M-Cell Limited

Annual Report 2001

Our vision

To be the leading provider of communication services in Africa

Group Profile

M-Cell Limited ("M-Cell") is a holding company that carries on the business of investing in the telecommunications industry. It operates through two wholly-owned subsidiaries, Mobile Telephone Networks Holdings (Proprietary) Limited ("MTN") and Orbicom (Proprietary) Limited ("Orbicom").

Johnnic Holdings Limited ("Johnnic") is the ultimate controlling shareholder of M-Cell.

MTN

MTN is a provider of telecommunications services in South Africa and in several other African countries. Its South African GSM network – one of the largest national networks in the world – has close to 3 600 sites covering 19 200 km of roads, 800 000 km^2 of land and 92% of South Africa's population.

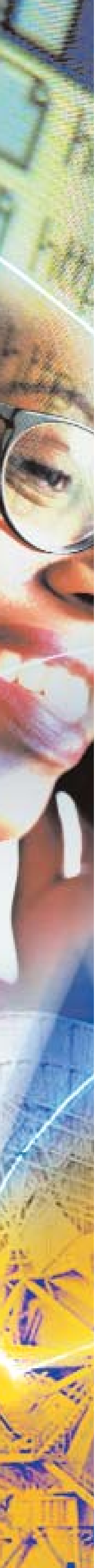
MTN also owns service provider M-Tel (Proprietary) Limited (100%) and has interests in the following major associated companies: I-Talk Cellular (Pty) Limited (41%) and New Bucks Holdings Limited (30%).

Investments outside South Africa are held through Mobile Telephone Networks Africa (Proprietary) Limited, a wholly-owned subsidiary which holds 100% of Mobile Telephone Networks International Ltd ("MTN International") and 30% of Swazi Mobile Telephone Networks Limited. MTN International has interests in Mobile Telephone Networks Uganda Limited (50%), Rwandacell S.A.R.L (31%), Mobile Telephone Networks Cameroon Limited (100%) and Mobile Telephone Networks Nigeria Communications Limited (94%).

Orbicom

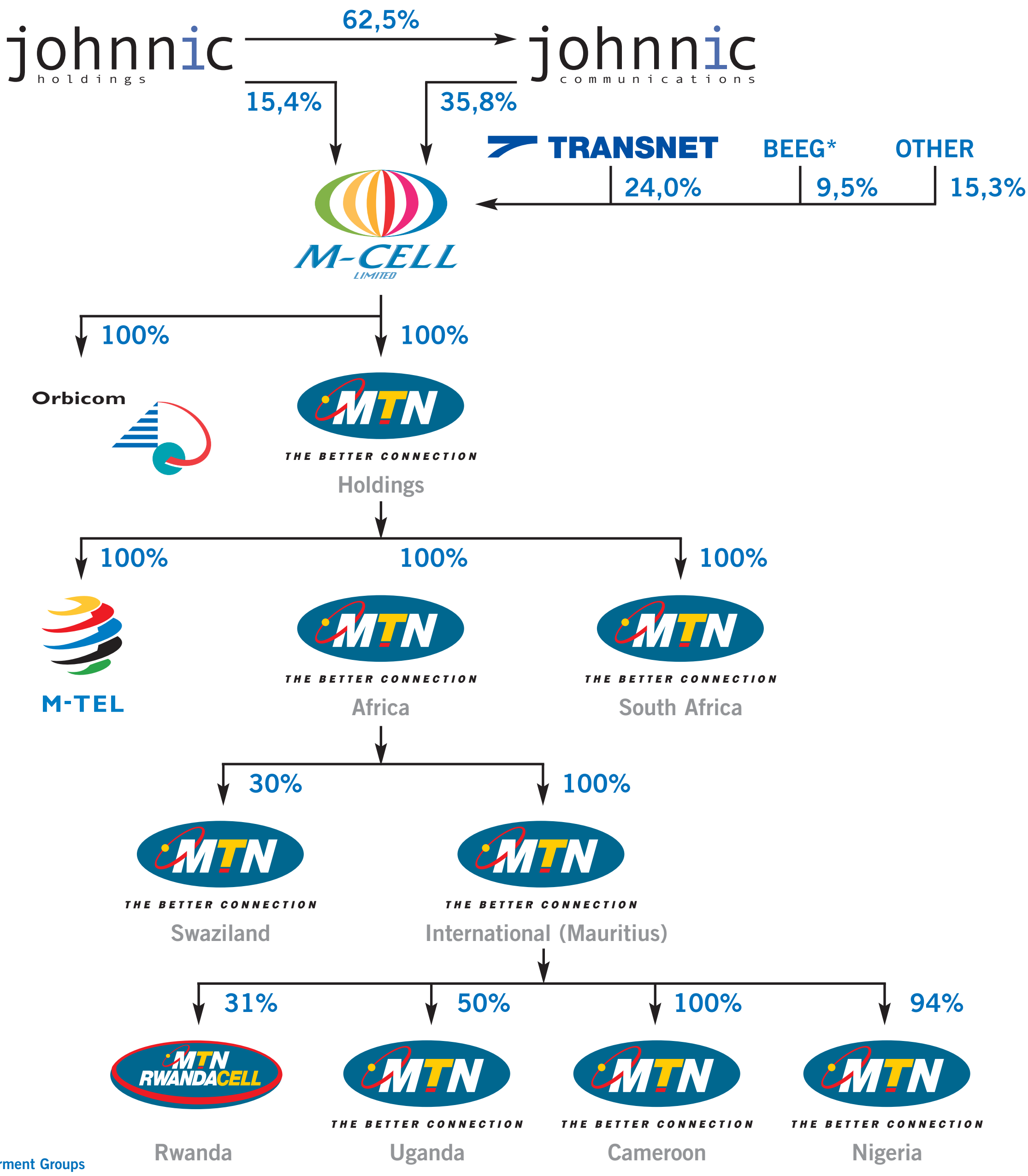
Orbicom is the largest commercial satellite operator on the African continent. It distributes digital signals in South Africa and throughout Africa, and manages transmitter networks and encryption in Botswana, Burundi, Egypt, Ghana, Kenya, Lesotho, Namibia, Nigeria, Tanzania, Uganda and Zambia.

"Africa has a voice."



Group Structure

as at 31 March 2001

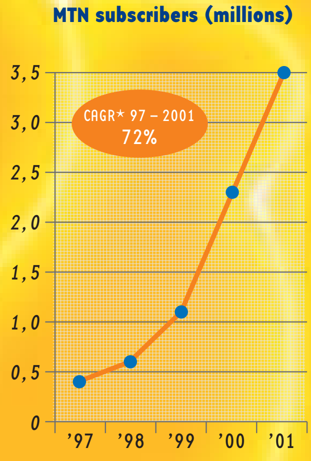


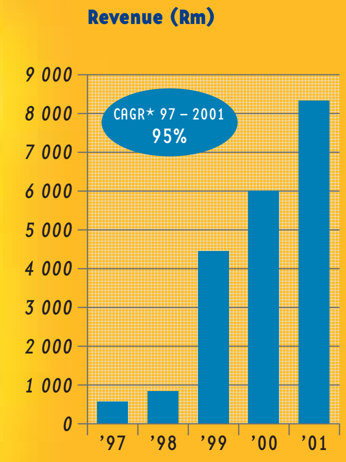
*Black Economic Empowerment Groups

Highlights

Financial

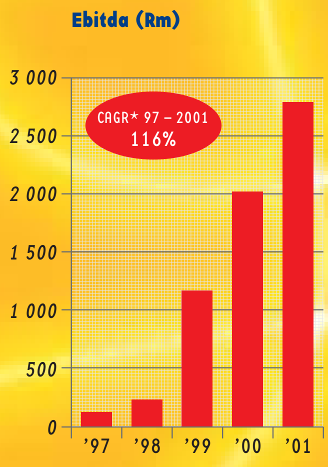
- MTN subscribers ↑ 55%
- Revenue ↑ 39%
- Ebitda ↑ 38%
- Basic headline earnings per ordinary share ↑ 47%

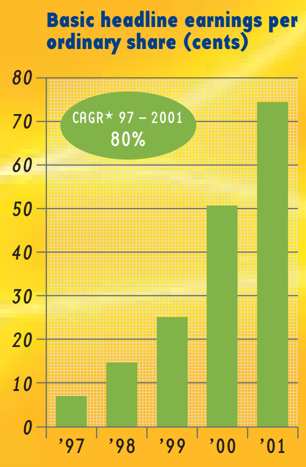




Major achievements

- Increased shareholding in MTN from 77% to 100%
- MTN successfully obtained a licence to operate a mobile telecommunications network in Nigeria
- MTN launched its operations in Cameroon
- Orbicom initiated an electronic funds transfer project in Ghana





*CAGR = Compound annual growth rate

M-Cell Leadership

A leading private sector, black controlled telecommunications group, well poised to exploit the opportunities presented by deregulation

J R D MODISE (34)
BComm, BAcc, CA(SA), MBA
Non-executive director since 23 April 1999

G T SEROBE (41)
BComm, MBA
Non-executive director since 15 November 2000

Z N A CINDI (50)
Non-executive director since 23 April 1999

P M JENKINS (41)
BComm, LLB
Non-executive director since 15 November 2000

C R JARDINE (37)
PhD (Information Technology)
BS and MS (Computer Science)
Non-executive director since 15 November 2000

P EDWARDS (47)
BSc, MBA
Non-executive director since 13 August 1999

CHAIRPERSON
I CHARNLEY (40)
MAP, CPIR
Non-executive director since 12 November 1998

Into Africa

and then the world

M-Cell's footprint of telecommunications and digital signal distribution covers some of the major countries on the African continent. Through the development and commercialisation of proprietary technology, the Group is building both wired and wireless communities globally and hopes to play a role in bridging the African digital divide.

Our success story

I am very pleased that the 2001 financial year proved to be a very good one for M-Cell, despite the difficult telecommunications environment in which we operate. Our operational achievements exceeded market expectations with basic headline earnings per ordinary share growing by an impressive 47% to 74,5 cents. Other highlights of our performance included a 55% increase in our subscriber base to 3,5 million at year end, and an increase in revenue by 39% to R8,3 billion. Operational efficiencies were maintained and we achieved an Ebitda margin of 34%.

We finally completed consolidation of our telecommunications investments by increasing our stake in cellular network provider Mobile Telephone Networks Holdings (Proprietary) Limited ("MTN") from 77% to 100%, with effect from 17 July 2000.

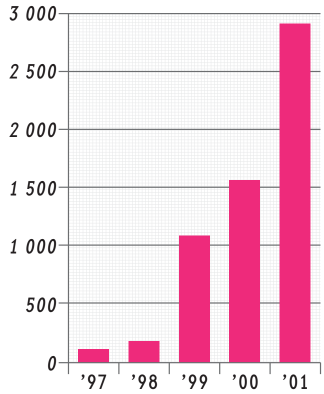
In January 2001, MTN was successful in obtaining a licence to operate a mobile telecommunications network in Nigeria. This operation has successfully been launched during the month of August 2001 in Lagos, Abuja and Port Harcourt. I am quite confident that all the rollout targets and subscriber numbers in the five key geo-political zones will be achieved within the next 12 months.

This year also included the launch of operations in Cameroon which, despite a slow start, recorded rapid growth in subscribers to 67 000 as at year end and exceeded 100 000 subscribers as at the time of writing this report. Our operations in Swaziland, Rwanda and Uganda reached profitability in the previous financial year and this has been further consolidated.

The Group also embarked on a series of initiatives during the year, and subsequent to year end, to grow its wireless data and other value added services which included:

- An alliance partnership by MTN with Aliasnet, an Italian systems integrator, to licence MTN's proprietary mobile Internet technology, Remote Interactive Voice Response ("RIVR") to Wind, an Italian mobile operator.
- The acquisition by MTN of a 30% stake in NewBucks Holdings Limited, the owners of the e-Bucks brand, for the provision of an enhanced customer loyalty programme in alliance with Johnnic e-Ventures and the FirstRand group.
- The acquisition by MTN in July 2001, of a 60% stake in Citec (Pty) Limited, a Tier One Internet Service Provider, to increase the range of data services provided to corporate customers and to position the group for data and voice services over the Internet.
- MTN launched its mobile portal through MTN ICE (Information Commerce Entertainment) which has already reached over 500 000 revenue-generating subscribers. This growth was achieved within 12 months since launch despite the fact that virtually no advertising has been conducted and that the growth has been achieved predominantly through viral marketing.

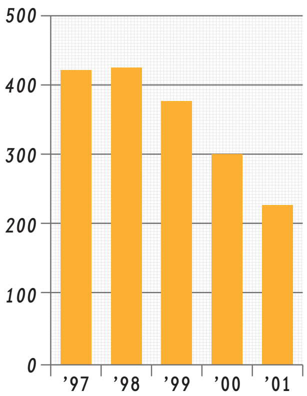
Net cash inflows from operating activities (Rm)



"Our focus is to develop an intimate customer relationship with regard to quality of service."

I CHARNLEY
Outgoing Chairperson

- The creation of a new subsidiary company called Airborn, which is building wired and wireless global communities as well as licensing technology. It also houses mtnsms.com, a free PC (personal computer) to phone short messaging service, which has attracted over 6,3 million registered users, making it one of the top Internet sites worldwide.
- An alliance partnership between Orbicom and Lockheed Martin Global Telecommunications for the provision of Internet and communication services via satellite throughout Africa. In addition, Orbicom established an electronic funds transfer project ("EFT") for the banking community in Ghana.



Our challenges

M-Cell operates in an environment where many international telecommunications companies have overpaid for third generation ("3G") licences, which resulted in them amassing significant debt and thus raising concerns in terms of their ability to meet their financing commitments. This, together with the negative sentiments towards emerging markets, resulted in the sharp decline in the market value of M-Cell in line with international telcos. However, the fundamentals of the Group remain solid and should enable us to withstand any continued volatility in our market sector.

In line with international trends, our South African operations are also faced with declining voice average revenue per user ("ARPU"), as we move deeper into the South African market. We continue to explore alternative sources of revenue generation in the area of increased data usage such as the development of our mobile portal through MTN ICE. These new business developments will be enhanced with the rollout of General Packet Radio Services ("GPRS") early next year, enabling the provision of Internet and data services

"The Group generates strong cash flows in South Africa which, barring the foreign exchange limitations, could be used to fund foreign expansion."

Connecting the globe

for usage by both prepaid and contract subscribers.

The award of the third cellular licence will undoubtedly have some impact on our market, however, the increased competition should also stimulate awareness and usage. A key objective will be to retain our high value customers by understanding and pre-empting their needs and providing excellent customer service. In the light of the above, our focus is to develop an intimate customer relationship with regard to quality of service. Our continued objective is to maintain and expand our subscriber base while maintaining a strong Ebitda margin.

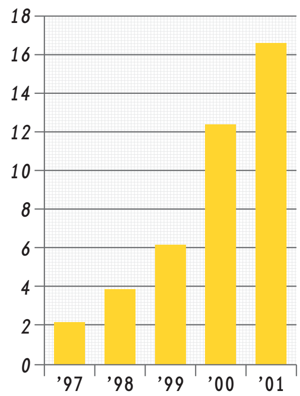
Another challenge facing the Group is the funding of operations outside of South Africa in the light of the current limitations presented by the foreign exchange regulations in South Africa. The Group generates strong cash flows in South Africa which, barring the foreign exchange limitations, could be used to fund foreign expansion. We have secured offshore dollar denominated bridging finance for a two year period, and permission from the South African Reserve Bank to utilise just under R1 billion from local operations for offshore expansion. We will continue to explore ways of putting in place appropriate funding for our offshore operations. We are confident that this will not inhibit our growth in any way.

Looking ahead

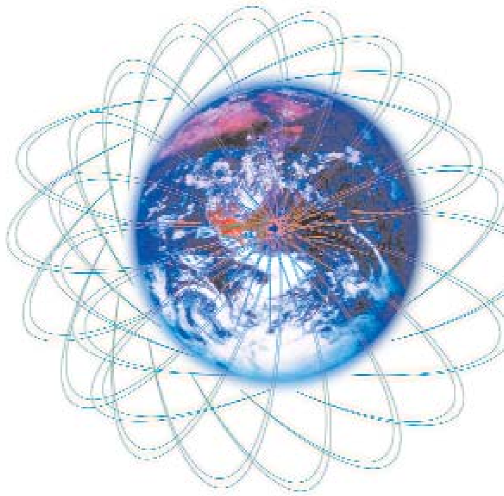
Over the next two years, the funding of new ventures as well as normal start up losses will affect the overall earnings of the Group, but we remain fairly optimistic that significant cash flows will continue to be generated from the South African operations. Prospects for the African operations are excellent. Cameroon is now up and running well, and Nigeria, with a population estimated at 120 million, offers significant potential for the Group. We expect positive cash flows within the next three to five years from these new operations.

On the regulatory front, a new telecommunications policy framework has been announced. We are cautiously exploring opportunities arising from the deregulation of the South African telecommunications market, which will only be pursued once we are confident of their commercial viability.

Mobile penetration of South African population (%)



"MTN's 'Living the Brand' project became an integral part of the Live-Work-Play campaign."



In the South African market mobile penetration is at 17%, which is still low compared with other developing countries. Penetration could potentially increase in the years ahead. We expect revenue growth from voice to gradually slow down. M-Cell is positioning itself to grow revenues from other services such as data delivery to customers, to counteract the expected slow down in revenue growth from voice.

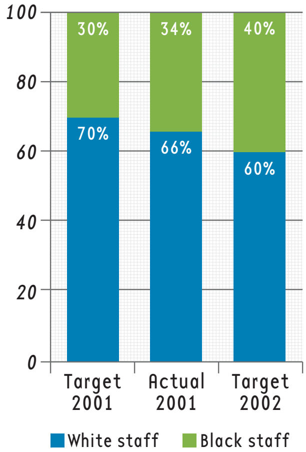
Human capital

The Group sees itself competing in two markets, one for customers and the other for talented individuals. With this focus, the Group is transforming itself to truly become a talent focused and empowered organisation. We have a strategy to attract the best talent into the Group by developing a strong employer brand image. MTN, for example, was awarded second place this year in the "Best company to work for in South Africa" survey.

At MTN, the "Living the Brand" project became an integral part of the Live-Work-Play campaign with an objective to connect all employees to the MTN culture where the brand values of integrity, innovation, friendliness, simplicity and can-do are shared amongst all staff.

We also continued to create greater diversity in our workforce and have exceeded our employment equity targets at the time of writing this report. MTN has now achieved an employment equity rate of over 60%. The employment equity rate for the top three management levels reached 34% by year end.

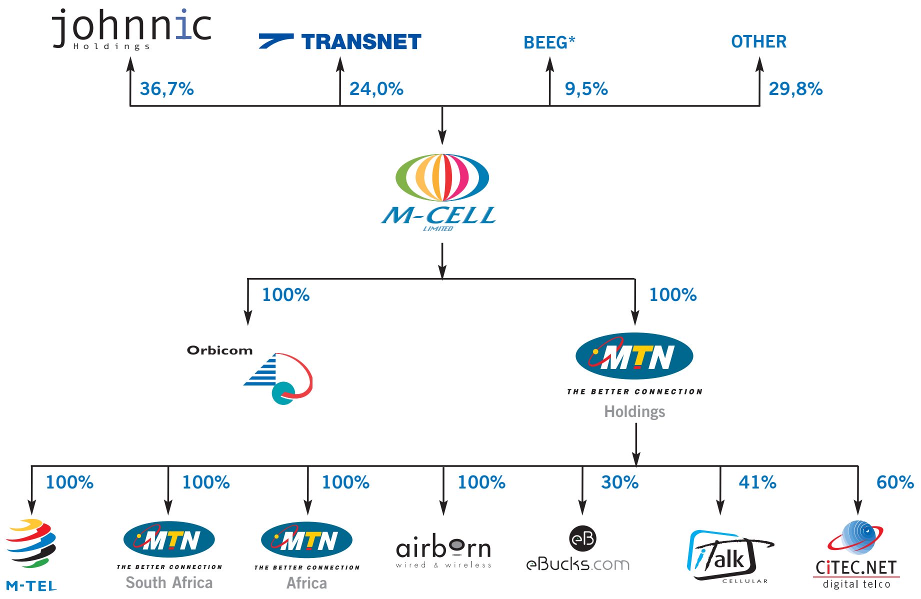
Percentage black staff in the top three managerial levels: MTN as at 31 March



Social responsibility

The Group is proud of its corporate social investment record. We have managed to make a real difference in the lives of the average South African, from the Adopt-an-Orphanage programme to the arts educational projects. Realising that no one company can address all the needs of South Africa, the Group has identified five core areas of investment that are aligned with national priorities. These areas are education, arts and culture, science and technology, rural development and safety. Flagship projects include the MTN ScienCentre, MTN Art centre, and the MTN centre for crime prevention studies.

Current Group structure (summarised)



*Black Economic Empowerment Groups

In addition, forty new open undergraduate bursaries have been made available to supplement the existing telecommunications bursaries provided through the Orbicom Mandela Bursary Scheme that is funded through the contributions of Orbicom, MTN and other partners.

M-Cell's commitment to community development is also primarily focused on disadvantaged areas with the aim of providing opportunities for self-upliftment. M-Cell focuses on establishing and nurturing sustainable partnerships with long term projects and clearly identifiable objectives. The launch of the MTN Foundation later this year will facilitate further co-ordination of the group's social investment activities.

Recent developments

We note changes announced by some of our major shareholders:

- Transnet has indicated its intention to sell its holding in M-Cell to a strategic equity partner, and discussions in this regard are continuing.
- Johnnic Communications Limited has unbundled its shareholding in M-Cell, a move which we have welcomed as it has led to an immediate improvement in the free float of the Company's shares.

