



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

AUDITED RESULTS FOR THE YEAR ENDED 31 MARCH 2001

Commentary

Overview

M-Cell has enjoyed a very successful year during which basic headline earnings per ordinary share increased by 47% to 74,5 cents from 50,7 cents in the previous year.

Key achievements during the year include:

- M-Cell increased its shareholding in Mobile Telephone Networks Holdings (Pty) Limited ("MTN") to 100% with effect from 17 July 2000.
- MTN successfully obtained a licence to operate a mobile telecommunications network in Nigeria in January 2001.
- MTN launched its operations in Cameroon which, despite a slow start, recorded rapid growth since December 2000.
- All MTN's operations in Swaziland, Rwanda and Uganda delivered positive profits despite being in operation for a relatively short period of time.
- MTN's total subscriber base grew by 55% to reach 3,5 million at year-end.
- Orbicom has initiated an electronic funds transfer ("EFT") project for the banking community in Ghana.

The group continues to grow its wireless data and other value added services. This has been achieved through:

- Alliance partnerships by MTN with Italy's Aliasnet, Unisys, America Online's ("AOL") subsidiary ICQ to licence MTN's proprietary mobile Internet technology, Remote Interactive Voice Response ("RIVR") and to provide two-way messaging technology from PC to mobile telephone and mobile telephone to PC.
- Growth of MTN's mobile portal through MTN ICE and MTNSMS.com.
- The acquisition by MTN in June 2000, 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 position the group for data services over the internet, with effect from June 2001.
- An alliance partnership by Orbicom with Lockheed Martin Global Telecommunications for the provision of internet, and communication services via satellite throughout Africa.
- The acquisition by MTN with effect from January 2001 of a 30% stake in NewBucks Holdings Limited, the owners of the e-Bucks brand, for the provision of an enhanced customer loyalty program in alliance with other JohnnIC group subsidiaries and the FirstRand group.
- Growth of MTN's mobile portal through MTN ICE and MTN sms.com.

Results

Total revenue increased by 39% on last year at R8 337,3 million as a result of strong growth in MTN subscribers. MTN subscribers grew by 55% compared to last year to reach 3,5 million. The non-South African subscriber base increased by 166%. This has resulted in the contribution to revenue by the non-South African operations, although still relatively small, increasing from 2% of total revenue in the previous year to 5% of total revenue in the current year, an increase of more than 100%.

Ebitda grew 38% on last year to R2 791,5 million with Ebitda margins remaining stable at 34% in the current financial year. Margins improved in the second half of the year following reductions in handset subsidies to prepaid customers and improved inventory control over the December period.

Payment of the R2,3 billion (US\$285 million) fee for the acquisition of the licence in Nigeria was only made at the end of February 2001. Therefore, although interest bearing liabilities doubled to R4 364,3 million from R2 001,0 million last year, finance costs remained virtually unchanged as the interest impact of the additional borrowings will only be felt in the new year. The Nigerian licence fee has been funded by borrowings.

All the non-South African operations, with the exception of Cameroon and Nigeria, returned a positive contribution to headline earnings this year. This has resulted in a loss from non-South African operations of R74,7 million. Basic headline earnings grew 91% to R1 124,7 million from R588,6 million last year. The growth in basic headline earnings from the South African operations was 95%. However, basic headline earnings per share grew 47% on last year to 74,5 cents from 50,7 cents last year as a result of dilution arising out of the issue of 366 million shares to Transnet Limited in settlement for the purchase of their 23% stake in MTN plus a further dilution arising out of the acquisition of MTN shares in exchange for M-Cell shares issued to MTN employees on conversion of their employee debentures on vesting.

Goodwill arising out of the acquisition of the additional 23% of MTN from Transnet Limited in July 2000 totalling R11 524,0 million is being amortised over a period of 20 years. The charge from the date of acquisition in the current financial year amounted to R411,2 million. This has had the effect of reducing the growth in attributable earnings to only 21% from last year at R713,5 million from R588,6 million last year.

