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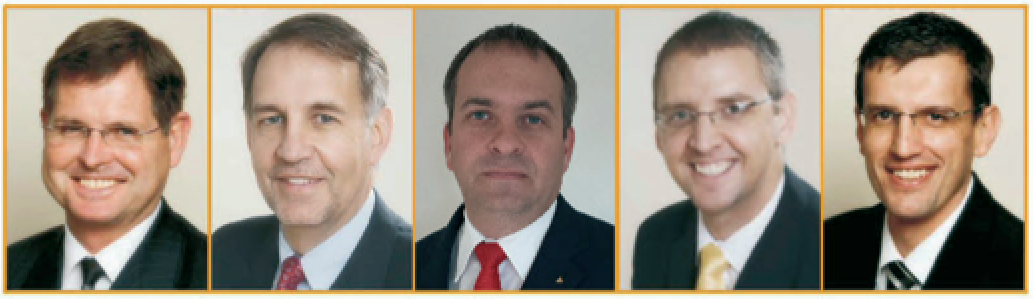
TELE Masters

Intergrated Report

2013

Corporate Profile



Members of the Board:
TeleMasters Holdings Limited

Directors:
Stephen van der Merwe (Non-executive Chairman)
Mario Pretorius CEO
Brandon Topham CFO
Jaco Voigt (Non-executive Director)
Vernon Beck (Non-executive Director)

TeleMasters Holdings Limited is celebrating 15 years in the telecommunications services industry. We listed on 12 march 2007 on the Johannesburg Stock Exchange Limited via private placement of shares at 50c each. There are 42 million shares in issue.

TeleMasters delivers full telecommunication connectivity voice services across South Africa to SMEs and enterprise clients. We acquired full ICASA ECS and ECNS telecommunication licenses and carry all call types to all destinations.

We also offer an internationally acclaimed hosted PBX solution that replaces on-site legacy PBX equipment. Our services also encompass a partnership with specialist utility auditors Expectra, which audit telecommunication misuse and inefficiencies.

Our communication income is 100% annuity based. We prize cash generation above all other measures of financial success. With healthy cash generation we are in a good position to pay substantial dividends - and so far the only company on the JSE to pay this quarterly, and without fail.

Our focus has, and will remain on quality - in our service and support to clients we aim to provide tangibly better services to market, and increase the services that add value to the user. We are supported by a channel of sales partners throughout South Africa with Sales Managers and Business Development Managers.

INFINITUDE: (n) - the state or quality of being infinite or having no limit

We are located in Route 21 Office Park Centurion, Cape Town and Durban and we have extensive representation throughout South Africa.

TELE Masters

TELEMASTERS HOLDINGS LIMITED

Registration Number 2006/015734/06

Integrated Report

30 June 2013

The annual financial statements included in this integrated report on pages 29 to 71 have been audited in terms of the Companies Act, No. 71 of 2008 by NEXIA SAB&T and were prepared by the Chief Financial Officer – Brandon Topham CA(SA) ACA ACMA

Issued: 29 December 2013

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VISION AND VALUES

Our **VISION** is to be the undisputed and premier investment entity in the telecommunications sector, delivering sustainable, frequent and above-average returns to our shareholders and business partners.

Our **MISSION** is to meet our esteemed customers' telecommunications strategy and connectivity needs with innovative, business relevant and customer urgent solutions. We will do so in a sustainable way as an ever-evolving, 21st century company.

Corporate Values:

CANI
Constant and Never-ending Improvement – Continuous improvement to our Intellectual Property (of internal and external partners) will enable TeleMasters to stay two steps ahead of our competition in innovation and execution.

NO MISTAKES
We treasure the experience of learning from our mistakes but abhor mistakes that go unattended and unresolved.

EXCELLENCE ONLY IN RESULTS
Effort alone does not guarantee results/performance – excuses are never accepted and commitment to achieve and excel is tantamount.

HIGH VALUES AND HIGH PERFORMANCE
High focus and high energy leads to impressive execution of the TeleMasters' way.

DO IT TODAY
We execute all tasks daily and escalate those that require more urgent attention. We do not allow the Important to become the Urgent.

LONG-TERM RELATIONSHIPS
These provide sustainability and durability to our business. We value customers-for-life, and believe that people buy from people. Integrity and transparency are critical to all our internal and external dealings.

MEASURE AND REPORT DAILY
This is our aim within the pre-defined competencies and whilst executing primary measurable objectives above all.

RESPONSIBILITY AND ACCOUNTABILITY
We have an inherent dislike of surprises – even good ones. All our actions are mature, and delegation rather than abdication, is the watchword in our very flat corporate structure.

UNCONSCIOUS COMPETENCE
All tasks are well defined and optimally structured with the view of doing business, not just doing.

CASH IS KING
Good business practices and a tight grip on risk mean that we are able to reward all contributors and shareholders appropriately.

COMBINED CHAIRMAN'S AND CEO'S REPORT

The nine month financial year has revealed a number of very positive trends. As expected, the comparative turnover from the previous period of the Least-cost Routing section fell, reducing the turnover by 23%, however, the margins realized from the fixed-line licensed business model not only made up for the decline, but increased the overall gross margin by 18%. The effective Gross Profit margin is now more than 50% higher than the prior trading period and is expected to grow further.

The operating expenses fell comparatively by 10% and the operational loss was reversed from a R5,5m loss to a positive R654k. The effect on the PBT was a 329% increase, a trend that we worked hard to achieve and can now accelerate into the future. Off a low profit base the high growth is a flattering and extremely positive turn. Management values the generation of cash as highly as that of profit generation with margin generation being our main priority.

The business revolves around cash as management is conservative and prudent. The receivables include a R4,2m non-payment by Huge Group Ltd which was unexpected and unfortunate and which is in arbitration – we hold a R10m share pledge as security.

The telecoms industry is an annuity income business and new business should add to the total turnover with more or less the same fixed expenses base.

TeleMasters has mastered the technical complexities and unknowns of the Fixed Line licensed interconnect and is one of a handful of the more than 400 licensees that operate successfully. The uptime is over 98,5% and the technical turnaround time fell to under 2 days on average. This denotes a high-quality, robust and saleable system and a success story.

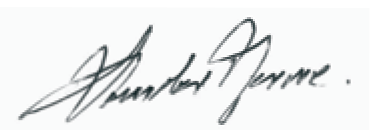
The telecoms industry is one of bulk and that is our stated goal for the coming years. The technical goals have been achieved, the ISO quality goals have been met and audited and the administrative and billing functions are peerless in faultless quality and speed of process-to-customer.

The management looks forward to the gradual and slowly accelerating growth in a market that is coming around to accepting competitors to the incumbent fixed-line operators. With much improved margins and increasing sales, we expect good and sustainable cash flows and dividend yields in the future.

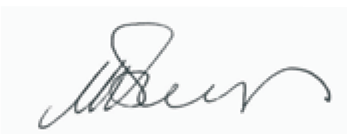
We sincerely thank all our management, staff and customers for their continued support and contribution at all levels of interaction.

Thank you

Stephen van der Merwe



Mario Pretorius



COMMENTARY BY THE CHIEF FINANCIAL OFFICER

The results reflect a net profit for the nine months of R 257 080 after tax, fifteen times higher than the previous 12 month result of R 22 707 when annualised. These results have been achieved despite a drop in Revenue of 42% as a result of the conversion of customers from an older technology platform to our latest industry leading telecommunications solution. This new technology allowed our Gross margin to grow from 11.54% to 15.48% which resulted in the Gross margin remaining almost unchanged when compared to the lower Revenue of the prior period and if annualised to reflect a twelve month period would have exceeded the prior year margin.

The profitability and sustainability of the group has been ensured by the increase of the gross margin and the decrease of operating costs.

EPS is up from 0.05 cents per share to 0.61 cents per share, an increase of 1220% with Headline Earnings per share up by 188%.

Our Working capital and balance sheet remains positive and all our key ratio’s remain healthy. At balance sheet date the cash reserves were at R 4.5 million with a Current Asset ratio of 1.53:1 (2012: 1.48:1). The board considers the working capital satisfactory in the current market to maintain operations in the coming year.

The group has extremely low debt with long term and current portion of finance lease liabilities totalling R 4 326 743 when compared with a total depreciated plant and equipment balance of R 17 071 370.

The net asset value per share amounts to 72.95 (2012: 74.45), the decrease arising as a result of the dividends paid for the year being higher than the Earnings in the current year which was in line with the boards view that the profitability of the group will continue to improve and that dividends are not directly related to a specific financial period’s results.

Brandon Topham

DIRECTORS' AND EXECUTIVE MANAGERS' PROFILES

Mr Daniel Stephen van der Merwe
Independent Non-executive Chairman (60)

Stephen matriculated at St Alban's College, Pretoria, in 1972 and completed his accountancy articles in 1979 at Pim, Whitely & Close, and strategic planning at Henley Management College in 1996. In the 1980s and 90s Stephen held numerous financial positions, namely Financial Manager at Non Ferrous Refineries (Pty) Limited, Mintex Don (Pty) Ltd and Punchline Computers (Pty) Ltd, Chief Financial Controller of Landlock Limited and Finance Director of Advance Promotions (Pty) Ltd, amongst others.

Stephen moved into general management in the early 1990s holding a General Manager position within the sales division at National Data Systems (Pty) Ltd and then as Acting Managing Director of Unique Executive Solutions (Pty) Ltd, a software development company, before moving to MTN (Pty) Ltd in 1996. Stephen successfully re-aligned and restructured numerous divisions of M-Tel (Pty) Ltd as Head of the Dealer and Corporate Sales divisions. He held the position of General Manager Sales, as well as being the Chief Executive Officer of the Mobile Phone Store chain before being appointed as the General Manager Service Provision at MTN (Pty) Ltd. During his tenure at MTN, he was also a Non-executive of I-Talk (Pty) Ltd and before leaving MTN in 2008 he held the position of Executive of the Third Party Sales Business Unit.

Stephen has held the following directorships over the past five years:

Company	**Nature of business**
Mertech Telecommunications (Pty) Ltd	Telecommunications
New Generation SMS (Pty) Ltd	Telecommunications
iTalk (Pty) Ltd	Telecommunications
MertracInfraco (Pty) Ltd	Telecommunications
Proudafrique Trading 293 (Pty) Ltd	Telecommunications

Mr Jaco Voigt
Non-executive (39)

Jaco matriculated at Outeniqua High School, George, in 1992 and obtained a Bachelor of Social Sciences degree in 1996 from the University of the Orange Free State. He started his career in the communications industry at DataPro in 1998 and held various management positions in the organization – the last one being founder and MD of VoxTelecom. VoxTelecom was the pioneer of VoIP service provision in South Africa.

Jaco left VoxTelecom in 2007 to start PerfectWorx Consulting, a specialist consulting outfit providing professional services to operators entering the Next Generation Network realm. PerfectWorx Consulting currently provides services to a wide range of players in the telecommunications industry, ranging from incumbent operators to various VANS operators.

Jaco has held the following directorships over the past five years:

Company	**Nature of business**
VoxTelecom Ltd	Telecommunications
Orion Ltd	Telecommunications
Contineo Virtual Communications (Pty) Ltd	Telecommunications
Bizcall (Pty) Ltd	Telecommunications
PerfectWorx Consulting (Pty) Ltd	Telecommunications

DIRECTORS' AND EXECUTIVE MANAGERS' PROFILES

Mr Vernon Ivor Beck
Independent Non-executive (42)

Vernon trained and qualified as a Chartered Accountant at an international accounting firm. He has held management positions at Nissan South Africa (Pty) Ltd, Renault South Africa and Combined Motor Holdings Ltd. He currently practises as a management and corporate finance consultant and serves as the Chairman of the Audit Committees of the Retail Motor Industry and Moto Health Care.

Vernon has held the following directorships over the past five years:

Company	Nature of business
Titan Strategic Business Optimization (Pty) Ltd	Financial consulting and Salvage wholesaler
Expense Reduction Analysts (Pty) Ltd	Financial and Business Consulting
Lacuna Investments 1029 CC	Dormant
Savage Corporate Advisors (Pty) Ltd	Dormant

Mr Mario Brönn Pretorius
Chief Executive Officer (56)

Mario matriculated at Afrikaans Hoër Seunskool, Pretoria, in 1974 and obtained a Bachelor of Commerce degree in 1979 from Potchefstroom University. He was later appointed Marketing Manager at Artos Engineering, Oslo, Norway. In 1981 Mario was appointed International Development Manager of Domino's Pizza International in Ann Arbor, Michigan, USA.

In 1984 Mario obtained his MBA from the University of Cape Town and in 1985 he joined Traditional Beer Investments, the development division of the SAB Group Limited, as Marketing Manager and also became a director of Avens Investments (Pty) Ltd. Mario was also appointed Managing Director of Aida National Franchises (Pty) Ltd and Director of Aida Holdings Limited which he helped list in 1987. In 1988 he joined Okifax, a division of MALBAK Limited, as Managing Director and a Non-executive Director of Nimbus Holdings Limited. Mario has established various telecommunications support companies and Zero Plus Developments. He has been a pioneer in the Least Cost Routing (LCR) industry and the driving force behind the expansion of TeleMasters.

Mario has held the following directorships over the past five years:

Company	Nature of business
Bitflow Investments 266 (Pty) Ltd	Investment company
Afrisake (Non-profit company)	Non-profit organisation
Bunker Hills Investments 483 (Pty) Ltd	Investment company
Catwalk Investments 599 (Pty) Ltd	Investment company
Credit Excellence (Pty) Ltd	Credit consulting
Delos Investments (Pty) Ltd	Investment company
Duelco Investments 162 (Pty) Ltd	Investment company
Dursley Properties CC	Investment company
Expectra 51 (Pty) Ltd	Telecommunications
Expectra Connectivity (Pty) Ltd	Investment company
Expectra Direct (Pty) Ltd	Telecommunications
Expectra Online (Pty) Ltd	Telecommunications
Expectra Audits (Pty) Ltd	Telecommunications
Fluolor	Mining & distribution
Initiative SA Investments 114 (Pty) Ltd	Investment company

DIRECTORS' AND EXECUTIVE MANAGERS' PROFILES

Company	Nature of business
Intrax Investments 212 (Pty) Ltd	Investment company
Liberty Moon Investments 15 (Pty) Ltd	Investment company
Lifehouse Investments 58 (Pty) Ltd	Commodity trading
Limosa Investments 287 (Pty) Ltd	Property development
Maison Du Cap Properties (Pty) Ltd	Property development
Ontrak Investments 178 (Pty) Ltd	Investment company
Orcom Trading 316 (Pty) Ltd	Investment company
Simplicate Solutions (Pty) Ltd	Investment company
Snowy Owl Properties 82 (Pty) Ltd	Investment company
Snowy Owl Properties 90 (Pty) Ltd	Property development
Spero Group (Pty) Ltd	Mining & distribution
Spero Sensors en Instrumente (Pty) Ltd	Mining & distribution
SperoTegnologie (Pty) Ltd	Mining & distribution
Sperolon (Pty) Ltd	Mining & distribution
TeleMasters (Pty) Ltd	Telecommunications
Telenext (Pty) Ltd	Telecommunications
Trifecta Trading 449 (Pty) Ltd	Investment company
Vazmasters (Pty) Ltd	Administrative services
Zero plus trading 194 (Pty) Ltd	Property development

Mr Brandon Rodney Topham
Chief Financial Officer (42)

Brandon is a qualified Chartered Accountant and an admitted attorney of the High Court of South Africa. He was the auditor of TeleMasters (Pty) Ltd prior to its listing and joined the Board to consolidate his business interests in lieu of his professional practice. He is also an elected councillor in the City of Tshwane Metropolitan Municipality.