Subsequent to year end, we have announced the appointments of:

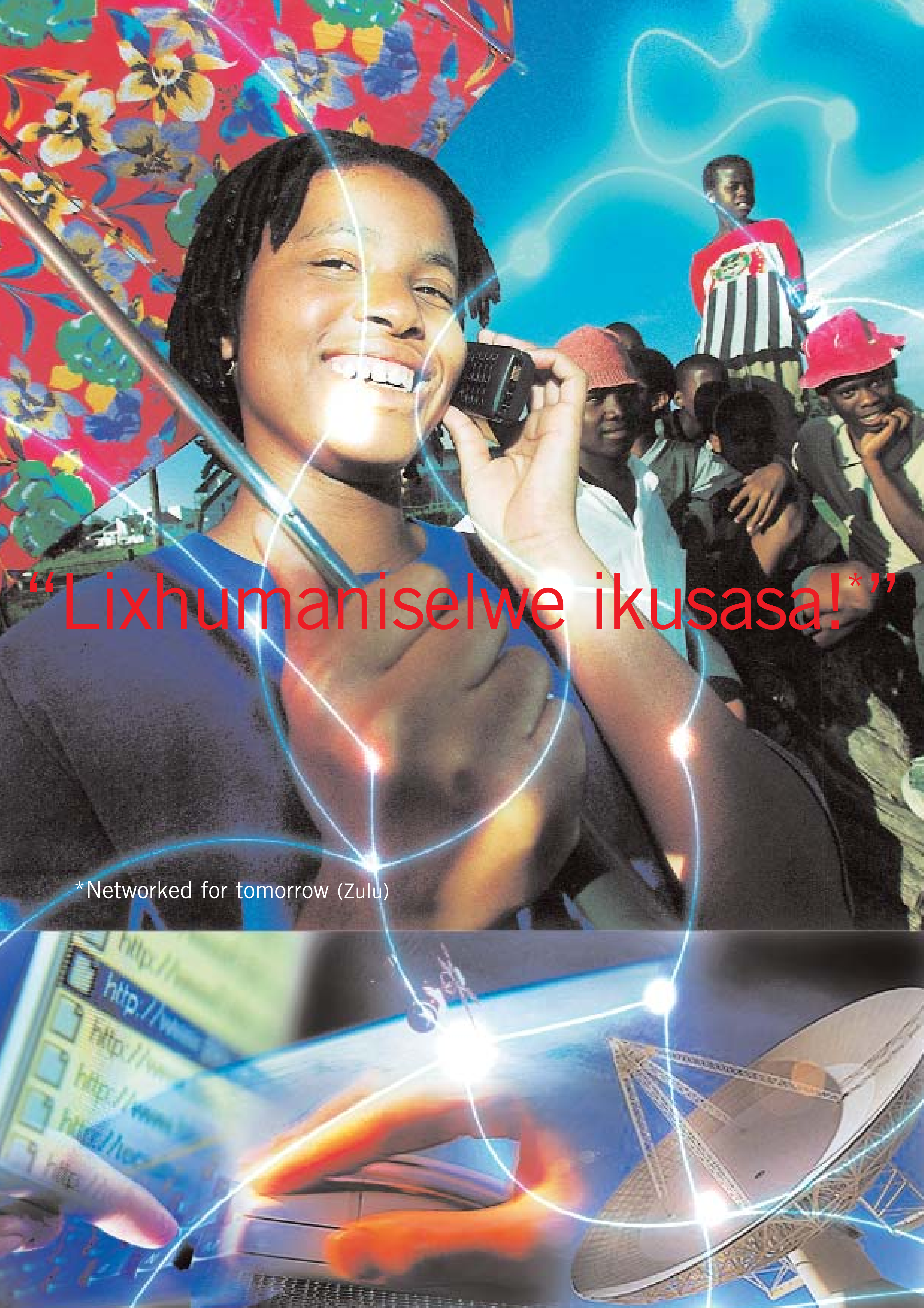
- Mr Phuthuma Nhleko, member of the National Empowerment Consortium and Chief Executive Officer of Worldwide Africa Investment Holdings, as our new Chairman;
- Mr Paul Edwards, former Chief Executive Officer of the Johnnic Group, to succeed Mr Bob Chaphe, as Chief Executive Officer of the MTN Group; and
- Mr Lazarus Zim, former M-Net Managing Director and MIH South Africa Chief Executive Officer, as Managing Director of MTN Africa and MTN International.

Since April 2000, Mr Stuart Craib and Mr Ashley Mabogoane have resigned as non-executive directors from the Board, while Mr Chris Jardine and Ms Gloria Serobe were appointed on behalf of Transnet to the Board of M-Cell.

We welcome the new appointments in the knowledge that they will make valuable contributions to the growth and development of the Group. We would also like to take the opportunity to thank the departing Chief Executive Officer and non-executive directors for the invaluable contribution they have made to MTN and the Group over time.

Having stepped down as non-executive chairperson of the Group, I have taken on executive responsibilities as Commercial Director for the M-Cell Group as of August 2001. I would like to express my sincere gratitude to management, staff and my fellow directors of M-Cell, MTN and Orbicom for their hard work, dedication and commitment, as well as to all our shareholders, customers and suppliers for their continued and valued support in making the M-Cell Group one of the leading providers of communication services across the African continent while furthering black economic empowerment.

I CHARNLEY
Outgoing Chairperson
7 September 2001


"Lixhumaniselwe ikusasa!*"
*Networked for tomorrow (Zulu)

Upwardly mobile

"MTN has, over a relatively short period of time, established itself as a leading mobile telecommunications operator in Africa."

Mobile Telephone Networks Holdings (Proprietary) Limited ("MTN")

MTN continued to experience solid growth during the year with subscribers increasing by 55% to 3,5 million at year end.

The MTN group has, over a relatively short period of time, established itself as a leading African mobile telecommunications operator. It has achieved a 45% market share of the South African market and occupies leading positions in its established African operations. The group continued its successful offshore expansion programme with the securing of the GSM licence in Nigeria which was awarded at a cost of US$285 million.

The third cellular licence was finally awarded to Cell C following a protracted process. The group welcomes certainty that is brought about by the award of this licence and believes that this will stimulate the market. The internal restructure within MTN has borne fruit with the international licensing of the RIVR software, the phenomenal growth of mtnsms.com, the launch of the MTN mobile portal through MTN ICE and strategic acquisitions of 60% in Citec, a Tier One Internet Service Provider, and a 30% shareholding in e-Bucks, which focuses on customer loyalty.

The future success of the group depends on:

- customer retention through customer satisfaction and product differentiation through leadership in innovation;
- growing its African subscriber and earnings base; and
- generating returns from new operations in Cameroon and Nigeria.

Mobile Telephone Networks (Proprietary) Limited ("MTN SA")

The overall performance of the South African operation exceeded expectations with good subscriber growth in both pre-paid and contract leading to a year end market share of active subscribers of about 45%. The subscriber growth of 49% from the previous year resulted in the total number of subscribers being 3,2 million, of which 760 000 were on contract, and 2,4 million on pre-paid packages. The year end ratio of pre-paid to total subscriber base was therefore 76%. It is anticipated that the pre-paid portion of the total subscriber base will continue to increase as mobile phone penetration in the developing and emerging markets increases.

While the acquisition of subscribers continued to form a critical part of the overall strategy, the quality of the new subscribers added a new dimension to the acquisition strategy. In ensuring that the lifetime value of subscribers remained at acceptable levels, acquisition costs were continually reviewed during the period and were

Management structures

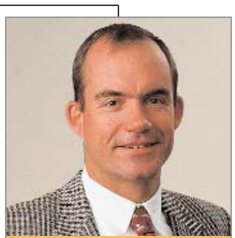
MTN Holdings


Bob Chaphe
Chief executive officer


Ross McDonald
Airborn (MD)


Estee Becker
Company Secretary


Rob Nisbet
Finance and administration


Johan Bezuidenhout
New business development


Sifiso Dabengwa
MTN South Africa (MD)


Yvonne Muthien
Corporate affairs


Paul Norman
Human resources


Lazarus Zim
MTN International (MD)

MTN (SA)


Sifiso Dabengwa
MTN South Africa (MD)


Rob Reynolds
Sales and distribution


Karel Pienaar
Network group


Nobusi Shikwane
Customer relations


Buckley McGrath
Finance


Eric Roberts
Information systems


Graham de Vries
Legal and regulatory

MTN (Africa)


Lazarus Zim
MTN International (MD)


Campbell Utton
Finance MTN Africa


Felleng Molusi
International business development

> "MTN's South African operations recorded a 49% increase in the number of subscribers to 3,2 million at year end."

reduced for pre-paid subscribers. In order to maintain acceptable levels of subscriber value, especially in the pre-paid market, it is anticipated that acquisition costs will continue to come under pressure into the future.

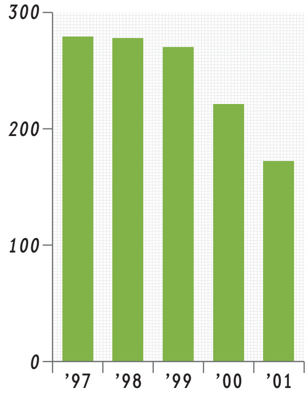
Pre-paid subscriber churn increased from the previous year, driven primarily by affordability and high numbers of SIM packs sold, ie, SIM cards sold without handsets. Pricing of these products continues to be under scrutiny as it is a major factor in the level of churn. Churn on high value pre-paid subscribers is, however, very low as a result of effective retention programmes.

The overall average revenue for user ("ARPU") levels showed a decline mainly as a result of the dilution by the higher numbers of new pre-paid subscribers added to the base at lower ARPUs. Contract ARPU remained steady. However, pre-paid ARPU declined due to the lower ARPUs of the new subscribers.

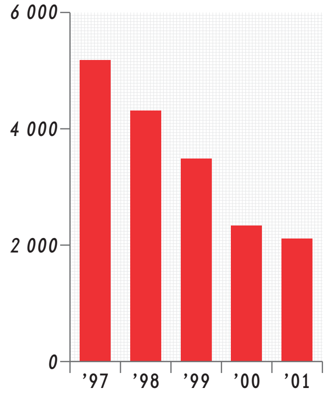
Customer Service

MTN's key strategic objective into the future is industry leadership through "customer intimacy" and initiatives are in place to lead the industry in the area of customer service. A new division called Customer Relations was established during the year and is responsible for leading the organisation's efforts to radically improve our customer service and foster a strong culture of service quality throughout the organisation. All systems and processes impacting on the experience customers have with MTN are being reviewed to ensure that delivery standards are in line with international industry top quartile standards within the next two

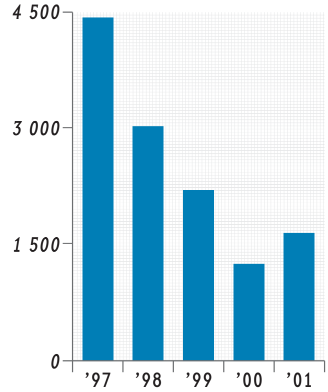
Average minutes of use per subscriber (minutes) (MTN SA)

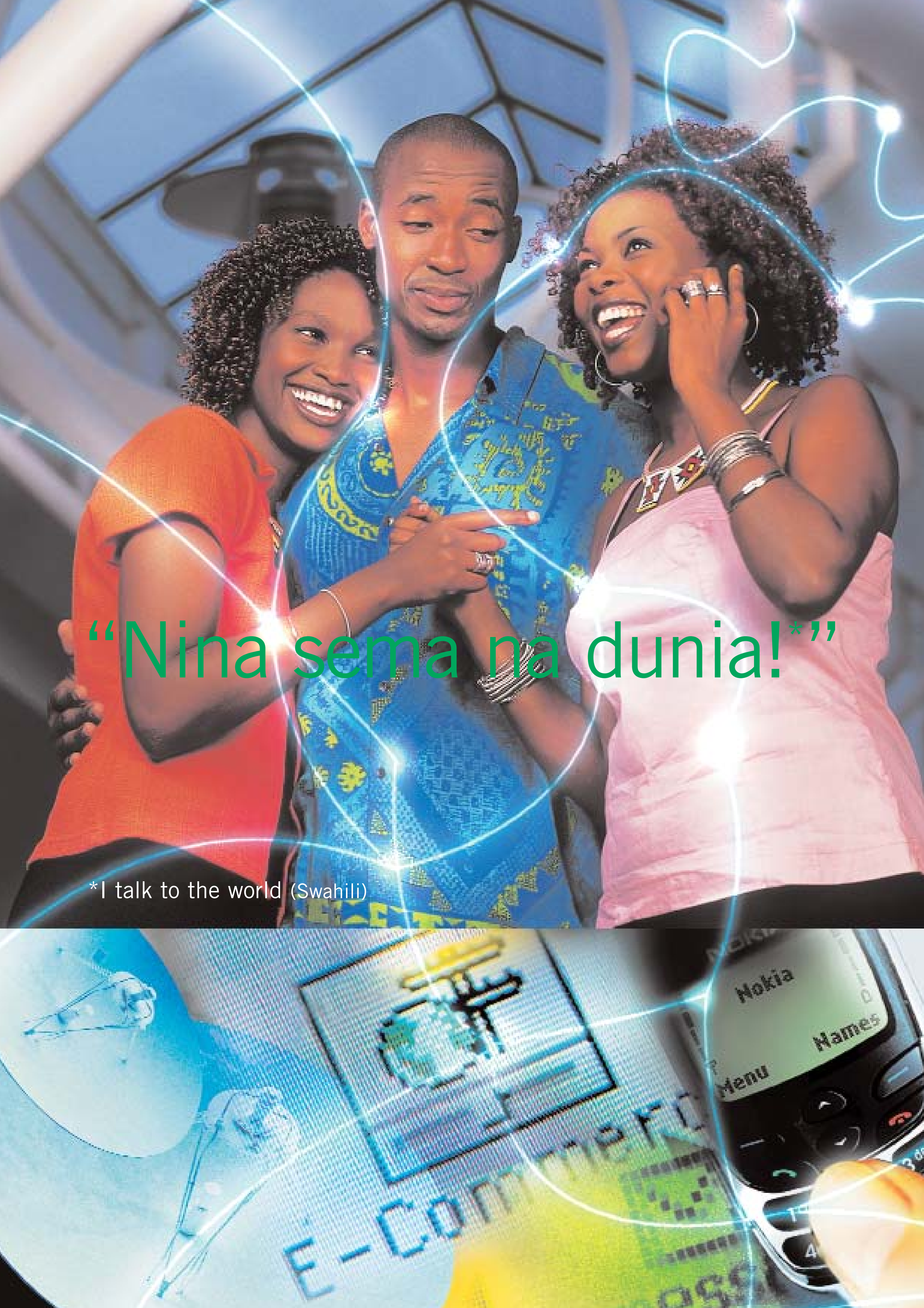


Cumulative capex per subscriber (Rand) (MTN SA)



Marginal capex per subscriber (Rand) (MTN SA)




"Nina sema na dunia!*"
*I talk to the world (Swahili)
Nokia
Menu
Names

A leader in innovation

years. Three additional M-Tel service centres were established at the Glen (Johannesburg), Pietersburg and East London. A new 100 seat call centre was established in KwaZulu-Natal to cater for the growth in the pre-paid subscriber base.

Distribution

MTN's distribution channels increased substantially with additional retailers and dealers introduced during the year. At the end of March 2001, there were over 5 500 distribution points throughout South Africa. Relations with all the established distribution channels continue to be strong. It is anticipated that there will be changes in the mobile distribution system with the introduction of a third operator and as operators optimise their distribution channels. As a result of the above, the current margins and commission structure may change.

Marketing

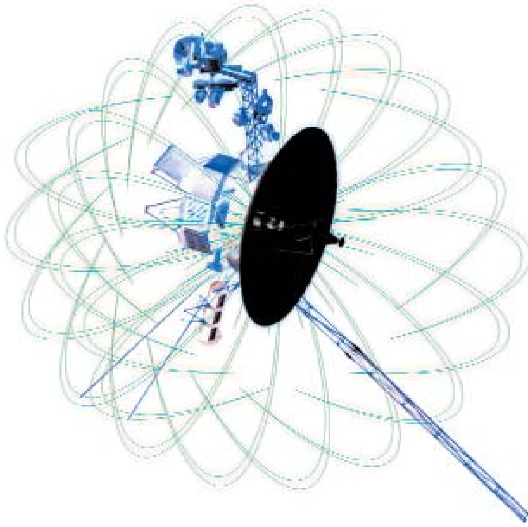
The MTN brand enjoys a high level of consumer awareness and affinity as a result of strong advertising and sponsorship activities. The overall positioning of the MTN brand continues to evolve with emphasis on communicating the brand as well as "making anything possible" for the consumer through its strong association with the diverse cultures of South Africa.

All sponsorship properties are continuously reviewed using a market spent effectiveness methodology. In line with our strategy to focus on the youth market, sponsorships such as MTN Gladiators and cricket development will continue as flagships in this regard. MTN remains a market leader in innovation with more than 50 new products and services launched into the business and consumer market. MTN South Africa was first in the market with ATM top-up services through three of the major South African banks. This service enables pre-paid credit to be loaded directly from a bank account through a bank ATM. This service has been extended to the Internet. It is anticipated that this service will grow rapidly due to its convenience as more pre-paid subscribers have access to banking facilities.

Cellular phone banking was introduced into the market by MTN with one of the major South African banking groups. While the use of this service has been limited, it is expected that it will grow in the future as the penetration of Internet banking increases and consumers' trust in mobile banking grows.

MTN ICE, a mobile portal, was launched during this financial year and had over 500 000 registered users at the time of writing this report. The most popular services included daily jokes, ring tones

"MTN ICE, a mobile portal, was launched and has over 500 000 registered users."



and logos, as well as local and international sports results. Development of this platform is ongoing and it will form the basis of MTN's data strategy in the consumer market. Alliances with content and technology providers will continue to be established, ensuring that the market is delivered the content it requires. A business model enabling this has already been established. During October 2000, High Speed Circuit Switch Data ("HSCSD") was launched on the MTN network, enabling speeds of up to 28 kps links. MTN remains the only network in Africa with this capability, which is a precursor to General Packet Radio Services ("GPRS"), that MTN will launch in the second quarter of 2002.

MTN SA will continue leading in product and service innovation with a strong focus on data services and applications for the business market.

Black Economic Empowerment ("BEE")

The South African operations spent over R400 million during the financial year in acquiring services from companies with empowerment credentials. In the future, emphasis will be placed on supporting BEE companies supplying services in the field of technology.

Mobile Telephone Networks Africa (Proprietary) Limited ("MTN AFRICA")

All in all it has been an excellent year for MTN Africa. The three operations in Uganda, Swaziland and Rwanda, launched in 1998 have clearly established themselves as the leading telecommunications companies in their respective markets. These three operations have each posted good results and showed positive and exciting growth. MTN Cameroon proved slow to get off the ground, but since the re-launch of the network in September 2000 and the introduction of pre-paid services, its growth has been rapid and it is currently outstripping the competition. In January 2001 the group was successful in securing one of three GSM licences in Nigeria.

Under the leadership of the newly appointed Managing Director of MTN Africa/International, Mr Lazarus Zim, the management team of MTN Africa will be enhanced and will focus on managing the tremendous growth potential on the African continent.

MTN Uganda

MTN owns 50% of MTN Uganda through wholly owned MTN International (Mauritius). The subscriber base in Uganda grew to 150 000 at year end. MTN Uganda delivered an Ebitda margin of 42%. Despite intense competition in Uganda, MTN continues to position itself as

Converging entities

the leading telecommunications operator in that country. Currently MTN has 75% of the mobile market in Uganda and an estimated 60% of the overall telecommunications market. Prepaid subscribers constitute 98% of the total base due to the market aversion to credit vetting and the deposit systems required for post-paid customers.

MTN Swaziland

Swazi MTN Limited, in which MTN has a 30% stake, had 33 000 subscribers at year end. Ebitda margins reflected a phenomenal growth to 47%. SMS was launched in December 2000, and is proving to be very successful. The total number of SMS calls per month is currently running at 80 000, which translates into an average of three calls per active subscriber. Prepaid subscribers constitute 94% of the subscriber base, with the public showing little appetite for new post-paid connections.

MTN Rwanda

MTN Rwanda, in which MTN International owns 31%, grew its active subscriber base to 39 000. The Ebitda margin grew to 38%. Total net connections during the current financial year amounted to 28 000, an increase of 255% over the previous year. MTN Rwanda was successfully relaunched in November 2000. Prepaid subscribers form 93% of the total base, with 5% of the prepaid customer base being on the high end package.

MTN Cameroon

MTN Cameroon had 67 000 active subscribers at the end of March 2001 and over 100 000 at the time of writing this report. Total net connections during the current year amounted to approximately 61 000, the majority of which were made since December 2000. Currently the company is connecting around 15 000 to 20 000 gross subscribers per month.

Contract subscribers currently make up about 13% of the base, which is higher than the other African operations, and is mainly due to the legacy of Camtel Mobile providing only post-paid services, and having been the first to market in Cameroon. However, there is currently minimal growth in the post-paid subscriber base.

Connections over the next few months are expected to increase even further as the company switches on its operations in the north and far north of the country, areas that have very low teledensity ratios.

MTN Nigeria

Good progress has been made with the start up of MTN Nigeria with a core team in the country running full speed ahead with the implementation plan. All key network infrastructure and IT software contracts have been concluded. The months of August and September will see the staggered launch of prepaid and post-paid

> "Uganda, Swaziland and Rwanda have each posted good results and showed positive and exciting growth."

services in Lagos, Abuja and Port Harcourt. The interconnect agreement between the company and state owned Nigerian Telecommunications ("Nitel") has been finalised and approved by the Nigerian Communications Commission ("NCC"). A major achievement has also been the exemption on import duties on all telecommunications equipment.

Given the low teledensity in Nigeria together with strong economic growth, we expect Nigeria to become one of our most prominent African operations.

Airborn

MTN has started a number of initiatives, which are aimed at increasing data revenues with a view to counteract declining voice ARPUs. One of these is the creation of a new subsidiary company called Airborn, which will focus on the emerging market defined by the convergence between the mobile GSM space and the wired Internet world.

One of Airborn's focus areas is on messaging services – which have become the most popular services in both the Internet environment (e-mail and Instant messaging) and the GSM environment (SMS). The company will focus on creating new revenue streams through licensing of its innovative technologies and community enablement.

