# AFRICA CELLULAR TOWERS LIMITED

(Incorporated in the Republic of South Africa)
(Registration number 2000/027374/06)
(JSE code: ATR and ISIN: ZAE000088084)
(“ACTOWERS” or “the company”)

## AMENDMENT TO ABRIDGED AUDITED FINANCIAL RESULTS

The SENS announcement for the Abridged Audited Financial Results released at 11:30 on SENS this morning omitted the comparative figures in the Income Statement.

## ABRIDGED AUDITED FINANCIAL RESULTS

for the year ended 28 February 2007

## HIGHLIGHTS

- Revenue up **52%**
- Headline earnings up **47%** to R31 million
- Earnings per share up **38%**
- Headline earnings per share up **36%**
- Net tangible asset value per share up over **100%**

## CONSOLIDATED INCOME STATEMENTS

for the year ended 28 February

| | 2007 Audited R’000 | 2006 Audited R’000 |
|---|---|---|
| Revenue | **197 251** | 129 429 |
| Gross profit | **61 555** | 47 949 |
| Other income | **11 610** | 5 381 |
| Operating costs | **(29 364)** | (24 001) |
| Earnings before interest, tax, depreciation and amortisation (EBITDA) | **43 801** | 29 329 |
| Depreciation | **(1 125)** | (937) |
| Profit before interest and taxation | **42 676** | 28 392 |
| Net interest received | **2 439** | 1 440 |
| Profit before taxation | **45 115** | 29 832 |
| Taxation | **(13 650)** | (8 669) |
| Earnings attributable to ordinary shareholders | **31 465** | 21 163 |
| Reconciliation of headline earnings: | | |
| Earnings attributable to ordinary shareholders | **31 465** | 21 163 |
| Adjusted for: | | |
| Profit on sale of property, plant and equipment | **(385)** | – |
| Headline earnings attributable to ordinary shareholders | **31 080** | 21 163 |
| Weighted average shares in issue on which earnings per share are based (’000)(1) | **193 425** | 180 000 |
| Fully diluted weighted average shares in issue (’000)(1) | **196 329** | 180 000 |
| Shares in issue at period end (’000)(1) | **241 650** | 180 000 |
| Earnings per share (cents) | **16,3** | 11,8 |
| Headline earnings per share (cents) | **16,1** | 11,8 |
| Fully diluted earnings per share (cents) | **16,0** | 11,8 |
| Fully diluted headline earnings per share (cents) | **15,8** | 11,8 |

*Note:*

*(1) The weighted average shares in issue for 28 February 2006 is based on the conversion of 100 ordinary shares in issue to 180 000 000 ordinary shares in issue.*

The abridged financial statements were approved by the board of directors on 21 May 2007.

BASIS OF MEASUREMENT

The abridged financial statements have been prepared on the historical cost basis except for certain financial instruments measured at fair value.

## AUDITOR’S REPORT

Nexia HBLT Chartered Accountants (East Rand) Inc.’s unqualified auditor’s report on the abridged financial statements contained in this report is available for inspection at the company’s registered office.

## SHARE CAPITAL

ACTOWERS has, through a private placement, placed 50 000 000 ordinary shares at 100 cents per share to selected investors of ACTOWERS with the listing on the JSE.

Prior to the date of listing on ALTX, an offer was made to the group’s employees, to acquire shares in the company through the Share Incentive Trust. Employees have accepted 11 650 000 ordinary shares that were offered by the Share Incentive Trust.

## PROSPECTS

ACTOWERS recently commenced to erect its own galvanising plant. It is expected that after capital expenditure of approximately R10 million to R12 million, the galvanising plant will be fully operational towards the end of 2007, which should have a positive impact on ACTOWERS’ gross profit margins.

ACTOWERS received approval from the Ghanaian Government in May 2007, to occupy space in the Ghana Free Zone for purposes of holding ACTOWERS inventory items to expedite delivery of components to customers and to provide ACTOWERS with a competitive edge. In addition it is the intention of ACTOWERS to over time establish a manufacturing concern in Ghana to supply the whole of West and North Africa. The Free Zone will also provide ACTOWERS with certain cost benefits as exports from the Free Zone are exempt of charges.

## SUBSEQUENT EVENTS

Shareholders are referred to the proposed acquisition and cautionary announcement dated 13 February 2007 of JK Shelters (Pty) Limited (“JKS”), a manufacturer and supplier of shelters to the cellular phone tower market and complementary to the ACTOWERS business, where ACTOWERS has entered into a Head of Agreement with JKS. An indicative purchase consideration of R40 million was determined based on JKS achieving a profit after taxation of R8 million for the year ended 28 February 2007. In terms of the Heads of Agreements, 30% of the purchase consideration will be settled in cash and the difference by the issue of ACTOWERS ordinary shares at an issue price of 135 cents per share.