Brandon has held the following directorships over the past five years:

Company	Nature of business
Brandon Topham Inc	Chartered accountants
PPS Holdings Ltd	Insurance holding
John Daniel Holdings Ltd	Investment holding
Tax Gurus CC	Tax consulting
Seesa Consulting Ltd	Labour law & BEE consulting
Seesa (Pty) Ltd	Labour law & BEE consulting
Professional Provident Society Insurance Company Ltd	Insurance & investment
Girls Best Friend Jewellery (Pty) Ltd	Diamond & jewellery retail
TAG Forensic Services (Pty) Ltd	Forensic accounting
1 Time Holdings Ltd	Airline
Southern Reinsurance Company South Africa Ltd	Reinsurance
Goodwill Park (Pty) Ltd	Investment holding
TAG Employee Fund administrators (Pty) Ltd	Employee fund administration
Bonsma Malan (Pty) Ltd	Investment holding
Venmore (Pty) Ltd	Investment holding
Computer Gurus CC	Computer retailer

CORPORATE GOVERNANCE REPORT

The Board hereby confirms its commitment to the principles of fairness, accountability, responsibility and transparency. Through this process, shareholders and other stakeholders may derive assurance that the group is being managed ethically according to prudently determined risk parameters and in compliance with generally accepted corporate practices. The Board has examined the principles and requirements of the King III Report and the JSE Listings Requirements with regard to corporate governance. Due consideration has been given as to how best to implement the recommendations within the group and as a minimum the Board has complied with the following:

1. COMPOSITION AND INDEPENDENCE OF THE BOARD

The directors bring a wide range of experience, diversity, insight and independence of judgement on issues of strategy, performance, resources and standards of conduct to the Board.

The group has a unitary Board with a Chairman who is elected from the Board. The roles of Chairman and Chief Executive Officer (CEO) are separated. The Board currently consists of three non-executive directors and two executive directors. The non-executive directors are not appointed under service contracts. Two of the three non-executive directors are independent.

The directors' terms of office are as follows:

Director	Date appointed	Date resigned
Brandon Rodney Topham – Executive	7 September 2006	
Mario Brönn Pretorius – Executive	2 November 2006	
Jaco Voigt – Non-executive	12 May 2008	
Vernon Ivor Beck – Non-executive independent	24 February 2009	
Daniel Stephen van der Merwe – Non-executive independent	01 April 2009	

Due to required rotation of directors, Mr B Topham and Mr DS van der Merwe will retire as directors. Both will offer themselves for re-election at the annual general meeting of shareholders. Their curriculum vitae are set out under the Directors' and Executive Managers' Profiles section of this report.

None of the directors' remuneration is tied to the group's financial performance.

All directors' interests in terms of Section 75 of the Companies Act, No. 71 of 2008 (hereafter the Companies Act), as amended, have been disclosed and all directors are aware of their duty to make full disclosure of any interest involving the group.

The Board meetings are attended by representatives from the Company's designated advisor in accordance with the JSE Listings Requirements for companies listed on the AltX.

The Board sits at least four times per annum. The directors are properly briefed in respect of special business prior to board meetings and information is timeously provided to enable them to give full consideration to all the issues being dealt with. The directors do make further enquiries where necessary.

The attendance of directors at board meetings during the period under review, taking into account their dates of appointment and/or resignation, was as follows:

Name	# of meetings	# of meetings attended
Daniel Stephen van der Merwe	6	6
Mario Brönn Pretorius	6	6
Brandon Rodney Topham	6	6
Jaco Voigt	6	6
Vernon Ivor Beck	6	6

1.1 CHAIRMAN OF THE BOARD

The Chairman is elected by the Board. The Chairman is an independent, non-executive director. The Chairman does not chair the Remuneration Committee. Due to the fact that the Company only has three non-executive directors and the change to the Companies Act requiring three non-executives to sit on the Audit Committee, the Chairman now also sits on the Audit Committee but does not chair it.

The roles and responsibilities of the Chairman include:

- Setting the ethical tone for the Board and the group;
- Providing overall leadership to the Board;
- Managing relationships with shareholders and stakeholders for trust and confidence;
- Meeting with the CEO and/or CFO and/or Company Secretary before board meetings to discuss important issues and agree on the agenda;
- Setting the agenda for board meetings;
- Ensuring that complete, timely, relevant and accurate information is placed before the Board for informed decisions;
- Presiding over board meetings and ensuring productive board meetings;
- Presiding over shareholders' meetings;
- Formulating a work plan for the Board against its set objectives;
- Ensuring that the Board's decisions are executed;
- Managing directors' conflicts of interest with a register of interests and a process for recusal from voting;
- Evaluating the independence of the independent non-executive directors annually;
- Acting as the link between the Board, the CEO and management;
- Mentoring, developing and encouraging the directors;
- Conducting a formal annual performance evaluation of the Board, the directors and the sub-committees;
- Identifying training needs of the directors;

- Tailoring an induction programme for new directors to familiarise incoming directors with operations, the business environment and the sustainability of the group; to define their duties and responsibilities; and to brief them on risks, legislative changes, accounting standards and policies;
- Adopting a programme of continuing professional education of the directors;
- Identifying and participating in the selection of Board members in the absence of the Nomination Committee;
- Overseeing the succession plan for the Board and Senior Management; and
- Recommending the removal of non-performing or unsuitable directors.

1.2 CHIEF EXECUTIVE OFFICER

The CEO is appointed by the Board. The CEO has the ultimate responsibility for all management functions, but may delegate these to management.

The CEO is not a member of the Remuneration or Audit Committees but is invited to attend them.

The roles and responsibilities of the CEO include:

- Establishing the organisational structure for the group;
- Recommending or appointing the executive team;
- Doing succession planning for the executive team;
- Conducting performance appraisals for the executive team;
- Developing the group's strategy over the short and long term for approval by the Board;
- Developing and recommending business plans and budgets;
- Monitoring and reporting on the group's performance to the Board;
- Monitoring and reporting on the group's compliance with laws and corporate governance to the Board; and
- Creating a corporate culture that promotes sustainable ethical practices, encourages integrity and fulfils the group's social responsibility.

2. APPOINTMENT AND RE-ELECTION OF THE BOARD

The directors bring a wide range of experience, diversity, insight and independence of judgement on issues of strategy, performance, resources and standards of conduct to the Board. Directors are appointed based on the needs of the group and the nature of its business and to ensure diversity in terms of qualifications, technical expertise, industry knowledge, experience, nationality, age, race and gender.

The following procedures are followed regarding any changes to the Board:

- Any new appointment will be considered by the Board as a whole; and
- The Company Secretary will ensure that the new director attends the JSE Alt-X Requirement for Directors, namely to attend the Directors Induction Programme, and will provide the new director with an induction session to ensure that the new Board member understands the group, the business environment and his/her role and responsibilities as a director of the Company. All the executive directors have attended this course.

In accordance with the JSE Listings Requirements, a Nomination Committee is not required, neither does the size of the group warrant the establishment of a Nomination Committee.

3. ROLE AND FUNCTION OF THE BOARD

The Memorandum of Incorporation of the Company is the charter which governs the directors' powers and conditions of appointment. The day-to-day management of the group is vested in the executive directors.

The Board's main responsibilities include:

- Setting and monitoring strategy and operations based on the economical, social and environmental sustainability of the group over the short and long term;
- Aligning group strategy and performance with the interests and expectations of shareholders;
- Establishing a proper corporate governance framework;
- Setting the ethical foundation for the group through setting and adhering to a Code of Conduct and an ethics management programme;
- Examining opportunities and implementing measures to ensure that all opportunities are seized;
- Maintaining governance of risk;
- Maintaining governance of information technology (IT);
- Establishing a framework for the delegation of authority;
- Setting a formal process for the appointment of directors in the absence of a Nomination Committee;
- Appointing a competent, suitably qualified and experienced Company Secretary;
- Establishing an effective and independent Audit Committee and approving its formal charter, agenda and work plan;
- Establishing a Remuneration Committee to ensure that directors and executives are remunerated fairly and responsibly;
- Ensuring that the group complies with all applicable laws and considers adherence to rules, codes and standards;
- Ensuring the necessity of the establishment of an effective risk-based Internal Audit;
- Ensuring the integrity of the group's integrated report; and
- Reporting on the effectiveness of the group's system of internal controls.

Two of the Board members are involved in the group's operations on a daily basis. While retaining overall accountability and subject to matters reserved to itself, the Board has delegated authority to run the group's day-to-day affairs to the CEO.

Directors all have unfettered access to the Company Secretary. Directors are entitled to ask questions of any personnel and have unrestricted access to all company documentation, information and property.

4. BOARD COMMITTEES

Although the JSE Listings Requirements only provide for the establishment of an Audit Committee, the group has established a Remuneration Committee and a Social and ethics committee. All of these committees report to the Board.

4.1 AUDIT COMMITTEE

The Board has established an Audit Committee as part of the Board's commitment to ensure a sound system of internal control to safeguard stakeholders' interests and the group's assets.

The Audit Committee consists of at least three non-executive directors with two being independent. The Chief Financial Officer (CFO), the External Audit Partner and a representative of the Company's designated advisor are invited to attend all meetings but have no votes. The majority of the members of the Audit Committee are financially literate.

The Shareholders appointed Mr V Beck as Chairman of the Audit Committee. The members of the Audit Committee collectively have the required qualifications and experience appropriate for the size, circumstance and industry of the group with regards to integrated reporting, internal financial controls, external and internal audit procedures, corporate law, risk management, sustainability issues and governance of processes within the group.

The Audit Committee convened three times during the financial period under review. The Audit Committee did meet separately with the external auditors during the year.

The primary objective of the Audit Committee is to promote the overall effectiveness of corporate governance within the group, and includes:

- Ensuring compliance with applicable legislation and the requirements of regulatory authorities;
- Ensuring the integrity of the group's integrated report, accounting and financial reporting systems;
- Reviewing financial reports such as the annual financial statements, interim results announcements, integrated information, price-sensitive financial information, trading statements and circulars;
- Evaluating significant judgements and reporting decisions, including changes in accounting policies, significant unusual items and materiality:
- Recommending the annual financial statements to the Board for approval;
- Reviewing the statement on going concern after taking into consideration the group's future working capital requirements;
- Reviewing budgets and forecasts;
- Reporting on sustainability issues;
- Performing an annual review of the expertise, resources and experience of the group's finance function including the CFO;
- Monitoring all contracts entered into by the group in which any of the directors are either beneficially or indirectly beneficially interested so as to ensure that all such contracts are fair and reasonable and in the best interest of the group;
- Recommending the re-appointment or removal of the external audit firm and designated auditor, who is independent of the group, to the Board on a 5-year rotation basis;
- Approving the external audit firm's terms of engagement;
- Approving the external auditors' remuneration;
- Reviewing, monitoring and reporting on the independence and objectivity of the external audit firm;
- Assessing the effectiveness of the external audit process annually;
- Defining a policy for the nature, extent and terms of non-audit services that may be performed by the external auditors for approval by the Board;
- Handling disagreements between management and the external auditors;
- Engaging an external audit firm to provide an assurance report on any summarised financial information;
- Addressing concerns raised by the external audit firm;
- Receiving notice of reportable irregularities in terms of the Auditing Profession Act, No. 26 of 2005 from the external audit firm;
- Advising on monitoring or enforcement actions against the group;
- In the absence of a Risk Committee, overseeing the implementation of a risk management process by management;
- Ensuring that the appropriate systems are in place for monitoring risk, financial control and compliance with the law and codes of conduct;
- Performing an annual review of the design, implementation and effectiveness of internal financial controls;

- Reviewing arrangements made by the group for "whistle blowing";
- Approving amendments to the group's Code of Conduct;
- Reporting to shareholders at the annual general meeting and internally to the Board on how the Audit Committee carried out its functions;
- Reviewing the external audit and commenting on the annual financial statements, policies and internal control;
- Ensuring compliance with the Code of Corporate Practices and Conduct; and
- Ensuring compliance with the group's Code of Ethics.

The Audit Committee has explicit authority to investigate any matter under its terms of reference and has access to all the resources and information it requires in order to act on this authority.

The attendance of committee members at Audit Committee meetings during the period under review, taking into account their dates of appointment and/or resignation, was as follows:

Name	# of meetings	# of meetings attended
VI Beck (Chairman)	3	3
DS van der Merwe	3	3
J Voigt	3	3
BR Topham (Chief Financial Officer) – By invitation	3	3

4.2 REMUNERATION COMMITTEE

Although a Remuneration Committee is not a JSE Listings Requirement, for Altx listed companies, this was established in the interest of good corporate governance. The Remuneration Committee is appointed by the Board and its terms of reference are reviewed annually.

The Remuneration Committee consists of three non-executive directors. The Chairman is a non-executive director.

The Remuneration Committee met once during the period under review. The attendance of committee members at the Remuneration Committee meeting during the year, taking into account their dates of appointment and/or resignation, was as follows:

Name	# of meetings held	# of meetings attended
J Voigt (Chairman)	1	1
VI Beck	1	1
DS van der Merwe	1	1

The primary objective of the Remuneration Committee is to set the remuneration of the directors of the Company, including:

- Setting and administering remuneration policies;
- Reviewing benefits to ensure that they are justified, correctly valued and properly disclosed;
- Setting directors' fees for non-executive directors and Committee members for approval by the shareholders at the annual general meeting;
- Negotiating employment contracts for senior executives; and
- Ensuring proper disclosure of the remuneration of each individual director and certain senior executives.

