AFRICA CELLULAR TOWERS

Results presentation for the six months ended 31 August 2010

17 November 2010

Agenda

- An overview of the past six months
- Group financial results
- Operational reviews:
  - Cellular Towers
  - Power Lines
  - Equipment Shelters
  - Fibre Optics
- Strategy and prospects
- Questions

An overview of the past 6 months

- The results for the six months ended 31 August 2010 continued to be impacted by:
  - Low volumes and low revenue
  - Strong Rand against US Dollar
  - Steel imports from China and India at below cost
  - Completion of low margin / loss-making historic projects (cellular towers and fibre optic contracts)
  - Margin pressure on projects as a result of competitive environment
- Power Lines Division securing four new power line contracts

An overview of the past 6 months

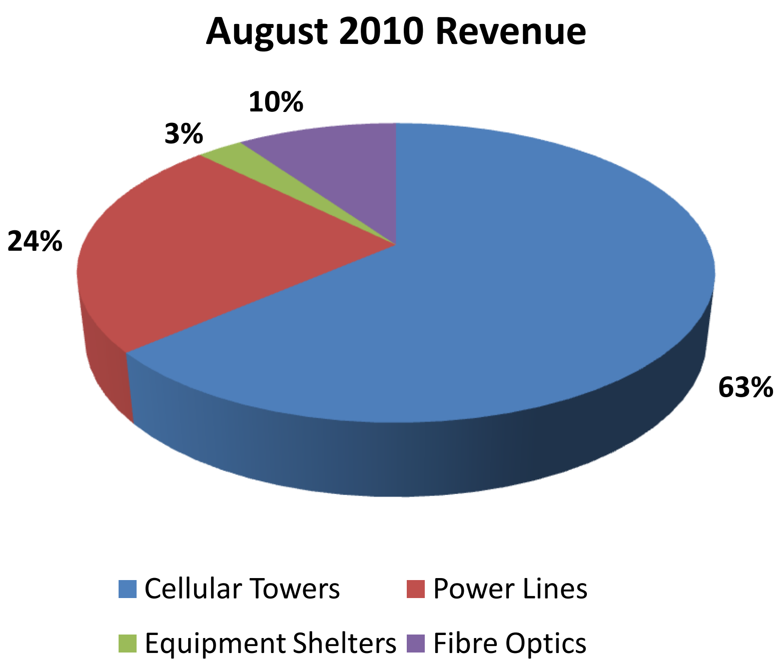
- Since May 2010, actions and significant changes made:
  - Management restructured:
    - Nick van der Mescht – Operations Director
    - David van Staden – Sales and Marketing Director
  - New experienced project managers appointed on installation sites
  - Restructured each Division to improve business operations
  - Fibre Optics Division not taking on any new contracts
  - Implemented cost-cutting initiatives
  - Improved tender and risk assessment procedures

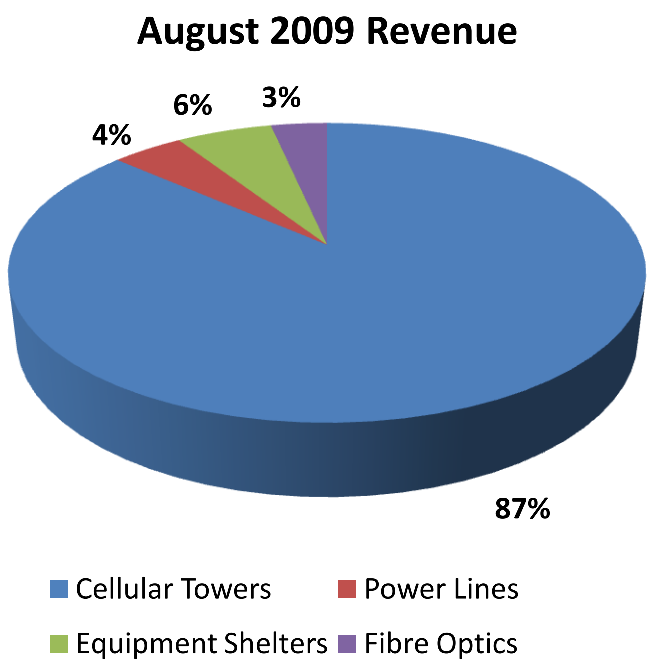
Post 31 August 2010

- Post August 2010:
  - Jacques de Villiers appointed new CEO effective 1 October 2010
  - Chris Kruger retained position as Executive Chairman
  - Appointed turnaround strategist to assist management