The above transaction is a related party transaction in terms of the JSE Listings Requirements. Shareholders are advised to exercise caution when dealing in the company’s securities until a full announcement is made.

## DIVIDEND POLICY

In line with the group’s growth strategy, no dividend was declared for the year.

On behalf of the board

CJJ Krüger
*Managing Director*

J de Villiers
*Financial Director*

22 May 2007

## CORPORATE INFORMATION

**Non-executive director:** Dr RR Richards

**Executive directors:** CJJ Krüger (Chairman and Managing Director); D van Staden; J de Villiers

**Registration number:** 2000/027374/06

**Registered address:** First Floor DVM, Office Park, 16 Kingfisher Crescent, Meyersdal, 1447

**Postal address:** PO Box 1363, Alberton, 1450

**Company secretary:** De Villiers Myburgh Inc.

**Telephone:** 011 907 7364

**Facsimile:** 011 869 9107

**Transfer secretaries:** Computershare Investor Services 2004 (Pty) Limited

**Designated adviser:** Exchange Sponsors (Pty) Limited

These results and an overview of ACTOWERS are available at www.africacellular.co.za.

Date: 22/05/2007 12:26:01 Produced by the JSE SENS Department.

# CONSOLIDATED BALANCE SHEETS

as at 28 February

| | 2007 Audited R'000 | 2006 Audited R'000 |
|---|---|---|
| ASSETS | | |
| Non-current assets | **11 834** | 15 505 |
| Property, plant and equipment | **10 882** | 6 012 |
| Other financial assets | **952** | 9 220 |
| Deferred taxation | **–** | 273 |
| Current assets | **155 855** | 71 489 |
| Inventories | **41 353** | 4 295 |
| Other financial assets | **720** | – |
| Current taxation receivable | **1 708** | – |
| Trade and other receivables | **51 195** | 65 940 |
| Loans receivable | **–** | 182 |
| Cash and cash equivalents | **60 879** | 1 072 |
| Total assets | **167 689** | 86 994 |
| EQUITY AND LIABILITIES | | |
| Equity and liabilities | | |
| Equity and reserves | **125 896** | 46 497 |
| Share capital | **47 882** | – |
| Revaluation reserve | **66** | 14 |
| Retained earnings | **77 948** | 46 483 |
| Non-current liabilities | **7 479** | 4 310 |
| Long-term liabilities | **7 052** | 3 202 |
| Deferred taxation | **427** | – |
| Other liability | **–** | 590 |
| Loans payable | **–** | 518 |
| Current liabilities | **34 314** | 36 187 |
| Loans from directors[3] | **193** | 3 695 |
| Current taxation payable | **–** | 11 942 |
| Current portion of long-term liabilities | **2 426** | 1 390 |
| Trade and other payables | **31 695** | 17 952 |
| Bank overdraft | **–** | 1 208 |
| Total equity and liabilities | **167 689** | 86 994 |
| Shares in issue ('000)[1][2] | **230 000** | 180 000 |
| Net asset value per share (cents) | **54,7** | 25,8 |
| Net tangible asset value per share (cents) | **54,7** | 25,8 |

*Note:*

*(1) Shares in issue for 28 February 2006 is based on the conversion of 100 ordinary shares in issue to 180 000 000 ordinary shares in issue.*

*(2) Shares in issue have been adjusted for treasury shares issued in terms of the ACTOWERS Employee Share Trust.*

*(3) Loans from directors have been reclassified from non-current liabilities to current liabilities in the comparative figures for 28 February 2006.*

# CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

for the year ended 28 February

| | Share capital R'000 | Revaluation reserve R'000 | Retained earnings R'000 | Total equity R'000 |
|---|---|---|---|---|
| Balance 1 March 2005 | – | 17 | 25 320 | 25 337 |
| CHANGES IN EQUITY | | | | |
| Share capital issued | | | | |
| *Share premium* | | | | |
| Profit for the year | 21 | 163 | 21 | 163 |
| Fair value adjustments to investments | (3) | | | (3) |
| Balance 1 March 2006 | – | 14 | 46 483 | 46 497 |
| Changes in equity | 23 | | | 23 |
| Share capital issued | | | | |
| Share premium | 47 | 229 | 47 | 229 |
| Share-based payment reserve | 630 | | | 630 |
| Profit for the year | 31 | 465 | 31 | 465 |
| Fair value adjustment to investments | 52 | | | 52 |
| Balance at 28 February 2007 | **47 882** | **66** | **77 948** | **125 896** |