The remuneration paid to directors is determined on a cost-to-company basis and consists solely of a basic salary and certain fringe benefits for both executive and non-executive directors with the amounts being based on each director's level of day-to-day responsibility and activity. These packages are not linked to performance and directors do not participate in any share incentive schemes.

Contracts do not allow for balloon payments on termination or severance compensation due to any change in control.

The remuneration of each individual director and certain senior executives is set out in note 16 of the annual financial statements.

4.3 SOCIAL AND ETHICS COMMITTEE

The Board has a Social and Ethics committee which comprises of all directors of the company. The committee has adopted a charter and Terms of Reference to monitor company activities with reference to the the law and best practices.

The attendance of directors at board meetings during the period under review, taking into account their dates of appointment and/or resignation, was as follows:

Name	# of meetings	# of meetings attended
Daniel Stephen van der Merwe	0	0
Mario Brönn Pretorius	0	0
Brandon Rodney Topham	0	0
Jaco Voigt	0	0
Vernon Ivor Beck	0	0

5. INTERESTS OF DIRECTORS AND OFFICERS

The register of interests of directors in contracts in terms of Section 75 of the Companies Act is available to Members of the public on request.
The interests of directors and officers in the group's securities as at 30 June 2013 are set out in the Directors' Report.

6. COMPANY SECRETARY

The appointment and removal of the Company Secretary is a matter for the Board as a whole. The roles and responsibilities of the Company Secretary include:

- Assisting in setting the procedure for the appointment of directors;
- Assisting in the proper induction, orientation, ongoing training and education of directors;
- Assessing individual training needs of directors and executive management in their fiduciary and governance responsibilities;
- Providing guidance on duties and responsibilities of the Board and the individual directors;
- Providing guidance and advice to the Board on governance and legislation;
- Formulating the Board and committee charters;
- Compiling and circulating Board packs;
- Assisting the chairmen of the Board and committees with work plans;
- Obtaining responses and feedback on agenda items and matters arising;
- Ensuring proper recording of board and committee meetings and circulating the minutes timeously;
- Assisting the Chairman with the annual evaluation of the Board, the directors and senior management.

6. COMPANY SECRETARY (continued)

The Company Secretary is: Brandon Topham, 100A Club Avenue, Waterkloof Ridge, Pretoria, 0181

All directors have access to the advice and services of the Company Secretary. The Board is of the opinion that the Company Secretary has the requisite attributes, experience and qualifications to fulfil its commitments effectively. Brandon Topham also performs the company secretarial duties for the subsidiary in the group.

The board has considered the fact that the company secretary is a director of the company and is of the opinion that based on the size of the company, the nature of the company's business and the recent restructuring of the business model, the role of the company secretary is not a full-time role and as such does not warrant the employment of an additional person to fulfil these duties. With regard to the role as gatekeeper of good corporate governance, the board has considered the fact that the company secretary is a qualified chartered accountant, an admitted attorney of the High Court of South Africa, has trained on corporate governance and has performed governance audits. The board is of the opinion that he adequately and effectively carries out the role of company secretary.

7. ACCOUNTING AND AUDITING

The Board is committed to complying with International Financial Reporting Standards (IFRS), the Companies Act and the JSE Listings Requirements.

The external auditors observe the highest level of business and professional ethics and their independence is not impaired in any way. The external auditors are given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders and of the Board. The directors believe that all representations made to the independent auditors during their audit are valid and appropriate.

The external auditors provide an independent assessment of systems of internal financial control to the extent necessary for the audit, and express an independent opinion on whether the financial statements are fairly presented.

The auditors do not perform any non-audit services, other than providing limited tax assistance to obtain company tax clearance certificates.

8. INTERNAL AUDIT

The group has not established an internal audit function to evaluate to group's governance processes and ethics as the Board is of the opinion that the costs thereof will outweigh the benefits derived therefrom. Furthermore, the size of the business and the established internal control system does not warrant a full time internal audit function. The Board will, in consultation with the Audit Committee, outsource certain work to external consultants as and when the need arises. The Board is satisfied that there is an ongoing process for identifying, evaluating and managing the significant risks.

In the absence of an internal audit function, the responsibility of monitoring risks and establishing a formal risk management policy and plan has been delegated to the Audit Committee. This committee must ensure that effective controls are in place to mitigate identified risks and ensure an effective internal control framework.

9. COMMUNICATION WITH STAKEHOLDERS

The Board has adopted a policy of effective communication and engagement with all stakeholders. The group seeks to provide a secure, healthy and participative social and working environment for its staff and Associates.

The Board encourages its stakeholders to attend the group's general meetings where they will be provided with the opportunity to ask questions of the Board, the Audit Committee and the group's auditors. Shareholders will be informed at the annual general meeting of the results of all voting which may have taken place.

10. CLOSED AND PROHIBITED PERIODS

The Company enforces a restricted period for dealing in shares, in terms of which the Board disallows all directors any dealings in shares from the time that the reporting period has elapsed to the time that the results are released and at any time that the Company is trading under a cautionary announcement or is considered to be in a prohibited period. A procedure for directors to deal in shares has been introduced and all affected persons have access to the Company Secretary and the designated advisor should they have any doubt as to whether or not they may trade.

11. CODE OF ETHICS

The Board subscribes to the highest level of professionalism and integrity in conducting its business and dealing with all its stakeholders.

In adhering to its Code of Ethics, the Board is guided by the following broad principles:

- Businesses should operate and compete in accordance with the principles of free enterprise;
- Free enterprise will be constrained by the observance of relevant legislation and generally accepted principles regarding ethical behaviour in business;
- Ethical behaviour is predicated on the concept of utmost good faith and characterised by integrity, reliability and a commitment to avoid harm;
- Business activities will benefit all participants through a fair exchange of value or satisfaction of need;
- Equivalent standards of ethical behaviour are expected from individuals and companies with whom business is conducted.

The Board has a Social and Ethics Committee which comprises of all directors of the company. The committee has adopted a charter and Terms of Reference to monitor company activities with reference to the law and best practices.

12. GOVERNANCE OF INFORMATION TECHNOLOGY

The Board has not adopted a formal charter and policies setting out the decision making rights and accountability in relation to IT. The effective and efficient management of the IT resources is currently controlled by the CEO and any expenditure is aligned with the performance and sustainability objectives set by the Board.

The Audit Committee has, in the absence of an IT Steering Committee, included IT risks and the measures to mitigate these risks as part of its risk management process and matrix. Measures have been implemented to address issues such as disaster recovery plans, privacy and security concerns.

13. SUSTAINABILITY REPORTING

The change over to the new Digital direct VOIP solution to clients remains a direct result of the group's pursuance of a sustainable profit model. This was necessitated due to the change in the regulatory environment which effected the interconnect rates applicable in South Africa. The financial results of the current year still reflect a reliance on the Least Cost Routing (LCR) model previously applied by the group but in the current year there has been a substantial increase in Revenue from the technology. Conversion on to this technology remains a a slow process with a larger initial capital investment requirement on the part of the group when installing at new clients. The projected higher gross profit margins have been realised as previously anticipated. This has resulted in substantially higher margins off of a lower Revenue base. The changes made in view of Sustainability have paid off and will continue to be reflected in our profitability in the future.

The Board believes that the group has adhered to its ethical standards during the year under review.

The overall well-being of the group's employees is regarded as very important and the group encourages its employees to raise any issue with the executive directors.

The group's office environment systems, which are aimed at reducing resource consumption over time, are in place and the directors are continuously exploring ways in which to reduce paper, energy and water usage. The use of natural light and heating is optimised in the group's current offices and recycling of waste is encouraged and implemented.

The Social Committee, consisting of staff members of the group, continue to hold social drives to raise money for charitable events and programmes.

We are continually reviewing our sustainability in terms of best industry practices.

14. TRANSFER OFFICE

Link Market Services South Africa (Pty) Ltd act as the Company's transfer secretary.

15. DESIGNATED ADVISOR

Arcay Moela Sponsors (Pty) Ltd acts as the Company's designated advisor in compliance with the JSE Listings Requirements.

16. SUMMARY

Below is a summary of the Company's progress in implementing the principles contained in the King III report, those areas not fully complied with and reasons for non-compliance. A full register of all principles set out in the king code together with details of how complied with or the extent to which not complied with will be set out on the group's website.

CHECKLIST: King III Index

ETHICAL LEADERSHIP AND CORPORATE CITIZENSHIP	Apply	Partially apply	Under review/Do not apply	COMPLIANCE WITH LAWS, CODES, RULES AND STANDARDS	Apply	Partially apply	Under review/Do not apply
Effective leadership based on an ethical foundation	√			The Board ensures that the group complies with relevant laws	√		
Responsible corporate citizen	√			The Board and directors have a working understanding of the relevance and implications of non-compliance	√		
Effective management of the group's ethics	√			Compliance risk forms an integral part of the group's risk management process	√		
Compliance statement on ethics in integrated annual report	√			The Board has delegated to management the implementation of an effective compliance framework and processes	√		
BOARDS AND DIRECTORS				**GOVERNING STAKEHOLDER RELATIONSHIPS**			
The Board is the focal point for and custodian of corporate governance	√			Appreciation of stakeholders' relationships	√		
Strategy, risk, performance and sustainability are inseparable	√			There is an appropriate balance between various stakeholder groupings	√		
Directors act in the best interest of the group	√			Equitable treatment of stakeholders	√		
The Chairman of the Board is an independent non-executive director	√			Transparent and effective communication to stakeholders	√		
Framework for the delegation of authority has been established	√			Disputes are resolved effectively and timeously	√		
The Board comprises a balance of power, with a majority of non-executive directors, the majority of whom are independent		√[1]		**THE GOVERNANCE OF INFORMATION TECHNOLOGY**			
Directors are appointed through a formal process	√			The Board is responsible for IT governance	√		
Formal induction and on-going training of directors is conducted	√			IT is aligned with the group's performance and sustainability objectives	√		
The Board is assisted by a competent, suitably qualified and experienced group secretary	√			Management is responsible for the implementation of an IT governance framework	√		
Regular performance evaluation of the Board, its committees and the individual directors		√[2]		The Board monitors and evaluates significant IT investments and expenditure	√		
Appointment of well-structured committees and oversight of key functions	√			IT is an integral part of the group's risk management	√		
An agreed governance framework between the group and its subsidiary boards is in place	√			IT assets are managed effectively	√		
Directors and executives are fairly and responsibly remunerated	√			The Audit/Risk Management Committee and Audit Committee assist the Board in carrying out its IT responsibilities	√		

BOARDS AND DIRECTORS	Apply	Partially apply	Under review/Do not apply	THE GOVERNANCE OF RISK	Apply	Partially apply	Under review/Do not apply
Remuneration of directors and senior executives is disclosed	√			The Board is responsible for the governance of risk and setting levels of risk tolerance	√		
The group's remuneration policy is approved by its shareholders	√			The Audit Committee assists the Board in carrying out its risk responsibilities	√		
AUDIT COMMITTEE				The Board delegates the process of risk management to management	√		
Effective and independent	√			The Board ensures that risk assessments and monitoring are performed on a continual basis	√		
Suitably skilled and experienced independent non-executive directors	√			Frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks	√		
Chaired by an independent non-executive director	√			Management implements appropriate risk responses	√		
Oversees integrated reporting	√			The Board receives assurance on the effectiveness of the risk management process	√		
A combined assurance model is applied to improve efficiency in assurance activities	√			Sufficient risk disclosure to stakeholders	√		
Satisfies itself on the expertise, resources and experience of the group's finance functions	√			**INTEGRATED REPORTING AND DISCLOSURE**			
Oversees internal audit			√[3]	Ensures the integrity of the group's integrated annual report	√		
Integral to the risk management process	√			Sustainability reporting and disclosure is integrated with the group's financial reporting	√		
Oversees the external audit process	√			Sustainability reporting and disclosure is independently assured			√[4]
Reports to the Board and shareholders on how it has discharged its duties	√						

√[1] The majority of the directors are non-executive directors but there are only two independent non executives out of five currently on the Board.

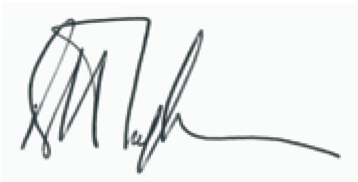
√[2] The executive directors' performance is regularly assessed through the remuneration committee.

√[3] The group does not have an internal audit function as the costs of such implementation, when evaluated against the control risks in the group, are not considered warranted at this stage.

√[4] Currently no independent assurance report is obtained relating to Sustainability reporting on the part of the Group. This will be reviewed in future once more significant sustainability reporting is considered necessary by the board.

DECLARATION BY COMPANY SECRETARY

The Company Secretary certifies that the group has lodged with the Companies and Intellectual Property Commission, all such returns as are required by a public company, in terms of Section 88(2)(e) of the Companies Act, as amended, and that all such returns are true, correct and up to date to the extent that the Company Secretary has been informed.



Brandon Topham

AUDIT COMMITTEE'S REPORT

This report of the Audit Committee for the period ended 30 June 2013 is presented as required by King III and Section 94 of the Companies Act.

1. FUNCTIONS AND RESPONSIBILITIES OF THE AUDIT COMMITTEE

The role of the Audit Committee is to assist the Board by performing an objective and independent review of the functioning of the organisation's finance and accounting control mechanisms. It exercises its functions through close liaison and communication with corporate management and the external auditors.

The Audit Committee is guided by its charter, approved by the Board, dealing with membership, structure and levels of authority. The roles and responsibilities of the Audit Committee have been fully addressed in paragraph 4.1 of the Corporate Governance Report.

The Audit Committee addressed its responsibilities properly in terms of its' charter during the previous financial year. No changes to the charter were adopted during the financial year. The Audit Committee has complied with its legal and regulatory responsibilities.

2. MEMBERS OF THE AUDIT COMMITTEE

Membership of the Audit Committee has been fully disclosed in paragraph 4.1 of the Corporate Governance Report.

The members of the Audit Committee have at all times acted in an independent manner.

3. FREQUENCY OF MEETINGS

The frequency of and attendance at Audit Committee meetings has been fully disclosed in paragraph 4.1 of the Corporate Governance Report.

Provision is made for additional meetings to be held, if and when, necessary.

