	(9 811)
Cash flow hedges	–	77
Total comprehensive income for the year	34 583	7 093
Attributable to:		
Equity holders of the Company	31 169	5 059
Non-controlling interests	3 414	2 034
	34 583	7 093

Condensed consolidated statement of financial position
at 31 December

	Note	2011 Rm	2010 Rm
Non-current assets		113 787	99 727
Property, plant and equipment		71 610	63 361
Intangible assets		34 540	30 266
Investment in associates		2 681	1 302
Deferred tax and other non-current assets		4 956	4 798
Current assets		66 801	54 234
Other current assets*		30 449	18 002
Restricted cash		546	285
Cash and cash equivalents		35 806	35 947
Non-current assets held for sale		820	825
TOTAL ASSETS		181 408	154 786
Total equity		92 699	74 074
Equity holders of the Company		88 897	71 855
Non-controlling interests		3 802	2 219
Non-current liabilities		33 392	33 995
Interest bearing liabilities	10	23 554	24 857
Deferred tax and other non-current liabilities		9 838	9 138
Current liabilities		55 317	46 717
Interest bearing liabilities	10	10 462	10 471
Non-interest bearing liabilities		44 855	36 246
TOTAL EQUITY AND LIABILITIES		181 408	154 786

**Included in other current assets are treasury bills and foreign currency bills of R8 567 million and bonds of R913 million.

Condensed consolidated statement of changes in equity
for the year ended 31 December

	2011 Rm	2010 Rm
Opening balance	71 855	70 011

Share buy-back*	(930)	–
Shares issued during the year	6	11
MTN Zakhele transaction	–	2 676
Employee share option plan	–	171
Settlement of put option	(1 662)	–
Transactions with non-controlling interests	(30)	60
Share-based payment reserve	74	87
Total comprehensive income	31 169	5 059
Dividends paid	(11 722)	(6 313)
Other movements	137	93
Attributable to the equity holders of the Company	88 897	71 855
Non-controlling interests	3 802	2 219
Closing balance	92 699	74 074
*Dividends per share (cents)	622	349

*During 2011 MTN Holdings Proprietary Limited bought 6 764 412 MTN Group Limited shares for the value of R930 million.

Condensed consolidated statement of cash flows
for the year ended 31 December

	2011 Rm	2010 Rm
Net cash from operating activities	27 874	34 728
Net cash used in investing activities	(20 616)	(15 701)
Net cash used in financing activities	(12 033)	(2 055)
Net (decrease)/increase in cash and cash equivalents	(4 775)	16 972
Cash and cash equivalents at beginning of year	35 907	22 646
Exchange gains/(losses) on cash and cash equivalents	4 081	(3 711)
Cash and cash equivalents at end of year	35 213	35 907

Notes to the condensed consolidated financial statements
for the year ended 31 December

1. INDEPENDENT AUDIT

   These condensed consolidated results have been audited by our joint auditors PricewaterhouseCoopers Inc. and SizweNtsalubaGobodo Inc., who have performed their audit in accordance with International Standards on Auditing. A copy of their unqualified audit report is available for inspection at the registered office of the Group.

2. GENERAL INFORMATION

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

3. BASIS OF PREPARATION

These audited condensed consolidated results are a summary of the audited consolidated financial statements and are prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), the preparation and disclosure requirements of IAS 34 Interim Financial Reporting, the AC 500 Standards as issued by the Accounting Practices Board, the Listings Requirements of the JSE Limited and the requirements of the South African Companies Act No. 71, 2008.

4. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies and methods of computation applied are consistent in all material respects with those applied in the previous period and are available for inspection at the Group’s registered office. The Group has adopted all the new, revised or amended accounting pronouncements as issued by the IASB which were effective for the Group from 1 January 2011. None of the adopted pronouncements had a material impact on the Group’s results for the year ended 31 December 2011.

	2011 Rm	2010 Rm
5. OPERATING SEGMENTS		
Revenue		
South and East Africa	45 106	42 502
West and Central Africa	52 579	49 887
Middle East and North Africa	24 009	22 008
Head office companies and eliminations	190	287
	121 884	114 684
EBITDA		
South and East Africa	15 637	14 556
West and Central Africa	29 716	27 683
Middle East and North Africa	8 220	7 393
Head office companies and eliminations	1 177	(2 095)
	54 750	47 537
Profit after tax		
South and East Africa	7 208	7 511
West and Central Africa	13 645	12 003
Middle East and North Africa	3 609	3 740
Head office companies and eliminations	(675)	(6 427)
	23 787	16 827

	2011 Gross	2011 Weighted

	number of shares	number of shares
6. EARNINGS PER ORDINARY SHARE		
Balance at beginning of year (excluding Zakhele)	1 854 515 165	1 854 515 165
Share options exercised	301 452	111 781
	1 854 816 617	1 854 626 946
Less treasury shares	(6 764 412)	(704 965)
Shares for earnings per share	1 848 052 205	1 853 921 981
Add dilutive shares		
MTN Zakhele		12 327 694
Share schemes		2 073 167
Shares for diluted earnings per share		1 868 322 842

	2011 Rm Net	2010 Rm Net
6. EARNINGS PER ORDINARY SHARE (continued)		
Reconciliation between profit attributable to the equity holders of the Company and headline earnings°		
Profit after tax	20 754	14 300
Adjusted for:		
Net profit on disposal of non-current assets	(900)	(132)
Net reversal of impairment of property, plant and equipment and other non-current assets	(43)	(157)
Headline earnings*	19 811	14 011
Adjustment:		
Reversal of put options in respect of subsidiaries	25	(250)
Adjusted headline earnings	19 836	13 761
Earnings per share (cents):		
– Basic	1 119,5	776,2
– Headline	1 068,6	760,6
– Adjusted headline	1 070,0	747,0
Diluted earnings per share (cents):		
– Basic	1 110,8	764,5
– Headline	1 060,4	748,9
– Adjusted headline	1 061,7	735,4

°Amounts are presented after taking into account non-controlling interests and tax.

