


Telemasters Holding Ltd

(Incorporated in the Republic of South Africa)

(Registration number 2006/015734/06)

Share code: TLM & ISIN Number: ZAE000093324

("TeleMasters" or "the Company")

Unaudited Interim For The Nine Month Period Ended 30 June 2009
FINANCIAL RESULTS
COMMENTARY
INCOME STATEMENT

	Unaudited 9 months ended 30 June 2009	Unaudited 9 months ended 30 June 2008
Revenue	170,379,404	128,391,974
Cost of sales	-143,909,732	-106,684,757
Gross profit	26,469,672	21,707,217
Operating expenses	-12,974,491	-9,829,758
Operating Profit	13,495,181	11,877,459
Investment income	882,533	878,097
Finance costs	-226,562	-153,634
Profit before taxation	14,151,152	12,601,922
Taxation	-4,242,544	-4,381,805
Attributable earnings for the period	9,908,608	8,220,117
Reconciliation of headline earnings:		
Attributable earnings	9,908,608	8,220,117
Adjustments:	0	0
Headline earnings	9,908,608	8,220,117
Weighted average shares in issue (000)	42,000,000	42,000,000
Headline earnings per share (cents)	7.56	2.98
Earnings per share (cents)	7.56	2.98
Dividends paid per share (cents)	4.00	12.00*
BALANCE SHEET	Unaudited at	Unaudited at
	30 June	30 June
	2009	2008
	R	R
ASSETS		
Non-current assets		
Intangible assets	4,778,937	4,778,937
Property, plant and equipment	14,805,312	14,805,312
Deferred tax	814,768	814,768
	20,399,017	20,399,017
Current assets		
Trade and other receivables	19,660,448	16,943,564
Cash and cash equivalents	13,519,123	12,378,088
	33,179,571	29,321,652
Total assets	53,578,588	40,058,432
EQUITY AND LIABILITIES		
Total equity		
Share capital	2,148,059	5,508,059
Retained earnings	23,170,145	11,673,642
	25,318,204	17,181,701
Non-current liabilities		
Deferred tax	-	376,293
Instalment sale agreement	3,283,176	613,663
	3,283,176	989,956
Current liabilities		
Current portion of long term liabilities	1,806,435	571,658
Current tax payable	4,656,709	3,377,362
Bank Overdraft	48,451	-
Dividend payable	1,684,241	30,621
Provisions	156,875	172,939
Trade and other payables	16,624,497	17,734,195
	24,977,208	21,886,775
Total equity and liabilities	53,578,588	40,058,432
Number of shares in issue (000)	42,000,000	42,000,000
Net asset value per share (cents)	60.28	40.91
Net tangible asset value per share (cents)	48.90	36.91
CASH FLOW STATEMENTS	Unaudited at	Unaudited at
	30 June 2009	30 June 2008
	R	R
Cash flows from operating activities		
Cash generated from operations	13,008,176	9,526,386
Finance costs	-226,562	-153,634
Tax paid	-6,383,201	-5,069,566
Net cash from operating activities	6,398,413	4,303,186

1. FINANCIAL RESULTS
1.1 Statement of compliance and basis of preparation

The consolidated interim financial statements for the nine months ended 30 June 2009 have been presented in accordance with IAS 34, Interim Financial Reporting. The results have been prepared in accordance with accounting policies of the company that comply with International Financial Reporting Standards. These results have not been reviewed or audited by the Company's auditors.

1.2 Commentary

The Revenue indicates an increase of 32.70% compared with the comparative nine month period. This increase has resulted from our internal revenue enhancement program, organic growth and the additional revenue resulting from the client bases acquired during this financial year.

Earnings for the third quarter of the 2009 year amount to R9,908,608 after tax when compared to R8,220,117 for the nine month comparative period, an increase of 20.54%. The Earnings Per Share (EPS) for this nine month period amounts to 23.59 cents per share with a comparative EPS of 19.57 cents per share.

The company has invested in the growth of the company by acquiring intangible assets of R2,926,988 during the current year and fixed assets of R6,260,338. This R9,187,326 total investments to expand the operations of the business has been funded from the cash flow of the business with only 28%, R2,608,982, being funded with long term borrowings. This together with the total of 12 cents per share which has paid out in the form of dividends and capital redemption indicates the optimal management of working capital of the business.

The company maintains a strong focus on managing the trade receivables to ensure that the effects of the current recession do not affect the results of our operations in any significant manner. We have however noted a small increase in customers who are not meeting their repayment obligations in the manner in which we expect. We have taken steps to reduce our risks by insisting on upfront payments from higher risk clients and we also choose to not do business in certain industries. This has ensured that our trade receivables have only increased by 16% despite an increase in Revenue of 32.70%. Our current ratio remains healthy at 1:0.75 despite the large investments as indicated above.

The increase in Revenue has resulted in an increase in operating costs. A larger element of fixed remuneration for sales staff was included in the current financial year when compared with the prior period. Recent changes to the structuring will result in an almost negligible fixed cost component again with the majority of sales staff salary structures reverting to a variable nature which will be reported once again as a cost of sale in future periods as was done in the prior period. The increase in assets has resulted in a higher depreciation and amortisation being included in the current period as compared to in the prior period.