4. INDEPENDENCE OF EXTERNAL AUDIT

One of the responsibilities of the Audit Committee is the assessment of the independence of the external audit firm. The Audit Committee is satisfied that the external audit firm is independent of the group. The external audit firm has also confirmed that its personnel are independent of the group. The Audit Committee does not allow the external audit firm to perform any other duties for the group.

5. PERFORMANCE OF INTERNAL AUDIT

The Audit Committee cannot report on the activities, scope, adequacy and effectiveness of the internal audit function and audit plans, as no such function has been established. The Audit Committee did therefore not consider nor recommend an internal audit charter for the Board's approval. A Chief Audit Executive was not appointed to lead this function.

6. EXPERTISE, RESOURCES AND EXPERIENCE OF THE FINANCIAL FUNCTION

As required by the JSE Listing Requirements, the Audit Committee has satisfied itself that the Executive Financial Director, Brandon Topham, has appropriate expertise and experience.

The Audit Committee is assured that the finance function has the appropriate resources to perform its functions effectively and efficiently.

7. RISK MANAGEMENT PROCESS

The Board has assigned the implementation of a risk management process to the Audit Committee in the absence of a Risk Committee. The Audit Committee has compiled a risk matrix which addresses the risks which have been delegated to management.

The Audit Committee is satisfied that there is an ongoing process for identifying, evaluating and managing any significant risks and that effective controls are in place to mitigate identified risks.

8. FINANCIAL STATEMENTS

Management has reviewed the financial statements with the Audit Committee, and the Audit Committee has, in turn, reviewed them without management or the external auditors being present. The quality of the accounting policies are discussed with the external auditors. The Audit Committee considers the financial statements of TeleMasters Holdings Limited to be a fair presentation of its financial position on 30 June 2013 and of the results of the operations, changes in equity and cash flows for the period then ended, in accordance with IFRS and the Companies Act.

9. INTERNAL FINANCIAL CONTROL ENVIRONMENT

The Audit Committee places considerable importance on maintaining a strong control environment. This includes the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk.

No material weaknesses in internal control were reported during the year by management or the external audit firm. The Audit Committee is of the opinion that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements and has recommended this integrated report to the Board for approval.

VI Beck
Chairman

DIRECTORS' RESPONSIBILITIES AND APPROVAL

The directors are required by the Companies Act to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the group as at the end of the financial period and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with IFRS and in the manner required by the Companies Act and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the Board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. Those standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the group and all employees are required to maintain the highest ethical standards in ensuring that the group's business is conducted in a manner that in all reasonable circumstance is above reproach. The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk across the group. While operating risk cannot be fully eliminated, the group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the group's cash flow forecast and, in the light of this review and the current financial position, they are satisfied that the group has or has access to adequate resources to continue in operational existence for the foreseeable future.

Although the Board is primarily responsible for the group's financial affairs, it is supported by the group's external auditors.

The external auditors are responsible for independently reviewing and reporting on the group's financial statements. The financial statements have been examined by the group's external auditors and their report is presented on page 23.

The financial statements set out on pages 29 to 71, which have been prepared on the going concern basis, were approved by the Board on the date stated below and were signed on its behalf by:

30 September 2013

MB Pretorius **BR Topham**

INDEPENDENT AUDITORS' REPORT

To the Shareholders of TeleMasters Holdings Limited

We have audited the consolidated annual financial statements of TeleMasters Holdings Limited, which comprise the consolidated statement of financial position as at 30 June 2013, and the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 29 to 71.

Directors' Responsibility for the Consolidated Annual Financial Statements

The company's directors are responsible for the preparation and fair presentation of these consolidated annual financial statements in accordance with International Financial Reporting Standards, and requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated annual financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated annual financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated annual financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated annual financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated annual financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated annual financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated annual financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated annual financial statements present fairly, in all material respects, the consolidated financial position of TeleMasters Holdings Limited as at 30 June 2013, and its consolidated financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa.

INDEPENDENT AUDITORS' REPORT

Other reports required by the Companies Act

As part of our audit of the consolidated annual financial statements for the period ended 30 June 2013, we have read the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the consolidated annual audited financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

Nexia SAB&T

Nexia SAB&T
Registered Auditors
Per: T.J.de Kock - Registered Auditor and partner
119 Witch-Hazel Avenue, Highveld Technopark, Centurion, Pretoria
30 September 2013

DIRECTOR'S REPORT

The directors have pleasure in presenting their report on the group's activities for the period ended 30 June 2013, a nine month financial year as the company changed its' year end to 30 June at the last AGM held on 26 April 2013.

1. REVIEW OF ACTIVITIES

Main business and operations

TeleMasters is a specialist tele-management and business communication strategy player operating exclusively in the South African market. It focuses exclusively on the corporate and SME market. The group will not commit funds to building infrastructure in competition to its current and future suppliers but will take on a senior role in providing current and future clients access to the most efficient and effective connectivity technologies. This is consistent with that of the prior year.

General overview

The group's operating results and state of affairs are fully set out in the attached consolidated financial statements and do not, in our opinion, require any further comment other than to note the following:
The net profit of the group was R257 080 (2012: R22 707), after taxation expense of R248 599 (2012: R134 511) and reflected an earnings per share of 0.61 cents (2012: 0.05 cents). Headline earnings per share was 0.49 cents (2012: 0.17 cents).

The Net Asset Value per share decreased to 72.95 cents from 74.45 cents after dividends per share of 2 cents per share (2012: 4 cents per share) were paid during the financial period under review. The Net Tangible Asset Value per share is 63.97 cents (2012: 64.30 cents) after total dividends of 2 cents per share (2012: 4 cents) were paid to shareholders. The gross profit percentage has increased from 11.55% in prior period to 17.71% as a result of a change in the technical platform utilised for a large portion of the groups revenue. This was achieved on the back of a fall in Revenue due to this technological change of 23%. The liquidity of the group is sound and the financial ratios are healthy.

2. NON-CURRENT ASSETS

No changes were made in the nature of the group's plant and equipment or in the policy regarding their use during the period under review. All changes to the composition of the group's non-current assets are set out fully in the attached financial statements.

3. SHARE CAPITAL

The Company's authorised and issued share capital as at 30 June 2013 is set out in note 9 of the financial statements.

As at 30 June 2013, there were 42 000 000 issued ordinary shares and 458 000 000 un-issued ordinary shares. The un-issued ordinary shares are under the control of the directors subject to the provisions of the Companies Act and the JSE Listings Requirements.

No changes to the share capital occurred during the financial year.

4. DIVIDENDS AND DISTRIBUTIONS

The following cash dividends were declared during the period under review:

- A cash dividend of 1 cents per share which was paid to shareholders recorded in the Company's share register at the close of business on 11 January 2013.
- A cash dividend of 0.5 cents per share which was paid to shareholders recorded in the Company's share register at the close of business on 19 April 2013.
- A cash dividend of 0.5 cents per share which was paid to shareholders recorded in the Company's share register at the close of business on 19 July 2013.

The Board will continue with its policy of declaring quarterly dividends provided the group's cash flow allows It.

During the comparative twelve month period ended 30 September 2012, the Company declared four dividends totalling four cents per share.

5. EVENTS SUBSEQUENT TO REPORTING DATE

The directors are unaware of any significant events that have occurred between the end of the financial year and the date of this report that may materially affect the group's results for the period under review or its financial position as at 30 June 2013. The directors would, however, like to bring attention to the following:

- **Acquisitions of plant and equipment**
  During the normal course of business operations and the conversion to a new technology for the provision of VOIP, the group acquired additional plant and equipment similar to that obtained in the current financial year.
- **Dividends declared**
  On 6 December 2013, the Board declared a cash dividend of 0.5 cent per share which will be paid to shareholders recorded in the Company's share register at the close of business on Friday 17 January 2014.

6. GOING CONCERN

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The group's ability to continue as a going concern is dependent on a number of factors. The most significant of these is that the directors continue to procure funding for the ongoing operations of the group. The directors are confident that this will be possible.

7. MAJOR SHAREHOLDERS

Details of the major shareholders are provided in the audited Shareholder Analysis on page 72 of the Annual Report.

8. LITIGATION

There are currently no legal or arbitration proceedings against the group (including any proceedings which are pending or threatened) of which the group 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 group. The group is currently involved in litigation with a previous client, Huge Group Limited, pertaining to outstanding receivables to the value of R4 294 443 million. These receivables are however adequately secured through cession of shares held against the debt owed to the group. The matter has been referred for arbitration which is currently taking place.

9. SPECIAL RESOLUTIONS

At the Company's annual general meeting held on 26 April 2013, the following special resolutions were passed:

The remuneration directors for the forthcoming year was adopted and applied by the group.

- A general authority to enter into funding agreements, provide loans or other financial assistance in terms of Sections 44 and 45 of the Companies Act was granted.
- A resolution to adopt a Memorandum of Incorporation to replace the old Memorandum and Articles of Association was passed. This Memorandum of Incorporation has been registered with CIPC.

10. COMPANY SECRETARY

The Company Secretary remained unchanged since the last integrated report and Annual General meeting. See paragraph 6 of the Corporate Governance Report.

11. COMPOSITION OF BOARD AND BOARD COMMITTEES

The directors of the Company, as well as the classification of each director, are fully disclosed under paragraph 1 of the Corporate Governance Report.

The composition of the Board Committees, as well as the attendance of directors at the committee meetings, was fully disclosed under paragraph 4 of the Corporate Governance Report.

12. AUDITORS

Nexia SAB&T acted as the group's auditors for the period ended 30 June 2013 and will continue in office in accordance with Section 90 of the Companies Act. The independence and remuneration of the auditors was confirmed by the group's Audit Committee.

13. REGISTERED ADDRESS

The Company is incorporated in the Republic of South Africa as a public company and has its registered and domiciled address at: 90 Regency Street, Route 21 Office Park, Irene, 0157

14. POWER TO AMEND THE ANNUAL FINANCIAL STATEMENTS

The entity's owners or others do not have the power to amend the annual consolidated financial statements after issue.

15. BORROWING LIMITATIONS

In terms of the Memorandum of Incorporation of the Company, the directors may exercise all the powers of
the Company to borrow money as they consider appropriate.

16. SEPARATE FINANCIAL STATEMENTS

The financial results, position and cash flows of the holding company are not presented separately in these annual financial statements. These financial statements include only the consolidated results, position and cash flows of the group. The holding company's separate financial statements are available on request.

17. SUBSIDIARY COMPANY

TeleMasters Holdings Ltd holds 100% of the voting equity and issued share capital of R1 000 in its only subsidiary Skycall Networks (Pty) Ltd. The subsidiary's country of incorporation is South Africa and the nature of its business is the provision of telecommunications services. The total comprehensive income of the subsidiary during the financial period ended 30 June 2013 amounted to R 308 672 (2012:R5 317 642).

18. INTEREST OF DIRECTORS AND OFFICERS IN THE GROUP'S SECURITIES

The interests of directors and officers in the group's securities as at 30 June 2013 are as follows:

Number of shares	**2013**	**2012**
Shareholding at year end:		
Direct:		
DS van der Merwe	20 000	20 000
Indirectly and non-beneficially:		
-	-	-
Indirectly and beneficially:		
BR Topham	507 458	507 458
MB Pretorius	35 700 000	35 700 000
Share dealings during the financial year:		
Shares (disposed)/ acquired directly:		
DS van der Merwe	-	-

There were no changes to the directors' interests in the share capital of the group between 30 June 2013 and the date of this report other than for the following:

Share dealings during the financial year:		
Shares acquired/ (disposed) directly:		
DS van der Merwe	37 848	-
Shares Indirectly and beneficially acquired/ (disposed):		
BR Topham	112 302	-

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	30/06/13	30/09/12
		R	R
Assets			
Non-current assets			
Plant and equipment	2	17 071 370	17 314 281
Intangible assets	3	1 082 888	1 577 573
Goodwill	4	2 686 779	2 686 779
Deferred tax assets	5	3 655 462	3 904 063
Total non-current assets		24 496 499	25 482 696
Current assets			
Inventories	6	2 233 771	1 451 828
Current tax receivable		33 126	-
Trade and other receivables	7	17 690 979	13 029 493
Cash and cash equivalents	8	4 633 006	8 461 901
Total current assets		24 590 882	22 943 222
Total assets		**49 087 381**	**48 425 918**
Equity and Liabilities			
Capital and reserves			
Issued capital	9	48 059	48 059
Retained earnings		30 639 461	31 222 381
Total equity		30 687 520	31 270 440
Non-current liabilities			
Finance lease liabilities	10	2 384 318	1 700 717
Total non-current liabilities		2 384 318	1 700 717
Current liabilities			
Other financial liabilities	12	7 010 123	-
Trade and other payables	11	6 980 816	13 869 753
Finance lease liabilities	10	1 942 425	1 307 692
Current tax liabilities		-	202 628
Bank overdraft	8	82 179	74 688
Total current liabilities		16 015 543	15 454 761
Total liabilities		18 399 861	17 155 478
Total equity and liabilities		**49 087 381**	**48 425 918**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	9 months - 30/06/13	Year ended 30/09/12
		R	R
Revenue	13	98 674 734	171 296 606
Cost of sales		(81 197 326)	(151 517 776)
Gross profit		**17 477 408**	**19 778 830**
Other gains		311 570	176 969
Operating expenses		(17 134 627)	(25 474 514)
Operating profit / (loss)	18	**654 351**	**(5 518 715)**
Investment revenue	14	188 925	449 151
Finance cost	17	(337 597)	(203 235)
Gain on de-recognition of liability	15	-	5 430 017
Profit before tax		**505 679**	**157 218**
Income tax expense	19	(248 599)	(134 511)
Profit for the year		**257 080**	**22 707**
Comprehensive income for the period		-	-
Total comprehensive income for the period		**257 080**	**22 707**
Profit and total comprehensive income attributable to the shareholders of the group		**257 080**	**22 707**
Earnings per share			
Basic earnings (cents per share)	20	0.61	0.05
Diluted earnings (cents per share)	20	0.61	0.05