*Headline earnings is calculated in accordance with Circular 3/2009 Headline Earnings issued by the South African Institute of Chartered Accountants at the request of the JSE Limited.

6. EARNINGS PER ORDINARY SHARE (continued)

Adjusted headline earnings adjustments

Put options in respect of subsidiary

IFRS requires the Group to account for a written put option held by a non-controlling shareholder of the Group's subsidiaries, which provides them with the right to require the subsidiary to acquire its shareholdings at fair value.

Prior to the implementation of IFRS the shareholding was treated as a non-controlling shareholder in the subsidiary as all risks and rewards associated with these shares, including dividends, accrued to the non-controlling shareholder.

IAS 32 requires that in the circumstances described above:

(a) the present value of the future redemption amount be reclassified from equity to financial liabilities and that the financial liability so reclassified subsequently be measured in accordance with IAS 39;

(b) in accordance with IAS 39, all subsequent changes in the fair value of the liability together with the related interest charges arising from present valuing the future liability, be recognised in the profit or loss; and

(c) the non-controlling shareholder holding the put option no longer be regarded as a non-controlling shareholder, but rather as a creditor from the date of receiving the put option.

Although the Group has complied with the requirements of IAS 32 and IAS 39 as outlined above, the Board of directors has reservations about the appropriateness of this treatment in view of the fact that:

(a) the recording of a liability for the present value of the future strike price of the written put option results in the recording of a liability that is inconsistent with the framework, as there is no present obligation for the future strike price;

(b) the shares considered to be subject to the contract that is outstanding, have the same rights as any other shares and should therefore be accounted for as a derivative rather than creating an exception to the accounting required under IAS 39.

	2011	2010
	Rm	Rm

7.	CAPITAL EXPENDITURE INCURRED	17 717	19 466
8.	CONTINGENT LIABILITIES AND COMMITMENTS		
	Contingent liabilities – upgrade incentives	838	941
	Operating leases – non-cancellable	668	349
	Finance leases	279	303
	Other commitments	752	491
9.	COMMITMENTS FOR PROPERTY, PLANT AND EQUIPMENT AND SOFTWARE	24 400	22 131
10.	INTEREST BEARING LIABILITIES		
	Bank overdrafts	593	40
	Short-term borrowings	9 869	10 431
	Current liabilities	10 462	10 471
	Long-term liabilities	23 554	24 857
		34 016	35 328

11. NON-CURRENT ASSETS HELD FOR SALE

MTN Uganda Limited entered into a transaction with American Tower Company (ATC) which involves the sale of 997 of MTN Uganda’s existing base transceiver stations (BTS) sites to TowerCo Uganda for an agreed purchase price of USD175 million. ATC will hold a 51% stake in TowerCo Uganda’s holding company, with the remaining 49% stake held by MTN (Dubai) Limited. MTN Uganda will be the anchor tenant, on commercial terms, on each of the towers being sold. The transaction is expected to close in 2012, subject to customary closing conditions.

In 2011 Scancom Limited (MTN Ghana) concluded a transaction with ATC which involves the sale of MTN Ghana’s existing BTS sites to TowerCo Ghana. This resulted in a profit on sale of R1 185 million being recognised in profit and loss.

12. EVENTS AFTER THE REPORTING PERIOD

Potential litigation by Turkcell Hetism Hizmetiera AS (Turkcell)

On 2 February 2012, Turkcell, the largest mobile phone operator in Turkey, indicated its intention to bring a legal claim against the Group and its Iranian joint venture, Irancell Telecommunications Service Company (Proprietary) Limited, of which the Group holds 49%. The claim, which Turkcell intends to bring before a United States (US) court, is based on allegations that the Group violated certain US laws in its efforts to obtain Iran’s second GSM licence.

The Group’s Board, on legal advice, believes that the Turkcell claim lacks legal merit and that a US court would not have jurisdiction to hear the claim.

Administration
Directorate: MC Ramaphosa (Chairman), RS Dabengwa* (Group President and CEO), NI Patel*, KP Kalyan, AT Mikati1, MJN Njeke, JHN Strydom,
AF van Biljon, J van Rooyen, MLD Marole, NP Mageza, A Harper2
Group secretary: SB Mtshali, 216 – 14th Avenue, Fairland, 2195 ~ Private Bag X9955, Cresta, 2118
Registered office: 216 – 14th Avenue, Fairland, 2195
American Depository Receipt (ADR) programme: Cusip No. 62474M108
ADR to ordinary share 1:1
Depository: The Bank of New York, 101 Barclay Street, New York NY 10286, USA
Office of the South African registrars: Computershare Investor Services (Proprietary) Limited
(Registration number: 2004/003647/07) ~ 70 Marshall Street, Marshalltown, Johannesburg, 2001 ~ PO Box 61051, Marshalltown, 2107
Joint auditors: PricewaterhouseCoopers Inc., 2 Eglin Road, Sunninghill, 2157 ~ Private Bag X36, Sunninghill, 2157 and SizweNtsalubaGobodo Inc., 20 Morris Street East, Woodmead, 2191 ~ PO Box 2939, Saxonwold, 2132
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