Statement of comprehensive income

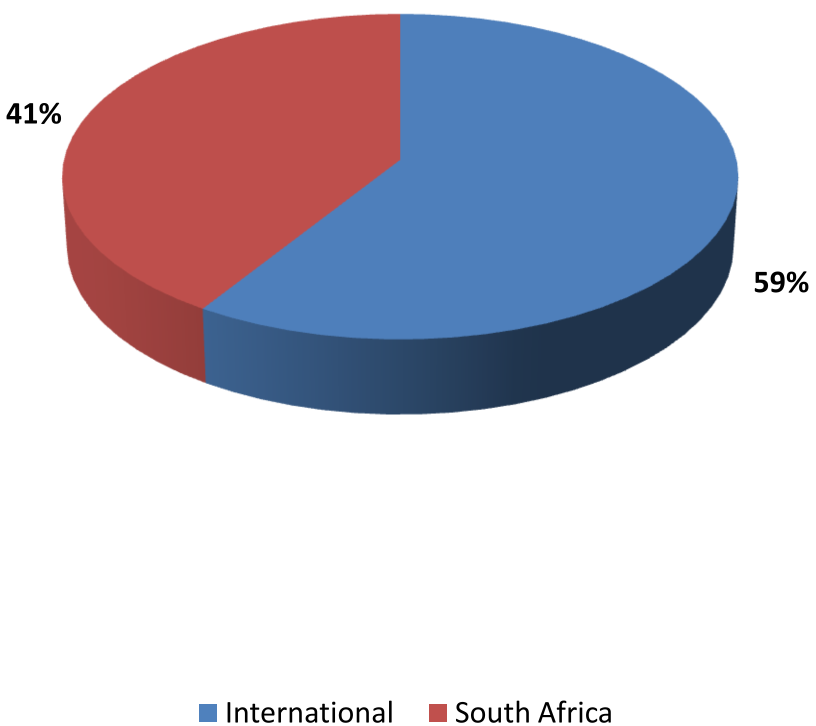
R'000	Change %	6 months 31 August 2010	6 months 31 August 2009	12 months 28 February 2010
Revenue	(31.4)	102 739	149 752	227 390
Gross (loss)/profit	nm	(23 368)	19 152	2 951
Gross profit margin (%)		*nm*	*12.8%*	*1.3%*



