


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")

Interim Results for the Three Month Period ended 31 December 2008
FINANCIAL RESULTS
COMMENTARY
INCOME STATEMENT

	Unaudited 3 months ended 31 December 2008	Unaudited 3 months ended 31 December 2007
Revenue	57,101,383	41,257,911
Cost of sales	(48,878,226)	(35,975,910)
Gross profit	8,223,157	5,282,001
Operating expenses	(3,745,709)	(3,207,551)
Operating Profit	4,477,448	2,074,450
Investment income	366,344	369,194
Finance costs	(102,039)	(49,910)
Profit before taxation	4,741,753	2,393,734
Taxation	(1,565,915)	(1,141,317)
Net profit for the period	3,175,838	1,252,417
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 31 December 2008	Unaudited at 31 December 2007
	R	R
ASSETS		
Non-current assets		
Intangible assets	6,226,406	275,791
Property, plant and equipment	13,254,593	8,069,719
Deferred tax	248,440	-
	19,729,439	8,345,510
Current assets		
Trade and other receivables	17,162,109	10,040,331
Cash and cash equivalents	16,960,277	19,105,843
	34,122,386	29,146,174
Total assets	53,851,825	37,491,684
EQUITY AND LIABILITIES		
Total equity		
Share capital	5,508,059	5,508,059
Retained earnings	16,437,374	7,225,942
	21,945,433	12,734,001
Non-current liabilities		
Deferred tax	-	81,287
Instalment sale agreement	3,087,655	824,887
	3,087,655	906,174
Current liabilities		
Current portion of long term liabilities	28,966	-
Current tax payable	1,747,406	516,240
Dividend payable	7,796,953	5,011,512
Provisions	1,661,502	80,799
Trade and other payables	66,743	-
	17,517,167	18,223,913
Total equity and liabilities	28,818,737	23,851,509
Number of shares in issue (000)	42,000,000	42,000,000
Net asset value per share (cents)	52.25	30.32
Net tangible asset value per share (cents)	37.43	29.66
CASH FLOW STATEMENTS	Unaudited at 31 December 2008	Unaudited at 31 December 2007
	R	R
Cash flows from operating activities		
Cash generated from operations	4,464,260	5,684,699
Finance costs	(102,039)	(49,910)
Tax paid	-	(489,934)
Net cash from operating activities	4,362,221	5,144,855
Cash flows from investing activities		
Property, plant and equipment acquired	(2,483,579)	(1,400,857)
Investment income	366,344	369,194
Intangible assets acquired	(4,000,000)	-

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

The consolidated interim financial statements for the three months ended 31 December 2008 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 first quarter has been excellent for TeleMasters as is shown by our increase of 154% in our earnings per share from 2.98 cents per share to 7.56 cents per share for the current quarter.

We can attribute this increase to the continued efforts by all in TeleMasters which have contributed to our fundamental basic business model showing such increase.

The Revenue indicates an increase of 38% compared with the comparative three month period. The increase in Revenue is in part due to the acquisitions made by the company towards the end of the last financial year and at the start of the current financial period. In addition our focus on taking care of our existing clients and the optimisation of our Revenue streams through our revenue enhancement program, has contributed the balance of this increase. This increase has had the direct affect of increasing our gross margin. Our gross profit percentage has increased from 12.8% to 14.4% quarter on quarter.

We are continually reducing inefficiencies and our ISO 20000 certification process has assisted us to optimally structure our company to reduce operating costs. This is evident from the fact that despite growth in our operating capacities our operating costs have only increased by only 16.7%.

The company remains cash positive with a good liquidity position. The Net Asset Value (NAV) per share increased by 72.3% since the end of the comparative quarter. The company has during the last quarter invested a further R6,483,579 into fixed assets and business operations acquired. 70% of these acquisitions have been financed through the operations of the company and only 30% through instalment sale agreements over capital assets.

1.3. Dividends

The board 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, 16 January 2009. The dividend per share of 4 cents per share for the quarter reflects an increase from the previous years 3 cents per quarter paid which amount to an increase of 33.3% in dividend payments being made to our investors.

The board will continue with our policy of declaring quarterly dividends and over the course of the year maintaining a high dividend policy.

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.

5. OPERATIONAL REVIEW AND OUTLOOK

The company is slowly reaping the benefits of its implemented decisions to combat an expected slowdown in the economy. A trend of businesses getting liquidated is noted but this is offset by a new trend towards higher usage per client. The re-evaluation of procedures in the ISO certification has shown up opportunities to cut time and cost. The remuneration of all sales staff was changed to salaries instead of commission-only, and the number of Sales management complement has more than doubled to 12 managers. The successful integration of the cash acquisition of the One Communications business boosted the turnover by 6%. TeleMasters is confident that it will maintain a growth trend in both sales and EPS in the face of economic uncertainties. The mainstay of income is still annuity based and will

Net cash from investing activities	(6,117,235)	(1,031,663)
Cash flows from financing activities		
Instalment sale agreements	1,990,263	750,000
Dividends paid	(18,498)	(4,959,201)
Repayment of instalment sale agreements	(286,195)	(148,118)
Net cash from financing activities	1,685,570	(4,357,319)
Total cash movement for the period	(69,444)	(244,127)
Cash at beginning of period	17,000,755	19,330,925
Total cash at end of the period	16,931,311	19,086,798

remain so for the foreseeable future.

For and on behalf of the Board:

MB Pretorius
Executive Chairman

BR Topham
Chief Financial Officer

3 January 2009

Arcay Moela Sponsors (Pty) Ltd



STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share	Share	Total	Retained	Total
	Capital	Premium	Capital	Income	
Balance at 30 September 2007	4,200	5,503,859	5,508,059	11,013,525	16,521,584
Net profit for the period ended 31 December 2007	-	-	-	1,252,417	1,252,417
Dividends paid during period ended 31 December 2007	-	-	-	(5,040,000)	(5,040,000)
	4,200	5,503,859	5,508,059	7,225,942	12,734,001
Net profit for the 3 remaining periods to 30 September 2008	-	-	-	12,755,594	12,755,594
Dividends paid 1 January 2008 to 30 September 2008	-	-	-	(5,040,000)	(5,040,000)
Balance at 30 September 2008	4,200	5,503,859	5,508,059	14,941,536	20,449,595
Net profit for the period ended 31 December 2008	-	-	-	3,175,838	3,175,838
Dividends paid 18 December 2008	-	-	-	(1,680,000)	(1,680,000)
Balance at 31 December 2008	4,200	5,503,859	5,508,059	16,437,374	21,945,433

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	Unaudited
	3 months	3 months
	Ended	Ended
	31	31
	December	December
	2008	2007
	R	R
Revenue by Nature		
Commissions earned on airtime	52,471,559	39,599,611
Connection incentive bonuses	3,699,301	1,658,300
Other	930,523	-
	57,101,383	41,257,911
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	-	9,973,447
- Commission – Customer B	13,548,872	-
- Commission and connection incentive bonus with other customers	43,552,511	31,284,464
	57,101,383	41,257,911

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