



# TeleMasters Holdings Limited

(Incorporated in the Republic of South Africa)  
 (Registration number 2006/015734/06)  
 Share code: TLM & ISIN Number: ZAE000093324  
 ("Telemasters" or "the Company")

## Abridged Financial results for the year ended 30 September 2007

### FINANCIAL RESULTS

### COMMENTARY

#### INCOME STATEMENT

	Audited year ended 30 September 2007	Profit forecast In pre-listing Statement
Revenue	150,708,587	129,815,226
Cost of sales	(124,334,542)	(111,085,839)
<b>Gross profit</b>	<b>26,374,045</b>	<b>18,729,387</b>
Other income	-	10,000
Investment income	488,266	
<b>Gross income</b>	<b>26,862,311</b>	<b>18,739,387</b>
Operating expenses	(11,353,252)	(7,636,926)
<b>Profit before taxation</b>	<b>15,454,941</b>	<b>11,102,461</b>
Taxation	(4,441,416)	(3 844 714)
<b>Net profit for the period</b>	<b>11,013,525</b>	<b>7,257,747</b>
Number of shares in issue ('000)	42,000	42,000
Diluted earnings per share (cents)	40 853	42,000
Headline earnings per share (cents)	26.95	17.28
Earnings per share (cents)	26.95	17.28
Diluted earnings per share (cents)	26.95	17.28

#### BALANCE SHEET

	Audited at 30 June 2007 R
<b>ASSETS</b>	
<b>Non-current assets</b>	
Intangible assets	308,900
Property, plant and equipment	7,206,663
Other financial assets	19
<b>Current assets</b>	<b>30,134,963</b>
Trade and other receivables	10,782,100
Cash and cash equivalents	19,352,863
<b>Total assets</b>	<b>37,650,545</b>
<b>EQUITY AND LIABILITIES</b>	
<b>Total equity</b>	
Share capital	4,200
Share premium	5,503,859
Retained earnings	11,013,525
<b>Non-current liabilities</b>	<b>540,192</b>
Installment sale agreements	469,672
Deferred tax	70,520
<b>Current liabilities</b>	<b>20,588,769</b>
Installment sale obligations	269,573
Bank overdraft	21,938
Current tax payable	4,370,896
Trade and other payables	15,926,362
<b>Total equity and liabilities</b>	<b>37,650,545</b>
<b>Net asset value per share (cents)</b>	<b>39,34</b>
<b>Net tangible asset value per share (cents)</b>	<b>39,34</b>

#### CASH FLOW STATEMENT

Cash flows from operations	22,633,254
Finance cost	(54,118)
Investment income	488,266
<b>Cash flows from operating activities</b>	<b>23,067,402</b>
Expenditure to expand operating activities	
Property, plant and equipment acquired	(9,587,448)
Intangible assets acquired	(397,313)
Purchase of financial assets	(19)
<b>Net cash from investing activities</b>	<b>(9,983,780)</b>
Proceeds on share issues	5,970,462
Reduction of share premium with share issue & listing costs	(462,403)
Repayment of instalment sale obligations	(128,530)
Installment sale agreements	867,775
<b>Net cash from financing activities</b>	<b>6,247,304</b>
<b>Total cash movement for the period</b>	<b>19,330,926</b>
Cash at beginning of period	-
<b>Total cash at end of the period</b>	<b>19,330,926</b>

#### STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Balance 23 May 2006 on incorporation - Share capital and share premium issued	5,970,462
Net profit for the period	11,013,525
<b>Balance at 30 September 2007</b>	<b>16,521,584</b>

#### 1. FINANCIAL RESULTS

##### 1.1 Statement of compliance and basis of preparation

The annual financial statements for the year ended 30 September 2007 have been prepared in accordance with accounting policies and methods of computation which are consistent with International Financial Reporting Standards. These results have been extracted from the annual financial statements which have been audited by BDO Spencer Steward. Their unqualified opinion is available for inspection at the registered office of the company. This announcement is prepared in accordance with IAS 34 – Interim Financial Reporting.

The forecast figures included in the Pre-listing statement dated 8 March 2007 have been used as the comparative figures in the income statement. No comparative figures have been provided for the balance sheet or cash flow statement as this is the first reporting period since the company's incorporation on 23 May 2006. Trading commenced on 2 October 2006 with the purchase of the business and assets of TeleMasters (Pty) Ltd.

##### 1.2 Commentary

The results for the year exceed the forecast due to good trading conditions resulting from a conservative approach taken at the time of preparing the forecast. Included in the results is an incentive amount of R1,5 million obtained from a supplier which will not be repeated in the next financial year as well as lower than anticipated discounts granted by the Company. The results reflect net profits after tax of 51,74% above the forecast figures for the year. The revenue for the period being 16,1% up due to the better than anticipated trading environment, lower discounts granted and the once off incentives received. The increase in the gross profit percentage by 3% is a direct result of the above increases in revenue and continued cost saving measures applied to the operations of the company. The increased operating expenses arose due to additional administration and support structures put in place to better administer and monitor a public company and the growing business.

##### 1.3. Dividends

A dividend of 12 cents per shares has been declared and is payable to all shareholders registered as such on 30 November 2007. A higher dividend was not declared as a portion of the cash balances may be needed in order to assist with future anticipated acquisitions.

#### 2. LITIGATION

There are currently no legal or arbitration proceedings against the Company and the Company has no subsidiaries (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 position of the Company.

#### 3. SUBSEQUENT EVENTS

There have been no significant events after the period end.

#### 4. SHARE CAPITAL

The following changes to the Share Capital occurred since incorporation:

- 1 000 000 Initial shares issued on incorporation with a par value of R100
- 3 620 000 shares issued to initial shareholders during restructuring of company on 7 July 2006 with a par value of R362
- 34 440 000 shares issued to TeleMasters (Pty) Ltd on acquisition of the business and assets on 2 October 2006 with a par value of R3 444 and a share premium of R4 496 556
- 2 940 000 shares issued by way of private placement on 20 February 2007 with a par value of R294 and a share premium of R1 469 706.

#### 5. OPERATIONAL REVIEW AND OUTLOOK

The trading conditions continue to be good with hard working and committed staff striving to exceed expectations. We have increased our sales force by 25% in the last quarter adding to our well motivated and incentivised sales channel. Despite this increase we have a strong focus on containing costs and this is evidenced by the exceptional operating results. TeleMasters is continuing with its strategy of consolidating its offering to clients with a number of existing in-house products. These products enable us to offer a tele-management service that is unique and revenue enhancing. We remain committed to providing sustainable, tangible and substantial savings in the field of telecommunications to our clients with an emphasis on the value-add's which our company offers and which distinguishes us from our competitors.

The Company is set to continue with its existing organic growth and anticipate the growth in the company to be in the region of 20% in the next year. The company retains a wide spread of clients serviced in an effective, simple and cost efficient manner with strong cash flows.

Various acquisition opportunities have come to the fore and these have been explored. The board is now in the process of formalising these transactions and anticipate that at least three new business lines aimed at diversifying our communications solutions will be entered into within the next few weeks. Our BBBEE strategy is linked to our contemplated acquisitions where if finalised the shares will be placed in the appropriate hands.

For and on behalf of the Board:

ME Moji  
Non-executive Chairman

MB Pretorius  
Chief Executive Officer

21 November 2007

Designated Advisor:



**Directors:** ME Moji\*, MB Pretorius, BR Topham, IG Bekker (\* 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)

**Website:** [www.telemasters.co.za](http://www.telemasters.co.za)