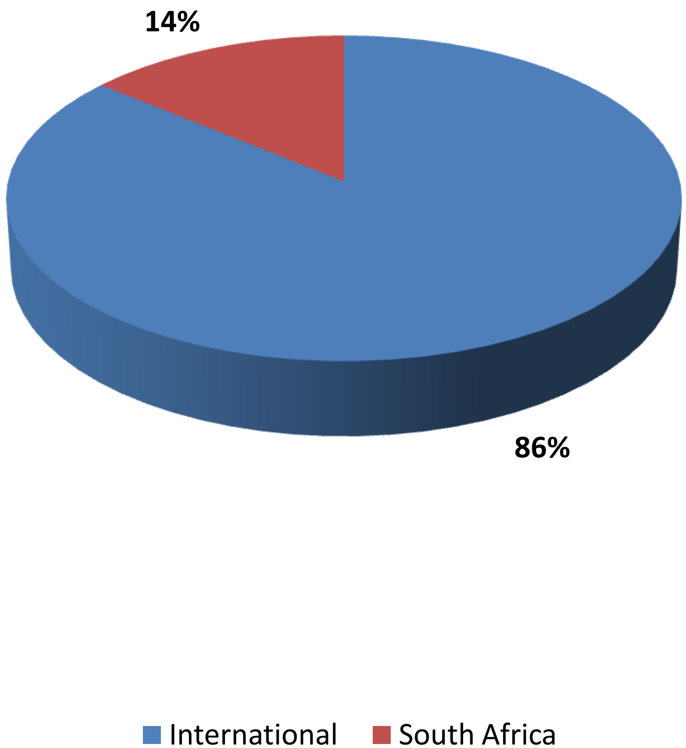


Geographic revenue split

August 2010 Revenue



February 2010 Revenue

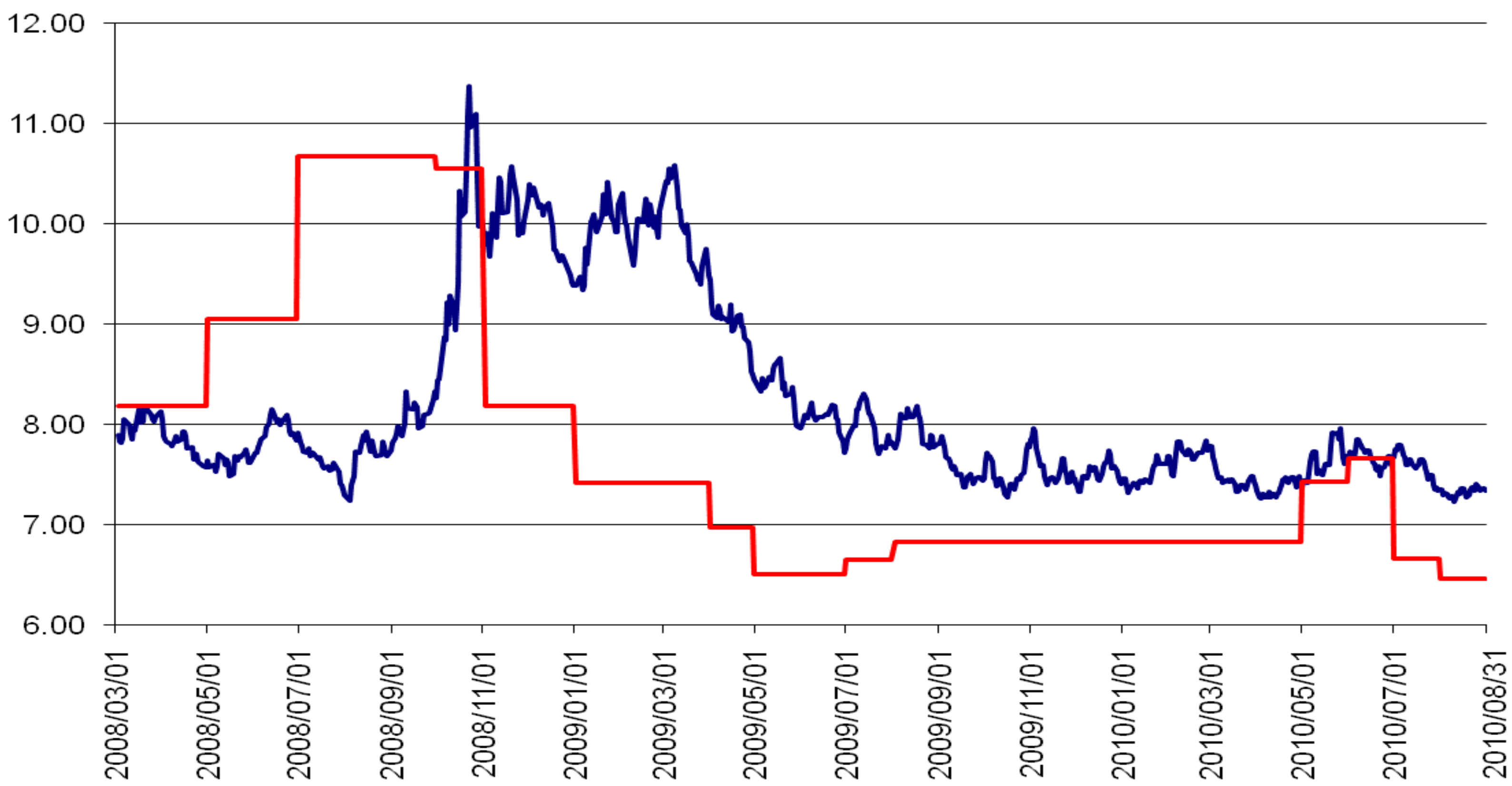


Reasons for financial performance

- Reasons for the decline in revenue:
  - Lack of contracts in the Cellular Towers and Equipment Shelters Divisions
  - Lower volume through-put in factory
  - Rand strength against the US Dollar (31 Aug 2010: R7.34:US$ vs 31 Aug 2009: R7.79:US$)
- Reasons for the decrease in gross loss:
  - Strong Rand
  - Factory fixed costs, unsupported by volume through-put from the Cellular Towers and Equipment Shelters Divisions
  - High cost structures on low-revenue cellular tower installations in Africa and fibre optic contracts
  - Overruns on cellular tower installation and fibre optic contracts

Forex and steel price statistics

R/US$ and steel price movement



Statement of comprehensive income

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Revenue	102 739	149 752	227 390
Gross (loss)/profit	(23 368)	19 152	2 951
Trading loss	**(70 579)**	**(10 743)**	**(64 186)**
Loss on forex	(7 256)	(19 103)	(25 489)
Profit on sale of fixed assets	-	19	174
Income from equity investment	-	-	278
Impairment of goodwill/investment	(7 532)	(6 194)	(11 194)
Operating loss	**(85 367)**	**(36 021)**	**(100 417)**

31 Aug 2009 = R7.79 / US$
28 Feb 2010 = R7.67 / US$
31 Aug 2010 = R7.34 / US$

The impairment of goodwill relates to the fair value adjustment to the net asset value of JK Shelters

Statement of comprehensive income

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Trading loss	(70 579)	(10 743)	(64 186)
Operating loss	**(85 367)**	**(36 021)**	**(100 417)**
- Depreciation and amortisation	(3 041)	(2 459)	(6 038)