Share premium of R12 175,5 million was raised on the issue of M-Cell shares to Transnet Limited in settlement of the purchase of their stake in MTN as well as M-Cell shares issued to MTN employees on conversion of their debentures. Capital expenditure, excluding licence acquisition costs, totalling R2 219,0 million was incurred during the year, of which R1 753,2 million was expended on the South African operations of MTN. The MTN South Africa operations generated R2,99 billion cash flow from operations which, after covering finance costs, taxation, dividends and capital expenditure resulted in free cash in excess of R0,82 billion. The total group cash outflows from investing activities of R4 663,7 million was made up primarily of the acquisition of the Nigerian licence and the capital expenditure mentioned above.

REVIEW OF OPERATIONS

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

South Africa

MTN South Africa continued to experience solid growth during the year with subscribers increasing 49% to 3,21 million from 2,16 million in the previous year. The bulk of the growth occurred among prepaid subscribers who increased 62% from last year and now represent 76% of the total South African subscriber base.

The use of non-voice services such as SMS messaging has also increased during the year, particularly among prepaid subscribers. The MTN network carries more than 200 million messages each month. In addition, the mobile data portal, MTN ICE, now has over 500 000 registered users availing themselves of a variety of data services. Data revenues now account for 2,4% of total revenues, although the bulk of these emanate from non-voice SMS usage.

MTN confirmed its leadership position in the field of innovation with the introduction of cell phone banking in South Africa in partnership with one of the country's leading commercial banks. ATM top-ups for prepaid customers and other virtual airline distribution were introduced during the year and now account for over 25% of recharge volumes.

Revenue grew 36% compared to last year to R7 870,0 million from R5 797,2 million while Ebitda increased 34% to R2 670,7 million from R1 989,7 million in the previous year. Ebitda margins declined marginally compared with last year to 33,9% from 34,3% due to lower margins earned from prepaid subscriber business as a result of lower than expected prepaid incoming call revenues and higher than expected prepaid subscriber growth as well as the reduction of handset accessory stock holdings early in the financial year. Headline earnings grew a healthy 94% on last year to R1 194,3 million from R615,3 million.

Rest of Africa

The non-South African operations of MTN enjoyed a number of successes this year, which culminated in the award of a mobile telecommunications licence in Nigeria. All three operations that were launched in 1998 in Swaziland, Uganda and Rwanda, have established themselves as clear market leaders in their respective countries of operation and are producing positive profits. MTN Cameroon had a slow start but has since shown rapid growth since December 2000, and it is currently outperforming the competition in the country.

Total subscribers grew 166% to 289 825 from 108 960 last year. This has fuelled a 188% increase in revenues to R377,1 million from R130,9 million in the previous financial year. More than 90% of the subscribers are prepaid customers.

Ebitda rose 373% to R113,5 million from R24,0 million last year. A net loss of R68,8 million after finance charges was recorded, primarily arising from the new operation in Cameroon.

These results can be viewed on the website at <http://www.m-cell.co.za>

E-mail: investor_relations@johnnic.co.za



Orbicom



Orbicom (Pty) Limited ("Orbicom")

Orbicom is realising its goal of transforming itself from being a broadcasting service provider into a convergence player offering a diverse range of products and services to the broader African market. Some major achievements during the year include, among others, the substantial establishment of an EFT network and banking switch system in Ghana; the acquisition of licences to uplink to the PAS 10 and the NSS 703 satellites; the substantial establishment of a platform to provide IP over satellite services; and the signing of a memorandum of agreement with Lockheed Martin Global Telecommunications to provide Internet access and Internet-based services to Africa.

Revenue increased by 13% to R90,2 million from R79,9 million last year, while Ebitda and headline earnings declined to R10,2 million and a loss of R1,0 million was recorded primarily as a result of developmental losses that were incurred in the non-South African operations.

Prospects

The group has enjoyed enormous success in the past year even though the telecommunications industry worldwide has suffered from a derating, driven primarily by the high fees paid by operators in Europe for 3G licences and the heavy debt burdens incurred in the process.

