



# 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")

## Interim financial results for the 1<sup>st</sup> Quarter ended 31 December 2007

### FINANCIAL RESULTS

#### INCOME STATEMENT

	Un-Audited 3 months ended 31 December 2007	Un-Audited 3 months ended 31 December 2006
Revenue	41,257,911	35,431,950
Cost of sales	(35,975,910)	(30,049,108)
<b>Gross profit</b>	<b>5,282,001</b>	<b>4,982,842</b>
Investment income	369,194	44,142
<b>Gross income</b>	<b>5,651,195</b>	<b>5,026,984</b>
Finance costs	(49,910)	(332)
Operating expenses	(3,207,551)	(2,944,944)
<b>Profit before taxation</b>	<b>2,393,734</b>	<b>2,081,708</b>
Taxation	(1,141,317)	(603,695)
<b>Net profit for the period</b>	<b>1,252,417</b>	<b>1,478,013</b>
<b>Number of shares in issue ('000)</b>	<b>42,000</b>	<b>39,060</b>
<b>Weighted average number of shares ('000)</b>	<b>42,000</b>	<b>39,060</b>
<b>Headline earnings per share (cents)</b>	<b>2.98</b>	<b>3.78</b>
<b>Earnings per share (cents)</b>	<b>2.98</b>	<b>3.78</b>
<b>Diluted earnings per share (cents)</b>	<b>2.98</b>	<b>3.78</b>

#### BALANCE SHEET

	Un-Audited at 31 December 2007	Un-Audited at 31 December 2006
<b>ASSETS</b>		
<b>Non-current assets</b>	<b>8,345,510</b>	<b>6,272,674</b>
Intangible assets	275,791	23,778
Property, plant and equipment	8,069,700	6,248,896
Other financial assets	19	-
<b>Current assets</b>	<b>29,146,174</b>	<b>11,713,622</b>
Trade and other receivables	10,040,331	11,475,559
Cash and cash equivalents	19,105,843	238,063
<b>Total assets</b>	<b>37,491,684</b>	<b>17,986,296</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Total equity</b>	<b>12,734,001</b>	<b>5,978,475</b>
Share capital	4,200	3,906
Share premium	5,503,859	4,496,556
Retained earnings	7,225,942	1,478,013
<b>Non-current liabilities</b>	<b>906,174</b>	<b>-</b>
Installment sale agreements	824,887	-
Deferred tax	81,287	-
<b>Current liabilities</b>	<b>23,851,509</b>	<b>12,007,821</b>
Installment sale obligations	516,240	-
Bank overdraft	19,045	-
Dividend payable	80,799	-
Current tax payable	5,011,512	603,695
Trade and other payables	18,223,913	11,404,126
<b>Total equity and liabilities</b>	<b>37,491,684</b>	<b>17,986,296</b>
<b>Net asset value per share (cents)</b>	<b>30.32</b>	<b>15.30</b>
<b>Net tangible asset value per share (cents)</b>	<b>29.66</b>	<b>15.27</b>

#### CASH FLOW STATEMENT

	2007	2006
Cash flows from operations	5,684,699	2,277,027
Finance cost	(49,910)	(332)
Taxation paid	(489,934)	-
Investment income	369,194	44,142
<b>Net Cash flows from operating activities</b>	<b>5,514,049</b>	<b>2,320,837</b>
Expenditure to expand operating activities		
Property, plant and equipment acquired	(1,400,857)	(6,795,362)
Intangible assets acquired	(-)	(25,937)
<b>Net cash from investing activities</b>	<b>(1,400,857)</b>	<b>(6,821,299)</b>
Proceeds on share issues	-	4,500,462
Dividends paid	(4,959,201)	-
Repayment of installment sale obligations	(148,118)	-
Installment sale agreements	750,000	-
<b>Net cash from financing activities</b>	<b>(4,357,319)</b>	<b>4,500,462</b>
<b>Total cash movement for the period</b>	<b>(244,127)</b>	<b>238,063</b>
Cash at beginning of period	19,330,925	-
<b>Total cash at end of the period</b>	<b>19,086,798</b>	<b>238,063</b>

#### STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Balance 23 May 2006 on incorporation - Share capital and premium	5,970,462
Share issue and listing costs applied against share premium	(462,403)
Net profit for the year ended 30 September 2007	11,013,525
<b>Balance at 30 September 2007</b>	<b>16,521,584</b>
Dividends paid 30 November 2007	(5,040,000)
Net profit for the 1 <sup>st</sup> quarter ended 31 December 2007	1,252,417
<b>Balance at 31 December 2007</b>	<b>12,734,001</b>

### COMMENTARY

#### 1. FINANCIAL RESULTS

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

The interim financial statements for the three months ended 31 December 2007 have been prepared in accordance with accounting policies and methods of computation which are consistent with International Financial Reporting Standards. These results have not been audited or reviewed by the Company's auditors. This announcement is prepared in accordance with IAS 34 - Interim Financial Reporting.

##### 1.2 Commentary

The results reflect an increase in the Revenue of the company of 16,4% over the comparative previous period. Net profits before tax is 15% up on the comparative period despite the full year's expenses relating to audit fees for the prior period and STC on the dividend declaration being included in the current period. Various other operating and administrative support expenses put in place to monitor a public company were not incurred in the comparative period on account of the company not being listed during that period.

The company's first quarter turnover traditionally reflects the slower Customer usage of the Company's service in the run up to during the holiday period.

Due to the payment of a dividend, STC amounting to R496,895 is included in taxation in the income statement and has the effect of reducing the earnings by 1.27 cents per share, which is not attributable to the trading results of the company and is not comparable with the comparative period. Despite the dividend paid all ratios have improved with a substantial increase of the liquidity ratios.

##### 1.3. Dividends

A dividend of 12 cents per share has been declared and paid to all shareholders registered on 30 November 2007 reflecting a 44,5% payout of earnings, positioning the Company with the largest dividend yield on the Alt-X by a substantial margin. A large portion of the cash balances were retained 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

The company has engaged in discussions with various parties with a view to acquire comparative and complimentary business operations into TeleMasters. As at date hereof no final agreements have been negotiated and the Company expects to make certain announcements in the near future.

#### 4. SHARE CAPITAL

No changes to the issued Share Capital have taken place since the last financial year.

#### 5. OPERATIONAL REVIEW AND OUTLOOK

The Company continues to concentrate primarily on organic growth with various acquisition opportunities being negotiated. Organic revenue growth is anticipated to be in the region of 20% over the course of the year.

Revenue may be affected by the anticipated lowering of regulated Interconnection Charges between cellular networks and fixed line operators. TeleMasters business model is structured to overcome sharp reductions in prices as the knock on effect will be only be approximately 1% for every 10% change in the final price. Such revenue decreases will be offset by new Revenue enhancement programs which will process of being implemented from Q2.

Costs continue to be closely monitored and no major increases in any area are expected.

TeleMasters still enjoys 100% annuity income and organic growth and all new clients canvassed contribute to the enhancement of the Revenue streams with little additional costs necessary to provide traditionally excellent service.

The positive cash flow of TeleMasters will continue to be sound with an anticipated Dividend policy of in excess of 40%.

For and on behalf of the Board:

ME Moji  
 Non-executive Chairman

MB Pretorius  
 Chief Executive Officer

6 February 2008

Designated Advisor:



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

**Company secretary:** BR Topham

**Registered address:** MEI 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)