

## TeleMasters spends to grow

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Despite an increase in costs, TeleMasters CEO Mario Pretorius says they remain under control.

Listed least-cost routing business TeleMasters invested in more staff in the three months to December.

The company this morning issued a quarterly trading update, which shows its operating expenses grew faster than revenue. CEO Mario Pretorius explains the "increase in operating costs reflects our growth and activity across the board".

TeleMasters reported revenue growth of 10%, to R62.9 million, from a year ago, but operating expenses surged almost 45%, to R5.4 million.

Among the reasons for the higher costs was the fact that the company has increased its staff base, taking employee costs R638 421 higher. In addition to salary expenses, its policy to pay full medical aid contributions for all staff with more than five years' service contributed to this increase.

Operating costs were also higher due to an increase in depreciation of R252 293 as a result of further capital investments in property, plant and equipment of R3.6 million. Repairs and maintenance costs for the period were up by R131 747, because of the higher asset base.

The addition of staff also meant rent on office space went up, with occupancy costs increasing by R209 413.

While costs intensified during the company's first quarter, Pretorius says TeleMasters is careful to monitor expenses. "We pay careful attention to ensuring that, while operating cost increases are planned for and accommodated, they also remain within a tight structure that continues to support our cash-positive position."

The company's shares were flat this morning at 200c.