The company remains cash positive with a good liquidity position. The Net Asset Value (NAV) per share increased by 47.36% when compared with the balance sheet as at the comparative date. The total value paid to shareholders in the current period of 12 cents per share would represent a further 29.33% growth in NAV has these amounts been maintained in the company. The company whilst not maintaining a dividend policy remains committed to ensure that a portion of the profits are distributed quarterly to our shareholders.

1.3. Dividends

The board is satisfied with the performance and has declared that a further quarterly interim dividend of 4 cents per share ("the dividend") be paid to all shareholders recorded in the share register of the company at the close of business on Friday, ??? September 2009. The dividend per share reflected above 4 cents paid during the first quarter of this financial year and excludes the capital redemption of 8 cents paid during the second and third quarters. The total distribution to shareholders in the current year will then amount to 16 cents per share.

Cash flows from investing activities		
Expenditure to expand operating activities		
Property, plant and equipment acquired	-6,260,338	-3,485,530
Investment income	882,533	878,097
Sales of financial asset	-	19
Intangible assets acquired	-2,926,988	-1,565,306
Net cash from investing activities	-8,304,793	-4,172,720
Cash flows from financing activities		
Proceeds on share issue		
Proceeds from borrowings	2,608,982	1,138,956
Dividends paid	-1,680,000	-7,560,000
Shareholders for dividend	1,684,241	30,621
Share premium repaid	-3,360,000	-
Repayment of borrowings	-876,926	-692,880
Net cash from financing activities	-1,623,703	-7,083,303
Total cash movement for the period	-3,530,083	-6,952,837
Cash at beginning of period	17,000,755	19,330,925
Total cash at end of the period	13,470,672	12,378,088

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share Capital	Share Premium	Total share Capital	Retained Income	Total
Balance at 30 September 2007	4,200	5,503,859	5,508,059	11,013,525	16,521,584
Dividends paid	-	-	-	-7,560,000	-5,040,000
Net profit for the period ended 30 June 2008	-	-	-	8,220,117	8,220,117
Balance at 30 June 2008	4,200	5,503,859	5,508,059	11,673,642	17,181,701
Dividends paid	-	-	-	-2,520,000	-2,520,000
Net profit for the period ended 30 September 2008	-	-	-	5,787,895	5,787,894
Balance at 30 September 2008	4,200	5,503,859	5,508,059	14,941,537	20,449,596
Dividends paid	-	-	-	-1,680,000	-1,680,000
Share premium repaid	-	-3,360,000	3,360,000	-	-3,360,000
Net profit for the period ended 30 June 2008	-	-	-	9,908,608	9,908,608
Balance at 30 June 2009	4,200	2,143,859	2,148,059	23,170,145	25,318,204

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 9 months ended 30 June 2009 R	Unaudited 9 months ended 30 June 2008 R
Revenue by Nature		
Commissions earned on airtime	156,649,934	118,688,128
Connection incentive bonuses	10,828,638	9,668,757
Other	2,900,832	35,089
	170,379,404	128,391,974
Major customers		
Revenues from transactions with a single external customer accounting to 10 percent or more of the company's revenue, are disclosed below:		
- Commission – Customer A	-	17,462,141
- Commission – Customer B	48,818,265	13,864,102
- Commission and connection incentive bonus with other customers	121,561,139	97,065,731
	170,379,404	128,391,974

The dates relating to the dividend, which the directors have declared, are as follows:

	2009
Last date to trade:	Friday, 2 Oct
Securities start trading ex dividend:	Monday, 5 Oct
Record date to determine who receives the dividend:	Friday, 9 Oct
Electronic transfer of funds or cheques posted/CSDPs and brokers credited	Monday, 12 Oct

Shares may not be dematerialised or rematerialised between Monday, 5th October and Friday, 9th October 2009.

2. LITIGATION

There are currently no legal or arbitration proceedings against the Company (including any proceedings which are pending or threatened) of which the Company is aware which may have, or have had in the 12 months preceding the date of this report, a material effect on the consolidated position of the Company.

3. SUBSEQUENT EVENTS

There have been no significant events after the period end.

4. SHARE CAPITAL

No changes to Share Capital occurred during the period other than for repayments totaling 8 cents per share to shareholders from the share premium account in terms of a special resolution adopted at the last AGM of the company. The total reduction of share premium as a result amounted to R3, 360,000.

5. OPERATIONAL REVIEW AND OUTLOOK

The company has shown a remarkable tenacity in during the recession and the effect of the strategies implemented by the Board resulted in a growth of 32% in Revenue. Internally the focus on increasing margins was successful. The company focus on core customers and pursued new clients in growing industries. The belt tightening programmes of customers also ensured that our business offering found very fertile ground.. These practices and relationships ensure that the board remains confident of the prospects and continued growth of the company.

For and on behalf of the Board:

MB Pretorius
Chief Executive officer
15 September 2009

BR Topham
Chief Financial Officer

Arcay Moela Sponsors (Pty) Ltd



Directors: MB Pretorius, BR Topham, IG Bekker, ME Moji*, J Voigt * (* non-executive) **Company secretary:** BR Topham

Registered address: Equity Estate Building 2, Masters House, Charles de Gaulle Crescent, Highveld Park Ext 9, Centurion, (P.O Box 2887, Montana Park, 0159)

Transfer secretaries: Computershare Investor Services 2004 Limited, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107)

www.telemasters.co.za