

REVIEW OF RESULTS

MTN Group Limited (MTN Group) achieved a strong increase of 27.5% in adjusted headline earnings per share (adjusted headline EPS) to 278.5 cents (30 September 2005: 218.4 cents restated). The Group changed its financial year-end to 31 December at the end of the previous financial year in line with its operational cycle and international peer group, and is reporting interim results at 30 June for the first time. The last reviewed six-month period was 30 September 2005, which has been used for income statement comparatives. Results to 30 September 2005 have been restated due to the early adoption of IAS 21 (Revised) at 31 December 2005. The last reported results at 31 December 2005 have been used for balance sheet comparatives.

Revenue increased by 17.6% to R20.2 billion (30 September 2005: R17.2 billion). Earnings before interest, tax, depreciation and amortisation (EBITDA) increased to R8.7 billion (30 September 2005: R7.2 billion) and adjusted profit after tax (PAT) to R5.0 billion (30 September 2005: R4.1 billion) and reflected increases of 20.9% and 21.3% in EBITDA and adjusted PAT, respectively, compared to the six months ended 30 September 2005. The reported adjusted headline EPS and adjusted PAT exclude the beneficial financial impact of the recognition of the deferred tax asset accounted for in MTN Nigeria Communication Limited (MTN Nigeria), as well as the negative effect of an obligation whereby MTN Nigeria might have to purchase a certain portion of its own equity from a minority shareholder ("put option"). Basic headline earnings per share rose to 289.1 cents for the period, 25.8% above the restated 229.9 cents for the six months to 30 September 2005.

MTN Group recorded 25.4 million subscribers at the end of June 2006, a 9.4% increase from December 2005. Operations acquired during 2005 accounted for 1 986 000 subscribers, comprising 8% of the Group's subscriber base as at 30 June 2006. These operations contributed 5.8% of revenue and 4.5% of EBITDA for the review period.

The Group has changed its segmental reporting to reflect three major operating regions: Southern Africa; West and Central Africa; and Middle East, North and East Africa. Southern Africa contributed 58% of revenue and 48% of EBITDA (September 2005: 58% and 48% respectively). The West and Central Africa region contributed 40% and 50% of revenue and EBITDA respectively, unchanged from September 2005. The Middle East, North and East Africa region has not contributed significantly as Iran, which is expected to be the major contributing operation in this region, has not yet launched commercial services.

Reported Rand values of assets and liabilities of non-South African operations increased between 10% and 20% owing to the depreciation of the Rand towards the end of the reporting period against the functional currencies of the operating companies. Most significantly, the Nigerian Naira strengthened by 12% to 17.9 versus the Rand since 31 December 2005, increasing the value of Nigerian assets by R2.1 billion.

Results for the review period do not include results of the Investcom transaction which was concluded during July 2006. The only material impact that this transaction has had on the first half of the year was the recognition of the hedging instruments taken out prior to period-end, to limit the exchange risk between the offer and effective dates of the transaction.

International Financial Reporting Standards

The early adoption of IAS 21 (Revised) at the end of December 2005 has resulted in exchange differences arising from the translation of US\$-denominated shareholders' loans granted to operating companies, which are deemed part of the Group's net investment in a foreign operation, being recorded on consolidation as a separate component of equity as opposed to being accounted for through profit or loss. This treatment has resulted in a restatement of finance costs previously disclosed in September 2005 of R69 million and has negatively impacted the previous adjusted headline EPS of September 2005 by 4.2 cents per share.

Income statement analysis

Group consolidated revenue increased by 17.6% to R20.2 billion (30 September 2005: R17.2 billion). This was mainly due to the strong performance of MTN South Africa with revenue of the Southern African region at R11.6 billion (30 September 2005: R9.9 billion) and Nigeria contributing R6.4 billion in revenue, a 9% increase from September 2005. Operations acquired during 2005 contributed R1.2 billion (30 September 2005: R395 million).

EBITDA increased by 20.9% to R8.7 billion as a result of revenue growth, positive exchange rate impacts and cost-control initiatives, while the EBITDA margin increased from 41.7% to 42.9%. MTN South Africa achieved an EBITDA margin of 33.3%.

