

Notes to the Group financial statements *continued*

for the year ended 31 December 2015

8 EQUITY STRUCTURE (continued)

8.1 Ordinary share capital and share premium (continued)

Dividends paid to MTN Zakhele

Dividends paid by the Company to MTN Zakhele amounted to R965 million (2014: R837 million) for the year.

The dividend income earned on the MTN shares held by MTN Zakhele is required to firstly, pay permitted operational fees, costs, expenses and tax liabilities and thereafter, to meet the dividend obligations to the third-party funders.

Share buy-back

In the current year, MTN Holdings Proprietary Limited did not acquire any shares. During 2014, 10 704 475 shares in the Company were acquired at an average price of R226,24 per share, inclusive of transaction costs, on the JSE Limited. The total amount paid to acquire the shares in 2014, inclusive of transaction costs, was R2 422 million. The shares are fully paid shares and are held as treasury shares.

The Group's objective in terms of buy-backs is to enhance shareholder value over time and improve the capital structure of the Group.

8.2 Other reserves

	2015 Rm	2014 Rm
Balance at beginning of the year	(2 967)	(5 991)
Share-based payment transactions	532	110
Exchange differences on translating foreign operations	21 033	2 960
Transfer from retained earnings	127	–
Other	(130)	(46)
Balance at end of the year	18 595	(2 967)
Consisting of:		
Contingency reserve (as required by insurance regulations) ¹	4	4
Statutory reserve (as required by Rwanda and Congo-Brazzaville legislation) ²	211	211
Transactions with non-controlling interests ³	(11 396)	(11 396)
Share-based payment transactions ⁴	3 046	2 514
Foreign currency translation reserve ⁵	26 823	5 791
Other	(93)	(91)
	18 595	(2 967)

¹ A contingency reserve has been created in terms of the Short-term Insurance Act, 1988. Transfers to the contingency reserve are treated as an appropriation of income, and the balance of the reserve is disclosed in the statement of financial position as a non-distributable reserve, forming part of shareholders' funds. On dissolution of the structured entities to which these reserves relate, they will become available for distribution.

² A statutory reserve has been created in terms of local legislation. Transfers to the statutory reserve are treated as an appropriation of income, and the balance of the reserve is disclosed in the statement of financial position as a non-distributable reserve, forming part of the shareholders' funds.

³ Non-controlling shareholders are treated as equity participants and, therefore, all acquisitions of non-controlling interests or disposals by the Group of its interests in subsidiary companies where control is maintained subsequent to the disposal are accounted for as equity transactions. Consequently, the difference between the fair value of the consideration transferred and the carrying amount of a non-controlling interest purchased is recorded in equity. All profits or losses arising as a result of the disposal of interests in subsidiaries to non-controlling shareholders, where control is maintained subsequent to the disposal, are also recorded in equity.

⁴ Refer to the accounting policy in note 8.4 with regards to equity-settled share-based payments.

⁵ Refer to the translation and disposal of foreign operations sections in accounting policy 1.3.2 Foreign currency. The devaluation of the rand, which is the presentation currency of the Group, against the functional currencies of the Group's largest operations, contributed significantly to the increase in the carrying amounts of assets and liabilities reflected in the Statement of Financial Position which are translated into the Group's presentation currency at closing rates at the end of the reporting period.