The acquisition of a cellular licence in Nigeria has been a significant milestone in the group's quest to become the leading provider of communications services in Africa. MTN's entry into Nigeria, which has a population of approximately 120 million, creates enormous opportunities for the group. As was initially the case in South Africa, losses will be incurred in the first few years of operation in Nigeria including the interest costs of the borrowings put in place to fund the operation. Although these may temporarily dampen the overall earnings growth of the group, future growth in earnings and cash flows are expected to be strong as has been demonstrated by the existing African operations.

The exploitation by the group of opportunities presented by the convergence in the telecommunications, media and technology sectors is beginning to bear fruit. A number of companies have been set up to develop these opportunities into full businesses.

Shortly before year-end, Airbom, a newly formed company within the M-Cell group, announced a multi-million dollar deal with Unisys, the world's largest systems integrator. Airbom connects mobile devices to the Internet prototype and has patented its interactive RIVR product on a worldwide basis.

Orbicom has expanded its role beyond its traditional satellite services. The company is now becoming a significant player in the EFT market as well as a provider of value added IP over satellite products.

The group currently is seeking clarity on the recently published telecommunications policy directive. Submissions have been made to the relevant body in this regard.

M-Cell is considering participating in the bidding process for the Second Network Operator ("SNO") licence should the regulatory environment be conducive and economically viable. The company is undertaking research and analysis to place it in a positive position to participate either directly or through an appropriate structure in the opportunity. The group also notes the confirmation of the third cellular licence. This will provide certainty for the industry. MTN is well prepared for the entrance of new competition. The group believes that this will stimulate the market.

Due to the strong cash flow position of the group's South African operations, the group is not entirely dependent on equity to fund expansion and can reasonably afford to carry significant levels of debt. However, foreign exchange regulations limit the amount of funds that can be taken offshore to fund growth.

The group continues to explore funding alternatives for its offshore operations. The group, however, welcomes the recent relaxations made by the South African Reserve Bank.

SHAREHOLDER MATTERS

M-Cell has always enjoyed a stable shareholder base. The group however notes the following changes that have been announced by some of its major shareholders:

- Transnet has announced that it intends to sell its holding in M-Cell to a strategy equity partner ("SEP"). Discussions in this regard are continuing.
- JohnnIC Communications Limited has announced that it will unbundle its shareholding in M-Cell with effect from 9 July 2001. This is welcomed by M-Cell as it will improve the liquidity in the shares of the company.

STRATE

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

Shareholders will receive further communication in this regard upon distribution of the annual report.

Dividend

M-Cell's core businesses operate in high growth sectors. The group had adopted a dividend policy which will allow the businesses to retain and reinvest the bulk of the cash it generates to fund future growth. A target dividend cover ratio of five to six times headline earnings will be followed.

Capitalisation share award and right of election to receive instead a cash dividend (No. 7) of 7 cents per share

The directors have resolved to award capitalisation shares ("the capitalisation award") to shareholders registered in the records of M-Cell at the close of business on Friday, 13 July 2001 ("the record date"). Shareholders will also be 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, M-Cell's controlling shareholder, which has agreed to act as underwriter, and to instead receive a cash dividend of 7 cents per share for the year ended 31 March 2001.

Shareholders receiving the capitalisation award will be issued new ordinary shares in M-Cell. The number of new shares to be issued per share held on the record date will be determined as the ratio that 7 cents multiplied by 1,06 bears to the weighted average traded price of M-Cell shares on the JSE Securities Exchange South Africa ("the JSE") for the three days ending Thursday, 9 August 2001 ("the closing price").

The new ordinary shares to be issued pursuant to the capitalisation award will be issued as fully paid shares of 0,01 cents each by way of a capitalisation of part of M-Cell reserves and will rank pari passu in all respects with the M-Cell ordinary shares presently in issue. The issue of new shares will only be made to ordinary shareholders of M-Cell on the basis of whole shares. All fractions of new shares will be aggregated and sold on the JSE for the benefit of the relevant shareholders. Subject to the approval of the JSE, new M-Cell ordinary shares to be issued will be listed on the JSE on or about Wednesday, 15 August 2001.