Loss before interest and tax	**(88 408)**	**(38 480)**	**(106 455)**
- Net interest (paid) / received	2 111	(7 623)	13 123
Loss before taxation	**(86 297)**	**(46 103)**	**(93 332)**
- Taxation received / (paid)	2 681	(2 151)	1 069
Loss for the year	**(83 616)**	**(48 254)**	**(92 263)**
Basic loss per share (cents)	(23,5)	(13,6)	(25,9)
Headline loss per share (cents)	(21,4)	(11,8)	(22,9)

Major loss elements

R'000	6 months 31 August 2010
Loss after taxation on Cellular Towers	(26 607)
Provision for bad debts and bad debts written off	(17 388)
Loss after taxation on Fibre Optics	(15 445)
Loss after taxation on Equipment Shelters	(7 534)
Impairment of goodwill on JK Shelters	(7 532)
Foreign exchange losses	(7 256)
Total loss elements	**(81 762)**

Normalised results

R'000	Normalised 31 August 2010	Reported 31 August 2010
Revenue	104 596	102 739
Gross loss	(21 434)	(23 368)
Trading loss	(51 264)	(70 579)
Operating loss	**(51 264)**	**(85 367)**
- Depreciation and amortisation	(3 041)	(3 041)
Loss before interest and tax	**(54 305)**	**(88 408)**
- Net interest (paid)/received	(767)	2 111
Loss before taxation	**(55 072)**	**(86 297)**
- Taxation received	2 681	2 681
Loss for the year	**(52 391)**	**(83 616)**
Basic loss per share (c)	(14.7)	(23,5)

- **Excluding IFRS adjustments on revenue and COS**

- **Excluding bad debts and bad debt provision**

- **Excluding forex gain and impairment of goodwill**

- **Excluding IFRS adjustments on interest paid and interest received**

Cellular Towers

R'000	Change %	6 months 31 August 2010	6 months 31 August 2009	12 months 28 February 2010
Revenue	(49.5)	65 364	129 480	192 157
Trading loss	Nm	(49 371)	(3 319)	(47 245)
Loss before interest and taxation	Nm	(59 227)	(21 984)	(86 181)

Performance:

