

Notes to the company financial statements

for the year ended 31 December 2009

	December 2009 Rm	December 2008 Rm
1. OPERATING (LOSS)/PROFIT		
The following items have been included in operating (loss)/profit		
Directors' emoluments:	(11)	(8)
– Directors' fees	(11)	(8)
Fees paid for services:	(80)	(72)
– Administrative	(4)	(3)
– Management (note 11)	(76)	(69)
Management fees received (note 11)	82	129
Donation to Newshelf (note 9 and 11)	(9 577)	—
2. FINANCE INCOME AND FINANCE COSTS		
Recognised in profit or loss		
Interest income	17	26
Foreign exchange gains	1	—
Other	3	—
Dividend income (note 11)	18 661	2 790
Finance income	18 682	2 816
Interest on borrowings	(8)	(1)
Finance costs	(8)	(1)
Net finance costs recognised in profit or loss	18 674	2 815
3. INCOME TAX EXPENSE		
Current tax		
Secondary tax on companies	(337)	(254)
Normal tax	(24)	(23)
Deferred tax charge	(1)	—
	(362)	(277)

South African normal taxation is calculated at 28% (December 2008: 28%) of the estimated taxable income for the year.

	December 2009 %	December 2008 %
3. INCOME TAX EXPENSE (continued)		
Tax rate reconciliation		
The table below explains the difference between the expected tax expense at the South African statutory rate of 28% and the Company's total tax expense for the year. The income tax charge for the year is reconciled to the effective rate of taxation in South Africa as follows:		
Tax at standard rate	28,0	28,0
Exempt income	(60,8)	(27,0)
Effect of secondary tax on companies	3,9	8,8
Prior year under/over provision	0,2	—
Expenses not deductible for tax purposes	32,9	0,1
	4,2	9,9
	December 2009 Rm	December 2008 Rm
4. INVESTMENT IN SUBSIDIARIES		
Mobile Telephone Networks Holdings (Proprietary) Limited	22 173	22 173
Loan owing by subsidiary**	1 480	1 473
Net interest in Mobile Telephone Networks Holdings	23 653	23 646
MTN Group Management Services (Proprietary) Limited	*	*
Loan owing by subsidiary	54	54
Net interest in MTN Group Management Services	54	54
Total interest in subsidiary companies	23 707	23 700
<i>* Amounts less than R1 million.</i>		
<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. TRADE AND OTHER RECEIVABLES		
Trade receivables due from related parties	134	92
Less: Allowance for impairment of trade receivables**	—	—
Trade receivables – net	134	92
Sundry debtors and advances	8	34
	142	126
<i>**The entity believes that no impairment allowance is necessary in respect of receivables as no objective evidence existed at year-end to indicate that one or more events may have a negative effect on the estimated future cash flows expected from any individual balance.</i>		
6. CASH AND CASH EQUIVALENTS		
Cash at bank and on hand	2	282

Notes to the company financial statements *continued*

for the year ended 31 December 2009

	Number of shares	
	December 2009	December 2008
7. ORDINARY SHARES AND SHARE PREMIUM		
Ordinary share capital		
Authorised	2 500 000 000	2 500 000 000
Issued	1 840 536 491	1 868 010 304
On issue at 1 January	1 868 010 304	1 864 797 807
Newshelf share buy-back	(243 500 011)	—
Shares issued – PIC	213 866 898	—
Options exercised	2 159 300	3 212 497
On issue at 31 December	1 840 536 491	1 868 010 304
	December 2009	December 2008
	Rm	Rm
Share capital		
Balance at beginning of year	*	*
Additions	*	*
Balance at end of year	*	*
Share premium		
Balance at beginning of year	23 905	23 864
Newshelf share buy-back	20 356	—
Options exercised	36	41
Balance at end of year	44 297	23 905
8. TRADE AND OTHER PAYABLES		
Trade payables from related parties	77	5
Accrued expenses and other payables	15	4
	92	9
9. CASH (UTILISED BY)/GENERATED FROM OPERATION		
Profit before tax	8 593	2 864
<i>Adjustments for:</i>		
Finance income (note 2)	(18 682)	(2 816)
Finance costs (note 2)	8	1
Donation to Newshelf (note 1)	9 577	—
	(504)	49
Changes in working capital	98	143
(Increase)/decrease in trade and other receivables	(18)	201
(Decrease)/increase in trade and other payables	116	(58)
	(406)	192

*Amounts less than R1 million.

	December 2009 Rm	December 2008 Rm
10. INCOME TAX PAID		
Balance at beginning of year	(19)	(4)
Amounts recognised in profit or loss	(362)	(277)
Other	(7)	—
Balance at end of year	26	19
Total tax paid	(362)	(262)
11. 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 reporting date:		
Dividends received (note 2):		
– Mobile Telephone Networks Holdings (Proprietary) Limited	4 280	2 790
– Newshelf 664 (Proprietary) Limited	14 381	—
Donation (note 1):		
– Newshelf 664 (Proprietary) Limited	(9 577)	—
Management fees paid (note 1):		
– MTN Group Management Services Company (Proprietary) Limited	(76)	(69)
Management fees received (note 1):		
– MTN International (Proprietary) Limited	82	129

Associates

Details of investments in associates are disclosed in note 12 of the Group financial statements.

Subsidiaries and joint ventures

Details of investments in subsidiaries and joint ventures are disclosed in Annexure 1 of the financial statements. Details of investment in subsidiaries is disclosed in note 4.

Directors

Details of directors' remuneration are disclosed in note 5 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".

12. CONTINGENT LIABILITIES, CONTINGENT ASSETS AND COMMITMENTS

The Company does not have any contingent liabilities, contingent assets or commitments at year-end.

Notes to the company financial statements *continued*

for the year ended 31 December 2009

	Note	Loans and receivables Rm	Amortised cost Rm	Total carrying amount Rm	Fair value Rm
13. FINANCIAL INSTRUMENTS					
13.1 Accounting classifications and fair values					
December 2009					
<i>Current financial assets</i>					
Trade and other receivables	5	142	—	142	142
Cash and cash equivalents	6	2	—	2	2
		144		144	144
<i>Current financial liabilities</i>					
Trade and other payables	8	—	92	92	92
			92	92	92
December 2008					
<i>Current financial assets</i>					
Trade and other receivables	5	126	—	126	126
Cash and cash equivalents	6	282	—	282	282
		408	—	408	408
<i>Current financial liabilities</i>					
Trade and other payables	8	—	9	9	9
			9	9	9

13.2 Credit risk

The following instruments give rise to credit risk:

	December 2009		December 2008	
	Carrying amount	Exposure to credit risk*	Carrying amount	Exposure to credit risk*
Cash and cash equivalents	2	2	282	282
Trade and other receivables	142	—	126	—
	144	2	408	282

*Excluding collateral and credit enhancements.

13. FINANCIAL INSTRUMENTS (continued)**13.2 Credit risk** (continued)

The following are the contractual maturities of financial liabilities excluding interest payments:

	Carrying amount Rm	Payable within one month or on demand Rm
December 2009		
Current liabilities		
Trade and other payables		
– Trade payables from related parties	77	77
– Accrued expenses and other payables	15	15
	92	92
December 2008		
Current liabilities		
Trade and other payables		
– Trade payables from related parties	5	5
– Accrued expenses and other payables	4	4
	9	9

13.3 Interest rate risk

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments were:

	Variable rate instruments Rm
December 2009	
Financial assets	
Cash and cash equivalents	2
December 2008	
Financial assets	
Cash and cash equivalents	282