

TLM - TeleMasters – Unaudited Condensed Consolidated Interim Results For The Three Month Period Ended 31 December 2010 – UPDATED 14 JUNE 2011

TELEMASTERS HOLDINGS LIMITED AND ITS SUBSIDIARY

(Incorporated in the Republic of South Africa)

(Registration number 2006/015734/06)

Share code: TLM & ISIN Number: ZAE000093324

("TeleMasters" or "the Company")

UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS FOR THE THREE MONTH PERIOD ENDED 31 DECEMBER 2010

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Unaudited 3 months ended 31 December 2010 R	Unaudited 3 months ended 31 December 2009 R
Revenue	86 230 570	62 927 890
Cost of sales	(72 991 796)	(52 833 132)
Gross profit	13 328 774	10 094 758
Operating expenses	(8 171 761)	(5 415 624)
Operating profit	5 067 013	4 679 133
Investment income	212 368	199 602
Finance costs	(91 619)	(136 899)
Profit before taxation	5 187 762	4 741 837
Taxation	(1 807 444)	(1 561 292)
Profit for the period	3 380 318	3 180 545
Total comprehensive income for the period	3 380 318	3 180 545
Basic earnings per share (cents)	8.05	7.57
Diluted earnings per share (cents)	8.05	7.57
 Headline earnings reconciliation:		
Profit for the period	3 380 318	3 180 545
Adjustments: Profit on disposal of property, plant and equipment	(19 315)	-
Headline earnings for the period	3 361 003	3 180 545
Headline earnings per share (cents)	8.00	7.57
Diluted headline earnings per share (cents)	8.00	7.57
Weighted average shares in issue ('000)	42 000 000	42 000 000
Dividends declared per share (cents)	4.0	4.0

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Unaudited at 31 December 2010	Audited at 30 September 2010
	R	R
ASSETS		
Non-current assets		
Property, plant and equipment	16 319 515	16 600 971
Intangible assets	2 603 494	2 842 631
Goodwill	2 686 779	2 686 779
Deferred tax assets	4 283 830	3 860 944
Total non-current assets	25 893 618	25 991 325
Current assets		
Trade and other receivables	28 704 268	18 726 561
Cash and cash equivalents	21 650 169	20 144 204
Total current assets	50 354 437	38 870 765
Total assets	76 248 055	64 862 090
EQUITY AND LIABILITIES		
Capital and reserves		
Issued capital	48 059	48 059
Retained earnings	31 719 642	30 019 324
Total equity	31 767 701	30 067 383
Non-current liabilities		
Finance lease liabilities	1 720 031	2 096 728
Total non-current liabilities	1 720 031	2 096 728
Current liabilities		
Trade and other payables	36 734 656	26 438 205
Current portion of finance lease liabilities	2 481 140	2 426 455
Current tax payable	1 773 005	2 044 085
Shareholders for dividend	1 691 881	1 717 055
Bank overdraft	79 641	72 179
Total current liabilities	42 760 323	32 697 979
Total liabilities	44 480 354	34 794 707
Total equity and liabilities	76 248 055	64 862 090
Number of shares in issue	42 000 000	42 000 000
Net asset value per share (cents)	75.64	71.59
Net tangible asset value per share (cents)	63.04	58.42

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Unaudited at 31 December 2010 R	Unaudited at 31 December 2009 R
Cash flows from operating activities		
Cash generated from operations	6 633 532	13 777 968
Finance costs	(91 619)	(136 899)
Tax paid	(2 501 409)	(5 617 208)
Net cash inflow from operating activities	4 040 504	8 023 861
Cash flows from investing activities		
Property, plant and equipment acquired	(746 496)	(1 020 579)
Proceeds on sale of property, plant and equipment	19 315	-
Investment income	212 368	199 602
Net cash outflow from investing activities	(514 813)	(820 977)
Cash flows from financing activities		
Instalment sale agreements obtained	251 994	810 167
Dividends paid	(1 705 174)	(1 681 152)
Repayment of instalment sale agreements	(574 008)	(519 885)
Net cash outflow from financing activities	(2 027 188)	(1 390 870)
Net increase in cash and cash equivalents	1 498 503	5 812 014
Cash and cash equivalents at the beginning of the period	20 072 025	16 165 680
Cash and cash equivalents at the end of the period	21 570 528	21 977 694

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued capital	Share premium	Total share Capital	Retained Income	Total Equity
Balance at 30 September 2009	4 200	2 143 859	2 148 059	25 984 967	28 133 026
Profit for the period ended 31 December 2009	-	-	-	3 180 545	3 180 545
Dividends declared	-	-	-	(1 680 000)	(1 680 000)
Balance at 31 December 2009	4 200	2 143 859	2 148 059	27 485 512	29 633 571
Profit for the period ended 30 September 2010	-	-	-	4 633 813	4 633 813
Dividends declared	-	-	-	(2 100 000)	(2 100 000)
Capital distributions	-	(2 100 000)	(2 100 000)	-	(2 100 000)
Balance at 30 September 2010	4 200	43 859	48 059	30 019 324	30 067 383
Profit for the period ended 31 December 2010	-	-	-	3 380 318	3 380 318
Dividends declared	-	-	-	(1 680 000)	(1 680 000)
Balance at 31 December 2010	4 200	43 859	48 059	31 719 642	31 767 701