- Since 2008 economic crisis, the cellular landscape has changed significantly
- High overhead cost structures (Rand-based) in countries with low revenue (US$-based)
- Overruns on contracts – addressed by appointing new qualified project managers
- Completing cellular contracts in DRC, Angola and Chad, thereafter withdrawing due to high country risk
- Assessing opportunities in the South African cellular market and stable African countries

Power Lines

R'000	Change %	6 months 31 August 2010	6 months 31 August 2009	12 months 28 February 2010
Revenue	275.2	24 471	6 523	4 555
Trading profit/(loss)	(27.8)	1 612	2 234	(3 653)
Trading profit margin		*6.6%*	*34.3%*	*nm*
Profit/(loss) before interest and taxation	(47.6)	913	1 742	(5 600)

Performance:

- Revenue growth testimony of establishing credentials in the power lines industry, specifically with Eskom
- Trading margin impacted by below average margin on Komatie-Ash project and head office overheads allocated to this Division
- Since February 2010, awarded the Komatie-Ash, Camden-Sol-Zeus 400kV line, Watershed Mmbatho 88kV line and 400kV Medupi Line – Section H contracts – total value R112 million

Equipment Shelters

R'000	Change %	6 months 31 August 2010	6 months 31 August 2009	12 months 28 February 2010
Revenue	(66.8)	2 879	8 666	13 635
Trading loss		(7 438)	(7 406)	(9 742)
Loss before interest and taxation		(9 152)	(15 986)	(11 127)

Performance:

- Demand for shelter products mirrored demand for cellular towers
- Change in demand for smaller equipment shelters, resulting in new product applications being developed
- Results attributable to existing loss-making contracts being completed
- Impairment of goodwill (R7.5 million) on JK Shelters – current value now below NAV
- Effect of new management and turnaround strategy not yet seen in this period's results

Fibre Optics

R'000	6 months 31 August 2010	6 months 31 August 2009	12 months 28 February 2010
Revenue	10 025	5 083	17 043
Trading loss	(15 382)	(2 252)	(3 546)
Loss before interest and taxation	(15 442)	(2 252)	(3 547)

Performance:

- Revenue increased by 97.2% on back of low base in August 2009
- Trading loss as a result of higher than expected installation expenses, especially on the contract in Angola
- Since 26 August 2010, completing existing contracts and not taking on any new contracts
- Should pricing structures and margins improve, ACTOWERS will assess viability of tendering for fibre optic contracts