MTN Nigeria delivered a strong EBITDA margin of 56.1%, 3.9 percentage points better than in the six-month period ended 30 September 2005. The remaining international operations recorded EBITDA margins of between 33% and 59% excluding Zambia, which is virtually a start-up operation. The EBITDA margins of MTN Côte d'Ivoire, MTN Congo Brazzaville and MTN Zambia are currently lower than those of established MTN operations.

Depreciation and amortisation charges increased by 31.4% to R2.2 billion for the period (30 September 2005: R1.7 billion). This was mainly due to additional capital expenditure for the network rollout in Nigeria, where depreciation increased by R318 million to R1.2 billion, an increase of 36% relative to the six-month period ended 30 September 2005. Subscriber bases that were acquired in 2005 were capitalised on initial recognition in terms of IFRS 3. These bases were amortised during the period resulting in an increase in the amortisation charge of R78 million (30 September 2005: R27 million). Net finance income of R338 million was reported for the period in comparison to net finance costs of R92 million for the six-month period ended 30 September 2005.

The net exchange gain as a result of the translation of assets and liabilities to Rand in MTN Mauritius has added R537 million to profit before tax (September 2005: R18 million), while the impact of the put options in respect of minorities reduced profit before tax by R218 million.

The Group's taxation charge increased by 41.6% to R1.4 billion (30 September 2005: R977 million). The effective tax rate increased by 2 percentage points from September 2005 owing to deferred tax on functional currency gain in MTN Mauritius as well as extraordinary tax charges relating to the prior year in MTN Cameroon. The Group's effective tax rate remains low at 20.4%, primarily due to MTN Nigeria still benefiting from the Pioneer Status tax holiday. This results in a deferred tax credit to the income tax charge because of timing differences on property, plant and equipment.

The Board continues to report adjusted headline earnings in addition to basic headline earnings, with earnings adjusted for:

- The positive impact on earnings due to recording the Nigerian deferred tax credit noted earlier. This decreases earnings per share by 17 cents.

- IFRS requires the Group to account for a written put option held by minority shareholders of the Group's subsidiaries, which gives them the right but not the obligation to require the subsidiary to purchase their shareholding at fair value. The net impact is an increase in Group adjusted headline earnings per share of 6.4 cents. Refer to note 2 for more details.

Adjusted headline EPS of 278.5 cents for the period compares favourably to adjusted headline EPS of 218.4 cents for the six-month period ended 30 September 2005. South African operations contributed 125.4 cents or 45% of total adjusted headline EPS. The adjusted headline EPS contribution from international operations increased by 41% to 153.1 cents.

Balance sheet and cash flow

The Group's total assets have increased by 24.4% to R55.8 billion compared to R44.8 billion at 31 December 2005. Borrowings increased to R9.2 billion (December 2005: R8.6 billion). The weakening of the Rand against the US Dollar and functional currencies of the Group's other operations has significantly increased the consolidated Rand value of the Group's assets and liabilities.

The Group's goodwill and other non-current assets have increased since 31 December 2005 mainly due to the impact of exchange rate movements. The financial market instrument was acquired by the Group to hedge its exchange rate exposure on the anticipated acquisition of Investcom. This instrument has been fair valued.

At 30 June 2006, the Group had cash on hand of R10 billion, which included restricted cash (securitised cash deposits against letters of credit in Nigeria totalling R290 million). Group net cash (including restricted cash) increased from net debt of R1.0 billion at 31 December 2005 to net cash of R712 million at 30 June 2006.

The Group generated operating cash flow (before dividends) of R6.5 billion over the period with free cash flow (operating cash inflows less capital expenditure) of R3.2 billion. MTN South Africa and MTN Nigeria invested R1.2 billion and R1.5 billion respectively in property, plant and equipment, representing 82% of the Group's R3.3 billion capital expenditure for the first six months.

OPERATIONAL REVIEW

MTN South Africa recorded 10 437 000 subscribers at the end of June 2006, a 2% increase from December 2005, with growth expected to increase in the second half of the financial year. The postpaid component of the subscriber base was the main contributor to the increase, recording 216 000 net additions in the first six months. The prepaid base remained constant despite declines in the first quarter due to increased churn at the low end of the customer base. Net additions were positive in the second quarter of 2006 with 238 000 net new customers, with post-paid and prepaid contributing equally to this position.