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Total share Capital	Retained earnings	Total equity
	R	R	R	R	R
Balance at 1 October 2011	**4 200**	**43 859**	**48 059**	**32 879 675**	**32 927 734**
Comprehensive income					
- Profit for the year	-	**-**	**-**	**22 707**	**22 707**
Total comprehensive income	-	**-**	**-**	**22 707**	**22 707**
Transactions with owners					
- Dividends	-	-	-	(1 680 000)	(1 680 000)
Total transactions with owners	**-**			**(1 680 000)**	**(1 680 000)**
Balance at 30 September 2012	**4 200**	**43 859**	**48 059**	**31 222 381**	**31 270 440**
Comprehensive income					
- Profit for the year	-	-	-	257 080	257 080
Total comprehensive income	**-**	**-**	**-**	**257 080**	**257 080**
Transactions with owners					
- Dividends	-	-	-	(840 000)	(840 000)
Total transactions with owners	**-**	**-**	**-**	**(840 000)**	**(840 000)**
Balance at 30 June 2013	**4 200**	**43 859**	**48 059**	**30 639 461**	**30 687 520**

CONSOLIDATED STATEMENT OF CASH FLOWS

Cash flows from operating activities	Notes	30/09/13	30/09/12
		R	R
Profit for the year		257 080	22 707
Income tax expense	19	248 599	134 511
Investment revenue received	14	(188 925)	(449 151)
Loss/(Gain) on disposal of plant and equipment		70 000	48 947
Gain on de-recognition of liability	15	-	(5 430 017)
Depreciation	2	3 603 396	3 112 040
Amortisation	3	494 685	868 696
Finance cost	17	337 597	203 235
		4 822 432	(1 489 032)
Movements in working capital:			
Increase in Inventories		(781 943)	(1 451 828)
(Increase) / Decrease in trade and other receivables		(4 172 438)	6 994 663
Increase / (Decrease) in trade and other payables		(6 888 937)	(7 956 546)
Cash (utilised)/ generated by operations		(7 020 886)	(3 902 743)
Finance cost	17	(337 597)	(203 235)
Income taxes (paid) / refunded		(235 754)	4 004
Net cash (utilised) generated from operating activities		**(7 594 237)**	**(4 101 974)**
Cash flows from investing activities			
Investment revenue received	14	188 925	449 151
Additions to plant and equipment	2	(3 360 485)	(6 763 915)
Proceeds from disposal of plant and equipment		70 000	297 185
Additions to intangible assets	3	-	(534 197)
Net cash used in investing activities		**(3 101 560)**	**(6 551 776)**
Cash flows from financing activities			
Dividends paid		(1 469 048)	(1 680 000)
Proceeds from borrowings		9 732 155	2 608 809
Repayment of borrowings		(1 403 696)	(2 243 107)
Net cash used in financing activities		**6 859 411**	**(1 314 298)**
Total cash movement for the period		**(3 836 386)**	**(11 968 048)**
Cash and cash equivalents at the beginning of year		8 387 213	20 355 261
Cash and cash equivalents at the end of year	8	**4 550 827**	**8 387 213**

ACCOUNTING POLICIES

1. STATEMENT OF COMPLIANCE

The financial statements have been prepared in compliance with International Financial Reporting Standards (IFRS), the Companies Act 71 of 2008 and the Listing Requirements of the Johannesburg Stock Exchange (JSE).

2. BASIS OF PREPARATION

The financial statements have been prepared on the historical cost basis. The accounting policies applied are consistent with the prior year. The financial statements are presented in South African Rand (R) and have been rounded to the nearest R 1.

3. BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the Company's financial statements and the entity controlled by the Company (its subsidiary). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of the subsidiary are included in the consolidated statement of comprehensive income.

Where necessary, adjustments are made to a subsidiary's financial statements to bring its accounting policies into line with those used by the holding company. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

4. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS

4.1 STANDARDS, INTERPRETATIONS AND AMENDMENTS EFFECTIVE AND ADOPTED IN THE CURRENT YEAR

In the current year, the group has adopted the following standards, amendments and interpretations that are effective for the current financial year and that are relevant to its operations and are (unless stated otherwise) not considered to have a material impact on the financial statements :*IAS 1 – Presentation of Items of Other Comprehensive Income — Amendments to IAS 1*

The amendments to IAS 1 change the grouping of items presented in OCI. Items that would be reclassified (or recycled) to profit or loss at a future point in time (e.g., upon de-recognition or settlement) would be presented separately from items that will never be reclassified. This amendment is effective for annual periods beginning on or after 1 July 2012 and has no impact on the group.

IAS 12 - Income Taxes

Rebuttable presumption introduced that an investment property will be recovered in its entirety through sale. This amendment is effective for annual periods beginning on or after 1 January 2012 and has no impact on the group.

4.2 STANDARDS, INTERPRETATIONS AND AMENDMENTS ISSUED BUT NOT YET EFFECTIVE NOR ADOPTED

The group has chosen not to early adopt the following standards, amendments and interpretations, which have been published and are mandatory for the group's accounting periods beginning on or after 1 October 2012 or later periods. Unless stated otherwise, these standards are not considered to have a material impact on the financial statements:

IFRS 1, First-time Adoption of International Financial Reporting Standards

Amendments add an exception to the retrospective application of IFRSs to require that first-time adopters apply the requirements in IFRS 9 Financial Instruments and IAS 20 Accounting for Government Grants and Disclosure of Government Assistance prospectively to government loansexisting at the date of transition to IFRSs. The annual improvements 2009–2011 cycle amendments and clarify the options available to users when repeated application of IFRS 1 is required and to add relevant disclosure requirements. These amendments are effective for annual periods beginning on or after 1 January 2013.

IFRS 7 – Financial Instruments: Disclosures

Amendments require entities to disclose gross amounts subject to rights of set-off, amounts set off in accordance with the accounting standards followed, and the related net credit exposure. This information will help investors understand the extent to which an entity has set off in its balance sheet and the effects of rights of set-off on the entity's rights and obligations. The amendment is effective for annual periods beginning on or after 1 January 2013.

IFRS 9 – Financial Instruments

This standard forms part of the first phase of the three phase project to replace IAS 39 Financial Instruments: Recognition and measurement and introduces new requirements relating to the classification and measurement of financial assets and liabilities. Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. The ISAB currently has an active project to make limited amendments to the classification and measurement under IFRS 9. This standard is effective for annual periods beginning on or after 1 January 2015.

IFRS 10 – Consolidated Financial Statements

IFRS 10 replaces the portion of IAS 27 that addresses the accounting for consolidated financial statements. It also addresses the issues raised in SIC-12 Consolidation – Special Purpose Entities resulting in SIC-12 being withdrawn. IAS 27, as revised, is limited to the accounting for investments in subsidiaries, joint ventures, and associates in separate financial statements. IFRS 10 introduces a single control model to determine whether an entity should be consolidated. Management is of the opinion that the adoption of this standard will not have a significant impact on the consolidated financial statements. This standard is effective for annual periods beginning on or after 1 January 2013. The group does not intend to adopt this standard early. The group expects to adopt the standard for the first time in the 2014 consolidated financial statements.

IFRS 11 Joint Arrangements

IFRS 11 is a new standard that deals with the accounting for joint arrangements and focuses on the rights and obligations of the arrangement, rather than its legal form. The standard requires a single method for accounting for interests in jointly controlled entities. Further amendments to the transition guidance of IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities limit the requirements to provide adjusted comparative information. The group expects to adopt the standard for the first time in the 2014 consolidated financial statements.

ACCOUNTING POLICIES

IFRS 12 – Disclosure of Interests in Other Entities

IFRS 12 applies to an entity that has an interest in subsidiaries, joint arrangements, associates and/or structured entities. IFRS 12 brings together into one into one standard all the disclosure requirements relating the group's subsidiaries, joint agreement's and associates. Many of the disclosure requirements of IFRS 12 were previously included in IAS 27, IAS 31, and IAS 28, while others are new. This standard is effective for annual periods beginning on or after 1 January 2013. The group does not intend to adopt this standard early. Management is of the opinion that the adoption of this standard will not have a significant impact on the consolidated financial statements. The group expects to adopt the standard for the first time in the 2014 consolidated financial statements.

IFRS 13 – Fair Value Measurement
IFRS 13 does not affect when fair value is used, but rather describes how to measure fair value where fair value is required or permitted by IFRS. This standard is effective for annual periods beginning on or after 1 January 2013. Management is of the opinion that the adoption of this standard will not have a significant impact on the consolidated financial statements. The group does not expect to adopt this standard early. The group expects to adopt the standard for the first time in the 2014 consolidated financial statements.

IAS 1 – Presentation of Items of Other Comprehensive Income — Amendments to IAS 1

The amendments to the Annual improvements 2009-2011 cycles clarify the requirements for comparative information including minimum and additional comparative information required. This amendment is effective for annual periods beginning on or after 1 January 2013.

IAS 16 - Property, plant & Equipment

Annual improvements 2009-2011 Cycle: Amendments to the recognition and classification of servicing equipment. This amendment is effective for annual periods beginning on or after 1 January 2013. Management is of the opinion that the adoption of this standard will not have a significant impact on the consolidated financial statements.

IAS 19 – Employee Benefits (Revised)

The revised standard includes a number of amendments that range from fundamental changes to simple clarifications and rewording. IAS 19 changes the definition of short term and other long term benefits to distinguish between the two. For defined benefit plans, removal of the accounting policy choice for the recognition of actuarial gains and losses will not have an impact on the group. This standard is effective for annual periods beginning on or after 1 January 2013. The group does not intend to adopt this standard early. Management is of the opinion that the adoption of this standard will not have a significant impact on the consolidated financial statements. The group expects to adopt the standard for the first time in the 2014 consolidated financial statements.

IAS27 -Consolidated and Separate Financial Statements

Changes to IAS 27 are consequential amendments resulting from the issue of IFRS 10, 11 and 12 as stated above. The amendments require the accounting for interests in 'Investment Entities' at fair value under IFRS 9, Financial Instruments, or IAS 39, Financial Instruments: Recognition and Measurement, in the separate financial statements of a parent. This standard is effective for annual periods beginning on or after 1 January 2013 and 1 January 2014.

IAS28- Investments in Associates

Changes to IAS 27 are consequential amendments resulting from the issue of IFRS 10, 11 and 12 as stated above. This standard is effective for annual periods beginning on or after 1 January 2013 and 1 January 2014.

IAS 32 - Financial Instruments – Presentation

Amendments require entities to disclose gross amounts subject to rights of set-off, amounts set off in accordance with the accounting standards followed, and the related net credit exposure. This information will help investors understand the extent to which an entity has set off in its balance sheet and the effects of rights of set-off on the entity's rights and obligations. The annual improvements 2009–2011 cycle provides for amendments to clarify the tax effect of distribution to holders of equity instruments. This standard is effective for annual periods beginning on or after 1 January 2013.

IAS 34 Interim Financial Reporting

Annual Improvements 2009–2011 Cycle: Amendments to improve the disclosures for interim financial reporting and segment information for total assets and liabilities. This standard is effective for annual periods beginning on or after 1 January 2013. Management is of the opinion that the adoption of this standard will not have a significant impact on the consolidated financial statements.

IAS 36 Impairment of Assets

The amendments to IAS 36 clarifies the required disclosure of information about the recoverable amount of impaired assets if the amount is based on fair value less cost of disposal. This standard is effective for annual periods beginning on or after 1 January 2014. Management is of the opinion that the adoption of this standard will not have a significant impact on the consolidated financial statements.

5. SIGNIFICANT JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgements are inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements, apart from those involving estimations, that the directors have made in the process of applying the group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

- *Income tax*

Judgement is required in determining the provision for income tax due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The group recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the group to realize the net deferred tax assets recorded at the year end date could be impacted. Deferred tax is provided for on a basis that is reflective of the expected manner of recovery of the carrying amount of the asset, i.e. sale or use. This manner of recovery affects the rate used to determine the deferred tax liability.

- *Inventories*

An allowance to write inventories down to the lower of cost or net realisable value, may be made by management. Management have applied estimates of the selling price and direct cost to sell on certain inventory items.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

- *Trade receivables*

  The group assesses its trade receivables for impairment at each reporting date. The impairment for trade receivables is assessed for impairment on an individual debtor basis, based on historical data and future factors. In determining whether an impairment loss should be recorded in the statement of comprehensive income, the group makes judgements as to whether there is objective evidence indicating a measurable decrease in the estimated future cash flows from a financial asset. Where objective evidence of impairment exist, future cash flows expected to be collected are projected after taking into account market conditions and credit risk profile of the trade debtors. The present value of these cash flows, determined using an appropriate discount rate, is compared to the carrying amount of the trade receivable and, if lower, the trade receivables are impaired to the present value.

- *Plant and equipment*

  Fixed assets are reviewed annually on an individual basis to determine their useful life and residual value. Useful life is determined taking into account technological advances impacting the industry. Residual value is the estimated amount which the group will currently obtain from disposal of the asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

  Depreciation is provided on all plant and equipment to write down the cost, less residual value, by equal instalments over their useful lives as follows:

Item	Useful life
Furniture and fixtures	6 years
Motor vehicles	5 years
Office equipment	6 years
IT equipment	3 - 4 years
Routers and handsets	3 - 6 years

- *Intangible assets*

  Intangible assets are reviewed annually on an individual basis to determine their useful life and residual value. Useful life is determined after taking into account the period of time from which the group will earn revenue from the intangible asset. An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets. For all other intangible assets amortisation is provided on a straight line basis over their useful lives as follows:

Item	Useful life
Computer software	3 years
Customer base	5-6 years
Licences	Indefinite

- *Impairment of tangible and intangible assets*

  The group assesses at each reporting date whether there is any indication that an asset may be impaired by applying internal and external impairment indicators. Determining whether tangible and intangible assets are impaired requires an estimation of the recoverable amount of the individual assets, or otherwise the recoverable amount of the cash-generating unit to which the asset belongs. In assessing value in use the group is required to estimate the future cash flows expected to arise from the individual asset or its cash generating unit and a suitable discount rate in order to calculate the present value.

  The carrying amount of the customer base at the reporting date was R776 083 (2011: R1 612 080) after no impairment loss (2011: R0). Management used the value in use to determine the recoverable amount of the intangible asset that may have been impaired.

- *Goodwill impairment*

  The group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policies stated in Note 6 for Goodwill. The assumptions used in the impairment testing are set out in Note 4 of the financial statements. The recoverable amounts of the cash generating unit have been determined based on value in use calculations. These calculations require the use of estimates in relation to the projections of future cash flows, the projected growth rate, the terminal value of the business and the discount rate derived from the weighted average cost of capital specific to the group.

- *Business Combinations*

  All business combinations are accounted for by applying the acquisition method. The cost of the business combination is the fair value at the date of exchange of the assets given, liabilities incurred or assumed and equity instruments issued by the group, in exchange for control in the acquiree. Costs directly attributable to the business combination are expensed as incurred, except the costs to issue debt which are amortised at the effective interest rate and the costs to issue equity are included in the cost of equity. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair values at the acquisition date, irrespective of the extent of the non-controlling interest.