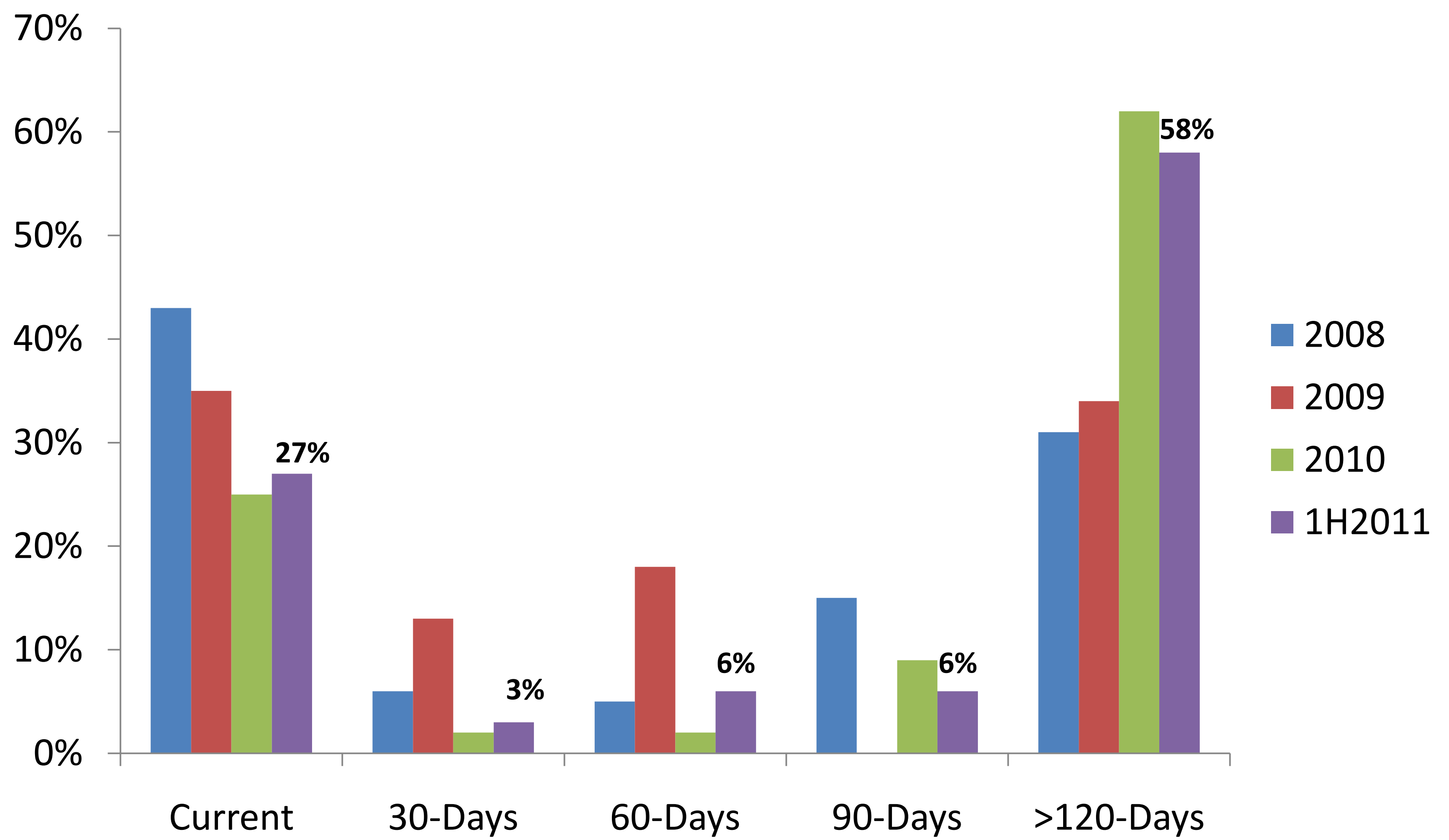
Statement of financial position

R'000	Change %	31 August 2010	29 February 2010
Shareholders' equity	(30.7)	191 902	276 999
Non-current liabilities	(7.2)	22 534	24 286
Current liabilities	(5.4)	34 918	36 926
Total equity and liabilities	**(26.3)**	**249 354**	**338 211**
Non-current assets	6.3	78 314	73 667
Current assets	(35.4)	171 040	264 544
Total assets	**(26.3)**	**249 354**	**338 211**
NAV per share (cents)	(30.8)	51.8	74.8
NTAV per share (cents)	(30.4)	47.9	68.8