It relies on strategic alliances and partnerships with entities that have existing installed customer bases and communities to get its products and services to the market. An example of this is the RIVR technology, which has been licensed to Unisys for deployment in its global customer base. Airborn has used its global messaging Internet site, mtnsms.com, as an entry into the world's largest Internet organisation America Online ("AOL") and its subsidiary ICQ. The mtnsms.com site continues to grow at a rapid pace as the world catches on to the elegance of communicating between the personal computer and the mobile phone. At the time of writing, mtnsms.com had over 6,3 million registered users in over 230 countries and was recording over 130 million page impressions per month, which puts it into the top 100 most trafficked sites on the Internet worldwide.

Regulatory environment

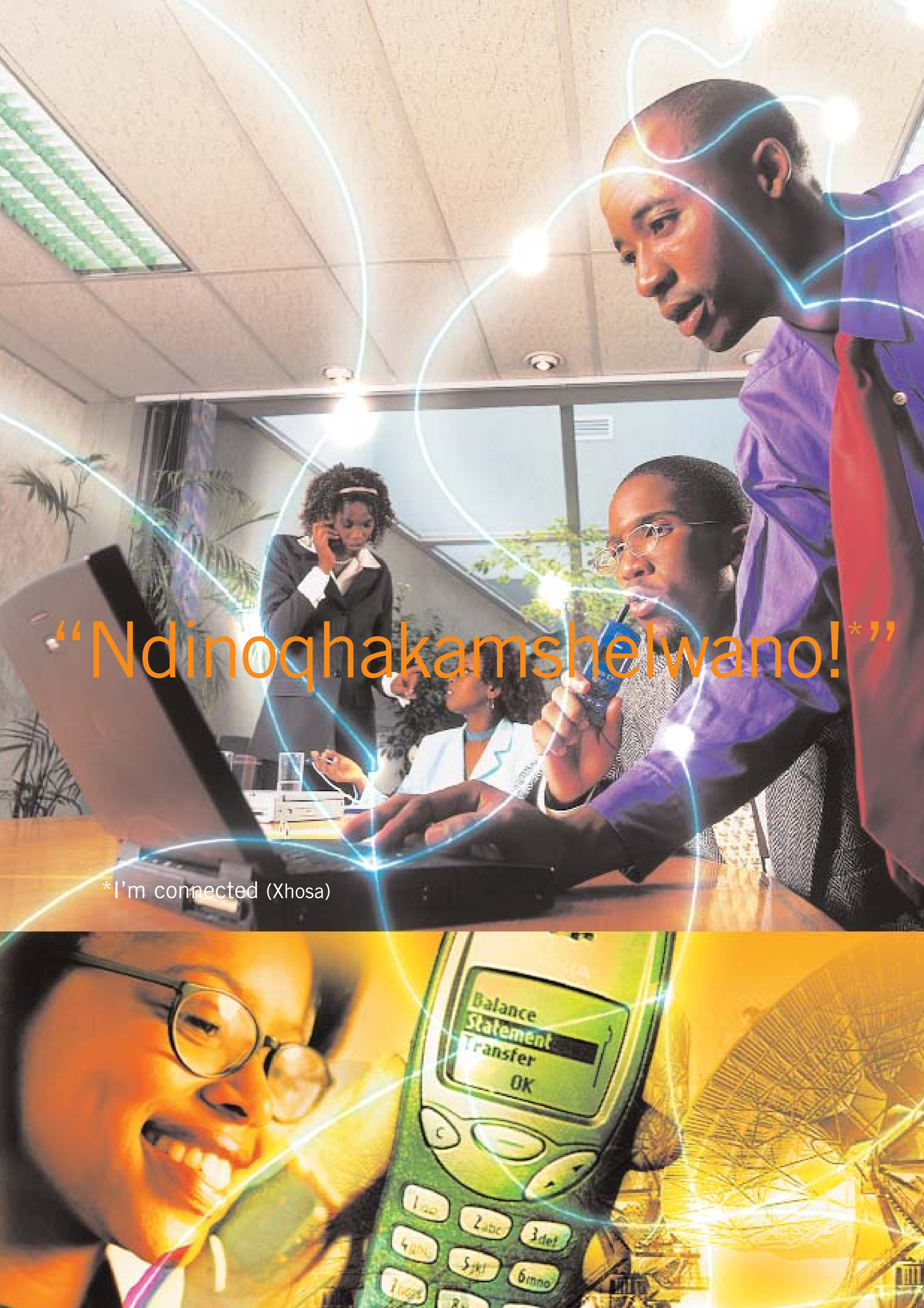
The major regulatory issues facing the Group are the recent developments on the telecoms policy and regulation front during this financial year. Following the initial draft policy directions announced in March 2000, the Department of Communications issued its final policy directions in July 2001. However, as a result of strong objections from industry players, certain revisions were made and the updated final policy directions were issued during August. These policy directives will form the basis

"mtnsms.com has more than 6,3 million registered users in over 230 countries and is recording in excess of 130 million page impressions per month."

of the telecommunications regulations in South Africa. The following are key areas addressed by the policy:

- Market structure: One additional full service licensed operator, the Second Network Operator ("SNO") will be licensed in 2002 with a feasibility study to be conducted in 2005, to determine the introduction of a third national operator. In addition to Telkom and the SNO, Sentech will receive a licence to operate an international gateway for telecommunications and multi-media services. They will operate as a carrier of carriers and will not provide international services directly to consumers or end-users. All telecommunications operators including Value Added Network Services ("VANS") operators will have to contribute an amount not exceeding 0,5% of their turnover to the Universal Service Fund, from April 2003. Only Telkom and the SNO will be allowed to operate Voice over Internet Protocol.
- Fixed-mobile convergence: There has been initial confusion surrounding the definition of fixed-mobile licences, however, the latest policy directives included that the definition is being clarified to reflect that fixed-mobile is not a cellular licence and it is believed that it related to providing mobile services in primarily rural areas with very low teledensity of below 5%.
- Foreign ownership: No restriction has been placed on foreign ownership. The initial 49% limit on foreign ownership has been removed.
- Empowerment: All major licencees will be required to set aside up to 30% of the shareholding for empowerment purposes.
- Role of parastatals: Government is still considering how best to incorporate Esi-tel, the telecommunications arm of the electrical power company Eskom, and Transtel, the telecommunications division of the state-owned transport company Transnet, into a single operator with a final decision on the level of participation of the parastatals to be made towards the end of August.
- Infrastructure sharing: The SNO will be allowed to use the incumbent's infrastructure until 7 May 2004.
- Carrier pre-selection and number portability will commence in 2005.

Most of the key elements for the telecoms policy are now clear, however the extent of the universal service obligations, the role of the parastatals and the extent of their involvement, together with a clear definition for fixed-mobile have yet to be clarified.


“Ndinoqhakamshelwano!*”
*I’m connected (Xhosa)
Balance
Statement
Transfer
OK

Beaming into Africa

Orbicom (Proprietary) Limited ("Orbicom")

This has been a year of transformation for Orbicom, which successfully redefined its core business, transforming itself from a satellite-based broadcast service provider into playing a more expansive role in the telecommunications industry as a convergence provider offering a range of products and services to the broader African market

This strategy took into account that Orbicom was in an overly niche segment of a market that was saturated in South Africa. This trend was noticeable globally as the challenge that faced signal distributors was either to fully embrace the movement towards convergence or remain a "pipe" provider within an environment in which bandwidth was being increasingly commoditised. The strategy factored in the need to retain Orbicom's leading position in the satellite market whilst moving up the value chain to become a serious convergence player in the African continent.

In implementing the above approach, a number of constraints were experienced, which mainly related to the uncertain regulatory and political environment in Africa.

Notwithstanding the constraints, a number of significant gains were made, the highlights of which are:

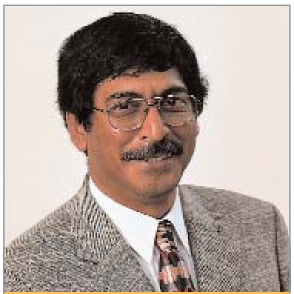
- High service levels were maintained – above 99,8% network availability throughout the year for all clients was achieved.
- An electronic funds transfer ("EFT") project was substantially established in Ghana.
- Negotiations continue to be held in Uganda, Tanzania, Kenya, Zimbabwe and other African countries to provide Very Small Aperture Terminals ("VSAT") based or EFT services.
- A strategic partnership was entered into with Lockheed Martin Global Telecommunications to provide Internet access and Internet based services to Africa.
- A platform was established to provide Internet Protocol ("IP") over satellite services.
- Licences to uplink to PAS 10 and the NSS 703 satellites were acquired.

The above activities have repositioned Orbicom and diversified the products and services of the company. Although Orbicom has retained its satellite profile, the company is now being seen as a leading player in the EFT market and a provider of value added IP over satellite products. It is expected that as a result of this positioning new alliances will be established in the coming financial year. Increasingly more corporates are also approaching Orbicom to provide solutions for communications into Africa.

Orbicom's revenue grew 13% to R90,2 million while Ebitda and headline earnings declined to R10,2 million and a loss of R1 million respectively, largely due to development losses in some of the non-South African operations.

Critical to Orbicom's success will be maintaining the high service level, professionalising customer relations, driving sales of existing and new products, implementing the EFT initiative in other countries and positioning itself as the leading player in this market and in Africa.

Orbicom Management structure

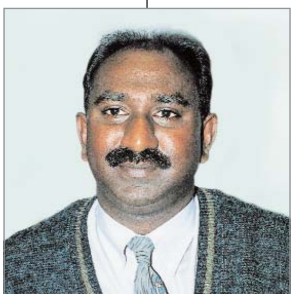


Alf Karrim
Chief Executive Officer

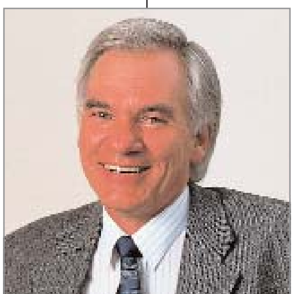
Zoli Macanda
Finance and administration

Simpiwe Mtwisha
Corporate affairs

Frans Lindeque
IP Active



Rufus Andrew
Business development and marketing



Carl Ferreira
Orbicom Enabled

Soraja Milin
Technical

Human Development and Employment Equity

MTN

MTN sees itself competing in two markets, one for customers and the other for talented individuals. With this focus, MTN has set itself the goal of becoming a talent-focused organisation. The human resources team has reorganised itself to focus on three core areas: talent, development and operations.

MTN has a strategy to attract the best talent into the organisation by developing a strong employer brand image. In 2000 MTN was awarded second place in the "Best company to work for in South Africa" survey.

Today's knowledge workers have various work options, and they choose the most compelling employer brand to work for. Some of the various initiatives are the launch of www.mtnjobs.com, the careers website, talent alliances, Internet and media campaigns and the setting up of the talent agency.

Retaining top talent at MTN is a key initiative. A programme has assessed key roles and competencies in the organisation and the development of lifestyle packages that suit each individual's needs. To this end, MTN has geared itself to protect its core assets.

The talent care division aims at developing interventions that look into employee well-being programmes, benefit schemes and staff discount offers. It is also working with AIDS awareness campaigns and risk assessments. Special focus has been placed on helping our staff cope with the fast changing environment of MTN.

Living the brand

MTN understands that in order to sell the brand promise to the customer, management and employees must live and experience it themselves. This unique philosophy has led to an internal staff communication and learning project that will enable employees to live the MTN brand values of simplicity, friendliness, innovation, can-do and integrity. Employees will also be measured on their individual values and will be rewarded accordingly in line with their performance agreements.

Competency modelling

One of MTN's core intangible assets is its employee competence. To leverage and grow this asset, a competency model approach has been adopted whereby the core strategic and mission critical competencies to take MTN into the future were identified. A process of aligning employee competencies to MTN's competency requirements has resulted in a clear indication of the competency gaps and relevant development strategies. This approach forms the basis of the people management strategy, systems and processes.

Employee performance management system ("EPMS")

The EPMS cultivates a performance ecology within MTN. All employees' reward and recognition have been linked to the individual's performance, which is finally aligned to the business goals. This also helps MTN to be agile and respond quickly to changing trends in the marketplace. In addition, this process was fully automated, which has gone a long way to track, evaluate and speed up the process of evaluating individual performance.

Bursaries

MTN has awarded over 47 bursaries to external students and also to some children of its own employees, with additional emphasis on previously disadvantaged groups.

Organisational design

MTN believes that in order to succeed it must have a flat, team-based organisation with no more than five levels. This helps streamline operations and remove unnecessary bureaucracy, leading to increased levels of efficiency and effectiveness. Over the past year, MTN has transitioned into this structure and will continue in the new year to ensure that the full benefits of such a structure are realised.

Employment equity

MTN continues to implement its five year employment equity plan. The target of 75% by 31 March 2005 is still in place.

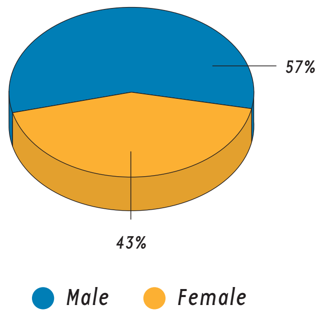
Despite the company having set very aggressive employment equity targets for the year ending 31 March 2001, it has done very well by overachieving on these targets. This accomplishment is further enhanced by the fact that it was achieved while still employing new white recruits. An overall percentage of 64% of new recruits were black with 36% being white new employees who entered MTN during the 2001 financial year. This approach is in line with MTN's employment equity strategy which is to value and leverage diversity.

MTN has also exceeded its targets in the management level by achieving a 34% employment equity ratio in the top three levels, compared to a 30% employment equity target that was set for the year ended 31 March 2001. An employment equity target of 40% for the top three management levels and an overall

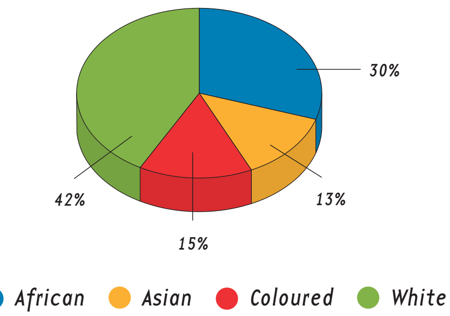
Human Development and Employment Equity cont.

MTN March 2001:
Breakdown by gender and race

Gender

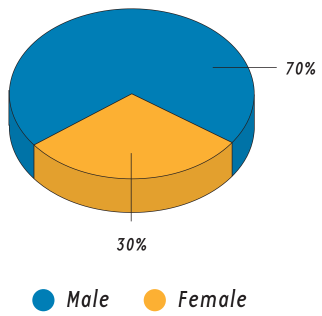


Race

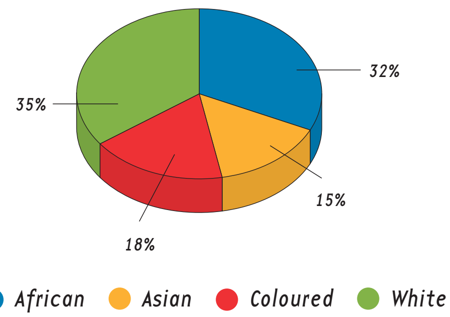


Orbicom March 2001:
Breakdown by gender and race

Gender



Race



target of 62% have been set for the year ending 31 March 2002.

ORBICOM

In keeping with the new direction, training is being increasingly prioritised within Orbicom. During the year under review, staff have been trained to address the new technical challenges faced by the company especially in the fields of IP and EFT. Training has ranged from technical to project management, industrial relations and customer care, in order to support the new strategy of the company. Staff were also supported to acquire formal training in courses such as MBAs and MScs. To ensure that an effective training strategy is in place, a skills audit is being done to align training to company growth needs. This will establish a more comprehensive training programme within the company.

Subsequent to the development of Orbicom's policies and procedures the Human Resources committee is currently engaged in a process of finalising these policies and procedures. The intention is to implement these policies and procedures by 31 March 2002. Sector registration of the company with Sector Education Training Authority ("SETA") is under way.

A climate survey is to be undertaken to assess staff perceptions, morale, concerns and developmental needs.

SOCIAL RESPONSIBILITY

M-Cell has a consolidated corporate social responsibility programme investing in five crucial areas of identified need: education, art and science, community development and health, crime prevention and the environment. Flagship projects include the MTN ScienCentre, MTN Art centre, and the MTN centre for crime prevention studies.

M-Cell focuses on establishing and nurturing sustainable partnerships with long term projects and clearly identifiable objectives. The launch of the MTN Foundation later this year will facilitate further co-ordination of the Group's social investment activities.

MTN has made available forty new open undergraduate bursaries to supplement the existing telecommunications bursaries available through the Orbicom Mandela Bursary Scheme that is funded through the contributions of Orbicom and its partners. Eight of these bursaries are funded by MTN.

M-Cell's commitment to community development is also primarily focused on disadvantaged areas with the aim of providing opportunities for self-upliftment.

Group Five Year Review

	2001	2000	1999*	1998†	1997†
Income statement – extracts (Rm)					
Revenue	**8 337,3**	6 007,9	4 453,3	843,5	579,6
Gross profit	**4 984,7**	3 683,6	2 437,2	538,3	292,2
Earnings before interest, taxation, depreciation and amortisation ("Ebitda")	**2 791,5**	2 021,2	1 170,8	234,8	128,1
Profit from operations	**1 543,5**	1 368,4	685,3	115,0	36,8
Net finance (costs) income	**(183,0)**	(142,1)	(153,0)	(11,6)	6,1
Taxation	**(585,3)**	(407,6)	(155,9)	(30,8)	(14,8)
Minority interests	**(61,1)**	(229,3)	(242,7)	–	–
Attributable earnings	**713,5**	588,6	133,7	72,6	34,8
Headline earnings	**1 124,7**	588,6	133,7	72,6	34,8
Balance sheet – extracts (Rm)					
Property, plant and equipment	**5 491,3**	3 923,4	2 856,7	652,5	497,0
Goodwill	**11 198,2**	–	–	–	–
Intangible assets	**2 868,3**	523,7	154,1	43,5	106,2
Investments and loans	**247,0**	211,6	200,0	22,5	6,6
Deferred taxation	**37,3**	0,8	–	–	–
Bank balances, deposits and cash	**804,9**	332,7	521,6	125,2	106,5
Other current assets	**1 635,9**	1 370,6	850,1	157,3	94,2
Total assets	**22 282,9**	6 362,8	4 582,5	1 001,0	810,5
Ordinary shareholders' interest	**14 766,9**	1 923,4	788,4	509,5	496,3
Minority interests	**143,8**	580,2	1 075,1	–	–
Total equity	**14 910,7**	2 503,6	1 863,5	509,5	469,3
Interest bearing liabilities	**4 364,3**	2 001,0	1 530,6	257,0	142,1
Non interest bearing liabilities	**2 302,0**	1 349,5	986,2	217,7	165,5
Deferred taxation	**705,9**	508,7	202,2	16,8	6,6
Total liabilities	**7 372,2**	3 859,2	2 719,0	491,5	314,2
Total equity and liabilities	**22 282,9**	6 362,8	4 582,5	1 001,0	810,5
Cash flow statement – extracts (Rm)					
Net cash generated from operations	**3 119,3**	1 719,8	1 269,2	235,0	128,1
Net cash inflows from operating activities	**2 914,8**	1 567,0	1 094,0	183,7	118,4
Net cash outflows from investing activities	**(4 663,7)**	(1 788,4)	(1 255,2)	(279,8)	(277,9)
Net cash inflows from financing activities	**2 187,8**	359,1	533,2	114,9	105,6
Cash and cash equivalents	**803,7**	380,4	492,8	125,2	106,5
Cash dividends paid	**(142,0)**	(37,5)	(37,2)	–	(9,9)
Capital expenditure	**2 219,0**	1 513,4	1 779,6	232,5	219,8

*The results for the year ended 31 March 1999 were restated to reflect the results of Mobile Telephone Networks Holdings (Proprietary) Limited on a fully-consolidated basis.

†The results for the years ended 31 March 1997 and 1998 were restated to account for the change in accounting policy for connection incentive costs. Connection incentive costs in respect of all subscribers with fixed period contracts are now capitalised and amortised over one year.

Group Five Year Review cont.

	2001	2000	1999*	1998†	1997†
Performance per ordinary share					
Headline earnings (cents)	**74,5**	50,7	25,1	14,7	7,1
Attributable earnings (cents)	**47,3**	50,7	25,1	14,7	7,1
Dividends (cents)	**10,0**	7,9	4,0	3,0	2,0
Net asset value – book value(1) (rand)	**9,11**	1,54	1,19	1,03	0,93
Returns and profitability ratios					
Return on assets (%)(2)	**5,4**	15,0	13,5	8,2	4,9
Return on average shareholders' funds (%)(3)	**13,5**	43,4	20,6	15,0	7,5
Gross profit margin (%)	**59,8**	61,3	54,7	63,8	50,4
Ebitda margin (%)	**33,5**	33,6	26,3	27,8	22,1
Enterprise value/Ebitda multiple (times)(4)	**9,5**	21,4	4,6	19,0	21,1
Effective taxation rate (%)	**43,0**	33,3	29,3	29,7	26,4
Solvency and liquidity ratios					
Gearing (%)(5)	**26,1**	60,1	79,3	50,4	30,8
Interest cover (times)(6)	**5,8**	5,8	3,2	3,6	3,0
Current ratio(7)	**0,9:1**	0,9:1	1,3:1	1,3:1	1,2:1
Dividend cover (times)(8)	**6,9**	6,1	6,3	4,9	3,5
Long term borrowings to total assets (%)	**17,5**	23,7	32,2	25,7	17,5
Operational information					
Average revenue per user (rand)	**229**	302	378	426	422
Number of subscribers (million)	**3,5**	2,3	1,1	0,6	0,4
Mobile penetration of South African population (%)	**16,6**	12,4	6,2	3,9	2,2
Cumulative Capex per subscriber (rand)	**2 111**	2 336	3 488	4 313	5 178
Share performance					
Number of ordinary shares in issue (million)					
– at year end	**1 620,2**	1 249,1	663,9	494,1	494,1
– weighted average during the year	**1 508,9**	1 160,1	533,1	494,1	494,1
Closing price (cents per share)	**1 860**	3 600	960	930	555
Market capitalisation (Rm)	**30 135,7**	44 967,6	6 373,4	4 595,1	2 742,3
Free float (%)(9)	**16,5**	26,5	32,4	27,5	28,6

Definitions

(1) Ordinary shareholders' interest divided by the number of ordinary shares in issue at year end.
(2) Profit after taxation as a percentage of the average of the opening and closing balances of total assets.
(3) Headline earnings as a percentage of the average of the opening and closing balances of ordinary shareholders' interest.
(4) Market capitalisation less net debt (interest bearing liabilities less bank balances, deposits and cash) divided by Ebitda.
(5) Long term borrowings as a percentage of total equity.
(6) Profit from operations divided by finance costs.
(7) Current assets divided by current liabilities.
(8) Headline earnings divided by total dividend.
(9) Number of ordinary shares held by shareholders with less than 5% shareholding divided by the total number of ordinary shares in issue at year end.