  Contingent consideration is included in the cost of the business combination at the fair value of the best estimate of the amount that will be required to settle the remaining purchase price determined at the date of acquisition. Subsequent changes to the assets, liabilities or equity which arise as a result of the contingent consideration are not affected against goodwill.

  The interest of the non-controlling shareholders may be measured either at fair value or at the non-controlling interest’s proportionate share of the acquiree’s identifiable net assets measured at their fair value. The choice of measurement basis is made on an acquisition-by-acquisition basis.

When the business combinations is achieved in stages, the group's previously held interest in the acquired entity are re-measured to the fair value on the date the group attains control and the resulting gain or loss is recognised in profit or loss. Where the previously held interest was classified as an available for sale financial asset, the cumulative fair value adjustments recognised previously to other comprehensive income and accumulated in equity are recognised in profit or loss as a reclassification adjustment.

At acquisition date, the excess of the cost of the business combination over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised as goodwill in accordance with the group's accounting policy for goodwill. The acquisition date is the date on which the group effectively obtains control of the acquiree.

The excess of the fair value of the net identifiable assets and contingent liabilities of the entity acquired over the cost of the acquisition results in a bargain purchase gain which is recognised immediately in profit or loss.

6. GOODWILL

Initial recognition and measurement

Goodwill arising on the acquisition of subsidiaries and joint ventures represents the excess of the purchase consideration over the group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities recognised. Goodwill is recognised as an asset and initially measured at its cost.

Subsequent measurement

Goodwill is subsequently measured at cost less any accumulated impairment.

De-recognition

When goodwill forms part of a cash-generating unit that is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation in determining the gain or loss on disposal of the operation. Goodwill disposed of in this manner is measured on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Impairment

For the purposes of impairment testing, goodwill is allocated to each of the group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill is allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other non-monetary assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

7. PLANT AND EQUIPMENT

Plant and equipment held for use in the production of income, or for administration purposes, are recognised as an asset when:

- It is probable that future economic benefits associated with the item will flow to the group; and
- The cost of the item can be measured reliably.

Plant and equipment are stated in the Consolidated Statement of Financial Position at their cost less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Costs include costs incurred initially to acquire or construct an item of plant and equipment and costs incurred subsequently to add to, replace part of, or service it if they are not day to day servicing costs. If a replacement cost is recognised in the carrying amount of an item of plant and equipment, the carrying amount of the replaced part is de-recognised.

Depreciation is charged so as to write off the cost or valuation of assets, over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

Each part of an item of plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately if it has a useful life or depreciation method that differs from the remainder of the asset.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

The gain or loss arising from the disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss when the item is de-recognised.

8. INTANGIBLE ASSETS

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- It is technically feasible to complete the asset so that it will be available for use or sale;
- There is an intention to complete and use or sell it;
- There is an ability to use or sell it;
- It will generate probable future economic benefits;
- There are available technical, financial and other resources to complete the development and to use or sell the asset;
- The expenditure attributable to the asset during its development can be measured reliably.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

Intangible assets, with a finite useful life, other than goodwill are reported at cost less accumulated amortisation and accumulated impairment losses. The amortisation period, residual value and the amortisation method for intangible assets are reviewed every period-end.

Amortisation is charged so as to write off the cost of intangible assets over their estimated useful lives, using the straight-line method. Reassessing the useful life of an intangible asset with a definite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

9. IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS EXCLUDING GOODWILL

At each reporting date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the units. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order:

- First, to reduce the carrying amount of any goodwill allocated to the cash-generating unit; and
- Then, to the other assets of the unit, pro-rata on the basis of the carrying amount of each asset in the unit.

The recoverable amount is the higher of the fair value less costs to sell and the value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of any asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a re-valued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

10. FINANCIAL INSTRUMENTS

The group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial assets and financial liabilities are recognised on the group's Consolidated Statement of Financial Position on the trade date, which is the date when the group becomes party to the contractual provisions of the instrument. Financial instruments are initially measured at fair value, net of transaction costs.

- *Financial assets*

  Financial assets are classified depending on the nature and purpose of the financial assets and are determined at the time of initial recognition.

  Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market and cash and cash equivalents are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

  The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

  Financial assets are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

  For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

  The carrying amount of financial assets is reduced directly by the impairment loss with the exception of trade receivables. The carrying amount of trade receivables is reduced directly when the facts about the trade debtor indicate that liquidation has occurred or has been applied for, thereby indicating un-collectability, and the debt has not been previously impaired. In all other cases impairment is recognised through an allowance account. Amounts charged to the allowance account are written off against the trade receivables balance when the group becomes aware that a debt previously impaired, is no longer recoverable and would remain un-collectable.

  Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

  If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

For trade receivables the following objective evidence is considered in determining when an impairment loss has been incurred:

- Significant financial difficulty of the debtor, e.g. whether the debtor has been liquidated or has closed down the business or if provisional liquidation has been sought against the debtor;
- A breach of contract such as a default or delinquency in interest or principal repayments, e.g. the number of days that the debt is in arrears;
- It is becoming probable that the debtor will enter bankruptcy or other financial re-organisation such as a communication from the debtor indicating an inability to pay with the agreed credit terms.

Trade receivables that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables is based on the group's past experience of collecting payments, and includes an increase in the number of delayed payments in the portfolio past the average credit period of 30 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to insignificant risk in change in value. Cash and cash equivalents are measured at amortised cost.

The group de-recognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the asset and substantially all the risk and rewards of ownership of the asset to another entity.

- *Financial liabilities*

Financial liabilities are classified in accordance with the substance of the contractual agreement. Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense is recognised on an effective yield basis.

The group de-recognises financial liabilities when, and only when, the group's obligations are discharged, cancelled, prescribe or expire.

- *Equity instruments issued by the group*

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs. If the group re-acquires its own equity instruments, those instruments are deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the group's own equity instruments.

11. TAXATION

- *Current tax assets and liabilities*

Current tax for the current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

- *Secondary tax on companies*

Secondary tax on companies (STC) is provided for at a rate of 10% on the amount by which the dividends declared by the group exceed the dividends received. Deferred taxation on unutilised STC credits is recognised to the extent that STC payable on future dividend payments is likely to be available for setoff. STC was discontinued with effect 1 April 2012 and replaced with a dividends tax.

- *Deferred tax*

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the Consolidated Statement of Financial Position liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

- *Tax expenses*

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the Consolidated Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates applicable at the reporting date.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or in determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

12. LEASES AS LESSEE

Leases are classified as finance leases whenever the terms of the lease transfer substantially all of the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised as assets of the group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the Consolidated Statement of Financial Position as a finance lease liability.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the group's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease liability.

Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

13. SHORT-TERM EMPLOYEE BENEFITS

The cost of short-term employee benefits (those payable within 12 months after the service is rendered, such as paid vacation leave, bonuses, and non-monetary benefits, such as medical care), is recognised in the period in which the service is rendered and is not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

14. REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and Value Added Tax.

Revenue from the sale of goods and the rendering of services is recognised when it is probable that the economic benefits associated with a transaction will flow to the Group and the amount of revenue, and associated costs incurred or to be incurred, can be measured reliably. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved.

The nature of the revenue-generating contracts entered into is such that some are post-paid and some are on a prepaid basis. However, in either case, the service is provided in the month relating to the amount invoiced.

The main categories of revenue and the bases of recognition are as follows:

Post-paid/contract products

- Connection fees: Revenue is recognised on the date of activation of service;
- Access charges: Revenue is recognised in the period to which it relates;
- Airtime: Revenue is recognised on the usage basis commencing on the date of activation. The terms and conditions of bundled airtime products, may allow for the carryover of unused minutes. The revenue related to the unused airtime is deferred and recognised when utilised by the customer or on termination of the contract.

Prepaid products

- Connection fees: Revenue is recognised on the date of activation of service;;
- Airtime: Revenue is recognised on the usage basis commencing on the date of activation. Unused airtime is deferred and recognised when unutilised by the customer or on termination of the customer relationship.

Connection incentive bonus income is recognised on initial signing of the contract with a service provider. The company has over the past year no longer earned Revenue from this source as contracts are no longer entered into with service provider other than on a month to month basis.

Dividend income is recognised when the right to receive payment is established.

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans and receivables are recognised using the effective interest rate.

Other revenue

Equipment sales: All equipment sales to third parties are recognised only when risks and rewards of ownership are transferred to the buyer.

15. COST OF SALES

The related cost of providing airtime recognised as revenue in the current period is included in cost of sales.

16. BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit of loss in the period in which they are incurred.

17. DIVIDEND DISTRIBUTION

Dividend distribution to the company's shareholders is recognised as a liability in the group's financial statements in the period in which the dividends are declared.

18. RELATED PARTIES

Related parties are considered to be related if one party has the ability to control or jointly control the other party or exercise significant influence over the party in making financial and operational decisions. Key management personnel are also regarded as related parties. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly, and this includes all directors, both executive and non-executive, of the company.

19. OPERATING SEGMENTS

Segment accounting policies are consistent with those adopted for the preparation of the financial statements. Segment information is determined on the same basis as the information used by the chief operating decision maker for the purposes of allocating resources to segments and assessing segments' performance. All inter-segment transactions are eliminated.

20. EARNINGS PER SHARE

The group presents basic earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

Headline earnings per share (HEPS) is calculated using the weighted average number of ordinary shares in issue during the period and is based on the earnings attributable to ordinary shareholders, after excluding those items as required by Circular 3/2012 issued by the South African Institute of Chartered Accountants (SAICA).

21. OFFSETTING

Assets and liabilities and income and expenses are not offset unless specifically permitted by an accounting standard. Financial assets and financial liabilities are offset and the net amount reported only when a legally enforceable right to offset the amounts exists and the intention is either to settle on a net basis or to realise the asset and settle the liability simultaneously.

22. INVENTORIES

Inventories are stated at the lower of cost or estimated net realisable value. Cost comprises direct materials, and where applicable, overheads that have been incurred in bringing the inventories to their present location and condition, excluding borrowing costs. The cost of the inventory is determined by means of the First in First Out (FIFO) basis. Net realisable value is the estimate of the selling price in the ordinary course of business, less selling expenses. Provisions are made for obsolete, unusable and unsaleable inventory and for latent damage first revealed when inventory items are taken into use or offered for sale.

23. STATEMENT OF CASH FLOWS

The group has adopted the indirect method for preparing the statement of cash flows. Items added or deducted from profit for the year in the statement of cash flows represent non-cash items.

NOTES TO THE FINANCIAL STATEMENTS

1. SEGMENT REPORT

IFRS 8 requires an entity to report financial and descriptive information about its reportable segments, which are operating segments or aggregations of operating segments that meet specific criteria. Operating segments are components of an entity about which separate financial information is available that is evaluated regularly by the chief operating decision maker. The Chief Executive Officer is the Chief Operating decision maker of the group.

The group does not have different operating segments. The business is conducted in South Africa and is managed centrally and has no branches. The group is managed as one operating unit.

All revenues from external customers originate in South Africa.

A breakdown of the groups revenues from external customers is set out in note 13.

LCR and Digital Direct+ are two technologies which are fully integrated to provide one telecommunications solutions to our customers are not separately managed.

2. PLANT AND EQUIPMENT

	Furniture and fixtures	Motor vehicles	Office equipment	IT equipment	Routers and handsets	Total
	R	R	R	R	R	R
Cost	544 567	1 448 763	184 896	583 403	25 122 107	27 883 736
Accumulated depreciation	(56 157)	(438 566)	(39 502)	(306 962)	(13 034 010)	(13 875 197)
Net carrying amount 30 September 2011	**488 410**	**1 010 197**	**145 394**	**276 441**	**12 088 097**	**14 008 539**
Additions	23 418	477 100	24 481	58 486	6 180 430	6 763 915
Disposals	(2)	(346 130)	(1)	-	-	(346 133)
Depreciation	(75 020)	(232 745)	(26 845)	(111 101)	(2 666 329)	(3 112 040)
Cost	567 984	1 174 464	209 376	636 886	31 059 249	33 647 959
Accumulated depreciation	(131 178)	(266 042)	(66 347)	(413 060)	(15 457 051)	(16 333 678)
Net carrying amount 30 September 2012	**436 806**	**908 422**	**143 029**	**223 826**	**15 602 198**	**17 314 281**
Additions	48 038	145 154	5 341	105 048	3 056 904	3 360 485
Disposals	-	-	-	-	-	-
Depreciation	(62 636)	(202 109)	(20 791	(63 900)	(3 253 960)	(3 603 396)
Cost	616 022	1 319 618	214 717	741 934	34 116 153	37 008 444
Accumulated depreciation	(193 814)	(468 151)	(87 138)	(476 960)	(18 711 011)	(19 937 074)
Net carrying amount 30 June 2013	**422 208**	**851 467**	**127 579**	**264 974**	**15 405 142**	**17 071 370**

Carrying value of plant and equipment pledged as security over current finance leases	**30/06/2013**	**30/09/2012**
	R	**R**
Motor vehicles	851 468	908 422
Routers and handsets	3 062 485	1 426 861
Total	**3 913 926**	**2 335 283**

Refer to note 10 for further details.

3. INTANGIBLE ASSETS

Communications Network Services (ECNS) licences acquired from external parties. The customer based contracts are for the provision of telephony services on terms similar to those provided by the group. They have expected remaining amortisation periods of one to two years. Licences acquired from external parties are considered to be indefinite as they do not have expiry dates. The indefinite useful lives of these licenses are tested annually. No change in circumstances occurred during the year to indicate a change in the determination of the indefinite useful lives of licenses.

	Finite life		Indefinite life	
	Customer base	Computer software	Licences	Total
	R	R	R	R
Cost	5 170 500	681 715	300 000	6 152 215
Accumulated amortisation	(3 558 419)	(681 715)	-	(3 309 584)
Net carrying amount 30 September 2011	**1 612 081**	**-**	**300 000**	**2 842 631**
Additions	-	534 197	-	-
Rounding	-	(9)	-	-
Amortisation	(835 998)	(32 698)	-	(868 696)
Cost	5 170 500	1 215 903	300 000	6 686 403
Accumulated amortisation & impairments	(4 394 417)	(714 413)	-	(5 108 830)
Net carrying amount 30 September 2012	**776 083**	**501 490**	**300 000**	**1 577 573**
Additions	-	-	-	-
Rounding	-	-	-	-
Amortisation	(379 080)	(115 605)	-	(494 685)
Cost	5 170 500	1 215 903	300 000	6 686 403
Accumulated amortisation & impairments	(4 773 497)	(830 018)	-	(5 603 515)
Net carrying amount 30 June 2013	**397 003**	**385 885**	**300 000**	**1 082 888**

Assessment of recoverable amounts

The indefinite life intangible assets were part of the acquisition of Skycall Networks (Pty) Ltd, a 100% subsidiary. They are integral to the cash generating unit as disclosed and the assumptions used in determination of the recoverable amount are identical to those disclosed in Note 4.

