

Notes to the Company financial statements

for the year ended 31 December 2008

	December 2008 Rm	December 2007 Rm
1. OPERATING PROFIT		
The following items have been included in arriving at profit before tax:		
Directors' emoluments:	(8)	(11)
– Directors' fees	(8)	(11)
Fees paid for services:	(72)	(87)
– Administrative	(3)	(3)
– Management (note 10)	(69)	(83)
– Technical	—	(1)
Management fees received (note 10)	129	94
2. FINANCE INCOME		
Interest income	26	3
Dividend income (note 10)	2 790	1 715
	2 816	1 718
3. INCOME TAX EXPENSE		
Current income tax		
Secondary tax on companies	(254)	(18)
Normal income tax	(23)	—
Current year income tax	(277)	(18)
South African normal taxation is calculated at 28% (December 2007: 29%) 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	28,0	29,0
Exempt income	(27,0)	(29,0)
Effect of STC	8,8	1,0
Utilisation of assessed losses	—	(0,3)
Expenses not deductible for tax purposes	0,1	0,3
	9,9	1,0

	December 2008 Rm	December 2007 Rm
4. INTEREST IN SUBSIDIARIES		
525 757 682 (December 2007: 525 757 682) shares (100%) in Mobile Telephone Networks Holdings (Proprietary) Limited at cost	22 173	22 173
Loan owing by subsidiary*	1 473	1 468
Net interest in subsidiary	23 646	23 641
MTN Group Management Services (Proprietary) Limited	*	*
Net interest in subsidiary	54	52
Total interest in subsidiary companies	23 700	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>		
5. CASH AND CASH EQUIVALENTS		
Cash at bank and on hand	282	31
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>		
1 868 010 304 (December 2007: 1 864 797 807) ordinary shares of 0,01 cent each	*	*
Share premium		
Balance at beginning of year	23 864	23 804
Arising on the issue of shares during the year (net of share issue expenses)	41	60
Balance at end of year	23 905	23 864

*Amounts less than R1 million.

Notes to the Company financial statements *continued*

for the year ended 31 December 2008

	December 2008 Rm	December 2007 Rm
7. TRADE AND OTHER PAYABLES		
Sundry creditors	5	60
Accrued expenses and other payables	4	5
	9	65
8. CASH GENERATED/(UTILISED) IN OPERATIONS		
Profit before tax	2 864	1 715
<i>Adjustments for:</i>		
Finance income (note 2)	(2 816)	(1 718)
	48	(3)
Changes in working capital	144	(109)
Decrease/(increase) in trade and other receivables	202	(184)
Decrease/(increase) in trade and other payables	(58)	75
	192	(112)
9. INCOME TAX PAID		
Balance at beginning of year	(4)	(2)
Amounts charged to income statement	(277)	(18)
Balance at end of year	19	4
Total tax paid	(262)	(16)

	December 2008 Rm	December 2007 Rm
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 (Proprietary) Limited	2 790	1 715
Management fees paid:		
– MTN Group Management Services Company (Proprietary) Limited	69	83
Management fees received:		
– MTN International (Proprietary) Limited	129	94
Associates		
Details of investments in associates are disclosed in Annexure 2 of the financial statements.		
Subsidiaries and joint ventures		
Details of investments in subsidiaries and joint ventures 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 "Directors' emoluments and related payments".		
Shareholders		
The principal shareholders of the Company are disclosed in the directors' report under the heading "Shareholders' interest".		
11. CONTINGENT LIABILITIES AND COMMITMENTS		
The Company does not have any contingent liabilities or commitments at year-end.		

Notes to the Company financial statements *continued*

for the year ended 31 December 2008

12. FINANCIAL INSTRUMENTS

12.1 Liquidity risk

The following liquid resources are available:

	Carrying amount		Fair value	
	December 2008 Rm	December 2007 Rm	December 2008 Rm	December 2007 Rm
COMPANY				
Cash at bank and on hand; net of overdrafts	282	31	282	31
Trade and other receivables	126	327	126	327
	408	358	408	358
	Carrying amount Rm	Payable within one month or on demand Rm	More than one month but not exceeding three months Rm	More than three months but not exceeding one year Rm
COMPANY				
December 2008				
Current liabilities				
Trade and other payables				
– Sundry creditors	5	5	—	—
– Accrued expenses and other payables	4	4	—	—
	9	9	—	—
December 2007				
Current liabilities				
Trade and other payables				
– Sundry creditors	60	10	50	—
– Accrued expenses and other payables	5	5	—	—
	65	15	50	—