*The results for the year ended 31 March 1999 were restated to reflect the results of Mobile Telephone Networks Holdings (Proprietary) Limited on a fully-consolidated basis.

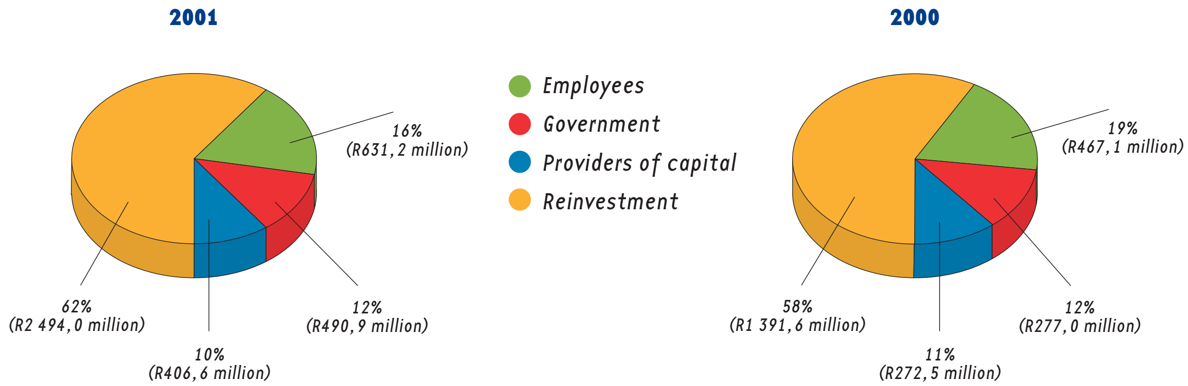
†The results for the years ended 31 March 1997 and 1998 were restated to account for the change in accounting policy for connection incentive costs. Connection incentive costs in respect of all subscribers with fixed period contracts are now capitalised and amortised over one year.

Group Cash Value Added Statement

for the year ended 31 March 2001

	GROUP 2001 Rm	2000 Rm
CASH VALUE ADDED		
Cash value generated from revenue	7 849,3	5 758,8
Cost of materials and services	(3 908,2)	(3 443,5)
Cash value added by operations	3 941,1	2 315,3
Finance income	81,6	92,9
	4 022,7	2 408,2
CASH VALUE DISTRIBUTED		
Employees	631,2	467,1
Salaries, wages and other benefits	547,6	385,9
Employees' tax	83,6	81,2
Government	490,9	277,0
South Africa	487,1	276,4
Taxes	296,5	148,0
Licence fees	190,6	128,4
Foreign taxes	3,8	0,6
Providers of capital	406,6	272,5
Finance costs	264,6	235,0
Dividends	142,0	37,5
Total cash value distributed	1 528,7	1 016,6
Reinvested in the Group	2 494,0	1 391,6
	4 022,7	2 408,2

Allocation of Value Created



Shareholders' Information

ANALYSIS OF ORDINARY SHAREHOLDERS AT 31 MARCH 2001

	SHAREHOLDING (SHARES IN 000s)						TOTAL SHAREHOLDING (SHARES IN 000s)			
	1 – 10 000		10 001 – 100 000		OVER 100 000					
CLASSIFICATION	HOLDERS	SHARES	HOLDERS	SHARES	HOLDERS	SHARES	HOLDERS	%	SHARES	%
Individuals	8 610	8 080	117	2 691	6	1 066	8 733	96,1	11 837	0,7
Nominee companies	163	393	39	1 178	38	519 905	240	2,6	521 476	32,2
Insurance companies and pension funds	6	8	3	76	4	24 209	13	0,2	24 293	1,5
Other corporate bodies	75	168	10	456	18	1 062 014	103	1,1	1 062 638	65,6
TOTAL	**8 854**	**8 649**	**169**	**4 401**	**66**	**1 607 194**	**9 089**	**100,0**	**1 620 244**	**100,0**

GEOGRAPHICAL ANALYSIS OF SHAREHOLDERS	HOLDERS	SHARES (000s)
Resident	9 042	1 619 771
Non-resident	47	473
Total	9 089	1 620 244

STOCK EXCHANGE PERFORMANCE	31 March 2001	31 March 2000
Closing price (cents per share)	1 860	3 600
Total number of shares traded during the year (000s)	428 676	309 090
Total value of shares traded (R'000)	12 111 589	6 753 248
Number of shares traded as a percentage of issued shares (%)	28,40	24,74
Number of transactions	83 766	35 492
Highest price (cents per share)	3 850	5 060
Lowest price (cents per share)	1 620	850
Average weighted traded price (cents per share)	2 825	2 185
Average telecommunications index	512	580
Average industrial index	8 407	8 006
Dividend yield (%)	0,54	0,22
Earnings yield (%) (headline earnings)	4,01	1,41
Price/earnings multiple (headline earnings)	24,97	71,01
Free float (%)	16,50	26,50

Share Transactions Totally Electronic

STRATE

Introduction

The JSE Securities Exchange South Africa ("JSE") has introduced an electronic settlement and custody platform for share transactions, known as Share Transactions Totally Electronic ("STRATE"), for all listed companies.

STRATE will enable all share transactions to be settled electronically, and will replace the current paper-based system which uses share certificates as proof of ownership. STRATE has been designed to achieve the contractual, rolling and irrevocable settlement of share transactions by electronic book entries.

STRATE has become necessary due to the dramatic increase in the volume of share transactions handled by the JSE over recent years, which renders the paper-based settlement system cumbersome and risky. The current settlement process is also outdated compared to other efficient and secure international market systems. STRATE will also streamline the settlement process, thus limiting the risks of theft, fraud, and other irregularities associated with carrying share certificates.

Implications of STRATE to the shareholder

The conversion of share certificates into electronic form marks a significant change for all our shareholders. One of the primary responsibilities for shareholders, as part of the preparation for the STRATE environment, will be the submission of share certificates to a qualifying stockbroker or Central Securities Depository Participant ("CSDP"). CSDP is the name given to a custodian bank in the STRATE environment. The CSDP or qualifying stockbroker will open a share account for the shareholder and ensure that the shareholders' paper certificates are converted into an electronic record – a process referred to as dematerialisation.

Upon submission of share certificates to a CSDP or qualifying broker, shareholders will receive a receipt as proof of ownership of the shares and will regularly receive statements reflecting the status of their share accounts.

Shareholders are urged to exercise caution during the STRATE transitional period, and should consult their respective banks or stockbrokers before surrendering any share certificates.

Date of transfer to STRATE

The Company is scheduled to move to STRATE in November 2001. The dematerialisation start date, whereby the current paper share certificate will be replaced by an electronic record of ownership, is **5 November 2001**. This is the date from which shareholders' shares can be converted into an electronic record in order to become eligible to settle in the STRATE environment. Should investors' shares not be in safe custody with a CSDP or qualifying broker by this date, these shares should be deposited with either of these agents on, or soon after, that date. The CSDP or qualifying stockbroker will then ensure that the shares are converted into an electronic record and rendered eligible for settlement under STRATE.

Trading for electronic settlement

The first trading date for electronic settlement will be Monday, **26 November 2001**. As from this date, there will be a legal requirement for the Company's shareholders to deposit their shares with a CSDP or qualifying stockbroker prior to selling them in order for the trade to settle in STRATE. This means that as from **26 November 2001**, shareholders who do not lodge their paper share certificates for the dematerialisation process will not be able to sell their M-Cell shares on the JSE, i.e. their shares must exist in electronic form in the STRATE environment.

Electronic settlement

Five business days after **26 November 2001**, i.e. on Monday, **3 December 2001**, electronic settlement of M-Cell shares will take place for the first time. Thus, any trades that take place on or after **26 November 2001** will undergo simultaneous, final, irrevocable settlement in an electronic environment. In other words, the electronic share accounts of the buyer and seller will be simultaneously updated exactly five business days after the transaction. For the first time, settlement is contractual and guaranteed.

Paper share certificates will retain their value after the move to STRATE, but they will no longer be acceptable for the purposes of settlement.

Shareholders are encouraged to submit their share certificates for conversion into electronic form in the interests of efficiency and security.

Shareholders requiring further information in this regard should contact Georgeson Shareholder Communications, the Company's information agent services provider on **0800 117 472** or **+27 11 775-3433** if calling from outside South Africa. Calls may be monitored for quality control purposes.

Georgeson Shareholder

Annual Financial Statements

For the year ended 31 March 2001

Statement of Directors' Responsibilities

For the year ended 31 March 2001

The directors are required by the Companies Act to maintain adequate accounting records and to prepare annual financial statements which fairly present the state of affairs of the Company and the Group as at the end of the financial year and of the profit or loss for that year, in conformity with South African Statements of Generally Accepted Accounting Practice. The annual financial statements are the responsibility of the directors and it is the responsibility of the external auditors to report thereon. Their report to the members of the Company is set out on page 33 of this annual report.

To enable the directors to meet these responsibilities, the Board sets standards and implements systems of internal control aimed at reducing the risk of error or loss in a cost-effective manner. The controls include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Group, and all employees are required to maintain the highest ethical standards in ensuring that the Group's business practices are conducted in a manner which in all reasonable circumstances is above reproach. The directors are of the opinion, based on the information and explanations given by management and the internal auditors, and on comment by the independent external auditors on the result of their audit, that the internal accounting controls are adequate to ensure that the financial records may be relied upon for preparing the annual financial statements and maintaining accountability for assets and liabilities.

Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

In preparing the annual financial statements the Group has complied with South African Statements of Generally Accepted Accounting Practice and are based on appropriate accounting policies, which have been consistently applied and which have been supported by reasonable and prudent judgements and estimates. The directors are of the opinion that the annual financial statements fairly present the financial position of the Company and of the Group as at 31 March 2001, and the results of the operations and cash flow information for the year then ended.

The annual financial statements have been prepared on a going concern basis and the directors have every reason to believe that the businesses will be going concerns in the year ahead.

Directors' Approval of the Annual Financial Statements

For the year ended 31 March 2001

The annual financial statements and Group annual financial statements which appear on pages 34 to 73 were approved by the board of directors on 13 June 2001 and are signed on its behalf by:

I CHARNLEY
Chairperson

J R D MODISE
Director

Certificate by the Company Secretary

For the year ended 31 March 2001

In my capacity as Company Secretary, I hereby confirm, in terms of the Companies Act, 1973, as amended, that for the year ended 31 March 2001, the Company has lodged with the Registrar of Companies all such returns as are required of a public company in terms of this Act and that such returns are true, correct and up to date.

M R D BOYNS
Company Secretary
Johannesburg
13 June 2001

Report of the Independent Auditors

For the year ended 31 March 2001

TO THE MEMBERS OF M-CELL LIMITED

We have audited the annual financial statements and Group annual financial statements set out on pages 34 to 73 for the year ended 31 March 2001. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

Scope

We conducted our audit in accordance with Statements of South African Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements;
- assessing the accounting principles used and significant estimates made by management; and
- evaluating the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion.

Audit opinion

In our opinion, the annual financial statements fairly present, in all material respects, the financial position of the Company and the Group at 31 March 2001 and the results of their operations and cash flows for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice, and in the manner required by the Companies Act in South Africa.

PricewaterhouseCoopers Inc

PRICEWATERHOUSECOOPERS

Registered Accountants and Auditors
Chartered Accountants (SA)
Sunninghill
13 June 2001

Report on Corporate Governance

For the year ended 31 March 2001

COMPLIANCE WITH THE KING CODE OF CORPORATE PRACTICES AND CONDUCT

M-Cell is fully committed to the principles of openness, accountability and integrity as advocated in the King Report on Corporate Governance.

The Company and Group directors recognise the need to conduct the business of the enterprise with integrity and in accordance with generally accepted corporate governance practices.

Accordingly, the directors endorse the principles contained in the King Code of Corporate Practices and Conduct.

MANAGEMENT

The Company has a unitary board of non-executive directors under the chairmanship of Ms I Charnley a non-executive director. All the directors have been elected for their business acumen and skills, and bring their expertise and experience to the board. The Company, being a holding company, follows a decentralised approach with regard to the day-to-day running of its investments.

The Board meets on a quarterly basis or more frequently if circumstances so require. It monitors the performance of executive management of its subsidiary companies. It addresses a wide range of key issues, and ensures that debates on matters of policy and strategic forward planning are critical, informed and constructive. In addition, the Board approves major capital expenditure and funding reserved for the Board's discretion.

The directors have access to the advice and services of the Company Secretary, who is responsible to the board for ensuring that board procedures are followed. All directors are entitled to seek independent professional advice about the affairs of the Company at the Company's expense.

None of the directors have service contracts exceeding a period of five years. All directors are subject to retirement by rotation and re-election by shareholders periodically in accordance with the Company's Articles of Association. The appointment of new directors is approved by the Board as a whole.

MANAGEMENT REPORTING

Monthly results and the financial status of the Group are reported against approved budgets and compared with those of the prior year. Profit projections and cash flow forecasts are updated monthly while working capital and borrowing levels are monitored on an ongoing basis.

EXECUTIVE COMMITTEE

The executive committee is responsible to the board for recommending the Group's financial strategy, and for monitoring their implementation of this strategy through a review of the monthly financial and operational results, benchmarking the financial status of the Group as reported against approved budgets and prior year comparatives. The committee updates profit projections and cash flow forecasts, and monitors working capital and borrowing levels on an ongoing basis.

The members of the executive committee are:
Mr P Edwards (Chairman), Ms I Charnley, Mr J R D Modise and Ms G T Serobe
Mr R G Chaphe (Chief Executive Officer – MTN Holdings), Mr S Dabengwa (Managing Director – MTN), Mr R D Nisbet (Financial Director – MTN Holdings) and Mr A H A Karrim (Chief Executive Officer – Orbicom).

INTERNAL CONTROLS

The Group maintains internal controls and systems designed to provide reasonable assurance as to the integrity and reliability of the financial statements and to adequately safeguard, verify and maintain accountability for its assets. Such controls are based on established policies and procedures and are implemented by trained personnel with an appropriate segregation of duties. The effectiveness of these internal controls and systems is monitored by management and an internal audit function at subsidiary company level.

The internal auditors, through the audit work that they perform, confirm that the abovementioned monitoring procedures are being effectively applied. All significant findings arising from audit activities are brought to the attention of the audit committee and, if necessary, the board of directors.

Nothing has come to the attention of the directors or to the attention of the external and internal auditors, to indicate that any material breakdown in the functioning of the abovementioned internal controls and systems has occurred during the year under review.

AUDIT COMMITTEES

The Company and Group audit committees meet periodically and are chaired by a non-executive director. The internal and external auditors have unrestricted access to these committees. The audit committees review the effectiveness of internal controls within the Group with reference to the findings of the external and the internal auditors. Other areas covered include the review of important accounting issues, overseeing compliance with the corporate governance practice, pending litigation, specific disclosures in the annual financial statements together with a review of the major audit recommendations and the approval of interim and annual results announcements.

The members of the M-Cell audit committee are:
Mr P Edwards (Chairman), Ms I Charnley and Mr J R D Modise.

REMUNERATION COMMITTEE

The Company has a remuneration committee chaired by and consisting of non-executive directors. This committee reviews and approves the remuneration and terms of employment of executive directors and senior executives of the Group. Independent external studies and comparisons are used to ensure that rewards and incentives are commensurate with market rates that reflect individual and Group performance and responsibilities.

Group executive directors and senior executives receive a salary and benefits that reflect their management responsibilities and appropriate experience.

Each of the non-executive directors currently receive directors' fees at the rate of R20 000 per annum with the Chairman receiving an additional R10 000 per annum. Detailed information on directors' fees is disclosed in note 41 to the annual financial statements.

Management fees commensurate with services rendered were paid to Johnnic Communications Management Services (Proprietary) Limited and are reflected under fees paid for administrative services in note 5 to the annual financial statements.

The members of the remuneration committee are:
Ms I Charnley (Chairperson), Mr P Edwards and Mr J R D Modise.

CORPORATE CODE OF ETHICS

The Group's directors, management and employees are required to observe the highest ethical standards ensuring that business practices are conducted in a manner which, in all reasonable circumstances, is beyond reproach. The abovementioned principles are embodied in a formal Code of Ethics to provide a clear guide as to the expected behaviour of all employees. The Group is committed to providing equal opportunities for its employees regardless of their origin or gender.

Having regard to the provisions of the Insider Trading Act, the Company operates "closed periods" prior to the publication of its interim and year end financial results, during which periods directors, officers and other employees of the Group likely to be in possession of price-sensitive information, may not deal in the shares or other instruments pertaining to the shares of the Company or in any investment relating to the Company's shares. This principle is also applied at other times whenever warranted by circumstances.

EMPLOYMENT EQUITY

Details of the Group's employment equity policy and worker participation appear in the Report on Human Development and Employment Equity on page 24 of the annual report.

ENVIRONMENT, HEALTH AND SAFETY

The Group considers the occupational health and the safety of its employees to be of primary importance. The Group is committed to taking every reasonable precaution to ensure a safe working environment for all employees.

The M-Cell Group strives to conduct its business with due regard for environmental concerns, and is committed to developing operating policies to address the environmental impact of its business activities.

Directors' Report

For the year ended 31 March 2001

The directors have pleasure in presenting their report and audited financial statements for the year ended 31 March 2001.

NATURE OF BUSINESS

M-Cell Limited ("M-Cell") carries on the business of investing in the telecommunications industry through its subsidiaries.

Subsidiaries

Mobile Telephone Networks Holdings (Proprietary) Limited ("MTNH"), a wholly owned subsidiary of M-Cell, is involved with the operation of telecommunications and the provision of related services to customers. In South Africa these operations are provided by two separate wholly owned subsidiaries of MTNH. Mobile Telephone Networks (Proprietary) Limited is a network operator and M-Tel (Proprietary) Limited ("M-Tel") conducts the business of a cellular service provider.

Orbicom (Proprietary) Limited ("Orbicom"), another wholly owned subsidiary of M-Cell, is the leading satellite signal distribution company in Africa.

SHARE CAPITAL AND PREMIUM

Authorised share capital

There has been no change in the authorised share capital of the Company.

Issued share capital

The issued share capital of the Company was increased by the allotment and issue on 17 July 2000 of 366 000 000 ordinary shares of 0,01 cent each at an issue price of R33,00 per share for the acquisition from Transnet Limited of an additional 117 647 060 shares in MTNH making MTNH a wholly owned subsidiary of the Company.

The issued share capital was further increased during the year by the allotment and issue to the Trustees of The MTN Staff Incentive Scheme Trust ("the Trust") of 2 213 480 ordinary shares at an issue price of R32,02 per share on 21 September 2000 and a further 2 898 784 ordinary shares at an issue price of R27,83 on 11 December 2000 in respect of the acquisition of 1 655 038 MTNH shares from the beneficiaries of the Trust.

Accordingly, at 31 March 2001, the issued share capital of the Company was R162 024 comprising 1 620 244 213 ordinary shares of 0,01 cent each.

Unissued share capital

The unissued ordinary shares are the subject of a general authority granted to the directors in terms of section 221 of the Companies Act. As this general authority remains valid only until the next annual general meeting, which is to be held on 28 September 2001, members will be asked at that meeting to consider an ordinary resolution placing the said ordinary shares under the control of the directors until the year 2002 annual general meeting.

Acquisition of Company's own shares

At the last annual general meeting shareholders gave the Company, or a subsidiary, a general approval in terms of sections 85 and 89 of the Companies Act, for the acquisition of shares of the Company. As this general approval remains valid only until the next annual general meeting, which is to be held on 28 September 2001, members will be asked at that meeting to consider a special resolution to renew this general approval until the year 2002 annual general meeting.

Major shareholders

According to the Company's share register at 31 March 2001 the following shareholders held shares in excess of 5% of the ordinary share capital of the Company:

	Number of shares	% of issued share capital
Johnnic Communications Limited	378 577 455	23,37
Juantio Investments (Proprietary) Limited	201 741 680	12,45
Standard Bank Nominees (Transvaal) (Proprietary) Limited	383 585 581	23,67
Transnet Limited	389 391 865	24,03

The nominee company identified on the previous page holds shares on behalf of other parties including Johnnic Holdings Limited ("Johnnic"). The Company is controlled by Johnnic, which directly holds 14,37% of the Company's issued share capital and Johnnic Communications Limited ("Johnnic Communications"), a 62,48% owned subsidiary of Johnnic, which beneficially holds 35,82% of the Company's issued share capital. Subsequent to year end, Johnnic Communications will unbundle to its shareholders, its shareholding in M-Cell Limited. As a consequence of this transaction, Johnnic will be the controlling shareholder of M-Cell Limited.

Apart from this, the Company is not aware of any other party that has a shareholding of more than 5% in the Company.

The M-Cell share incentive scheme

In terms of the Company share incentive scheme, the total number of shares which may be allocated for the purposes of the scheme shall not exceed shares which represent 5% of the total issued ordinary share capital of the Company from time to time.

