

Notes to the Group financial statements *continued*

for the year ended 31 December 2015

9 GROUP COMPOSITION (continued)

9.5 Joint operations

In respect of its interest in joint operations, the Group recognises in its financial statements its share of the assets held jointly, classified according to the nature of the assets, any liabilities that it has incurred, its share of any liabilities incurred jointly with the other joint operators in relation to the joint operation, any income from the sale or use of its share of the output of the joint operation, together with its share of any expenses incurred by the joint operation and any expenses that it has incurred in respect of its interest in the joint operation.

When the Group acquires an interest in a joint operation in which the activity of the joint operation constitutes a business, identifiable assets acquired and liabilities assumed are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised in profit or loss. Goodwill is measured as the excess of the sum of the consideration transferred over the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed.

When the Group increases its interest in a joint operation in which the activity of the joint operation constitutes a business, by acquiring an additional interest in the joint operation, the Group's previously held interests in the joint operation are not remeasured if the joint operator retains joint control.

The Group has entered into agreements with several other companies to construct high capacity fibre-optic submarine cable systems.

The Group has the following interests in jointly controlled operations:

	Ownership interest held	
	2015 %	2014 %
Joint operation		
Europe India Gateway Submarine Cable System	7,12	7,09
West Africa Cable System	11,06	11,45
Eassy Cable System	16,26	16,26
Africa Coast to Europe Cable System	8,67	–

During the year, the Group entered into a new agreement to construct a high capacity fibre-optic submarine cable system, named Africa Coast to Europe Cable System. The cost to the Group amounts to US\$51,6 million.

The following table presents, on a condensed basis, the Group's share of assets and liabilities, revenue and expenses of the jointly controlled operations which are included in the consolidated statement of financial position and income statement:

	2015 Rm	2014 Rm
Revenue	35	21
Expenses	(299)	(212)
Total assets	3 133	1 977
Total liabilities (excluding unearned income)	(129)	(124)
Unearned income	(161)	(132)

9.6 Interest in subsidiaries

The subsidiaries in which MTN Group Limited has direct and indirect interests are set out in note 9.1. A summary of the Group's subsidiaries with material non-controlling interests is presented below:

		Non-controlling interests	
	Principal place of business	2015 Rm	2014 Rm
Subsidiary			
MTN Nigeria Communications Limited	Nigeria	2 365	2 306
MTN Côte d'Ivoire S.A.	Côte d'Ivoire	1 284	971
Spacotel Benin SA	Benin	392	346
Mobile Telephone Networks Cameroon Limited	Cameroon	469	450
Other		959	852
		5 469	4 925

Set out on the next page is the summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. Unless otherwise stated, the Group's subsidiaries' countries of incorporation are also their principal place of operation. The summarised financial information presented is before intercompany eliminations.

Notes to the Group financial statements *continued*

for the year ended 31 December 2015

9 GROUP COMPOSITION (continued)

9.6 Interest in subsidiaries (continued)

	MTN Nigeria Communications Limited		MTN Côte d'Ivoire S.A.	
	2015	2014	2015	2014
% ownership interest held by non-controlling interests	21,17	21,17	33,17²	33,17 ²
	Rm	Rm	Rm	Rm
Summarised statement of financial position				
Non-current assets ¹	47 026	35 423	8 420	4 818
Current assets	30 011	25 267	2 126	1 676
Total assets	77 037	60 690	10 546	6 494
Non-current liabilities	31 871	27 541	871	302
Current liabilities	33 993	22 256	5 804	3 264
Total liabilities	65 864	49 797	6 675	3 566
Summarised income statement				
Revenue	51 942	53 995	6 424	6 418
EBITDA	18 180	31 620	2 195	2 475
Profit before tax	7 221	19 184	1 283	1 704
Income tax expense	(4 264)	(5 360)	(313)	(587)
Profit after tax	2 957	13 824	970	1 117
Profit attributable to non-controlling interests	626	2 927	322	371
Dividends paid to non-controlling interests	1 328	3 366	373	341
Summarised statement of cash flows				
Net cash generated from operating activities	13 065	11 226	486	1 195
Net cash used in investing activities	(8 929)	(7 078)	(2 247)	(1 158)
Net cash (used in)/from financing activities	(4 188)	(49)	1 865	(286)
Net (decrease)/increase in cash and cash equivalents	(52)	4 099	104	(249)
Net cash and cash equivalents at beginning of the year	13 032	9 513	437	707
Exchange gains/(loss) on cash and cash equivalents	2 597	(580)	(111)	(21)
Net cash and cash equivalents at end of the year	15 577	13 032	430	437

¹ Excludes goodwill on consolidation of subsidiaries.

² The non-controlling interests hold 41,17% of the issued ordinary share capital of MTN Côte d'Ivoire S.A. However, the effective ownership for accounting purposes is 33,17% due to outstanding funding provided by the Group to the non-controlling interests to acquire ordinary share capital in MTN Côte d'Ivoire (see note 9.3.1.1).

Notes to the Group financial statements *continued*

for the year ended 31 December 2015

9. GROUP COMPOSITION (continued)

9.6 Interest in subsidiaries (continued)

Summarised financial information of subsidiaries with material non-controlling interests (continued)

	Spacetel Benin SA		Mobile Telephone Networks Cameroon Limited	
	2015	2014	2015	2014
% ownership interest held by non-controlling interests	25	25	20¹	20 ¹
	Rm	Rm	Rm	Rm
Summarised statement of financial position				
Non-current assets ²	2 470	2 204	6 228	2 629
Current assets	2 388	1 424	1 782	4 058
Total assets	4 858	3 628	8 010	6 687
Non-current liabilities	1 039	683	983	200
Current liabilities	2 250	1 562	4 682	4 235
Total liabilities	3 289	2 245	5 665	4 435
Summarised income statement				
Revenue	3 633	3 316	5 806	6 194
EBITDA	1 280	1 380	2 101	2 651
Profit before tax	791	878	1 212	1 905
Income tax expense	1	1	(635)	(852)
Profit after tax	792	879	577	1 053
Profit attributable to non-controlling interests	198	220	115	211
Dividends paid to non-controlling interests	263	173	175	365
Summarised statement of cash flows				
Net cash generated from operating activities	21	961	276	1 105
Net cash used in investing activities	(121)	(264)	(3 165)	(608)
Net cash (used in)/from financing activities	(30)	(204)	537	(272)
Net (decrease)/increase in cash and cash equivalents	(130)	493	(2 352)	225
Net cash and cash equivalents at beginning of the year	927	467	2 971	2 857
Exchange gains/(losses) on cash and cash equivalents	173	(33)	25	(111)
Net cash and cash equivalents at end of the year	970	927	644	2 971

¹ The non-controlling interests hold 30% of the issued ordinary share capital of Mobile Telephone Networks Cameroon. However, the effective ownership for accounting purposes is 20% due to outstanding funding provided by the Group to the non-controlling interests to acquire ordinary share capital in Mobile Telephone Networks Cameroon.

² Excludes goodwill on consolidation of subsidiaries.