As expected, blended ARPU for the six-month period declined by 6% to R159, driven principally by declines in the postpaid segment. Postpaid ARPU decreased by 8.7% to R494 (December 2005: R541) while prepaid ARPU decreased marginally to R90 (December 2005: R93). Included in total postpaid subscribers are 388 000 My Choice Top-up subscribers (December 2005: 281 000) who generate significantly lower ARPU than the average postpaid subscriber.

During the period, MTN South Africa was the 11th global operator (first in Africa) to launch a commercial HSDPA service.

3G site build continued with 304 additional base stations being rolled out in the first half of the year as part of expanding network coverage and capacity. This infrastructure provides customers in high-density areas with high-speed access to MTN South Africa's data offerings as well as video-based services. It is encouraging to note that the number of 3G subscribers has increased by 76 000 to 133 000 subscribers.

Data services contributed 7.8% of total revenue, excluding handset revenue. Whilst SMS continues to contribute 85% of data revenue, uptake of new data services is encouraging and continues on a positive upward trend.

MTN Nigeria increased its subscriber base to 9 636 000, a 15% growth since 31 December 2005. Subscriber acquisitions are expected to accelerate in the second half of the year. Blended ARPU remains strong and declined only marginally to US\$18.

MTN Nigeria continues to hold a strong leadership position in the local market with an estimated 45% market share, a slight decrease from 47% in December 2005 owing to increased competition. MTN Nigeria successfully increased core network capacity to support over 12 million subscribers from the 11 million supported in December 2005. The network rollout is proceeding as planned with 2 200 km of optic fibre cabling already completed. Total capital expenditure of R1.5 billion has been incurred during the period.

As previously reported, identifying the most appropriate mechanism to broaden the Nigerian shareholder base continues to receive attention and further announcements will be made at the appropriate time.

OTHER OPERATIONS

MTN Cameroon increased its market share from 54% at the end of December 2005 to 56% at the end of June 2006. Mobile subscribers increased by 22% to 1 528 000 subscribers during the review period. Continued growth in subscribers and MTN's leadership of the consumer segment in Cameroon is largely due to the successful launch of electronic voucher distribution as well as the successful introduction of the total flexibility product. This product allows prepaid subscribers to select any one of three tariff options for every call they make. ARPU declined to US\$15 for the period, driven by increased penetration and consequent connections of lower-use subscribers.

MTN Uganda captured an estimated 80% of net connections during the period, increasing its mobile market share to 64.5%. Marketing initiatives such as aggressive retail and direct marketing promotions, a 30% reduction of SIM pack prices, as well as the introduction of the low-denomination airtime card, have contributed to the 26% increase in its mobile subscriber base from 982 000 in December 2005 to 1 236 000 at the end of June 2006. Increased market penetration resulted in ARPU declining to US\$12.

MTN Côte d'Ivoire recorded 1 108 000 subscribers at 30 June 2006, a 3% increase from December 2005. Market share is currently estimated at 44% and ARPU for the six months ended 30 June 2006 was a strong US\$19. MTN Côte d'Ivoire has experienced some transition challenges that are being addressed to increase market share and deliver the expected subscriber growth.

In May 2006, the Group increased its shareholding in MTN Côte d'Ivoire from 51.0% to 68.34% through the purchase of a 17.34% stake from Atlantique Telecom for R3 342.75 million.

Mascom Wireless Botswana recorded 531 000 subscribers at 30 June 2006 with an estimated market share of 62% and ARPU of US\$16.

MTN Rwanda still enjoys 100% mobile market share with 311 000 subscribers and recorded ARPU of US\$16. MTN Rwanda successfully launched the Village phone company to provide telecommunications services to underserved areas. A second operator has been licensed but has not yet commenced operation.

MTN Swaziland increased its subscriber base to 236 000, an 11% increase from 31 December 2005. ARPU has decreased to R141, 5% lower than the R149 at the end of December 2005. MTN Swaziland is the only mobile operator in the country.

MTN Congo Brazzaville recorded 229 000 subscribers at 30 June 2006, a 9% increase from December 2005 with ARPU at US\$20.