The following information is provided in accordance with the provisions of the Company's share incentive scheme:

	Number of shares	
	2001	2000
Maximum number of ordinary shares subject to the share incentive scheme	**9 475 200**	9 475 200
Total shares allotted and issued to the M-Cell Share Trust	**2 481 801**	4 929 706
Less: Shares purchased by participants	**(185 126)**	(2 447 905)
Shares available for allocation to employees	**2 296 675**	2 481 801
Less: Shares allocated and reserved in the previous year	**(3 285 149)**	(3 285 149)
Add: Shares no longer reserved due to participants leaving the employ of the Group	**2 050 946**	1 771 931
Balance of shares available for allocation	**1 062 472**	968 583

In addition to the scheme above, MTN Holdings (Proprietary) Limited ("MTNH") developed a convertible debenture scheme to incentivise its employees during the period that the Company remained unlisted. These debentures are convertible into MTNH ordinary shares upon vesting.

Following the acquisition by M-Cell of a 100% shareholding in MTNH, M-Cell has agreed to acquire the MTNH ordinary shares in exchange for M-Cell ordinary shares on a formula agreed upon by the Boards of the respective companies. Historically, the exchange ratio used has equated to approximately 3,1 M-Cell ordinary shares for each MTNH ordinary share.

A new share incentive scheme will be proposed to shareholders to regularise the disparate schemes currently in existence within the Group.

A total of 9 657 468 debentures are available for conversion into MTNH ordinary shares. The number of participants to the scheme was 1 245, and of the debentures in issue at year end, 5 730 392 were attributable to the MTN executives. Should M-Cell acquire the MTNH ordinary shares, the resulting M-Cell ordinary shares issued in exchange for the MTNH ordinary shares will not exceed 5% of the total number of issued ordinary shares in M-Cell.

No new debentures are being issued under the debenture scheme pending the adoption by the Company of a new combined share incentive scheme.

A circular to all M-Cell shareholders is enclosed. This circular relates to the proposed amendments to the M-Cell share incentive scheme which require shareholders' approval at a meeting to be held at 09h30 on Friday, 28 September 2001, in the Auditorium, Ground Floor, 28 Harrison Street, Johannesburg.

Share Transactions Totally Electronic ("STRATE")

M-Cell has been scheduled to transfer its share capital to Share Transactions Totally Electronic ("STRATE"), an electronic settlement platform for share transactions on the JSE Securities Exchange South Africa ("JSE"), during November 2001. In terms of the revised Listings Requirements of the JSE, the move to STRATE is obligatory and will ensure M-Cell's participation in a sophisticated settlement process in line with international best practice.

Directors' Report cont.

For the year ended 31 March 2001

The dematerialisation start date, whereby the current paper share certificates will be replaced by an electronic record of ownership, is 5 November 2001. The first trade date for electronic settlement will be 26 November 2001 followed by the first electronic settlement date of 3 December 2001. Shareholders who do not lodge their paper share certificates for the dematerialisation process will not be able to trade their shares on the JSE Securities Exchange South Africa from 26 November 2001. Details of the implications of STRATE are set out on page 30 of the annual report.

INVESTMENT IN SUBSIDIARIES

On 17 July 2000 the Company acquired the remaining 23% of MTNH from Transnet Limited to make MTNH a wholly owned subsidiary.

A list of major subsidiaries, material to the financial position of the Company, is set out in Annexure 1 which forms part of this annual report.

The interest of the Company in the attributable profits and losses of its subsidiaries after taking into account taxation and outside shareholders' interest was as follows:

	Year ended 31 March 2001 Rm	Year ended 31 March 2000 Rm
Profits	1 199,2	616,3
Losses	74,7	29,0

RESULTS OF OPERATIONS

The results of operations for the year under review are set out in the accompanying income statements. Group attributable earnings amounted to R713,5 million (2000: R588,6 million) and was derived as follows:

	Year ended 31 March 2001 Rm	Year ended 31 March 2000 Rm
South Africa	1 199,2	616,3
MTN	1 194,3	615,3
Orbicom	4,9	1,0
Rest of Africa	(74,7)	(29,0)
MTN	(68,8)	(29,0)
Orbicom	(5,9)	–
Corporate head office and interest	0,2	1,3
Basic headline earnings	1 124,7	588,6
Goodwill amortisation	(411,2)	–
Attributable earnings	713,5	588,6

POST BALANCE SHEET EVENTS

No matter, which is material to the financial affairs of the Group, has occurred between the balance sheet date and the date of approval of the annual financial statements.

DIVIDENDS

M-Cell's core businesses operate in high growth sectors. The Group has adopted a dividend policy which will allow the businesses to retain and reinvest the bulk of the cash it generates to fund future growth.

Directors' Report cont.

For the year ended 31 March 2001

An interim dividend (No 6) of 3 cents per share (2000: 2,3 cents per share) was declared payable to shareholders registered in the books of the Company on 8 December 2000 and was paid on 12 January 2001.

The directors resolved to award capitalisation shares as a final dividend to shareholders registered in the books of the Company at the close of business on 13 July 2001 (2000: final cash dividend – 5,6 cents per share). Shareholders are also entitled to elect to decline the award of capitalisation shares in respect of the shareholding by renouncing their entitlement to such capitalisation shares in favour of Johnnic Holdings Limited, the Company's controlling shareholder, which has agreed to act as underwriter, and to instead receive cash of 7 cents per share. Documentation containing the full details of the right of election was posted to shareholders on 20 July 2001.

DIRECTORATE

The names of the directors in office at the date of this report are set out on the inside back cover of this annual report.
The following changes to the board of directors have taken place since the date of the last annual report.

Appointments

C R Jardine	15 November 2000
P M Jenkins	15 November 2000
G T Serobe	15 November 2000
L C Webb (Alternate)	15 November 2000

Resignations

J S Craib	15 November 2000
A S Mabogoane	13 June 2001

In terms of article 84 of the Company's Articles of Association, Ms I Charnley, Mr Z N A Cindi and Mr J R D Modise retire by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election as directors. In addition, shareholders will be requested to confirm the appointments of Mr C R Jardine, Mr P M Jenkins and Ms G T Serobe as directors of the Company.

Shareholdings

The interests of the directors and alternate directors in the ordinary shares of the Company were as follows:

	31 March 2001	31 March 2000
Beneficial	17 400	25 516
Non-beneficial	–	420 000

No changes in the foregoing interests have taken place between 31 March 2001 and the date of this report.

COMPANY SECRETARY

The Company's secretary is Mr M R D Boyns and his business and postal addresses are reflected on the inside back cover of this annual report.

AUDITORS

PricewaterhouseCoopers Inc. will continue in office in accordance with section 270 (2) of the Companies Act, 1973.

Johannesburg
13 June 2001

Income Statements

For the year ended 31 March 2001

COMPANY				GROUP	
2000 Rm	2001 Rm		Notes	2001 Rm	2000 Rm
–	–	**Revenue**	3	8 337,3	6 007,9
–	–	Cost of sales		(3 352,6)	(2 324,3)
–	–	**Gross profit**		4 984,7	3 683,6
(6,4)	(2,9)	Operating expenses – net	5	(2 193,2)	(1 662,4)
(6,4)	(2,9)	**Earnings (loss) before interest, taxation, depreciation and amortisation ("Ebitda")**		2 791,5	2 021,2
–	–	Depreciation	6	(688,5)	(522,1)
–	–	Amortisation	7	(148,3)	(130,7)
(6,4)	(2,9)	**Profit (loss) from operations before goodwill amortisation**		1 954,7	1 368,4
		Goodwill amortisation	15	(411,2)	–
(6,4)	(2,9)	**Profit (loss) from operations**		1 543,5	1 368,4
114,1	173,8	Finance income	8	81,6	92,9
(0,4)	–	Finance costs	9	(264,6)	(235,0)
		Share of losses of associated companies		(0,6)	(0,8)
107,3	170,9	**Profit before taxation**		1 359,9	1 225,5
–	(1,4)	Taxation	10	(585,3)	(407,6)
107,3	169,5	**Profit after taxation**		774,6	817,9
		Minority interests		(61,1)	(229,3)
107,3	169,5	**Attributable earnings**		713,5	588,6
		Basic earnings per ordinary share (cents)	11		
		– headline		74,5	50,7
		– attributable		47,3	50,7
		Dividend per ordinary share (cents)	12	10,0	7,9

Balance Sheets

At 31 March 2001

COMPANY 2000 Rm	COMPANY 2001 Rm		Notes	GROUP 2001 Rm	GROUP 2000 Rm
		ASSETS			
		Non-current assets			
–	–	Property, plant and equipment	14	5 491,3	3 923,4
		Goodwill	15	11 198,2	–
–	–	Intangible assets	16	2 868,3	523,7
1 373,0	13 610,6	Interests in subsidiaries	17		
–	–	Interests in associated companies	18	16,2	4,1
–	–	Investments	19	6,0	31,6
–	–	Deferred taxation	26	37,3	0,8
7,2	6,8	Loans	20	224,8	175,9
1 380,2	13 617,4	**Total non-current assets**		19 842,1	4 659,5
131,9	149,4	**Current assets**		2 440,8	1 703,3
–	–	Inventories	21	265,2	382,2
78,6	142,7	Trade and other receivables	22	1 364,1	928,7
48,6	3,8	Loans to affiliated companies receivable on demand		3,8	48,6
2,9	2,8	Taxation prepaid		2,8	11,1
1,8	0,1	Bank balances, deposits and cash		804,9	332,7
1 512,1	13 766,8	**Total assets**		22 282,9	6 362,8
		EQUITY AND LIABILITIES			
		Capital and reserves			
1 417,5	13 593,0	Share capital and premium	23	13 593,0	1 417,5
11,1	18,5	Accumulated profits		1 036,9	508,0
–	113,5	Other reserves	24	137,0	(2,1)
1 428,6	13 725,0	**Ordinary shareholders' interest**		14 766,9	1 923,4
		Minority interests		143,8	580,2
1 428,6	13 725,0	**Total equity**		14 910,7	2 503,6
–	–	**Non-current liabilities**		4 595,1	2 014,0
–	–	Long term borrowings	25	3 889,2	1 505,3
–	–	Deferred taxation	26	705,9	508,7
83,5	41,8	**Current liabilities**		2 777,1	1 845,2
12,0	41,3	Trade and other payables	27	1 735,3	1 096,5
1,5	0,5	Provisions	28	85,7	88,0
–	–	Tax liabilities		481,0	95,0
70,0	–	Proposed cash dividend	12	–	70,0
–	–	Bank overdrafts and other short term borrowings	25	475,1	495,7
1 512,1	13 766,8	**Total equity and liabilities**		22 282,9	6 362,8

Cash Flow Statements

For the year ended 31 March 2001

COMPANY				GROUP	
2000 Rm	2001 Rm		Notes	2001 Rm	2000 Rm
		OPERATING ACTIVITIES			
–	–	Cash receipts from customers		7 849,3	5 758,8
(10,4)	(16,5)	Cash paid to suppliers and employees		(4 730,0)	(4 039,0)
(10,4)	(16,5)	Net cash generated by (used in) operations	31	3 119,3	1 719,8
8,1	4,4	Finance income		81,1	92,9
(0,4)	–	Finance costs		(254,5)	(235,0)
(2,8)	(1,3)	Taxation paid		(31,1)	(10,7)
(5,5)	(13,4)	**NET CASH FROM (USED IN) OPERATING ACTIVITIES**		2 914,8	1 567,0
		INVESTING ACTIVITIES			
–	–	Finance income		0,5	–
–	–	Finance costs		(10,1)	–
27,4	127,1	Cash dividends received from subsidiaries			
3,9	0,8	Proceeds on disposal of investments	32	0,8	9,4
–	–	Proceeds on disposal of property, plant and equipment		3,1	1,0
–	–	Acquisition of investments	32	(0,5)	–
–	–	Acquisition of property, plant and equipment	14	(2 219,0)	(1 513,4)
–	–	– to maintain operations		(19,5)	(13,8)
–	–	– to expand operations		(2 199,5)	(1 499,6)
–	–	Acquisition of intangible assets	16	(2 385,4)	(91,1)
(26,5)	(53,9)	Acquisition of minority interests in subsidiaries	32	(53,9)	–
–	–	Net assets of subsidiaries acquired	33	–	(170,6)
–	–	Acquisition of interests in associated companies	32	(19,2)	(4,6)
(5,3)	–	Repayments from (loans to) employee share incentive schemes		5,4	(19,1)
–	–	Net decrease in long term receivables		14,6	–
(0,5)	74,0	**NET CASH FROM (USED IN) INVESTING ACTIVITIES**		(4 663,7)	(1 788,4)
		FINANCING ACTIVITIES			
(26,9)	(118,6)	Cash dividends paid	34	(142,0)	(37,5)
–	11,5	Net increase in borrowings		2 258,6	391,9
–	–	Shareholder funding net of share issue expenses		64,1	4,7
–	–	Proceeds on issue of convertible debentures		7,1	–
(26,9)	(107,1)	**NET CASH FROM (USED IN) FINANCING ACTIVITIES**		2 187,8	359,1
(32,9)	(46,5)	**NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS**		438,9	137,7
83,3	50,4	**CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR**		380,4	251,2
		Foreign entities translation adjustment		(15,6)	(8,5)
50,4	3,9	**CASH AND CASH EQUIVALENTS AT END OF YEAR**	35	803,7	380,4

Statements of Changes in Shareholders' Equity

GROUP	Share capital Rm	Share premium Rm	Accumulated profits Rm	Other reserves Rm	Total Rm
Balance at 31 March 1999	0,1	2 042,0	(1 258,2)	4,5	788,4
Net profit attributable to ordinary shareholders for the year			588,6		588,6
Net exchange differences arising on translation of foreign entities				(6,6)	(6,6)
Dividends (Note 12)			(96,9)		(96,9)
Share capital issued at a premium less share issue expenses	†	6 429,5			6 429,5
Net goodwill arising on acquisition of subsidiaries written (off) back		(7 054,1)	1 274,5		(5 779,6)
Balance at 31 March 2000	0,1	1 417,4	508,0	(2,1)	1 923,4
Net profit attributable to ordinary shareholders for the year			713,5		713,5
Net exchange differences arising on translation of foreign entities				18,9	18,9
Dividends (Note 12)			(162,1)		(162,1)
Share capital issued at a premium less share issue expenses	†	12 175,5			12 175,5
Share election reserve (Note 24)				113,5	113,5
Transfer between reserves (Note 24)			(6,7)	6,7	–
Variation of interests in dormant subsidiary			(15,8)		(15,8)
Balance at 31 March 2001	0,1	13 592,9	1 036,9	137,0	14 766,9
Notes	23	23		24	

COMPANY	Share capital Rm	Share premium Rm	Accumulated profits Rm	Other reserves Rm	Total Rm
Balance at 31 March 1999	0,1	2 042,0	0,7	–	2 042,8
Net profit attributable to ordinary shareholders for the year			107,3		107,3
Dividends (Note 12)			(96,9)		(96,9)
Share capital issued at a premium less share issue expenses	†	6 429,5			6 429,5
Net goodwill arising on acquisition of subsidiaries written off		(7 054,1)			(7 054,1)
Balance at 31 March 2000	0,1	1 417,4	11,1	–	1 428,6
Net profit attributable to ordinary shareholders for the year			169,5		169,5
Dividends (Note 12)			(162,1)		(162,1)
Share capital issued at a premium less share issue expenses	†	12 175,5			12 175,5
Share election reserve (Note 24)				113,5	113,5
Balance at 31 March 2001	0,1	13 592,9	18,5	113,5	13 725,0
Notes	23	23		24	

†Less than R100 000

Notes to the Annual Financial Statements

For the year ended 31 March 2001

1. PRESENTATION OF FINANCIAL STATEMENTS

These financial statements are presented in South African rands since that is the currency in which the majority of the Group's transactions are denominated.

In the current year's financial statements, the following principal accounting policies are consistent in all material respects with those of the previous year, except for goodwill.

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention in accordance with South African Statements of Generally Accepted Accounting Practice. The principal accounting policies adopted are set out below:

Basis of consolidation

The Group financial statements incorporate the financial statements of M-Cell Limited and all its subsidiaries for the year ended 31 March 2001. Control is achieved where the Company has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the Group income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All material intercompany transactions and balances between group enterprises are eliminated on consolidation.

Interests in associated companies

An associated company is an enterprise over which the Group exercises significant influence over its financial and operating policies, but which it does not control.

Investments in associated undertakings are accounted for using the equity method of accounting. The carrying amount of such interests is reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

The Group's share of post-acquisition reserves of associated companies, which is generally determined from their latest audited financial statements, is included in the carrying value of the investments, and the annual profit attributable to the Group is transferred to non-distributable reserves.

Where the Group transacts with an associate of the Group, unrealised profits and losses are eliminated to the extent of the Group's interest in the relevant associate, except where unrealised losses provide evidence of an impairment of the asset transferred.

Interests in joint ventures

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity which is subject to joint control.

Joint venture arrangements which involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly controlled entities. The Group reports its interests in jointly controlled entities using the proportionate consolidation method of accounting. The Group's share of the assets, liabilities, income and expenses of jointly controlled entities are combined with the equivalent items in the consolidated financial statements on a line-by-line basis.

Where the Group transacts with its jointly controlled entities, unrealised profits and losses are eliminated to the extent of the Group's interest in the joint venture except where unrealised losses provide evidence of an impairment of the asset transferred.

Goodwill

Goodwill arising on consolidation represents the excess of the costs of acquisition over the Group's interests in the fair value of identifiable assets and liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition. Goodwill arising on acquisitions that occurred prior to 31 March 1999 was charged directly against distributable reserves. In 2000, the Group changed its accounting policy in this regard, such that goodwill arising on acquisitions that occurred prior to 31 March 2000 was written off against share premium. The effect of this change is that goodwill previously charged directly against accumulated profits was credited to accumulated profits and charged against share premium (refer to the statement of changes in shareholders' equity for details relating to this change in accounting policy). Goodwill arising on acquisitions occurring after 31 March 2000 is reported in the balance sheet as an asset, and is being amortised using the straight line method over its estimated useful life, but not exceeding 20 years.

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (continued)

Investments

Investments, including those in subsidiary companies, are stated at cost, less amounts written off where there has been a permanent diminution in value.

Where an investment is acquired in a non-monetary exchange, its cost is determined by reference to its fair value at the effective date of acquisition. Where such fair value is not readily determinable, the cost is based on fair value of the asset given up.

Revenue recognition

Revenue represents the net invoiced value of goods and services provided to third parties (excluding Value Added Tax). Revenue is recognised at the date that goods are delivered to customers or services provided.

Other income earned by the Group is recognised on the following bases:

- Interest income is accrued on a time basis, by reference to the principal outstanding and at the interest rate applicable; and
- Dividend income from investments is recognised when the shareholders' rights to receive payment is established.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are capitalised at the estimated present value of the underlying lease payments at the date of acquisition. The corresponding liability to the lessor, net of finance charges, is included in the balance sheet as a finance lease obligation. Finance costs, which represent the difference between the total leasing commitment and fair value of the assets acquired, are charged to the income statement over the term of the relevant lease so as to produce a constant periodic rate of interest on the remaining balance of the obligation for each accounting period.

Rentals payable under operating leases are charged to the income statement on a straight line basis over the term of the relevant leases.

Borrowing costs

Borrowing costs are expensed in the period in which they are incurred.

Employee benefits

Short term employee benefits

Remuneration to employees in respect of services rendered during a reporting period is recognised as an expense in that reporting period. Provision is made for accumulated leave.

Termination benefits

Termination benefits are charged against income when the Group is committed to terminating the employment of an employee or group of employees before their normal retirement date.

Post-employment benefits

The costs of post-retirement benefits are made up of those obligations which the Group has towards current and retired employees.

Defined contribution plans

Pension and provident funds

Contributions to defined contribution plans in respect of services rendered during a reporting period are recognised as an expense in that period.

Earnings per ordinary share

Attributable earnings per ordinary share are calculated on the weighted average number of ordinary shares in issue during the period and are based on the net profit attributable to ordinary shareholders.

Headline earnings per ordinary share are calculated on the weighted average number of ordinary shares in issue during the period and are based on the earnings attributable to ordinary shareholders, after excluding exceptional items.

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (continued)

Deferred taxation

Deferred taxation is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Current substantially enacted tax rates are used to determine deferred taxation.

Under this method the Group is required to make provision for deferred taxation in relation to an acquisition, on the difference between the fair values of the net assets acquired and their tax base. Provision for taxes, mainly withholding taxation, which could arise on the remittance of accumulated profits, principally relating to subsidiaries, is only made where a decision has been made to remit such earnings.

The principal temporary differences arise from depreciation on property, plant and equipment, and tax losses carried forward. Deferred taxation assets relating to the carry forward of unused tax losses are recognised to the extent that it is probable that future taxable profits will be available against which the unused tax losses can be utilised.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Cost includes all costs directly attributable to bringing the asset to working condition for its intended use. Depreciation of property, plant and equipment is calculated to write off the cost thereof, excluding land, which is not depreciated, on the straight line basis over their estimated useful lives as follows:

Plant, furniture and equipment	10% – 50%
Buildings	6,67%
Leasehold improvements	Shorter of lease term or 5 years
Aircraft and vehicles	20% – 25%

Assets held under finance leases are depreciated over their estimated useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between sales proceeds and the carrying amount of the asset and is recognised in income when the asset is sold or retired.

Impairment

An annual impairment review of assets is carried out by comparing the net book value of the assets with their recoverable amounts. Recoverable amounts are based on the higher of the value in use and net selling price.

Value in use is determined by applying a discount rate to the anticipated pre-tax cash flow for the remaining useful life of the asset.

Where the recoverable amount is less than the net book value, the impairment is charged against income to reduce the carrying amount of the affected assets to recoverable amounts.

The revised carrying amounts are amortised on a systematic basis over the remaining useful life of such affected assets.

Deferred expenditure

Connection incentive costs of all cellular subscribers with fixed period contracts are capitalised and amortised over one year. The capitalisation of these costs is limited to the net connection incentive costs paid to service providers.

The cellular licence fees and certain other items of deferred expenditure which are considered to have an enduring benefit are capitalised and amortised on the straight line basis over an appropriate period so as to match expenditures with future related economic benefits. The amortisation periods are as follows:

Licence fees	15 years
Other deferred expenditure	5 years

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (continued)

Inventories
Inventories are stated at the lower of cost or net realisable value on a weighted average basis. Cost comprises direct materials and, where applicable direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution. Where appropriate, provision is made for slow moving, obsolete and defective inventories.