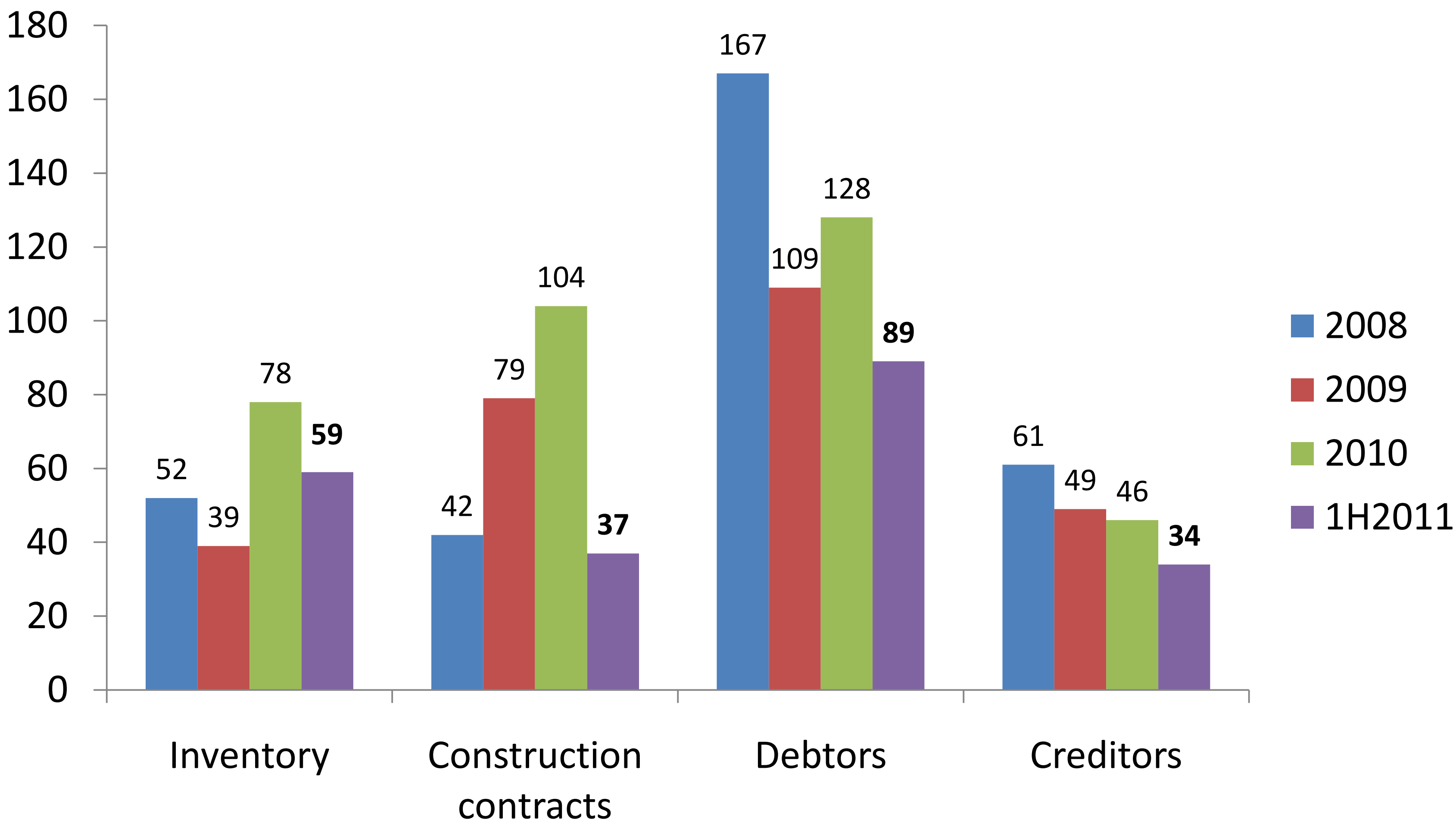
- **Impairment of goodwill on JK Shelters – R7.5m**
- **Additional capex for power line contracts**

- **Trade debtors – R50.2m (Feb 2010: R79m)**
- **Construction contracts – R26.3m (Feb 2010: R62.6m)**