MTN Zambia recorded a 23% increase in subscribers to 119 000 from December 2005 with ARPU remaining stable at US\$20. In terms of the licence, 10% of the equity in this business will be placed with Zambian nationals.

MTN IranCell The operation is ready for network system testing in three cities, Teheran, Mashhad and Tabriz, with 5000 test simcards. The first "on net" call was connected on 24 August 2006. Commercial launch is expected towards the latter part of September with the company targeting a minimum of 1 million subscribers and full coverage in six cities by the end of December 2006.

INVESTCOM TRANSACTION

In line with its vision of consolidating its position as the leading provider of telecommunications services in emerging markets, MTN Group made a cash and shares offer on 23 May 2006 to acquire the entire issued share capital of Investcom LLC, a company whose securities were listed in Dubai and London, for a total consideration of US\$5.5 billion. The formal offer was based on an implied MTN Group share price of R59.25 (US\$9.79). The purchase offer was to be settled partly in cash and partly by the issue of MTN Group shares. The cash portion of the offer was hedged resulting in a foreign exchange gain of R2.6 billion at 30 June 2006, which was treated as a cash flow hedge in terms of IAS 39 and was therefore recorded in equity.

MTN shareholders approved the transaction on 28 June 2006 and it became wholly unconditional on 4 July 2006. Investcom will be consolidated from this date onwards.

MTN Group has separately announced Investcom's results on SENS for the six months to 30 June 2006.

POST-BALANCE SHEET EVENTS

The Investcom LLC transaction became unconditional on 4 July and in accordance with DFIX rules settlement of cash and shares took place on 17 and 24 July 2006. In terms of the offer made US\$3.7 billion was settled in cash and 183 000 000 MTN Group Limited shares were issued to the previous Investcom LLC shareholders.

Investcom LLC was delisted on 15 August 2006.

Bridging finance obtained at the time of the Investcom LLC offer was refinanced in early July through an issue of corporate paper in the South African bond market and a US\$ and ZAR-denominated bank facility underwritten by Cayan, Citibank, Commerz, Deutsche, Sumitomo and Standard Chartered banks. A total of R6.3 billion was raised in the bond market – R5 billion with a four-year term and R1.3 billion with an eight-year term. Approximately US\$2.6 billion of the underwritten banking facility has been utilised; US\$1 billion is repayable over five years, the Rand equivalent of US\$1 billion is repayable over five years and US\$0.6 billion is a revolving facility.

The shareholding in MTN Uganda was increased during July 2006 from 52.01% to 97.34% for approximately US\$220 million, converting the joint venture operation into a fully consolidated subsidiary of the Group.

PROSPECTS

MTN Group's vision is to be the leader in telecommunications in emerging markets. On the assumption that current market conditions endure, the Board expects the Group to continue to show good subscriber growth and maintain a strong market position in existing operations. Capital expansion programmes in Nigeria, South Africa and Iran, as well as the operations in Investcom, are expected to provide further impetus to subscriber and revenue growth.

Following the conclusion of the transaction with Investcom LLC in July 2006, the Group has increased its footprint substantially and further diversified its revenue and earnings streams. Financing the transaction has resulted in the Group raising additional debt and issuing shares. The related financing costs and dilution effect will inhibit the rate of growth in the Group's earnings per share in the short term.

The key priorities for the MTN Group in the short term are the integration of Investcom and realisation of synergies as a result of the transaction. In the medium term, priorities are the realisation of longer-term synergies as well as the repayment of debt used to fund the acquisition.

For and on behalf of the Board

MC Ramaphosa
(Chairman)

PF Nhleko
(Group President and CEO)

Fairland

30 August 2006

Certain statements in this announcement that are neither reported financial results nor other historical information are forward-looking statements, relating to matters such as future earnings, savings, synergies, events, trends, plans or objectives.

Undue reliance should not be placed on such statements because they are inherently subject to known and unknown risks and uncertainties and can be affected by other factors that could cause actual results and company plans and objectives to differ materially from those expressed or implied in the forward-looking statements (or from past results).

Unfortunately the company cannot undertake to publicly update or revise any of these forward-looking statements, whether to reflect new information of future events or circumstances or otherwise.

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