

# Notes to the company financial statements

for the year ended 31 December 2007

	December 2007 Rm	December 2006 Rm
<b>1. PROFIT BEFORE INCOME TAX</b>		
The following items have been included in arriving at profit before tax:		
Directors' emoluments:	(11)	(7)
– Directors' fees	(11)	(7)
Fees paid for services:	(87)	(42)
– Administrative	(3)	(5)
– Management (note 10)	(83)	(37)
– Technical	(1)	—
Management fees received (note 10)	94	46
<b>2. FINANCE INCOME</b>		
Interest income	3	5
Dividend income	1 715	1 083
	<b>1 718</b>	<b>1 088</b>
<b>3. INCOME TAX EXPENSE</b>		
<b>Current tax</b>		
Secondary tax on companies	18	—
Current year	18	—
South African normal taxation is calculated at 29% (December 2006: 29%) of the estimated taxable income for the year.		
<b>Tax rate reconciliation</b>		
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)
Effect of STC	1,0	—
Utilisation of assessed losses	(0,3)	(1,3)
Expenses not deductible for tax purposes	0,3	1,3
	<b>1,0</b>	<b>—</b>

	December 2007 Rm	December 2006 Rm
<b>4. INTEREST IN SUBSIDIARIES</b>		
525 757 682 (December 2006: 525 757 682) shares (100%) in Mobile Telephone Networks Holdings (Proprietary) Limited at cost	<b>22 173</b>	22 173
Loan owing by subsidiary**	<b>1 520</b>	1 520
Net interest in subsidiary	<b>23 693</b>	23 693
MTN Group Management Services (Proprietary) Limited	*	*
Net interest in subsidiary	—	—
Total interest in subsidiary companies	<b>23 693</b>	23 693
<i>**This loan account has been subordinated in favour of certain of the Group's lenders. This loan bears no interest and there are no fixed terms of repayment.</i>		
<b>5. CASH AND CASH EQUIVALENTS</b>		
Cash at bank and on hand	<b>31</b>	56
<b>6. ORDINARY SHARES AND SHARE PREMIUM</b>		
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>		
1 864 797 807 (December 2006: 1 860 268 283) ordinary shares of 0,01 cent each	*	*
<b>Share premium</b>		
Balance at beginning of year	<b>23 804</b>	14 271
Arising on the issue of shares during the year (net of share issue expenses)	<b>60</b>	9 533
Balance at end of year	<b>23 864</b>	23 804

\*Amounts less than R1 million.

## Notes to the company financial statements *continued*

for the year ended 31 December 2007

	December 2007 Rm	December 2006 Rm
<b>7. TRADE AND OTHER PAYABLES</b>		
Sundry creditors	60	3
Accrued expenses and other payables	5	5
	<b>65</b>	8
<b>8. CASH UTILISED BY OPERATION</b>		
Profit before tax	1 715	1 082
Adjustments for:		
Finance income (note 2)	(1 718)	(1 088)
	<b>(3)</b>	(6)
Changes in working capital	(127)	(78)
Increase in trade and other receivables	(184)	(48)
Increase/(decrease) in trade and other payables	57	(30)
Cash utilised by operation	<b>(130)</b>	(84)
<b>9. INCOME TAX PAID</b>		
Balance at beginning of year	2	2
Amounts charged to income statement	18	—
Balance at end of year	(4)	(2)
Total tax paid	<b>16</b>	—

	December 2007 Rm	December 2006 Rm
<b>10. RELATED PARTY TRANSACTIONS</b>		
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 (Proprietary) Limited	1 715	1 083
Management fees paid (note 1):		
– MTN Management Services Company (Proprietary) Limited	83	37
Management fees received (note 1):		
– MTN International (Proprietary) Limited	94	46

#### Subsidiaries and joint ventures

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

#### Associates

Details of investments in associates are disclosed in Annexure 2 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' interests".

### 11. CONTINGENT LIABILITIES AND COMMITMENTS

The company does not have any contingent liabilities or commitments at year-end.

### 12. POST BALANCE SHEET EVENTS

#### Change in tax rate

The company is regarded as a tax resident in South Africa by the South African Revenue Services (SARS) and as such is subject to tax on its worldwide income in South Africa (note 3). On 20 February 2008, the South African Minister of Finance announced a change in the corporate tax rate from 29% to 28%. This change is effective for financial years ending on any date between 1 April 2008 and 31 March 2009.