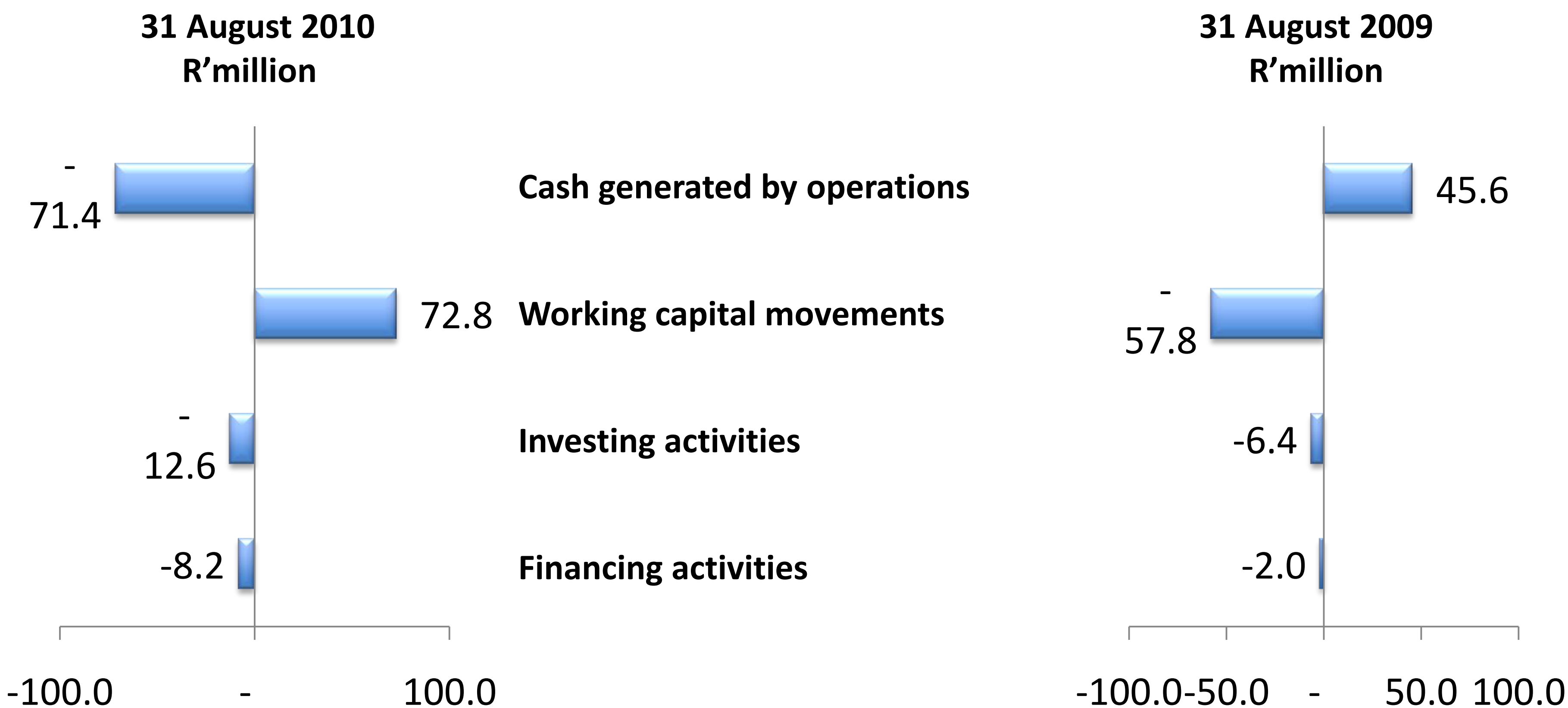
Debtors' age analysis



Working capital days



Cash flow movements



31 August 2010 R'million		31 August 2009 R'million
(19.4)	Net decrease in cash	**(20.6)**
60.5	Cash - beginning of the 6 months	109.8
41.1	**Cash - end of the 6 months**	89.2

Strategy

Strategy	Action taken / to be taken
Management	• Replaced JK Shelters management • New qualified project managers appointed to oversee installation contracts in Africa • New Quality Manager and SHE Manager appointed • Revisit incentive scheme to motivate and retain qualified staff • The Group will be appointing an Independent Non-Executive Chairman, to fully comply with King III requirements i.t.o. Chairman and CEO split
Operational issues	• Continue to retrench staff in manufacturing plant • Cost-cutting drive remains a focus area • Strict cash management a priority • Centralised tender assessment and approval process to reduce potential customer and country risk

Strategy (continued)

Strategy	Action to be taken

Turnaround of ACTOWERS
(with the assistance of turnaround strategist)
	• Evaluate core business
	• Business plan and model for each Division
	• Assess viability of each Division
	• Funding requirements for the Power Lines Division to enable it to tender for larger power line contracts:
	    • Acquire additional equipment; and
	    • Employ additional skilled power lines people

Prospects

- Global recession and strong Rand will continue to negatively affect our industries, internationally and/or exports
- A renewed focus on sales and marketing, especially in the Cellular Towers and Equipment Shelters Divisions
- Awarded cellular tower contract with new cellular sight owner, Eaton in Ghana
- Power Lines Division showing positive signs of growth
- Despite the challenges faced by the Group, **ACTOWERS remains:**
  - **a viable business; and**
  - **committed to enhance shareholder value**

Questions

Thank you for your participation

and should you have any further questions,

please contact

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