Cash and cash equivalents
Cash and cash equivalents consist of bank balances, deposits and cash, net of bank overdrafts for purposes of the cash flow statement.

Provisions
A provision is recognised when there is a legal or constructive obligation as a result of a past event for which it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Foreign currencies
In order to hedge its exposure to foreign exchange risks, the Group utilises financial instruments including forward exchange contracts in the management of exchange rate exposures. Transactions in foreign currencies are recorded at spot rates ruling on the transaction date. Assets and liabilities in foreign currencies are translated to rand at rates of exchange ruling at the end of the financial year. Translation gains and losses are included in the results for the year. Where a related forward exchange contract is designated as a hedge, the costs of hedging are included in the measurement of the underlying transaction. Where forward exchange contracts are not designated as hedges, they are marked to market at year end, and the exchange differences are included in the income statement.

Financial statements of foreign entities are translated to rand as follows:
– Assets and liabilities at rates of exchange ruling at the end of the year; and
– Income statement items at the weighted average rates of exchange for the year.

Differences arising on translation are taken directly to non-distributable reserves.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity subsequent to 31 March 2000 are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Financial instruments
Financial assets
The Group's principal financial assets are bank balances, deposits and cash, trade and other receivables, and investments. Trade receivables are stated at the nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

Investments where the Group is not in a position to exercise significant influence or joint control, are stated at cost less any impairment losses, where the investments' carrying amounts exceed their estimated recoverable amounts.

Financial liabilities
Financial liabilities are classified according to the substance of the contractual arrangements entered into.

Significant financial liabilities include finance lease obligations, interest bearing bank loans and overdrafts, convertible loan notes and trade and other payables.

Interest bearing bank loans and overdrafts, and convertible loan notes are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption, are accounted for on an accrual basis and are added to the carrying amount of the instruments to the extent that they are not settled in the period in which they arise.

Trade and other payables are stated at their nominal value.

Comparatives
Where appropriate, comparative figures have been adjusted to conform with changes in presentation in the current year.

Notes to the Annual Financial Statements cont.

For the year ended 31 March 2001

COMPANY 2000 Rm	COMPANY 2001 Rm		GROUP 2001 Rm	GROUP 2000 Rm
		3. REVENUE		
		3.1 Revenue by operating division		
–	–	Wireless telecommunications (MTN)	8 247,1	5 928,0
–	–	Satellite telecommunications (Orbicom)	90,2	79,9
–	–		8 337,3	6 007,9
		3.2 Analysis of revenue by category		
–	–	Sales of goods	653,1	519,4
–	–	Revenue from services	7 684,2	5 488,5
–	–		8 337,3	6 007,9

4. BUSINESS AND GEOGRAPHICAL SEGMENTS

The segment information set out below is based on the requirements of AC115 (revised 1998) Segment Reporting, which has been adopted for the first time in these financial statements. Segment disclosures for 2000 have been amended so that they are presented on a consistent basis.

4.1 Business segments

For management reporting purposes, the Group is currently organised into two operating divisions, wireless telecommunications (MTN) and satellite telecommunications (Orbicom). These divisions are the basis on which the Group reports its primary segment information as set out below:

	MTN Rm	Orbicom Rm	Other* Rm	Group Rm
2001				
REVENUE				
External sales	8 255,1	90,2	–	8 345,3
Intra-segment	(8,0)	–	–	(8,0)
Total revenue	8 247,1	90,2	–	8 337,3
Intra-segment sales are charged at cost plus a percentage profit mark-up.				
2001				
EBITDA	2 784,2	10,2	(2,9)	2 791,5
Depreciation	680,1	8,4	–	688,5
Amortisation of intangible assets	148,3	–	–	148,3
Goodwill amortisation	–	–	411,2	411,2

* Other comprises head office transactions and consolidation entries.

	MTN Rm	Orbicom Rm	Other* Rm	Group Rm
4. BUSINESS AND GEOGRAPHICAL SEGMENTS (continued)				
4.1 Business segments (continued)				
2001				
BALANCE SHEET				
Assets				
Segment assets	10 995,2	62,6	11 208,9	22 266,7
Interests in associated companies	16,2	–	–	16,2
Consolidated total assets	11 011,4	62,6	11 208,9	22 282,9
Liabilities				
Segment liabilities	7 301,0	29,4	41,8	7 372,2
2001				
OTHER INFORMATION				
Capital expenditure (property, plant and equipment)	2 194,9	24,1	–	2 219,0
Capital expenditure (intangible assets)	2 385,4	–	–	2 385,4
2000				
REVENUE				
External sales	5 937,7	79,9	–	6 017,6
Intra-segment	(9,7)	–	–	(9,7)
Total revenue	5 928,0	79,9	–	6 007,9
Intra-segment sales are charged at cost plus a percentage profit mark-up.				
2000				
EBITDA	2 013,8	13,8	(6,4)	2 021,2
Depreciation	513,7	8,4	–	522,1
Amortisation of intangible assets	130,7	–	–	130,7
Goodwill amortisation	–	–	–	–
2000				
BALANCE SHEET				
Assets				
Segment assets	6 240,7	57,4	60,6	6 358,7
Interests in associated companies	4,1	–	–	4,1
Consolidated total assets	6 244,8	57,4	60,6	6 362,8
Liabilities				
Segment liabilities	3 753,7	22,0	83,5	3 859,2
2000				
OTHER INFORMATION				
Capital expenditure (property, plant and equipment)	1 499,6	13,8	–	1 513,4
Capital expenditure (intangible assets)	91,1	–	–	91,1

* Other comprises head office transactions and consolidation entries.

	GROUP	
	2001	2000

4. BUSINESS AND GEOGRAPHICAL SEGMENTS (continued)

4.1 Business segments (continued)

The average number of employees for the year for each of the Group's principal divisions was as follows:		
MTN	**3 072**	2 562
Orbicom	**96**	79
	3 168	2 641

4.2 Geographical segments

For management reporting purposes, the Group is organised into two geographical segments, namely South Africa and the rest of Africa. Operations in the rest of Africa are located in Uganda, Rwanda, Cameroon, Swaziland, Ghana and Nigeria.

The following table provides an analysis of the Group's sales by geographical market, irrespective of the origin of the goods/services:

	GROUP	
	2001 Rm	2000 Rm
Revenue by geographical market		
South Africa	**7 960,2**	5 877,0
Rest of Africa	**377,1**	130,9
	8 337,3	6 007,9
EBITDA by geographical market		
South Africa	**2 683,7**	1 997,2
Rest of Africa	**107,8**	24,0
	2 791,5	2 021,2

The following is an analysis of the carrying amount of segment assets, and additions to property, plant and equipment, goodwill and intangible assets, analysed by geographical area in which the assets are located:

	Carrying amount of segment assets		Additions to property, plant and equipment, goodwill and intangible assets	
	2001 Rm	2000 Rm	**2001 Rm**	2000 Rm
Assets excluding goodwill	**11 084,7**	6 362,8	**4 604,4**	1 604,5
South Africa	**7 242,3**	5 599,4	**1 886,0**	1 498,1
Rest of Africa	**3 842,4**	763,4	**2 718,4**	106,4
Goodwill	**11 198,2**	–	**11 198,2**	–
	22 282,9	6 362,8	**15 802,6**	1 604,5

	GROUP 2001 Rm	GROUP 2000 Rm
4.2 GEOGRAPHICAL SEGMENTS (continued)		
Employees by geographical location		
South Africa	**2 657**	2 304
Rest of Africa	**511**	337
	3 168	2 641

COMPANY 2000 Rm	COMPANY 2001 Rm		GROUP 2001 Rm	GROUP 2000 Rm
		5. OPERATING EXPENSES – NET		
		are stated after taking account of the following items:		
0,3	**0,3**	Auditors' remuneration	**5,0**	3,8
0,2	**0,3**	Audit fees	**3,0**	2,0
0,1	**–**	Fees for other services	**1,9**	1,7
–	**–**	Expenses	**0,1**	0,1
–	**0,1**	Directors' remuneration	**0,1**	–
–	**0,1**	– for services as directors (Note 41)	**0,1**	–
–	**–**	Operating lease charges	**145,5**	126,3
–	**–**	– land and buildings	**64,1**	41,4
–	**–**	– equipment and vehicles	**81,4**	84,9
–	**–**	Net foreign exchange gains	**(4,8)**	(9,4)
3,0	**6,9**	Fees paid for services	**28,7**	20,8
1,8	**6,2**	– administrative	**16,5**	4,4
0,6	**0,5**	– secretarial	**0,5**	0,6
0,6	**0,2**	– technical	**11,7**	15,8
–	**–**	Loss on disposal of property, plant and equipment (Note 14)	**5,0**	1,0
–	**–**	Staff costs	**631,2**	467,1
–	**–**	Salaries and wages	**593,2**	447,6
		Retirement plan contributions		
–	**–**	– defined contribution plans	**38,0**	19,5
–	**–**	Repairs and maintenance	**159,3**	99,4
–	**–**	Research and development	**0,9**	–
		6. DEPRECIATION		
–	**–**	Plant, furniture and equipment	**669,0**	510,1
–	**–**	Leasehold improvements	**8,9**	6,2
–	**–**	Buildings	**5,3**	2,9
–	**–**	Aircraft and vehicles	**5,3**	2,6
–	**–**	Capitalised leased assets	**–**	0,3
–	**–**		**688,5**	522,1

Notes to the Annual Financial Statements cont.

For the year ended 31 March 2001

COMPANY 2000 Rm	COMPANY 2001 Rm		GROUP 2001 Rm	GROUP 2000 Rm
		7. AMORTISATION		
–	–	Connection incentives	102,2	115,5
–	–	Licence fees	36,9	11,0
–	–	Other deferred expenditure	9,2	4,2
–	–		148,3	130,7
		8. FINANCE INCOME		
8,1	4,4	**Interest received**	81,6	92,8
8,1	4,4	– bank deposits	81,6	92,8
106,0	169,4	**Dividends received**	–	0,1
106,0	169,4	– subsidiaries		
–	–	– investments	–	0,1
114,1	173,8		81,6	92,9
		9. FINANCE COSTS		
0,4	–	Interest on borrowings	264,6	235,0
		10. TAXATION		
		Current taxation		
–	1,4	SA normal taxation	425,4	102,0
–	1,4	Current year	459,5	83,0
–	–	Prior year overprovision	(46,1)	–
–	–	Secondary taxation on companies	6,1	17,5
–	–	Foreign income and withholding taxation	5,9	1,5
–	–	**Deferred taxation** (Note 26)	159,9	305,6
–	–	Current year	113,8	305,6
–	–	Prior year underprovision	46,1	–
–	1,4	Taxation attributable to the Company and its subsidiaries	585,3	407,6
		South African normal taxation is calculated at 30% (2000: 30%) of the estimated taxable income for the year. Taxation for foreign jurisdictions is calculated at the rates prevailing in the respective jurisdictions.		
		Tax losses		
–	–	Estimated assessable losses available for the reduction of future taxable income	103,7	33,0

COMPANY 2000 Rm	COMPANY 2001 Rm		GROUP 2001 Rm	GROUP 2000 Rm
		10. TAXATION (continued)		
%	%	**Tax rate reconciliation** The charge for the year can be reconciled to the effective rate of taxation as follows:	%	%
30,0	30,0	Taxation at the standard rate	30,0	30,0
–	0,6	Tax effect of expenses that are not deductible in determining taxable profit	10,4	1,7
–	–	Deferred tax assets not recognised	3,1	–
–	–	Effect of different tax rates of subsidiaries operating in other jurisdictions	(1,2)	0,2
(29,6)	(29,7)	Exempt income	–	–
–	–	Withholding taxes and secondary taxation on companies	0,7	1,4
(0,4)	(0,1)	Capital profits	–	–
–	0,8	Effective rate of taxation for the year	43,0	33,3

11. BASIC EARNINGS PER ORDINARY SHARE

The calculation of headline earnings per ordinary share is based on the net profit attributable to ordinary shareholders before goodwill amortisation of R1 124,7 million (2000: R588,6 million) and a weighted average of 1 508 874 016 (2000: 1 160 089 660) ordinary shares in issue during the year.

The calculation of diluted earnings per ordinary share is based on the net profit attributable to ordinary shareholders before goodwill amortisation of R1 124,7 million (2000: R588,6 million) and a weighted average of 1 538 881 701 (2000: 1 198 299 150) fully diluted ordinary shares in issue during the year. The number of fully diluted ordinary shares has been calculated by taking into account ordinary shares that would be issued in respect of the MTN convertible debentures.

Reconciliation between attributable and headline earnings

	GROUP 2001 Rm	GROUP 2000 Rm
Net profit attributable to ordinary shareholders for the year	713,5	588,6
Goodwill amortisation	411,2	–
Headline earnings	1 124,7	588,6
Basic earnings per ordinary share (cents) – headline	74,5	50,7
– attributable	47,3	50,7
Diluted earnings per ordinary share (cents)		
– headline	73,1	49,1
– attributable	46,4	49,1
Potential effect of dilution (%)	1,9	3,2

COMPANY 2000 Rm	COMPANY 2001 Rm		GROUP 2001 Rm	GROUP 2000 Rm
		12. DIVIDENDS		
		Interim paid		
26,9	48,6	3 cents (2000: 2,3 cents) per ordinary share	48,6	26,9
		Final proposed		
70,0	113,5	7 cents (2000: 5,6 cents) per ordinary share	113,5	70,0
–	113,5	Share election reserve (Note 24)	113,5	–
70,0	–	Proposed cash dividend	–	70,0
96,9	162,1		162,1	96,9

13. CHANGE IN ACCOUNTING POLICY

During the year the Group changed its accounting policy with respect to goodwill. The effect of this change is that goodwill that was previously charged against share premium is now reported in the balance sheet as an asset, and is amortised using the straight line method over its estimated useful life, but not exceeding 20 years. The effect of this change, which was prospectively applied, was as follows:

	2001 Rm	2000 Rm
Income statement		
Goodwill amortisation	411,2	–
Balance sheet		
Total goodwill	11 609,4	–
Goodwill amortisation	(411,2)	–
	11 198,2	–

14. PROPERTY, PLANT AND EQUIPMENT

	Plant, furniture and equipment Rm	Leasehold improvements Rm	Freehold land and buildings Rm	Aircraft and vehicles Rm	Capitalised leased assets Rm	Total Rm
GROUP						
COST						
Balance at 31 March 2000	5 196,1	68,8	56,0	17,0	4,5	5 342,4
Additions at cost	2 090,7	16,9	96,4	15,0	–	2 219,0
Disposals	(12,8)	–	(0,1)	(0,9)	–	(13,8)
Exchange differences	45,3	0,2	2,0	1,3	–	48,8
Balance at 31 March 2001	7 319,3	85,9	154,3	32,4	4,5	7 596,4
ACCUMULATED DEPRECIATION						
Balance at 31 March 2000	1 383,5	12,5	12,7	5,8	4,5	1 419,0
Charge for the year	669,0	8,9	5,3	5,3	–	688,5
Disposals	(5,3)	–	–	(0,3)	–	(5,6)
Exchange differences	3,0	–	–	0,2	–	3,2
Balance at 31 March 2001	2 050,2	21,4	18,0	11,0	4,5	2 105,1
CARRYING AMOUNT						
Balance at 31 March 2000	3 812,6	56,3	43,3	11,2	–	3 923,4
Balance at 31 March 2001	5 269,1	64,5	136,3	21,4	–	5 491,3
SURPLUS (LOSS) ON DISPOSALS						
Proceeds	2,4	–	–	0,7	–	3,1
Net book value of disposals	(7,5)	–	–	(0,6)	–	(8,1)
Surplus (loss) on disposals	(5,1)	–	–	0,1	–	(5,0)

A register containing details of land and buildings is available for inspection at the registered offices of the respective Group companies.

Encumbrances

Fixed assets – MTN Uganda

In terms of the Project Co-ordination and Intercreditor Agreement, MTN Uganda has provided a first fixed charge totalling US$24,5 million over the company's fixed assets as security for a syndicated loan made to the company by various banks and financial institutions.

Moveable assets – Swazi MTN

Loans from Swazi Empowerment Limited and the Swaziland Industrial Development Corporation are secured by notarial bonds over the company's moveable assets.

COMPANY 2000 Rm	COMPANY 2001 Rm		GROUP 2001 Rm	GROUP 2000 Rm
		15. GOODWILL		
		COST		
		Balance at beginning of the year	–	–
		Acquisition of interests in subsidiaries	11 602,2	5 779,6
		Acquisition of interest in associated companies	7,2	–
		Net goodwill arising on acquisition of subsidiaries written back	–	1 274,5
		Goodwill written off against share premium account	–	(7 054,1)
		Balance at end of year	11 609,4	–
		ACCUMULATED AMORTISATION		
		Balance at beginning of the year	–	–
		Charge for the year	(411,2)	–
		Balance at end of year	(411,2)	–
		CARRYING AMOUNT		
		Balance at end of year	11 198,2	–

16. INTANGIBLE ASSETS

	Connection incentives Rm	Licence fees Rm	Other deferred expenditure Rm	Total Rm
GROUP				
COST				
Balance at 31 March 2000	703,6	512,2	91,0	1 306,8
Additions at cost	132,7	2 252,7	–	2 385,4
Exchange differences	–	112,2	(0,4)	111,8
Completed contracts	(543,4)	–	(76,1)	(619,5)
Balance at 31 March 2001	292,9	2 877,1	14,5	3 184,5
ACCUMULATED AMORTISATION				
Balance at 31 March 2000	658,9	43,4	80,8	783,1
Charge for the year	102,2	36,9	9,2	148,3
Exchange differences	–	3,8	0,5	4,3
Completed contracts	(543,4)	–	(76,1)	(619,5)
Balance at 31 March 2001	217,7	84,1	14,4	316,2
CARRYING AMOUNT				
Balance at 31 March 2000	44,7	468,8	10,2	523,7
Balance at 31 March 2001	75,2	2 793,0	0,1	2 868,3

The Ugandan Communication Commission has granted consent for the arrangement of the licence of MTN Uganda as security for the syndicated loan made by various banks and financial institutions.

Notes to the Annual Financial Statements cont.

For the year ended 31 March 2001

COMPANY 2000 Rm	COMPANY 2001 Rm		GROUP 2001 Rm	GROUP 2000 Rm
		17. INTERESTS IN SUBSIDIARIES		
209,3	**12 084,9**	Unlisted shares at cost less amount written off		
1 163,7	**1 525,7**	Amount owing by subsidiaries		
1 373,0	**13 610,6**			
		A list of the major subsidiaries material to the financial position of the Company is set out in Annexure 1 on page 72.		
		18. INTERESTS IN ASSOCIATED COMPANIES		
–	–	Unlisted shares at cost less amount written off	**0,3**	0,2
–	–	Loans	**17,4**	4,7
		Share of post-acquisition reserves, net of dividends received	**(1,5)**	(0,8)
–	–	**Book value of interests in associated companies**	**16,2**	4,1
–	–	**Directors' valuation of unlisted shares**	**23,0**	4,1
		Details of the Group's associated companies at 31 March 2001 are set out in Annexures 2 and 3 on pages 72 and 73.		
		19. INVESTMENTS		
		Non-current investments		
–	–	Unlisted investments at cost less amount written off	**6,0**	31,6
		Details of the Group's investments are set out in Annexure 4 on page 73.		
		20. LOANS		
7,2	**6,8**	Loans to employee share incentive schemes	**144,7**	161,1
–	–	Loan to Nigerian partners*	**80,1**	–
–	–	Other	**–**	14,8
7,2	**6,8**		**224,8**	175,9
		* The loan to Nigerian partners is interest-free and is repayable out of dividends declared by MTN Nigeria Communications Limited.		
		21. INVENTORIES		
		At cost		
–	–	Finished goods	**264,3**	383,7
–	–	Consumable stores and maintenance spares	**7,6**	4,5
–	–	Work in progress	**2,2**	2,6
–	–	Provision for inventory obsolescence	**(8,9)**	(8,6)
–	–		**265,2**	382,2

COMPANY 2000 Rm	COMPANY 2001 Rm		GROUP 2001 Rm	GROUP 2000 Rm
		22. TRADE AND OTHER RECEIVABLES		
–	–	Trade receivables	974,8	849,0
78,6	142,7	Sundry debtors and prepayments	457,8	132,7
–	–	Provision for doubtful debts	(86,0)	(70,3)
–	–	Short term portion of long term debtors	10,3	11,5
–	–	Interest accrued	7,2	5,8
78,6	142,7		1 364,1	928,7
		23. SHARE CAPITAL AND PREMIUM		
		Authorised share capital		
0,3	0,3	2 500 000 000 ordinary shares of 0,01 cent each	0,3	0,3
		Issued and fully paid up share capital		
0,1	0,1	1 620 244 213 (2000: 1 249 131 949) ordinary shares of 0,01 cent each	0,1	0,1
1 417,4	13 592,9	**Share premium**	13 592,9	1 417,4
2 042,0	1 417,4	Balance at beginning of year	1 417,4	2 042,0
6 429,5	12 175,5	Arising on the issue of shares during the year (net of share issue expenses)	12 175,5	6 429,5
(7 054,1)	–	Goodwill arising on acquisition of subsidiaries written off	–	(7 054,1)
1 417,5	13 593,0		13 593,0	1 417,5

The unissued shares are under the unrestricted control of the directors until the next annual general meeting.