4. GOODWILL

The goodwill arose on 1 March 2010 with the acquisition of the subsidiary, Skycall Networks (Pty) Ltd.

	Goodwill	Total
	R	R
Net carrying amount 30 September 2011 and 2012	**2 686 779**	**2 686 779**
Cost	2 686 779	2 686 779
Accumulated impairment charges	-	-
Net carrying amount 30 June 2013	**2 686 779**	**2 686 779**

Assessment of recoverable amounts

During the financial year, the group assessed the recoverable amount of goodwill for indications of impairment. The assessment determined that the goodwill allocated to the cash generating unit, was not impaired. The accounting policy that has been applied in assessing impairment of goodwill is set out in notes 5 and 6 of the Accounting Policies relating to Goodwill. No impairment was recognised.

The key assumptions of the cash flow forecast used to determine the present value of the future cash flows from the cash generating unit, the group, over a five year period were based on:

- Current number of ports in use with no yearly increase;
- Average number of minutes, charges per minutes and fixed monthly charges are kept constant, no increase were applied; and
- Estimated cost of sales increases in line with the number of port increases.

Weighted average rates (as percentage)	**2013**	**2012**
Discount rate	8.00	8.00
Growth rate	10.00	10.00

A discounted cash flow method was used to determine the present value of the future cash flows from the cash generating unit. A discount rate, based on a pre-tax risk free rate obtained from bonds issued by government adjusted for a risk premium to reflect the investment requirements of the group and specific risks related to the cash generating unit, was used in discounting the projected cash flows over a 5-year period.

The above approach was based on current exposure.

NOTES TO THE FINANCIAL STATEMENTS

5. DEFERRED TAX

	30/06/13	30/09/12
	R	R
Assessed losses	4 111 202	4 227 087
Licences	(84 000)	(84 000)
Billing cut off	(663 445)	(546 255)
Accrual for leave pay	134 205	109 277
Allowance for doubtful debts	157 500	197 954
Total	**3 655 462**	**3 904 063**

Reconciliation of deferred tax

At the beginning of the year	3 903 063	3 962 210
(Utilisation) of temporary difference on Assessed losses	(120 038)	(1 592 572)
Originating temporary difference on Assessed losses	4 153	2 026 350
(Originating)/ Reversing temporary difference on Billing cut off	(117 189)	(386 024)
Originating (Reversing) temporary difference on Accrual for leave pay	24 927	11 145
Originating (Reversing) temporary difference on the Allowance for doubtful debt	(40 454)	(117 046)
Total	**3 655 462**	**3 904 063**

Recognition of deferred tax asset

The deferred tax asset raised on assessed tax losses from previous periods and the current year, will be utilised in future through taxable profits. The net present value of the groups future profitability remains positive. All other deferred tax assets will realise against the reversal of remaining deductible temporary differences.

6. INVENTORIES

Finished goods - airtime and related products	2 783 771	1 451 828
Inventories (write-downs)	(550 000)	-
Total	**2 233 771**	**1 451 828**

No write down of inventories occurred during the financial period.

7. TRADE AND OTHER RECEIVABLES

Trade receivables	13 202 366	9 939 578
Allowance for doubtful debt	(750 000)	(942 636)
Prepayments	2 369 446	1 950 917
Other receivables	2 869 167	1 703 280
Total	**17 690 979**	**13 029 493**

The carrying value of trade and other receivables equals their fair value due to the short term nature of these receivables. The average credit period for trade receivables is 32 (2012: 19) days. No interest is charged on trade receivables.

8. CASH AND CASH EQUIVALENTS

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts.

	30/06/13	30/09/12
	R	R
Bank balances	4 633 006	8 461 901
Bank overdraft	(82 179)	(74 688)
Total	**4 550 827**	**8 387 213**
Current assets	4 633 006	8 461 901
Current liabilities	(82 179)	(74 688)
Total	**4 550 827**	**8 387 213**

9. SHARE CAPITAL

Authorised		
500 000 000 ordinary shares with a par value of R0.0001. Each share carries one vote per share and carries the right to dividends.	**50 000**	**50 000**
Issued		
Share capital	4 200	4 200
Share premium	5 966 262	5 966 262
Share issue costs written off against Share premium (2007)	(462 403)	(462 403)
Capital distribution of Share premium (2008 and 2009)	(5 460 000)	(5 460 000)
Total	**48 059**	**48 059**

Reconciliation of the number of shares issued

At the beginning of the year	42 000 000	42 000 000
Issue of shares	-	-
At the end of the year	**42 000 000**	**42 000 000**

458 000 000 unissued ordinary shares are under the control of the directors subject to the provisions of the Companies Act and the JSE Listings Requirements. Shares in issue are fully paid up.

10. FINANCE LEASE LIABILITIES

	30/06/13	30/09/12
	R	R
Gross minimum lease payments due		
- within one year	2 174 175	1 496 546
- in second to fifth year	2 567 606	1 819 625
	4 741 781	**3 316 171**
Less: Future finance charges	(415 038)	(307 762)
Present value of minimum lease payments	**4 326 743**	**3 008 409**
- within one year	1 942 425	1 307 692
- in second to fifth year	2 384 318	1 700 717
Present value of minimum lease payments	**4 326 743**	**3 008 409**
Disclosed as:		
Non-current liabilities	2 384 318	1 700 717
Current liabilities	1 942 425	1 307 692

It is group policy to acquire motor vehicles and certain larger telephony equipment under finance lease liabilities.

The average finance lease agreement term is 3 – 5 years and the average effective borrowing rate is 8.0% to 8.25% (2012: 8.0% to 8.25%). Interest rates are linked to prime at the contract date. All finance lease liabilities have fixed repayments and no arrangements have been entered into for contingent rentals. The group's obligations under finance lease liabilities are secured by the lessor's charge over the financed assets. Refer to note 2 above.

11. TRADE AND OTHER PAYABLES

	30/06/13	30/09/12
	R	R
Trade payables	4 984 767	11 209 923
Deposits received	434 581	434 581
Shareholders for dividends	232 955	862 003
Accrual for leave pay	480 020	390 278
Accrual and other payables	848 493	972 968
Total	**6 980 816**	**13 869 753**

	Year Ended 30/06/13 R	Year Ended 30/09/12 R
12. OTHER FINANCIAL LIABILITIES		
Held at amortised cost		
Telemasters (Pty) Ltd	3 600 000	-
Zero Plus Trading 194 (Pty) Ltd	1 000 000	-
Maison de Obsession Trust	2 410 123	-
	7 010 123	**-**

The above loans are all unsecured, interest free and have no fixed repayment terms.

13. REVENUE

Sale of fixed cellular airtime	74 547 038	152 879 852
Sale of fixed line airtime	16 663 483	11 045 217
Connection incentive bonuses	-	-
Other	7 464 213	7 371 537
Total	**98 674 734**	**171 296 606**

Major customers

Revenue from transactions with a single external customer amounting to 10% or more of the group's revenue is disclosed below:

Customer B	11 497 456	50 734 607
Other	87 177 278	120 561 999
Total	**98 674 734**	**171 296 606**

14. INVESTMENT REVENUE

Interest received on loans and receivables measured at amortised cost

Banks - Local	**188 925**	**449 151**

15. GAIN ON DE-RECOGNITION OF LIABILITY

De-recognition of prescribed creditor	**-**	**5 430 017**

The obligation payable to a creditor has been de-recognised due to a legal opinion received indicating that the claim has prescribed.

16. DIRECTORS' EMOLUMENTS

30/06/13

	Basic salary	Company contribution and benefits	Total
	R	R	R
For service as directors			
Executive			
MB Pretorius	900 000	47 583	947 583
BR Topham	90 000	1 500	91 500
	990 000	48 483	1 038 483
Non-executive			
DS van der Merwe	119 997	1 199	121 196
J Voigt	90 000	900	90 900
VI Beck	90 000	900	90 900
	299 997	2 999	302 996
Total	**1 289 997**	**51 482**	**1 341 479**

30/09/12

For service as directors			
Executive			
MB Pretorius	1 500 000	54 208	1 554 208
E Rossouw	80 000	519	80 519
BR Topham	150 000	1 500	151 500
	1 730 000	56 227	1 786 227
Non-executive			
DS van der Merwe	200 000	2 000	202 000
J Voigt	150 000	1 500	151 500
VI Beck	150 000	1 500	151 500
	500 000	5 000	505 000
Total	**2 230 000**	**61 227**	**2 291 227**

All benefits are of a short-tem nature. No Post-employment benefits, other long-term benefits, termination benefits or share-based payments are paid or accrue to any employees of the group.

17. FINANCE COSTS

	Year ended 30/06/13 R	Year ended 30/09/12 R
Interest paid on other financial liabilities measured at amortised cost		
Bank	60	3 289
Trade payables	69 763	35 970
Finance lease liabilities	267 774	163 976
Total	**337 597**	**203 235**
South African Revenue Service	-	-
Total	**337 597**	**203 235**

18. OPERATING PROFIT

Operating profit for the year has been arrived at after charging:

	Year ended 30/06/13 R	Year ended 30/09/12 R
Employee costs	7 316 450	11 888 274
Auditors' remuneration	401 440	392 700
Movement in bad debt provision	192 635	(372 370)
Bad debt written off against provision	385 271	184 994
Operating leases	1 017 147	1 260 992
Depreciation	3 603 396	3 112 040
Amortisation	494 685	868 696
Legal fees	128 147	162 033
Consulting fees	1 058 987	2 385 746

19. TAXATION

Tax expense comprises:

	Year ended 30/06/13	Year ended 30/09/12
Current	**R**	**R**
Income tax	-	-
Secondary Tax on Companies	-	76 364
Deferred		
Deferred tax relating to the origination and reversal of temporary differences	248 599	58 147
Total	**248 599**	**134 511**

The promulgated effective tax rate is 28% (2012: 28%).

Reconciliation between the applicable tax rate and the average effective tax rate:

Applicable tax rate	28.00%	28.00%
Secondary Tax on Companies	-	48.57%
Disallowed expenses	21.06%	8.99%
Average effective tax rate	**49.06%**	**85.56%**

20. EARNINGS AND HEADLINE EARNINGS PER SHARE

	Year ended 30/06/13	Year ended 30/09/12
	Cents	**Cents**
Earnings per share	0.61	0.05
Diluted earnings per share	0.61	0.05
Headline earnings and diluted headline earnings per share	0.49	0.17

The EPS and HEPS were determined using the following information:

	R	R
Earnings – used in the calculation of earnings per share and diluted earnings per share:		
Profit attributable to shareholders of the company	257 080	22 707
Headline earnings		
Profit attributable to shareholders of the company	257 080	22 707
(Gain)/Loss on the disposal of plant and equipment	50 400	48 947
Total	**206 680**	**71 654**

Weighted number of ordinary shares outstanding:	**Number of shares issued**	**Weighted average number of shares**
Shares as at 30 September 2012	42 000 000	42 000 000
Shares as at 30 June 2013	42 000 000	42 000 000

21. DIVIDEND PER SHARE

	R	R
Dividends declared from retained earnings	840 000	1 680 000
Shares in issue	42 000 000	42 000 000
Dividend per share (DPS)(cents)	**2.00**	**4.00**

22. FINANCIAL INSTRUMENT RISK EXPOSURE AND MANAGEMENT

The group is exposed to risks from its use of financial instruments. This note describes the group's objective, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes to the group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note. Information disclosed has not been disaggregated as the financial instruments used by the group share the same economic characteristics and market conditions

The principal financial instruments used by the group, from which financial risk arises, are as follows:

- Trade and other receivables;
- Cash and cash equivalents;
- Finance lease liabilities;
- Trade and other payables; and
- Bank overdraft.

The group is currently exposed to credit risk, liquidity risk and market risk (which comprises cash flow interest rate risk). The group is not exposed to foreign exchange risk as the group does not have any direct dealings with suppliers or customers where an exchange risk may occur.

Risk management is carried out by management under policies approved by the Board. The Board provides principles for overall risk management, as well as policies covering specific areas, such as interest rate risk, credit risk and the use of derivative financial instruments. The directors monitor their collections from the group's receivables, movement in prime lending rates and the risks that the group is exposed to based on current market conditions, on a monthly basis.

The directors are of the opinion that the carrying amount of all current financial assets and financial liabilities approximate their fair values due to the short-term maturities of these financial instruments. Remaining long-term borrowings bear interest at market related interest rates which allow for the current carrying amount to be equivalent to its current fair value. The fair value of other financial liabilities and financial assets are determined in accordance with generally accepted pricing models comprising discounted cash flow analysis. Where the effects of discounting are immaterial, short term receivables and short term payables are measured at the original invoice amount.

The main purpose of financial liabilities is to raise finance to fund the acquisition of plant and equipment and intangible assets, working capital and future acquisitions.

Procedures for avoiding excessive concentration of risk include:

- Maintaining a wide customer base;
- Continually looking for opportunities to expand the customer base;
- Reviewing current developments in technology in order to identify any product line which may increase margins in the future;
- Subjecting all customers to a credit verification procedure before agreements are entered into;
- Reviewing the trade debtors' age analysis weekly with the intention of minimising the group's exposure tobad debts;
- Maintaining cash balances and agreed facilities with reputable financial institutions;
- Effecting necessary price increases as and when required; and
- Reviewing the group's bank accounts daily and transferring excess funds from the main current account to other facilities in order to increase the interest earnings to the group.