Documentation, which is subject to the approval of the JSE, containing the full details of the right of election will be posted to shareholders on or about Friday, 20 July 2001. In order to be valid, completed election forms will need to be received by M-Cell's transfer secretaries by no later than 12:00 on Friday, 10 August 2001. Should a valid election form not be timely received, M-Cell will automatically issue capitalisation shares to all relevant shareholders concerned.

It is expected that share certificates in respect of the new M-Cell ordinary shares and, if applicable, cheques in respect of the dividend and fractions, will be posted to shareholders on or about Wednesday, 15 August 2001.

For and on behalf of the Board

I Charney
(Chairperson)

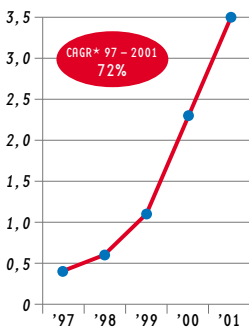
13 June 2001
Johannesburg

J R D Modise
(Director)

55 %
to 3,5 million subscribers



MTN subscribers (millions)

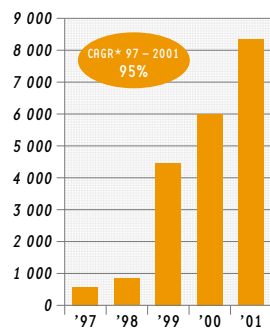


*CAGR = Compound annual growth rate

39 %
to R8 337,3 million



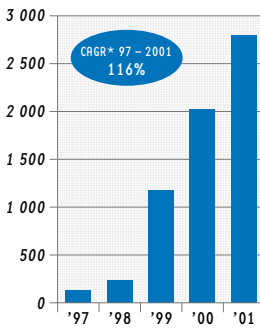
Revenue (Rm)



38 %
to R2 791,5 million



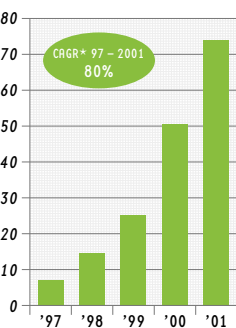
Ebitda (Rm)



47 %
to 74,5 cents per share



Basic headline earnings per ordinary share (cents)



Consolidated income statement

For the years ended	31 March 2001	31 March 2000	% change
	Rm	Rm	
Revenue	8 337,3	6 007,9	39
Cost of sales	(3 352,6)	(2 324,3)	
Gross profit	4 984,7	3 683,6	35
Operating expenses – net	(2 193,2)	(1 662,4)	
Earnings before interest, taxation, depreciation and amortisation ("Ebitda")	2 791,5	2 021,2	38
Depreciation	(688,5)	(522,1)	
Amortisation	(148,3)	(130,7)	
Profit from operations before goodwill amortisation	1 954,7	1 368,4	43
Goodwill amortisation	(411,2)	–	
Profit from operations	1 543,5	1 368,4	13
Finance costs	(264,6)	(235,0)	
Finance income	81,6	92,9	
Share of losses of associates	(0,6)	(0,8)	
Profit before taxation	1 359,9	1 225,5	11
Taxation	(585,3)	(407,6)	
Profit after taxation	774,6	817,9	(5)
Minority interests	(61,1)	(229,3)	
Attributable earnings	713,5	588,6	21

Contribution to attributable earnings:			
South Africa	1 199,2	616,3	95
MTN	1 194,3	615,3	94
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	91
Goodwill amortisation	(411,2)	–	
Attributable earnings	713,5	588,6	21