COMPANY 2000 Rm	COMPANY 2001 Rm			GROUP 2001 Rm	GROUP 2000 Rm
		24. OTHER RESERVES			
		Non-distributable reserves			
–	–	Balance at beginning of year		(2,1)	4,5
–	113,5	Movement in share election reserve		113,5	–
–	–	Transfer from accumulated profits		6,7	–
		Net exchange differences arising on translation of foreign entities		18,9	(6,6)
–	113,5	**Balance at end of year**		137,0	(2,1)
		Consisting of:			
–	113,5	Share election reserve		113,5	–
–	–	Foreign currency translation reserve		15,3	(2,8)
–	–	Contingency reserve		8,2	0,7
–	113,5			137,0	(2,1)
		25. BORROWINGS			
		Unsecured			
–	–	• Loan from Standard Bank London Limited/Sumitomo Bank Limited – US$350 million facility, bearing interest at LIBOR plus 1,5% p.a. and repayable before January 2003.		2 353,2	–
–	–	• Various composite facilities with various banks, bearing interest at rates determined by the nature of specific drawdown instruments. Rates are linked to the Banker's Acceptance rate. Facilities to which the drawdowns relate are available until:			
–	–	17 April 2001	Investec	150,0	–
–	–	29 June 2001	ABSA	100,0	–
–	–	17 April 2002	FNB	80,0	–
–	–	30 April 2002	Citibank	100,0	–
–	–	30 April 2002	FNB	100,0	–
–	–	29 June 2002	SCMB	250,0	–
–	–	29 June 2002	FNB	100,0	–
–	–	29 June 2002	Nedbank	150,0	–
–	–	366 days	SCMB	438,9	–
–	–	Thirteen months' written notice		–	90,0
–	–	6 February 2002		–	85,0
–	–	31 December 2002		–	143,7
–	–	30 September 2005		–	100,0
–	–	Balance carried forward		3 822,1	418,7

COMPANY 2000 Rm	COMPANY 2001 Rm		GROUP 2001 Rm	GROUP 2000 Rm
		25. BORROWINGS (continued)		
		Unsecured (continued)		
–	–	Balance brought forward	3 822,1	418,7
		• Debenture liability 9 657 468 (2000: 12 297 081) variable rate compulsorily convertible debentures The MTN debentures are either redeemable or convertible on a one-for-one basis, into MTN Holdings shares, which would be exchanged for M-Cell Limited shares on a formula to be agreed by the boards of the respective companies. The aggregate number of shares which may be acquired by participants through the conversion of scheme debentures shall not exceed 5% of the total number of issued ordinary shares and debentures in the capital of MTN Holdings. These debentures will convert annually in tranches over the next		
–	–	four years.	137,0	154,9
		• Nedcor Trade International Off-shore loan facilities totalling US$11 million bearing interest at rates linked to LIBOR and repayable		
–	–	at 1,2%. The facility is rolled every three months.	87,8	52,2
		• Government of Cameroon All terms are under negotiation with the Government		
–	–	of Cameroon.	76,4	52,5
		• Cameroon – Euro 35 million Ericsson bridging facility for turnkey project, repayable in May 2001. The terms of the facility have been subsequently renegotiated and it is proposed that this facility be repaid at a later date. The facility currently bears		
–	–	interest at LIBOR plus 4%.	60,2	–
		• Kreditanstalt für Wiederaufbau Loan bearing interest at 7,9% p.a. and is		
–	–	repayable over six years.	45,6	35,7
		• Long term loan relating to MTN Uganda European Investment Bank – Euro 3,5 million bearing interest at 8,5% p.a. and is repayable in six annual		
–	–	instalments commencing in August 2004.	12,4	–
		• MultiChoice Limited Loan bearing interest at 10,5% p.a., repayable monthly over three years, repayments commenced		
–	–	on 1 April 2000.	8,3	10,7
		• Citibank facility – US$2 million trade facility, bearing interest at Citibank's base rate less 0,5% and drawdowns repayable within 150 days of		
–	–	drawdown.	6,5	–
		• Long term loan relating to MTN Swaziland bearing interest at rates linked to prime. The loan has		
–	–	been repaid subsequent to year end.	1,0	–
–	–	• Call offshore borrowings	–	753,9
–	–	Balance carried forward	4 257,3	1 478,6

COMPANY 2000 Rm	COMPANY 2001 Rm		GROUP 2001 Rm	GROUP 2000 Rm
		25. BORROWINGS (continued)		
		Unsecured (continued)		
–	–	Balance brought forward	4 257,3	1 478,6
–	–	• Offshore bridging facility	–	424,5
–	–	**Total unsecured borrowings**	4 257,3	1 903,1
		Secured		
–	–	• Uganda Project Funding consortium – various secured and unsecured composite facilities bearing interest at rates determined by the nature of the specific instruments. The facilities to which these loans relate are repayable over the next seven years. Loans to the amount of R13 million are quasi equity in nature and interest on these loans is determined based on dividends paid to shareholders. The repayment value will depend on the valuation of MTN Uganda at the date of repayment using an agreed formula.	77,8	88,1
–	–	• Standard Chartered Bank loan bearing interest at 10% p.a. and is secured by cash deposit guarantee. The loan was repaid in April 2001.	8,5	–
–	–	• Rand Merchant Bank loan bearing interest at 13,9% p.a. with interest payable bi-annually and capital repayable on 31 January 2006. The loan is secured by a cession of the life policies of key personnel.	7,2	–
–	–	• Swaziland Industrial Development Corporation. The loan bears interest at 19% p.a., repayable monthly commencing in May 2001 and secured by a first notarial bond over moveable assets.	6,0	–
–	–	• Bank overdrafts	5,0	0,9
–	–	• Swazi Empowerment Limited Two year loan bearing interest at prime less 2%, secured by a second notarial bond over moveable assets of Swazi MTN Limited and repayable in September 2001.	2,5	2,3
–	–	• Interest bearing supplier agreements	–	6,6
–	–	**Total secured borrowings**	107,0	97,9

COMPANY 2000 Rm	COMPANY 2001 Rm		GROUP 2001 Rm	GROUP 2000 Rm
		25. BORROWINGS (continued)		
–	–	**Total borrowings**	4 364,3	2 001,0
		The maturities of the above borrowings are as follows:		
–	–	On demand or within one year	475,1	495,7
–	–	More than one year but not exceeding two years	3 139,0	242,8
–	–	More than two years but not exceeding five years	707,5	1 126,5
–	–	More than five years	42,7	136,0
		Total borrowings	4 364,3	2 001,0
		Amount due within one year shown under		
–	–	current liabilities	(475,1)	(495,7)
–	–	**Total long term borrowings**	3 889,2	1 505,3

The Group's bank overdrafts and call borrowings are denominated in the currencies of the countries of the Group's principal operations and carry interest at variable market rates.

The Group's management considers that the carrying amounts of borrowings reasonably approximate their fair values and, except for the facility received from the Government of Cameroon, have been transacted at current market rates.

In terms of the Articles of Association, the Company's borrowing powers are unlimited.

26. DEFERRED TAXATION

GROUP

The major components of the Group deferred taxation balance, together with movements during the year, are analysed as follows:

	Balance at 31 March 2000 Rm	Charge to income statement for the year Rm	Foreign currency translation reserve Rm	Balance at 31 March 2001 Rm
Tax effect of:				
Excess taxation allowances over depreciation charge	556,4	133,3	2,3	692,0
Expenditure capitalised, but allowable for taxation purposes in the year in which it is incurred	14,0	15,8	(0,6)	29,2
Deferred expenditure	–	2,4	–	2,4
Working capital allowances	(33,1)	(25,7)	–	(58,8)
Assessable losses	(29,2)	5,3	(0,8)	(24,7)
Temporary differences and provisions	(0,2)	(17,3)	(0,1)	(17,6)
Prior year underprovision	–	46,1	–	46,1
	507,9	159,9	0,8	668,6

	2001 Rm	2000 Rm
26. DEFERRED TAXATION (continued)		
GROUP		
Reconciled as follows:		
Deferred taxation assets	(37,3)	(0,8)
Deferred taxation liabilities	705,9	508,7
	668,6	507,9

At the balance sheet date, the Group had unutilised tax losses of R103,7 million (2000: R33,0 million) available for offset against future profits.

COMPANY 2000 Rm	COMPANY 2001 Rm		GROUP 2001 Rm	GROUP 2000 Rm
		27. TRADE AND OTHER PAYABLES		
–	–	Trade creditors	1 608,3	996,3
–	19,4	Sundry creditors	77,0	14,7
12,0	6,6	Accrued expenses and other payables	34,7	85,5
–	15,3	Management fee payable to Johnnic Communications Management Services (Pty) Limited	15,3	–
12,0	41,3		1 735,3	1 096,5

	Balance at 31 March 2000 Rm	Provided during the year Rm	Utilised during the year Rm	Exchange adjustments Rm	Balance at 31 March 2001 Rm
28. PROVISIONS					
GROUP					
Bonus	44,9	40,8	(38,2)	0,4	47,9
Leave	13,4	6,2	(3,7)	0,1	16,0
Deposits	14,1	–	(14,1)	–	–
Licence and spectrum fees	13,7	2,2	(14,9)	–	1,0
Provision for work-in-progress	–	6,0	–	3,0	9,0
Leased lines	–	6,2	–	–	6,2
Other provisions	1,9	4,8	(1,2)	0,1	5,6
Total provisions	88,0	66,2	(72,1)	3,6	85,7

	Balance at 31 March 2000 Rm	Provided during the year Rm	Utilised during the year Rm	Exchange adjustments Rm	Balance at 31 March 2001 Rm
28. PROVISIONS (continued)					
GROUP					
Provisions disclosed separately					
Deferred taxation					
– asset	(0,8)	(41,0)	5,4	(0,9)	(37,3)
– liability	508,7	539,0	(343,0)	1,2	705,9
Provision for doubtful debts	70,3	24,4	(12,0)	3,3	86,0
Provision for inventory obsolescence	8,6	0,3	–	–	8,9
Total provisions disclosed separately	586,8	522,7	(349,6)	3,6	763,5

Deferred taxation

The major components of the deferred tax provision arises from accelerated fixed asset allowances which are anticipated to reverse in the foreseeable future (refer note 26).

	Balance at 31 March 2000 Rm	Provided during the year Rm	Utilised during the year Rm	Exchange adjustments Rm	Balance at 31 March 2001 Rm
COMPANY					
Management incentives	0,5	–	(0,5)	–	–
Management fee	1,0	–	(0,7)	–	0,3
Advertising	–	0,2	–	–	0,2
Total provisions	1,5	0,2	(1,2)	–	0,5

It is expected that outflows of economic benefits relating to the provisions will materialise within the next financial year.

29. FINANCIAL INSTRUMENTS

29.1 Foreign currency exposure

Currency risk

The Group utilises foreign currency forward contracts to eliminate or reduce the exposure of its foreign currency denominated assets and liabilities, and to hedge future transactions and cash flows. The Group is party to a variety of foreign currency forward contracts in the management of its exchange rate exposures. The instruments purchased are primarily denominated in the currencies of the Group's principal markets. As a matter of principle, the Group does not enter into derivative contracts for speculative purposes.

At the balance sheet date, the Group had contracted to pay the following amounts under forward contracts:

	Foreign amounts		Rand amounts	
	2001	2000	2001	2000
GROUP	m	m	Rm	Rm
Euro	17,7	88,0	124,9	558,4
US dollar	9,6	12,5	78,3	80,1
British pound sterling	0,8	4,5	9,1	48,0
French franc	0,1	–	0,1	–
			212,4	686,5

Interest rate risk

Foreign interest rate risk on certain of the Group's long term borrowings has been hedged via the use of forward foreign exchange contracts (Note 25).

29. FINANCIAL INSTRUMENTS (continued)

29.1 Foreign currency exposure (continued)

Included in the Group balance sheet are the following amounts denominated in currencies other than the functional currency of operation of the relevant entities:

	2001 Rm		2000 Rm	
GROUP	RSA	Other African countries	RSA	Other African countries
Assets				
Accounts receivable				
Special drawing rights‡	**1**	**–**	33	*
US dollar	**3**	**–**	3	–
French franc	**2**	**–**	–	–
	6	**–**	36	–
Liabilities				
Long term liabilities				
US dollar	**–**	**26**	754†	21
Euro	**–**	**12**	–	11
	–	**38**	754	32
Current liabilities				
Euro	**101**	**166**	164	–
US dollar	**49**	**30**	8	19
South African rand	**–**	**5**	–	2
French franc	**1**	**–**	–	–
British pound sterling	**–**	**1**	–	–
Special drawing rights‡	**–**	**–**	20	*
	151	**202**	192	21
Total exposure	**151**	**240**	946	53

* Amount less than R1 million.

† Foreign currency risk on this liability was hedged via the use of financial instruments (Note 25). No other hedging instruments are in place against long term borrowings.

‡ Unit of payment for international telecommunications transactions.

The Group has not hedged its net investments in foreign African entities. The Group's investment in Nigeria, amounting to US$292 million, is funded by a syndicated banking facility denominated in US dollars.

29.2 Concentration of credit risk

The Group's credit risk is primarily attributable to its trade and other receivables. The amounts presented in the balance sheet are net of realistic allowances for doubtful receivables, estimated by the Group's management based on prior experience and the current economic environment. The Company and the Group have no significant concentrations of credit risk.

29.3 Liquidity risk

In order to mitigate the risk of liquidation, the Group has significant banking facilities and reserve borrowing capacity, including liquid resources as follows:

	2001 Rm	2000 Rm
Period less than 30 days	**1 671,9**	911,5

Type of instrument	Carrying amount 2001 Rm	2000 Rm	Fair value 2001 Rm	2000 Rm
29. FINANCIAL INSTRUMENTS (continued)				
29.4 Fair value of financial instruments				
Type of instrument				
Included in current assets (liabilities)	**295,8**	212,6	**295,8**	212,6
Cash and cash equivalents	**803,7**	380,4	**803,7**	380,4
Accounts receivable	**1 227,4**	928,7	**1 227,4**	928,7
Accounts payable	**(1 735,3)**	(1 096,5)	**(1 735,3)**	(1 096,5)
Purchases of forward foreign exchange contracts	**212,4**	686,4	**212,4**	686,4
Interest rate swaps	**–**	753,9	**–**	753,9

30. EXCHANGE RATES TO SOUTH AFRICAN RAND

	31 March 2001	31 March 2000
Year end closing rates:		
US dollar	**8,00**	6,58
British pound sterling	**11,42**	10,50
French franc	**0,93**	1,04
Euro	**6,98**	6,23
Average rates for the year:		
US dollar	**7,32**	6,16
British pound sterling	**10,81**	9,93
French franc	**0,99**	1,04
Euro	**6,64**	6,36

COMPANY 2000 Rm	COMPANY 2001 Rm		GROUP 2001 Rm	GROUP 2000 Rm
		31. RECONCILIATION OF PROFIT BEFORE TAXATION TO NET CASH GENERATED BY (USED IN) OPERATIONS		
107,3	170,9	Profit before taxation	1 359,9	1 225,5
		Adjustments for:		
		Share of losses of associated companies	0,6	0,8
(35,5)	(173,8)	Finance income allocated to:	(81,6)	(92,9)
(8,1)	(4,4)	– operating activities	(81,1)	(92,9)
(27,4)	(169,4)	– investing activities	(0,5)	–
0,4	–	Finance costs allocated to:	264,6	235,0
0,4	–	– operating activities	254,5	235,0
–	–	– investing activities	10,1	–
–	–	Depreciation of property, plant and equipment	688,5	522,1
–	–	Amortisation of intangible assets	148,3	130,7
		Amortisation of goodwill	411,2	–
(1,4)	(0,4)	Loss (surplus) on disposal of investments	(0,4)	13,9
–	–	Loss on disposal of property, plant and equipment	5,0	1,0
70,8	(3,3)	Operating cash flows before movements in working capital	2 796,1	2 036,1
(81,2)	(13,2)	Movements in working capital	323,2	(316,3)
–	–	Decrease (increase) in inventories	117,0	(217,4)
(73,2)	(22,1)	Increase in trade and other receivables	(456,5)	(241,2)
(8,0)	8,9	Increase (decrease) in trade and other payables	662,7	142,3
(10,4)	(16,5)	**Net cash generated by (used in) operations**	3 119,3	1 719,8

COMPANY 2000 Rm	COMPANY 2001 Rm		GROUP 2001 Rm	GROUP 2000 Rm
		32. SUBSIDIARIES, ASSOCIATED COMPANIES AND OTHER INVESTMENTS (CASH FLOW EFFECT)		
(26,5)	**(53,9)**	Subsidiaries	**(53,9)**	–
(26,5)	**(53,9)**	Acquisition of minority interests	**(53,9)**	–
–	**–**	Associated companies	**(19,2)**	(4,6)
–	**–**	Cost of acquisitions	**(7,2)**	–
–	**–**	Increase in loans	**(12,0)**	(4,6)
3,9	**0,8**	Other investments	**0,3**	9,4
–	**–**	Cost of acquisitions	**(0,5)**	–
3,9	**0,8**	Proceeds from disposals	**0,8**	9,4
(22,6)	**(53,1)**		**(72,8)**	4,8

33. NET ASSETS OF SUBSIDIARIES ACQUIRED

During the year the Group entered into the following transactions:

- Increased its shareholding in Mobile Telephone Networks Holdings (Proprietary) Limited from 77% to 100% with effect from 17 July 2000.
- Acquired 94% of MTN Nigeria Limited with effect from January 2001.

Net assets of subsidiaries acquired

	GROUP 2001 Rm	GROUP 2000 Rm
Property, plant and equipment	**892,9**	2 367,4
Intangible assets	**120,4**	116,7
Bank balances and cash	**75,9**	262,3
Inventories	**87,8**	116,0
Trade and other receivables	**213,9**	476,1
Investments and loans	**43,6**	123,2
Trade and other payables	**(428,5)**	(850,7)
Short term borrowings	**(113,1)**	(56,0)
Long term borrowings	**(266,8)**	(1 036,1)
Shareholders' loans	**(344,1)**	(956,0)
Total net assets acquired	**282,0**	562,9
Minority interests	**–**	(82,1)
Goodwill	**11 609,4**	5 363,5
Total consideration	**11 891,4**	5 844,3
Settled by:		
Issue of shares	**11 815,5**	5 411,4
Cash	**75,9**	432,9
	11 891,4	5 844,3

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COMPANY			GROUP	
2000 Rm	2001 Rm		2001 Rm	2000 Rm
		33. NET ASSETS OF SUBSIDIARIES ACQUIRED (continued)		
		Net cash outflow arising on acquisition		
		Cash consideration	75,9	432,9
		Bank balances and cash acquired	(75,9)	(262,3)
			–	170,6
		34. CASH DIVIDENDS PAID		
–	70,0	Amount unpaid at beginning of year	70,0	–
96,9	162,1	Amount charged against unappropriated profits	162,1	96,9
		Dividends paid to minority shareholders	23,4	10,6
(70,0)	(113,5)	Amount unpaid at end of year	(113,5)	(70,0)
(70,0)	–	Proposed cash dividend	–	(70,0)
–	(113,5)	Capitalisation share award	(113,5)	–
26,9	118,6		142,0	37,5
		35. CASH AND CASH EQUIVALENTS		
1,8	0,1	Bank balances, deposits and cash	804,9	332,7
48,6	3,8	Loans to affiliated companies receivable on demand (Note 41)	3,8	48,6
–	–	Bank overdrafts (Note 25)	(5,0)	(0,9)
50,4	3,9		803,7	380,4
		36. CONTINGENT LIABILITIES		
		Joint venture and other offshore guarantees		
–	–	Guarantees (R)	98,9	–
–	–	Guarantees (US$)	–	108,0

37. COMMERCIAL COMMITMENT

The granting of a national cellular telecommunications licence placed an obligation on MTN, to set up a Joint Economic Development Plan Agreement with the Postmaster General (now Independent Communications Authority of South Africa "ICASA"). This agreement was a condition for the commencement of commercial operations in June 1995 and involves a commitment by MTN to assist in the development of the South African economy and, in particular, the telecommunications industry. This commitment is estimated at R1 billion over a period of 10 years and is arrived at by a series of multipliers which apply to specific categories of activities. This commitment has been fully met. The total credits received amounted to R1,4 billion and there are no further obligations.

COMPANY 2000 Rm	COMPANY 2001 Rm		GROUP 2001 Rm	GROUP 2000 Rm
		38. CAPITAL COMMITMENTS		
		Commitments for the acquisition of property, plant and equipment		
–	–	Contracted but not provided for	259,7	167,3
–	–	Authorised but not contracted for	1 941,2	1 815,4
–	–		2 200,9	1 982,7
		The capital expenditure will be financed from existing resources and borrowings.		
		39. LEASE COMMITMENTS		
		At the balance sheet date, the Group had outstanding commitments under non-cancellable operating leases which fall due as follows:		
–	–	Within one year	172,9	132,0
–	–	More than one year but less than two years	105,5	95,5
–	–	More than two years but less than five years	404,3	358,1
–	–	More than five years	224,4	124,6
–	–		907,1	710,2

40. RETIREMENT BENEFIT PLANS

The Group has made provision for pension and provident schemes covering substantially all employees. All eligible employees are members of defined contribution schemes administered by the Group.

These contribution plans are governed by the Pension Funds Act, 1956. The assets of the schemes are held separately from those of the Group in funds under the control of trustees. The cost charged to income represents contributions payable to the scheme by the Group at rates specified in the rules of the scheme.

Defined contribution plans

The pension and provident funds are defined contribution funds and are designed to provide a lump sum on retirement and not a guaranteed pension. The lump sum is dependent upon the investment performance of the funds. Both employees and Group companies contribute to the provident funds on a fixed contribution basis. No actuarial valuation of these funds is required.

	COMPANY AND GROUP 2001 R'000	2000 R'000
41. RELATED PARTY TRANSACTIONS		
DIRECTORS' REMUNERATION		
Executive directors		
The Company has no executive directors. As a result of this fact, disclosure of executive directors' remuneration is not applicable.		
Non-executive directors		
Fees paid to the non-executive directors were as follows:		
J S Craib	10,0	–
Z N A Cindi	20,0	–
A S Mabogoane	20,0	–
C R Jardine	7,5	–
G T Serobe	7,5	–
	65,0	–
Amounts paid to Johnnic Communications Management Services (Pty) Limited in respect of the following directors:		
Ms I Charnley (Chairperson)	32,1*	–
P Edwards	21,4*	–
P M Jenkins	7,5	–
J R D Modise	21,4*	–
	82,4	–
Total	147,4	–

The remuneration of directors is decided by the remuneration committee having regard to comparable market information. No provision was made for directors' fees in the past as these fees were only approved in the last annual general meeting.

* Fees paid include remuneration for other services rendered.