SEGMENT REPORT

The Company does not have different operating segments. The business is conducted in South Africa and is managed centrally with no branches. The company is managed as one operating unit. Accordingly there is no meaningful segmental information to report other than the following information:

	Unaudited 3 Months ended 31 December 2010 R	Unaudited 3 Months ended 31 December 2009 R
Revenue by Nature		
Sale of airtime	86 165 875	56 827 737
Connection incentive bonuses	5 150	4 521 487
Other	59 545	1 578 666
Total revenue	86 230 570	62 927 890
Major customers		
Revenues from transactions with a single external customer amounting to 10 percent or more of the Company's revenue, are disclosed below:		
- Customer A	10 017 726	14 468 120
- Customer B	27 135 058	-
- Other customers	49 077 786	48 459 770
Total revenue	86 230 570	62 927 890

1. COMPANY PROFILE

TeleMasters is a specialist tele-management and business communication strategy player operating exclusively in the South African market focussing on the corporate market. The company provides current and future clients access to the most efficient and effective telecommunication technologies.

2. FINANCIAL RESULTS

2.1 Statement of compliance and basis of preparation

The interim financial statements for the three months ended 31 December 2010 have been presented in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards, the information required by IAS 34: *Interim Financial Reporting*, the South African Companies Act, as amended, the AC500 Standards as issued by the Accounting Practices Board and the JSE Listings Requirements. The results have been prepared in accordance with accounting policies of the Company that are consistent with those applied in the audited annual financial statements for the year ended 30 September 2010. These results have not been reviewed or audited by the Company's auditors.

2.2 Significant items included in results

New customer contract

The Company concluded a new, temporary contract with Customer B in October 2010, which runs on a month-to-month basis. During the quarter under review, revenue earned from this customer under the said contract totalled R27 135 058.

2.3. Dividends

On 22 December 2010 the board has declared a quarterly interim dividend of 4 cents per share, which was paid to all shareholders recorded in the share register of the Company at the close of business on Friday, 21 January 2011. On 1 April 2011 the board has declared another quarterly interim dividend of 4 cents per share, which was paid to all shareholders recorded in the share register of the Company at the close of business on Friday 29 April 2011.

During the first quarter of the prior financial year, which ended on 31 December 2009, the Company declared an interim dividend of 4 cents per share for that quarter.

The board will continue with the policy of declaring quarterly dividends.

2.4. Related party transactions

The following material transactions with related parties occurred during the quarter under review:

	Unaudited 3 Months ended 31 December 2010	Unaudited 3 Months ended 31 December 2009
	R	R
<i>Sales to related parties</i>		
TeleMasters (Pty) Ltd	14 681 280	16 493 657
<i>Purchases from related parties</i>		
TeleMasters (Pty) Ltd	899 526	1 471 293

	Unaudited at 31 December 2010	Audited at 30 September 2010
	R	R
<i>Balances owing by related parties included in Trade and other receivables</i>		
TeleMasters (Pty) Ltd	6 171 509	6 423 301
<i>Balances owing to related parties included in Trade and other payables</i>		
TeleMasters (Pty) Ltd	557 333	176 167

2.5. Acquisition of property, plant and equipment

Property, plant and equipment acquired during the quarter comprise various items of Furniture and fittings, Motor vehicles, Office equipment, IT equipment and Routers and handsets.

3. SUBSEQUENT EVENTS

The directors are not aware of any matter or circumstance arising since the reporting date which would have a material effect on the consolidated results or the consolidated financial position of the Company as reported.

4. CHANGES IN THE COMPOSITION OF THE BOARD

On 24 December 2010 Ms Nolene Owen resigned as Financial Director. As an interim measure, the role of Mr Brandon Topham changed from non-executive director to Financial Director on this same date. On 17 May 2011 Ms Erika Rossouw was appointed as Financial Director and accordingly, the role of Mr Brandon Topham changed back to non-executive director on that date.

5. SECOND QUARTER RESULTS

Unaudited condensed consolidated interim results for the second quarter and six months ended 31 March 2011 will be announced on or before Friday 24 June 2011.

For and on behalf of the Board:

MB Pretorius
Chief Executive Officer

E Rossouw
Financial Director

10 June 2011

Corporate information

Directors: DS van Der Merwe^{*#}, J Voigt^{*}, VI Beck^{*#}, MB Pretorius, BR Topham, E Rossouw
(* non-executive, # independent)

Registered address: 90 Regency Drive, Route 21 Corporate Office Park, Irene, 0157, Pretoria (P.O. Box 68255, Highveld Park, 0169)

Company secretary: Brandon Topham Inc.

Auditors: BDO South Africa Inc., Block C, Riverwalk Office Park, 41 Matroosberg Avenue, Ashlea Gardens, Pretoria

Transfer secretaries: Computershare Investor Services (Proprietary) Limited, 70 Marshall Street, Johannesburg, 2001 (P.O. Box 61051, Marshalltown, 2107)

Designated Advisor: Arcay Moela Sponsors (Proprietary) Limited

Website: www.telemasters.co.za