Basic earnings per ordinary share (cents)			
– Headline	74,5	50,7	47
– South Africa	79,5	53,2	49
– Rest of Africa	(5,0)	(2,5)	
– Attributable	47,3	50,7	(7)
Dividend per ordinary share (cents)			
– interim	3,0	2,3	
– final	7,0	5,6	
Total	10,0	7,9	27
Number of ordinary shares in issue:			
– weighted average ('000)	1 508 874	1 160 090	
– at year end ('000)	1 620 244	1 249 132	

Summarised group statement of changes in equity

For the years ended	31 March 2001	31 March 2000
	Rm	Rm
Balance at 1 April	1 923,4	788,4
Net profit attributable to ordinary shareholders	713,5	588,6
Dividends	(162,1)	(96,9)
Net goodwill arising on acquisition of subsidiaries written back	–	1 274,5
Share capital issued at a premium	12 175,5	6 429,5
less share issue expenses	113,5	–
Share election reserve	–	(7 054,1)
Goodwill written off against share premium account	(15,8)	–
Variation of interests	–	–
Exchange differences arising on translation of foreign entities	18,9	(6,6)
Ordinary shareholders' interest	14 766,9	1 923,4

Summarised consolidated balance sheet

As at	31 March 2001	31 March 2000
	Rm	Rm
ASSETS		
Non-current assets	19 842,1	4 659,5
Property, plant and equipment	5 491,3	3 923,4
Goodwill	11 198,2	–
Intangible assets	2 868,3	523,7
Investments and loans	247,0	211,6
Deferred taxation	37,3	0,8
Current assets	2 440,8	1 703,3
Bank balances, deposits and cash	804,9	332,7
Other current assets	1 635,9	1 370,6
Total assets	22 282,9	6 362,8
EQUITY AND LIABILITIES		
Capital and reserves		
Ordinary shareholders' interest	14 766,9	1 923,4
Minority interests	143,8	580,2
Total equity	14 910,7	2 503,6
Non-current liabilities	4 595,1	2 014,0
Long term liabilities	3 889,2	1 505,3
Deferred taxation	705,9	508,7
Current liabilities	2 777,1	1 845,2
Non-interest bearing liabilities	2 302,0	1 349,5
Interest bearing liabilities	475,1	495,7
Total equity and liabilities	22 282,9	6 362,8
Net asset value per ordinary share (rand)		
– book value	9,11	1,54

Segmental analysis

For the years ended	31 March 2001	31 March 2000	% change
	Rm	Rm	
GEOGRAPHIC			
Revenue			
South Africa	7 960,2	5 877,0	35
Rest of Africa	377,1	130,9	188
Total	8 337,3	6 007,9	39
EBITDA			
South Africa	2 686,6	2 003,6	34
Rest of Africa	107,8	24,0	349
Corporate head office	(2,9)	(6,4)	
Total	2 791,5	2 021,2	38

BUSINESS GROUPING

Revenue			
Wireless telecommunications (MTN)	8 247,1	5 928,0	39
Satellite telecommunications (Orbicom)	90,2	79,9	13
Total	8 337,3	6 007,9	39
EBITDA			
Wireless telecommunications (MTN)	2 784,2	2 013,8	38
Satellite telecommunications (Orbicom)	10,2	13,8	(26)
Corporate head office	(2,9)	(6,4)	
Total	2 791,5	2 021,2	38

Notes

1. Basis of accounting

These consolidated condensed annual financial statements are prepared in accordance with South African Statements of Generally Accepted Accounting Practice ("GAAP") and Schedule 4 of the South African Companies Act. The accounting policies are consistent with those in the annual financial statements for the year ended 31 March 2000, except that goodwill arising after 1 April 2000 is accounted for as an asset in the balance sheet and amortised over a maximum period of 20 years. Goodwill totalling R7 054,1 million was written off directly against share premium in the previous year.

2. Comparatives

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

3. Earnings per ordinary share

The calculation of basic headline earnings per ordinary share is based on attributable earnings before goodwill amortisation of R1 124,7 million (2000: R588,6 million) and a weighted average of 1 508 874 016 (2000: 1 160 08