COMPANY 2000 Rm	COMPANY 2001 Rm		GROUP 2001 Rm	GROUP 2000 Rm
		41. RELATED PARTY TRANSACTIONS (continued)		
		Other related party transactions		
5,6	6,2	Amounts paid to Johnnic group companies	29,7	5,6
		Management fee – Johnnic Communications		
–	6,2	– Management Services (Pty) Limited	16,5	–
5,6	–	– Johnnic Holdings Limited	–	5,6
–	–	Interest – Johnnic Holdings Limited	13,2	–
–	–	Guarantee fees paid to Johnnic (IOM) Limited	–	0,9
5,6	6,2		29,7	6,5
		Outstanding balances on loans to related parties		
–	48,6	Balance at beginning of the year	48,6	–
117,7	–	Amounts advanced	–	117,7
(69,1)	(44,8)	Amounts repaid	(44,8)	(69,1)
48,6	3,8	**Balance at 31 March** (Note 35)	3,8	48,6

	2001 %	2000 %
42. JOINT VENTURES		
The Group had the following effective percentage interests in joint ventures:		
– Swazi MTN Limited	30,0	23,1
– MTN Uganda Limited	50,0	38,5
– Rwandacell S.A.R.L.	31,0	23,9

The following amounts are included in the Group's financial statements as a result of the proportionate consolidation of the joint ventures above.

	2001 Rm	2000 Rm
Current assets	91,5	51,8
Non-current assets	335,7	204,2
Current liabilities	(95,8)	(42,9)
Non-current liabilities	(134,5)	(86,9)
Income	278,8	122,2
Expenses	(211,4)	(103,5)

Annexure 1

INTERESTS IN MAJOR SUBSIDIARIES as at 31 March 2001

Subsidiaries in which M-Cell Limited has a direct and indirect interest	Principal activity	Place of incorporation	Issued ordinary share capital	Effective % interest in issued ordinary share capital		Book value of holding company interest: Shares		Indebtedness	
				2001	2000	2001	2000	2001	2000
			Rm	%	%	Rm	Rm	Rm	Rm
Mobile Telephone Networks Holdings (Pty) Limited	Investment holding	South Africa	5,1	100	77	12 084,1	208,5	1 492,0	1 130,0
Mobile Telephone Networks (Pty) Limited	Network operator	South Africa	†	100	77	–	–	–	–
M-Tel (Pty) Limited	Service provider	South Africa	†	100	77	–	–	–	–
Mobile Telephone Networks Africa (Pty) Limited	Investment holding	South Africa	†	100	77	–	–	–	–
Mobile Telephone Networks International Limited (Mauritius)	Investment holding	Mauritius	†	100	77	–	–	–	–
MTN Cameroon Limited	Network operator	Cameroon	2,0	100	77	–	–	–	–
MTN Nigeria Communications Limited	Network operator	Nigeria	†	94	–	–	–	–	–
Mobile Telephone Networks Insurance (Pty) Limited	Insurance	South Africa	†	100	77	–	–	–	–
Orbicom (Pty) Limited	Satellite tele-communications	South Africa	†	100	100	0,8	0,8	33,7	33,7
Total book value						12 084,9	209,3	1 525,7	1 163,7

†Less than R100 000

This annexure discloses interests in subsidiaries material to the financial position of the holding company. A full list of subsidiaries is available to shareholders, on request, at the registered office of M-Cell Limited.

Annexure 2

INTERESTS IN ASSOCIATED COMPANIES

Details of the Group's associated companies at 31 March 2001 are as follows:

Name of associate	Principal activity	Place of incorporation	Financial year end	Effective % interest in issued ordinary share capital		Group book value of shares		Group loans		Group share of post-acquisition reserves		Directors' valuation
				2001	2000	2001	2000	2001	2000	2001	2000	2001
				%	%	Rm	Rm	Rm	Rm	Rm	Rm	Rm
MTN Publicom Limited	Public payphones	Uganda	March	45	35	–	–	2,4	2,3	(0,7)	(0,8)	1,7
I-Talk Cellular (Pty) Limited	Cellular service provider	South Africa	February	41	20	–	–	3,0	2,4	0,3	–	10,2
Cellular Calls (Pty) Ltd	Cellular dealership	South Africa	March	26	20	0,3	–	–	–	–	–	0,2
Cell Place (Pty) Ltd	Cellular dealership and rental company	South Africa	March	35	27	–	0,2	–	–	–	–	–
New Bucks Holdings Ltd	Internet exchange	South Africa	June	30	–	–	–	12,0	–	(1,1)	–	10,9
Total book value of associated companies						0,3	0,2	17,4	4,7	(1,5)	(0,8)	23,0

Annexure 3

GROUP'S ATTRIBUTABLE INTEREST IN ASSOCIATED COMPANIES at 31 March 2001

	2001 Rm	2000 Rm
ASSETS AND LIABILITIES		
Property, plant and equipment	7,4	5,6
Investments and long term receivables	12,8	–
Current assets	12,7	5,8
Total assets	32,9	11,4
Long term borrowings	8,1	0,2
Current liabilities	25,7	7,1
Total liabilities	33,8	7,3
Attributable net asset value	(0,9)	4,1
Indebtedness	17,1	–
Book value	16,2	4,1
INCOME STATEMENT		
Revenue	51,1	23,6
Net loss for the year	(0,6)	(0,8)

Annexure 4

INVESTMENTS at 31 March 2001

	Group book value		Directors' valuation
	2001 Rm	2000 Rm	2001 Rm
Securitisation Deposit	4,0	–	4,0
Swaziland Telecoms project	2,0	2,3	2,0
Prepaid Network Equipment	–	29,3	–
Total investments	6,0	31,6	6,0

M-CELL LIMITED

Incorporated in the Republic of South Africa
(Registration number: 1994/009584/06)
("M-Cell" or "the Company")

DETAILS OF DIRECTORATE

Chairperson

I CHARNLEY (40)

MAP, CPIR
Non-executive director since 12 November 1998
Other major directorships include:
- Johnnic Holdings Limited
- Johnnic Communications Limited
- Mobile Telephone Networks Holdings (Pty) Limited
- Orbicom (Pty) Limited
- Electronic Media Network Limited
- Metropolitan Life Limited

P EDWARDS (47)

BSc, MBA
Non-executive director since 13 August 1999
Other major directorships include:
- Johnnic Holdings Limited
- Johnnic Communications Limited
- Mobile Telephone Networks Holdings (Pty) Limited
- Orbicom (Pty) Limited
- SuperSport International Holdings Limited
- Electronic Media Network Limited
- Johnnic Entertainment Limited
- Johnnic Publishing Limited
- Johnnic e-Ventures Limited
- I-Net Bridge (Pty) Limited

J R D MODISE (34)

BComm, BAcc, CA(SA), MBA
Non-executive director since 23 April 1999
Other major directorships include:
- Johnnic Holdings Limited
- Johnnic Communications Limited
- Mobile Telephone Networks Holdings (Pty) Limited
- Orbicom (Pty) Limited
- SuperSport International Holdings Limited
- Johnnic Entertainment Limited
- Johnnic Publishing Limited
- Johnnic e-Ventures Limited
- CTP Holdings Limited
- Land and Agricultural Bank of South Africa

P M JENKINS (41)

BComm, LLB
Non-executive director since 15 November 2000
Other major directorships include:
- Johnnic Holdings Limited
- Johnnic Communications Limited
- Johnnic Entertainment Limited
- Johnnic Publishing Limited
- Johnnic e-Ventures Limited
- CTP Holdings Limited
- I-Net Bridge (Pty) Limited

Z N A CINDI (50)

Non-executive director since 23 April 1999
Other major directorships include:
- Community Growth Management Company Limited
- Johnnic Entertainment Limited

C R JARDINE (37)

PhD (Information Technology) BS and MS (Computer Science)
Non-executive director since 15 November 2000
Other major directorships include:
- Transnet Limited
- Protekon (Pty) Limited
- Marine Data Systems (Pty) Limited
- B2B Africa Holdings (Pty) Limited
- Arivia.kom (Pty) Limited

G T SEROBE (41)

BComm, MBA
Non-executive director since 15 November 2000
Other major directorships include:
- JSE Securities Exchange South Africa
- Metropolitan Life Limited
- New Africa Investments Limited
- South African Airways (Pty) Limited
- UCT Graduate School of Business
- Women Investment Portfolio Holdings (Pty) Limited

Alternate director

L C WEBB (52)

BSc (Electrical Engineer)
Non-executive alternate director to G T Serobe and C R Jardine since 15 November 2000
Other major directorships include:
B2B Africa Holdings (Pty) Limited

Notice of Annual General Meeting

For the year ended 31 March 2001

M-Cell Limited
Incorporated in the Republic of South Africa
(Registration number 1994/009584/06)
("the Company")

Notice is hereby given that the sixth annual general meeting of members of the Company will be held in the Auditorium, Ground Floor, 28 Harrison Street, Johannesburg 2001 on Friday, 28 September 2001, at 09h00, for the following purposes:

ORDINARY BUSINESS

1. To receive and consider the annual financial statements for the year ended 31 March 2001 of the Company and the Group, together with the report of the auditors thereon.
2. To elect directors in the place of Ms I Charnley, Mr Z N A Cindi and Mr J R D Modise who retire by rotation and, being eligible, offer themselves for re-election.
3. To confirm the appointments of Mr C R Jardine, Mr P M Jenkins, Mr P F Nhleko and Ms G T Serobe as directors of the Company.
4. To transact any other business capable of being transacted at an annual general meeting.

SPECIAL BUSINESS

In addition, shareholders will be requested to consider and, if deemed fit, to pass the following special and ordinary resolutions, with or without amendments:

Ordinary resolution number 1

"RESOLVED THAT all the unissued ordinary shares of 0,01 cent each in the share capital of the Company be placed at the disposal and under the control of the directors, and that the directors be and are hereby authorised and empowered to allot, issue and otherwise to dispose of such shares to such person or persons on such terms and conditions and at such times as the directors may from time to time at their discretion deem fit, subject to the provisions of the Companies Act, 1973 (Act No 61 of 1973), as amended, and the Listings Requirements of the JSE Securities Exchange South Africa ("JSE") ("JSE listings requirements")."

Ordinary resolution number 2

"RESOLVED THAT the pre-emptive rights, to which ordinary shareholders may be entitled in terms of the JSE listings requirements to participate in any future issues of new ordinary shares for cash which may be made by the Company subsequent to the date of passing this resolution be and are hereby waived subject to the following conditions:

1. That shares to be issued for cash be of a class already in issue and be issued to public shareholders as defined in the JSE listings requirements and not to related parties;
2. That where the Company, subsequent to the passing of this resolution, issues shares representing, on a cumulative basis within a financial year, 5% or more of the number of shares in issue prior to such issue, a press announcement giving full details of the issue, including the effect of the issue on net asset value and earnings per ordinary share, will be made at the time the said percentage is reached or exceeded;
3. The general issues of shares for cash in the aggregate in any one financial year may not exceed 15% of the Company's issued share capital of that class;

4. That the maximum discount at which the shares will be issued for cash will be 10% of the weighted average traded price of those shares over the 30 (thirty) business days prior to the date that the price of the issue is determined or agreed by the directors of the Company and where the shares have not traded in such 30 (thirty) business day period, the JSE should be consulted for a ruling; and
5. That the approval for the waiver of the pre-emptive rights will be valid until the earlier of the next annual general meeting of the Company and the expiry of a period of 15 (fifteen) months from the date of passing this resolution."

Special resolution number 1

Preamble

For the purposes hereof "Group" shall bear the meaning assigned to it by the JSE listings requirements.

The board of directors of the Company has considered the impact of a repurchase of 20% of the Company's shares, being the maximum permissible under a general authority in terms of the JSE listings requirements, and is of the opinion that such repurchase will not result in:

– the Company and the Group in the ordinary course of business being unable to pay its debts for a period of 12 (twelve) months after the date of this notice of annual general meeting;
– the liabilities of the Company and the Group exceeding or being equal to the assets of the Company and the Group for a period of 12 (twelve) months after the date of this notice of annual general meeting, calculated in accordance with the accounting policies used in the audited financial statements of the Group for the year ended 31 March 2001;
– the ordinary capital and reserves of the Company and the Group for a period of 12 (twelve) months after the date of this notice of annual general meeting being insufficient; and
– the working capital of the Company and the Group for a period of 12 (twelve) months after the date of this notice of annual general meeting being insufficient.

"RESOLVED THAT the Company, or a subsidiary, be and is hereby authorised, by way of a general authority, to acquire shares issued by the Company, in terms of sections 85 and 89 of the Companies Act, 1973 (Act 61 of 1973), as amended, and in terms of the JSE listings requirements, being that:

– any such repurchase of shares shall be implemented on the open market of the JSE;
– the general authority shall only be valid until the Company's next annual general meeting, provided that it shall not extend beyond 15 (fifteen) months from the date of passing of this special resolution number 1;
– when the Company has cumulatively repurchased 3% of the number of a class of its shares in issue on the date of passing of this special resolution number 1 ("the initial number"), and for each 3% in aggregate of the initial number of that class of shares acquired thereafter, an announcement must be published as soon as possible and not later than 08h30 on the business day following the day on which the relevant threshold is reached or exceeded, and the announcement must comply with the requirements of the JSE listings requirements;
– any general repurchase by the Company of its own shares shall not, in aggregate in any one financial year exceed 20% of the Company's issued share capital of that class as at the date of passing of this special resolution number 1; and
– repurchases may not be made at a price greater than 10% above the weighted average of the market value for the securities for the five business days immediately preceding the date on which the transaction was agreed."

The reason for and effect of special resolution number 1 is to grant the Company, or a subsidiary, a general approval in terms of the Companies Act, 1973 (Act 61 of 1973), as amended ("the Act"), for the acquisition of shares of the Company. Such general authority will provide the Board with the flexibility, subject to the requirements of the Act and the JSE, to repurchase shares should it be in the interests of the Company at any time while the general authority exists. This general approval shall be valid until the earlier of the next annual general meeting of the Company, or its variation or revocation of such general authority by special resolution by any subsequent general meeting of the Company, provided that the general authority shall not be extended beyond 15 (fifteen) months from the date of passing of this special resolution.

A 75% majority of the votes cast by the shareholders present or represented by proxy will be required to approve this resolution.

Special resolution number 2

"RESOLVED THAT the articles of association be amended as set out below:

- the existing article 121 be amended by the deletion of the words 'The Company in general meeting may upon the recommendation of the directors' and their replacement with the words 'The directors may'; and
- the existing article 118 be amended by the deletion of the word 'of' in line 4 thereof in the phrase 'directors of the Company' and the replacement therewith with the word 'or'."

The reasons for and effect of special resolution number 2 are:

- to amend article 121 to provide that the directors shall have the power to capitalise all or any part of the amount for the time being standing to the credit of any of its reserves, any share premium account or capital redemption reserve fund or to the credit of the income statement or otherwise available for distribution and not required for the payment of the fixed dividends on any preference shares of the Company, and accordingly that such amount be set free for distribution among the members or any class of members who would be entitled thereto if distributed by way of dividend and in the same proportions on the footing that the same be not paid in cash but either be applied in paying up unissued shares of the Company to be issued to such members as fully paid capitalisation shares having a par value or be transferred to the Company's stated capital; and
- to correct a patent error in article 118 by amending the wording in line 4 thereof.

A 75% majority of the votes cast by the shareholders present or represented by proxy will be required to approve this resolution.

A copy of the existing memorandum and articles of the Company may be inspected at the registered office of the Company, 13th Floor, 28 Harrison Street, Johannesburg, 2001, during normal business hours on any weekday (Saturdays, Sundays and official public holidays excluded) up to and including 26 September 2001.

Ordinary resolution number 3

"RESOLVED THAT the annual remuneration of the directors of the Company be fixed at the rate of R30 000 per annum as a director and that the chairman, in addition to the remuneration of R30 000 per annum as a director, shall be paid a further sum at the rate of R15 000 per annum effective from the year ending 31 March 2002".

Notice of Annual General Meeting cont.

For the year ended 31 March 2001

Ordinary resolution number 4

"RESOLVED THAT any director of the Company or the Company Secretary be and is hereby authorised to do all such things and to sign all such documents issued by the Company and to give effect to special resolution numbers 1 and 2 and ordinary resolution numbers 1, 2, 3 and 4."

Voting and proxies

Every holder of ordinary shares present in person or by proxy at the meeting, or in the case of a body corporate represented at the meeting, shall be entitled to one vote on a show of hands and on a poll shall be entitled to one vote for every ordinary share held.

Duly completed proxy forms must be returned to the Company's transfer secretaries not less than 48 (forty-eight) hours before the time appointed for holding the meeting.

By order of the Board

M R D Boyns

Company Secretary

7 September 2001

Business address and registered office

13th Floor, 28 Harrison Street

Johannesburg, 2001

(PO Box 231, Johannesburg, 2000)

Transfer secretaries

Mercantile Registrars Limited

11 Diagonal Street, Johannesburg, 2001

(PO Box 1053, Johannesburg, 2000)

Form of Proxy

M-CELL LIMITED
Incorporated in the Republic of South Africa
(Registration number: 1994/009584/06)
("M-Cell" or "the Company")

For the annual general meeting on Friday, 28 September 2001

A member entitled to attend and vote at the meeting may appoint one or more proxies to attend and vote on a poll and speak in his/her stead.

A proxy need not be a member of the Company.

I/We .... (name in block letters)

being a member(s) of the Company, and entitled to .... votes, do hereby appoint ....

of .... or failing him/her,

of .... or failing him/her, the chairperson of the meeting, as my/our proxy

to represent me/us at the annual general meeting to be held in the auditorium, Ground Floor, 28 Harrison Street, Johannesburg, on Friday, 28 September 2001, at 09h00, and at any adjournment thereof, and to vote for, against or abstain from voting, as follows on:

	For	Against	Abstain
1. The adoption of the Group annual financial statements for the year ended 31 March 2001			
2. The re-election of the following directors: I Charnley			
Z N A Cindi			
J R D Modise			
3. Confirmation of the appointments as directors of: C R Jardine			
P M Jenkins			
P F Nhleko			
G T Serobe			
4. Ordinary resolution number 1			
5. Ordinary resolution number 2			
6. Special resolution number 1			
7. Special resolution number 2			
8. Ordinary resolution number 3			
9. Ordinary resolution number 4			

Signed at .... on 2001

Signature of member(s) ....

Assisted by (where applicable) ....

Note
1. Mark with "X" whichever is applicable. Unless otherwise directed, the proxy will vote as he/she thinks fits.
2. If this proxy form is signed under power of attorney, such power of attorney, unless previously registered with the Company, must accompany it failing which the proxy form cannot be used at the meeting.
3. This proxy form must be signed, dated and returned so as to reach the Company's transfer secretaries at least 48 (forty-eight) hours before the meeting.

Notes to the Proxy

1. A shareholder may insert the name of a proxy or the names of the two alternative proxies of the shareholder's choice in the space/s provided, with or without deleting "the chairperson of the meeting", but any such deletion must be initialled by the shareholder. The person whose name appears first on the form of proxy and whose name has not been deleted, will be entitled to act as proxy to the exclusion of those whose names follow.

2. A shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that shareholder in the appropriate space/s provided. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the annual general meeting as he/she deems fit in respect of all the shareholder's votes exercisable thereat. A shareholder or his/her proxy is not obliged to use all the votes exercisable by the shareholder or by his/her proxy, but the total of the votes cast and in respect of which abstention is recorded, may not exceed the total of the votes exercisable by the shareholder or by his/her proxy.

3. Any alteration or correction to this form of proxy must be initialled by the relevant signatory/ies.

4. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form, unless previously recorded by the transfer secretaries of the Company or waived by the chairperson of the annual general meeting.

5. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so.

6. The chairperson of the annual general meeting may accept or reject any form of proxy which is completed and/or received other than in accordance with these notes and instructions, provided that he/she is satisfied as to the manner in which the shareholder wishes to vote.

Administration

As at 31 March 2001

DIRECTORATE

I Charnley*# (Chairperson)
P Edwards*#†
C R Jardine
J R D Modise*#
Z N A Cindi
A S Mabogoane
P M Jenkins
G T Serobe
L C Webb (Alternate)

**Member of the audit committee*
#Member of the remuneration committee
†British

COMPANY SECRETARY

M R D Boyns† CA(SA)
28 Harrison Street, Johannesburg, 2001
PO Box 231, Johannesburg, 2000

REGISTERED OFFICE

28 Harrison Street, Johannesburg, 2001
PO Box 231, Johannesburg, 2000

CONTACT DETAILS

Telephone:	National (011) 373-7111
	International +27 11 373-7111
Facsimile:	National (011) 838-6424
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E-mail:	investor_relations@johnnic.co.za
Internet:	http://www.m-cell.co.za

COMPANY REGISTRATION NUMBER

1994/009584/06

TRANSFER SECRETARIES

Mercantile Registrars Limited
11 Diagonal Street, Johannesburg, 2001
PO Box 1053, Johannesburg, 2000

AUDITORS

PricewaterhouseCoopers Inc.
2 Eglin Road, Sunninghill, 2157
Private Bag X36, Sunninghill, 2157

SPONSORING BROKERS

Merrill Lynch
138 West Street
Sandown, Sandton, 2196
PO Box 5591
Johannesburg, 2000

LEGAL ADVISORS

Webber Wentzel Bowens
10 Fricker Road, Illovo Boulevard
Sandton, 2196
PO Box 61771
Marshalltown, 2107

Shareholders' Diary

Financial year end		31 March 2001
Annual general meeting		28 September 2001
REPORTS		
Preliminary announcement of annual financial results	Published	June 2001
Annual financial statements	Posted	September 2001
Interim for half-year to September		December 2001
DIVIDEND ON ORDINARY SHARES		
Declaration	**Final**	
	– declared	June 2001
	– payable	August 2001
	Interim	
	– declared	November 2001
	– payable	January 2002

Dates are subject to alteration

GRAPHICOR 23039

Contents

www.m-cell.co.za

"Sala Hantle! Goodbye! Sala Kahle! Kwaheri! Totsiens! Sala Kakuhle!"