

Notes to the company financial statements

for the year ended 31 December 2006

	December 2006 Rm	9 months ended December 2005 Rm
1. Profit before tax		
The following items have been included in arriving at profit before tax:		
Auditors' remuneration:	—	1
– Audit fees	—	1
Directors' emoluments:	7	3
– Directors' fees	7	3
Fees paid for services:	42	19
– Administrative	5	4
– Management	37	15
2. Finance income		
Interest income	5	3
Dividend income	1 083	1 080
	1 088	1 083
3. Income tax expense		
<i>Current tax</i>		
Normal tax	—	2
Current year	—	2
South African normal taxation is calculated at 29% (December 2005: 30%) of the estimated taxable income for the year.		
Tax rate reconciliation		
The charge for the year can be reconciled to the effective rate of taxation in South Africa as follows:	%	%
Tax at standard rate	29,0	29,0
Exempt income	(29,0)	(29,0)
Expenses not deductible for tax purposes	1,3	0,19
Utilisation of assessed loss	(1,3)	—
	—	0,19

*Amounts less than R1 million

Notes to the company financial statements

for the year ended 31 December 2006 (*continued*)

	December 2006 Rm	December 2005 Rm
4. Interest in subsidiaries		
525 757 682 (December 2005: 525 757 682) shares (100%) in Mobile Telephone Networks Holdings (Proprietary) Limited at cost	22 173	12 658
Loan owing by subsidiary	1 520	1 520
Net interest in subsidiary	23 693	14 178
MTN Management Services (Proprietary) Limited		
100 shares (100%) in Orbicom (Proprietary) Limited at cost	—	—
Loan owing by subsidiary	—	—
Less: Impairment of loan account	—	—
Net interest in subsidiary	—	—
Total interest in subsidiary companies	23 693	14 178
4.1 This loan account has been subordinated in favour of certain of the Group's lenders.		
5. Cash and cash equivalents		
Cash at bank and on hand	56	81
6. Ordinary shares and share premium		
Ordinary share capital		
<i>Authorised share capital</i>		
2 500 000 000 ordinary shares of 0,01 cent each	*	*
<i>Issued and fully paid-up share capital</i>		
1 860 268 283 (December 2005: 1 665 317 425) ordinary shares of 0,01 cent each	*	*
Share premium		
Balance at beginning of year	14 271	14 238
Arising on the issue of shares during the year (net of share issue expenses)	9 533	33
Balance at end of year	23 804	14 271

*Amounts less than R1 million

	December 2006 Rm	December 2005 Rm
7. Trade and other payables		
Sundry creditors	3	20
Accrued expenses and other payables	5	18
	8	38
8. Cash generated from operations		
Profit before tax	1 082	1 081
Adjustments for:		
Profit on disposal of Orbicom	—	(16)
Finance income (note 2)	(1 088)	(1 083)
	(6)	(18)
Changes in working capital	(78)	(76)
Decrease/(increase) in receivables and pre-payments	(48)	26
Increase in trade and other payables	(30)	(102)
Cash generated from operations	(84)	(94)
9. Tax paid		
Amounts charged to income statement	—	2
Balance at end of year	—	(2)
Total tax paid	—	—
10. Related party transactions		
Various transactions were entered into by the company during the period with related parties. The terms of these transactions are documented below.		
The following is a summary of transactions with related parties during the period and balances due at year end:		
Dividends received:		
– Mobile Telephone Networks Holdings (Pty) Limited	1 083	1 080
Management fees paid:		
– MTN Management Services company (Pty) Limited	37	15
Management fees received:		
– MTN International (Pty) Limited	46	5

Associates and joint ventures

Details of associates and joint ventures are disclosed in Annexure 1 and 2 of the financial statements.

Subsidiaries

Details of investments in subsidiaries are disclosed in Annexure 1 of the financial statements.

Directors

Details of directors' remuneration are disclosed in note 3 of the Group Financial Statements as well as in the Directors' report under the heading "Details of emoluments and related payments".

Shareholders

The principal shareholders of the company are disclosed in the Directors' report under the heading "Shareholders' interest".