# CONSOLIDATED CASH FLOW STATEMENTS

for the year ended 28 February

| | 2007 Audited R'000 | 2006 Audited R'000 |
|---|---|---|
| Cash flow from operating activities | **10 128** | 12 952 |
| Cash generated by operating activities | **34 290** | 20 229 |
| Net interest received | **2 439** | 1 440 |
| Taxation paid | **(26 601)** | (8 717) |
| Cash flows from investing activities | **2 172** | (2 008) |
| Property, plant and equipment acquired | **(6 282)** | (2 152) |
| Proceeds on disposals of property, plant and equipment | **671** | – |
| Repayment of financial assets | **7 601** | 144 |
| Loan receivable | **182** | – |
| Cash flows from financing activities | **48 715** | (8 552) |
| Proceeds on share issue | **47 252** | – |
| Finance lease payments, capital and interest | **5 443** | 632 |
| Movement in other liability | **(590)** | (7) |
| Loan payable | **(518)** | (12 693) |
| Repayment of shareholders' loan | **(3 502)** | 3 516 |
| Non-cash movement share-based payments | **630** | – |
| Change in cash and cash equivalents | **61 015** | 2 392 |
| Cash and cash equivalents at beginning of year | **(136)** | (2 528) |
| Cash and cash equivalents at end of year | **60 879** | (136) |

# OVERVIEW

The directors of ACTOWERS have pleasure in presenting the audited year end results for the 12 months ended 28 February 2007 and are pleased to announce that the group has significantly exceeded its growth forecasts for the year as set out in the detailed prospectus dated 16 November 2006. ACTOWERS, one of the largest in-house, full turnkey manufacturing and supply companies of telecommunication support systems in Africa and other emerging markets, listed on 29 November 2006 on the Alternative Exchange ("ALT$^X$") of the JSE Limited ("JSE").

The group continued to take advantage of buoyant trading conditions in the overall cellular industry in Africa and other emerging markets. A further five new licences were awarded to major licenced operators in Africa, that are of interest to ACTOWERS, which is an indication of the continued growth of the market on this continent. In addition ACTOWERS was awarded its first contract in Madagascar in 2007 which extended the group's geographical operational footprint.

# FINANCIAL RESULTS

For the year, group revenue increased by 52% to R197,3 million (2006: R129,4 million), which is directly attributable to large contracts that were awarded to ACTOWERS in Nigeria, Ghana and Congo Brazzaville. Gross profit increased by 28% to R61,6 million in 2007 (2006: R47,9 million), but the overall gross profit margin declined to 31,2% in 2007 (2006: 37,0%) as a result of increased competition and an increase in the steel price that could not immediately be passed on to ACTOWERS' customers. Furthermore the 2007 financial year was characterised by an increased number of "supply and install" contracts compared to more "supply-only" type contracts in the 2006 financial year, which also impacted negatively in 2007 on the group's gross profit margins.

The group's EBITDA margin was maintained at 22,2% in February 2007 compared to 22,7% in February 2006 due to the containment of operating costs and larger foreign exchange profits earned for the year ended 28 February 2007. EBITDA increased 49% to R43,8 million (2006: R29,3 million) for the year under review.

Headline earnings increased 47% from the previous year to R31,0 million (2006: R21,2 million), and attributable earnings increased 49% from the previous period to R31,5 million (2006: R21,2 million).

Headline earnings per share increased 36% to 16,1 cents (2006: 11,8 cents).

The balance sheet was significantly strengthened, as a result of the private placement undertaken prior to the listing, whereby ACTOWERS raised R50 million. The proceeds raised enabled the company to increase its inventory levels substantially to R41,3 million (2006: R4,3 million) to ensure a higher work-in-process in the company to meet demand.

Trade and other receivable ratios improved with a further reduction in exposure or revenue contribution from the Celtel International Group from over 70% for the year ended 28 February 2006 to approximately 50% for the year ended 28 February 2007 due to the introduction of new cellular operators as clients.

# BASIS OF PREPARATION OF THE AUDITED RESULTS

STATEMENT OF COMPLIANCE

The abridged financial statements comprise a consolidated balance sheet at 28 February 2007, a consolidated income statement, consolidated statement of changes in equity and summarised consolidated cash flow statement for the year ended 28 February 2007.

The abridged financial statements have been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards ("IFRS") and the presentation and disclosure requirements of IAS34, Interim Financial Reporting. The basis of preparation is consistent with the prior comparative year.