NOTES TO THE FINANCIAL STATEMENTS

Financial assets by category 30/06/13	Loans & Receivables R	Total R
Trade and other receivables		
Cash and cash equivalents	15 321 533	15 321 533
Total	4 633 006	4 633 006
	19 954 539	**15 954 539**

	Loans & Receivables R	Total R
Trade and other receivables	11 078 576	11 078 576
Cash and cash equivalents	8 461 901	8 461 901
Total	**19 540 477**	**19 540 477**

Financial liabilities by category

30/06/13	Amortised cost R	Total R
Finance lease liabilities	4 326 743	4 326 743
Trade and other payables	6 980 816	6 980 816
Other financial liabilities	7 010 123	7 010 123
Bank overdraft	82 179	82 179
Total	**18 399 861**	**18 399 861**

	Amortised cost R	Total R
Finance lease liabilities	3 008 409	3 008 409
Trade and other payables	13 869 753	13 869 753
Bank overdraft	74 688	74 688
Total	**16 952 850**	**16 952 850**

Credit risk

Credit risk arises from trade receivables and bank balances. The credit quality of customers is assessed by taking into account their financial position, past experience and other factors. Individual risk limits are set internally and are regularly monitored. It is the group's policy that all customers be subjected to a credit verification procedure before agreements are entered into. In addition, the trade debtors' age analysis is reviewed weekly with the intention of minimising the group's exposure to bad debts.

When a customer is identified as having cash flow problems, the credit manager will take the following steps:

- Confirm the situation with the customer;
- Advise the director of the situation during the monthly meeting at which outstanding debtors balances are reviewed;
- Place the customer on hold to mitigate further risks; and
- Issue letters of demand and decide whether to proceed with further legal action.

Should the need arise it would be the group's policy to take collateral. Trade receivables that are neither past due nor impaired are considered to be of high credit quality accompanied by an insignificant default rate.

The group does not provide for impairment losses on a general basis. Debts that are past due are impaired based on evidence of the factors cited above and in the accounting policy.

Reconciliation of the movement of the Allowance for doubtful debt	**30/06/13**	**30/09/12**
	R	**R**
Balance brought forward	942 636	1 500 000
Increase/ (Decrease) in the allowance	192 635	(372 370)
Debts (written off) against the allowance	(385 271)	(184 994)
Balance carried forward	**750 000**	**942 636**

The maximum exposure of financial assets to credit risk equates to the carrying amounts as presented on the Statement of Financial Position. The carrying amount of financial assets that are past due at reporting date but not impaired:

30/06/13	**Total receivable Before impairment**	**Impairment provision**	**Net receivable after impairment provision**
	R	**R**	**R**
Less than 60 days	410 474	(100 000)	310 474
Less than 90 days	1 429 695	(200 000)	1 229 695
Greater than 90 days	7 879 052	(450 000)	7 429 052
Total	**9 719 221**	**(750 000)**	**8 969 221**

The directors consider the time bands used above as most reflective in assessing the group's performance and operations.

30/09/12			
Less than 60 days	989 658	(146 802)	842 856
Less than 90 days	339 259	(100 000)	239 259
Greater than 90 days	1 270 452	(665 834)	604 618
Total	**2 599 369**	**(912 636)**	**1 686 733**

The directors consider the time bands used above as most reflective in assessing the group's performance and operations.

NOTES TO THE FINANCIAL STATEMENTS

The group's maximum exposure to credit risk in light of concentration with regard to trade receivables can be classified per significant customer as follows:

	30/06/13	30/09/12
	R	R
Customer A	4 294 443	3 771 609
Customer B	-	215 183
Other customers	8 907 923	5 952 786
	13 202 366	**9 939 578**

Customer A has pledged as collateral shares in itself, which shares are traded on the JSE. The collateral mitigates the exposure of the balance held. No other customers has provided collateral.

Liquidity risk

Liquidity risk is the risk that the group will experience financial difficulty in meeting its financial obligations as they fall due. The group's policy is to ensure that it will always have sufficient cash to allow it to meet its obligations when they fall due. To achieve this it seeks to maintain cash balances and agreed facilities with reputable financial institutions. This is also achieved by monitoring the economy to ensure that necessary price increases are effected. There have been no defaults or breaches on finance lease liabilities and Trade payables during the course of the financial year. Furthermore, security has been provided for Finance lease liabilities, which is disclosed in note 10 above. The group has no un-used banking facilities.

Management of liquidity risk in regard to financial liabilities includes a daily review of the group's bank accounts and transfer of excess funds from the main current account to other facilities in order to increase the group's interest earnings.

30/06/13	Payable within one year or on demand	Payable within 2 to 5 years	Payable after 5 years
	R	R	R
Non-derivative financial instruments:			
Trade and other payables	6 980 816	-	-
Bank overdraft	82 179	-	-
Finance lease liabilities	1 942 425	2 384 318	-
Other financial liabilities	7 010 123	-	-
	16 015 543	**2 384 318**	-

30/09/12	Payable within one year or on demand	Payable within 2 to 5 years	Payable after 5 years
	R	R	R
Non-derivative financial instruments:			
Trade and other payables	13 869 753	-	-
Bank overdraft	74 688	-	-
Finance lease liabilities	1 496 5461	1 819 625	-
	15 440 987	**1 819 625**	**-**

NOTES TO THE FINANCIAL STATEMENTS

Market risk

Market risk arises from the group's use of variable interest rate finance lease liabilities and bank balances that are carried at amortised cost. It is the risk that the future cash flow of a financial instrument will fluctuate because of changes in interest rates. Future changes to the prime lending rates will have a direct impact on the future cash payments towards the settlement of the financial obligation. The risk remains un-hedged at the reporting date. Exposure to cash flow interest rate risk on financial assets and liabilities is monitored on a continuous basis. The group does not carry any fixed interest bearing financial instruments and is therefore not exposed to fair value interest rate risk.

Interest rates on finance lease liabilities are linked to the overdraft rate. The prime rate as at year end was 8.5% (2012: 8.5%). The interest rates on finance lease liabilities vary from 8.0% to 8.25% (2012: 8.5% to 8.75%).

The group also holds cash and cash equivalents, which earn interest at variable rates. Consequently, the group is exposed to cash flow interest rate risk. Cash and cash equivalents comprise cash in hand and bank balances. Excess funds are deposited with reputable financial institutions on a rate quotation basis. This ensures that the group earns the most advantageous rates of interest available.

The group has used a sensitivity analysis technique that measures the estimated change to the Consolidated Statement of Comprehensive Income of an instantaneous increase or decrease in market interest rates on financial instruments from the applicable rate as at 30 June 2013, for each class of financial instrument with all other variables remaining constant. The calculations were determined with reference to the outstanding financial liability and financial asset balances for the year. This represents no change from the prior period in the method and assumptions used. This analysis is for illustrative purposes only and represents management's best estimate.

After tax effect on profit or loss of a 1% change (increase or decrease) in the South African lending rate:

	30/06/13	30/09/12
	R	R
Trade and other receivables	-	-
Cash and cash equivalents	46 330	84 619
Bank overdraft	822	746
Variable rate finance lease liabilities	43 267	30 084

Capital management

The group's capital structure consists of debt which includes interest-bearing borrowings, cash and cash equivalents and equity attributable to equity holders of the company which comprises issued share capital, share premium and accumulated earnings. The group's capital management objective is to achieve an effective weighted average cost of capital while continuing to safeguard the group's ability to meet its liquidity requirements, repay borrowings as they fall due and continue as a going concern, whilst concurrently ensuring that at all times its credit worthiness is considered to be at least investment grade. Management reviews the capital structure, analyses interest rate exposure and re-evaluates treasury management strategies in the context of economic conditions and forecasts regularly. This could lead to an adjustment to the dividend yield and/or an issue or repurchase of shares.

This policy is consistent with that of the comparative period. The group is not subject to any external capital requirements.

23. COMMITMENTS FOR EXPENDITURES

Operating lease payments represent rentals payable by the group for its office property. Leases are negotiated annually and rentals are fixed for 12 months. No contingent rent is payable.

	30/06/13	30/09/12
	R	R
Minimum operating lease payments under non cancellable leases due		
- Within one year	1 443 243	1 361 871
- Within two to five years	-	229 816
- After five years	-	-

24. RELATED PARTIES

Relationships

Subsidiary	Skycall Networks (Pty) Ltd

Members of key management: BR Topham, MB Pretorius, DS van der Merwe, VI Beck and J Voigt.

Entity in which a member of key management has a beneficial interest or is a director of:

J Voigt	PerfectWorx Consulting (Pty) Ltd Contineo Virtual Communications (Pty) Ltd
MB Pretorius	Snowy Owl Properties 82 (Pty) Ltd Zero plus trading 194 (Pty) Ltd Maison D'Obsession Trust TeleMasters (Pty) Ltd Expectra 51 (Pty) Ltd Expectra Telephony Audits (Pty) Ltd
BR Topham	Brandon Topham Inc SEESA (Pty) Ltd BRAT Trust

All transactions with related parties were undertaken on an arm's length basis. The amounts due to and from related parties are payable on terms of trade that are no more favourable than those that apply to all other suppliers and debtors of the group. The normal terms and conditions are applicable to all purchases from or to related parties which means that amounts are unsecured and are payable within 30 days of invoice. All amounts are to be settled by bank payment. No provision for bad debt has been made or any amount has been written off against any related party transaction during the current or previous financial year.

No guarantees were given to or by any related parties during the year under review or the previous financial year.

Related party transactions

Details of transactions between the group and related parties are disclosed below:

	30/06/13	30/09/12
	R	R
Rent paid to related parties		
Snowy Owl Properties 82 (Pty) Ltd	1 017 148	1 260 992
Commission paid to related parties		
TeleMasters (Pty) Ltd		40 841
Expectra Telephony Audits (Pty) Ltd	5 500	19 242
Expectra 51 (Pty) Ltd	9 892	40 965
Sales to related parties		
TeleMasters (Pty) Ltd	597 537	1 164 341
Purchases from related parties		
PerfectWorx Consulting (Pty) Ltd	937 960	6 001 741
Contineo Virtual Communications (Pty) Ltd	1 593 676	1 845 757
Consulting fees paid to related parties		
Brandon Topham Inc	86 973	348 637
Seesa (Pty) Ltd	62 679	101 982
BRAT Trust	165 009	-
Balances owing to related parties included in Trade and other payables		
TeleMasters (Pty) Ltd	-	75 054
Brandon Topham Inc	-	57 131
Seesa (Pty) ltd	2 660	-
PerfectWorx Consulting (Pty) Ltd	-	14 566
BRAT Trust	25 500	-
Balances owing by related parties included in Trade and other receivables		
TeleMasters (Pty) Ltd	785 273	686 081
Other financial liabilities		
TeleMasters (Pty) Ltd	3 600 000	-
Zero Plus Trading 194 (Pty) Ltd	1 000 000	-
Maison D'Obsession Trust	2 410 123	-

25. SUBSEQUENT EVENTS

Other than those points mentioned in paragraph 5 of the Director's report above, the directors are unaware of any other significant events that have occurred between the end of the financial year and the date of this report that may materially affect the group's results for the period under review or its financial position as at 30 June 2013.

26. GOING CONCERN

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The group's ability to continue as a going concern is dependent on a number of factors. The most significant of these is that the directors continue to procure funding for the ongoing operations of the group. The directors are confident that this will be possible.

SHAREHOLDER ANALYSIS

Shareholders holding more than 5% – at 30 June 2013

	% Holdings	No. of shareholders	No. of shares
Shareholder			
Maison D'Obsession Trust – CEO beneficial interest	85%	1	35 700 000
Total	**85%**	**1**	**35 700 000**
Shareholder analysis			
Directors	86%	3	36 227 458
Public and staff with no restrictions on dealings	14%	209	5 772 542
Total	**100%**	**212**	**42 000 000**

Shareholders holding more than 5% – at 30 September 2012

	% Holdings	No. of shareholders	No. of shares
Shareholder			
Maison D'Obsession Trust – CEO beneficial interest	85%	1	35 700 000
Total	**85%**	**1**	**35 700 000**
Shareholder analysis			
Directors	86.26%	3	36 227 458
Public and staff with no restrictions on dealings	13.74%	212	5 792 542
Total	**100%**	**213**	**42 000 000**

NOTICE OF THE ANNUAL GENERAL MEETING

TELEMASTERS HOLDINGS LIMITED
Incorporated in the Republic of South Africa
Registration number 2006/015734/06
Share code: TLM ISIN: ZAE000093324
("TeleMasters" or "the Company")

Notice is hereby given

That the annual general meeting of shareholders of the Company will be held in the boardroom of TeleMasters Holdings Ltd, 90 Regency Street, Route 21 Corporate Office Park, Irene, 0157, Pretoria, at 09:30 on 28 March 2014 to consider, and if deemed fit, to pass, with or without modifications the following resolutions:

1. **Ordinary resolution number 1 – Annual financial statements**

   "**RESOLVED THAT** the annual consolidated financial statements of the group for the year ended 30 June 2013, together with the Directors' and Auditors' reports thereon, be and are hereby received, considered and adopted."

   In order for this ordinary resolution to be adopted, the support of 50% of the voting rights exercised on the resolution by shareholders present or presented by proxy at the annual general meeting and entitled to exercise voting rights on the resolution is required.

2. **Ordinary resolution number 2 – Director retirement and re-election**

   "**RESOLVED THAT** Mr BR Topham, who retires in accordance with the provisions of the Company's Memorandum of Incorporation, but being eligible, offers himself for re-election, be and is hereby re-elected as a director of the Company."

   A curriculum vitae for Mr B Topham is set out under Directors' and Executive Managers' Profiles.

   In order for this ordinary resolution to be adopted, the support of 50% of the voting rights exercised on the resolution by shareholders present or presented by proxy at the annual general meeting and entitled to exercise voting rights on the resolution is required.

3. **Ordinary resolution number 3 – Director retirement and re-election**

   "**RESOLVED THAT** Mr DS van der Merwe, who retires in accordance with the provisions of the Company's Memorandum of Incorporation, but being eligible, offers himself for re-election, be and is hereby re-elected as a director of the Company."

   A curriculum vitae for Mr DS van der Merwe is set out under Director's and Executive Managers' Profiles.

   In order for this ordinary resolution to be adopted, the support of 50% of the voting rights exercised on the resolution by shareholders present or presented by proxy at the annual general meeting and entitled to exercise voting rights on the resolution is required.

4. **Ordinary resolution number 4 – Directors' remuneration**

   "**RESOLVED THAT** the remuneration paid to executive and non-executive directors for the financial year ending 30 June 2013 as disclosed in note 16 of the annual financial statements, be and is hereby approved."

In order for this ordinary resolution to be adopted, the support of 50% of the voting rights exercised on the resolution by shareholders present or presented by proxy at the annual general meeting and entitled to exercise voting rights on the resolution is required.

5. Ordinary resolution number 5 – Appointment of auditors and remuneration

"**RESOLVED THAT** the appointment of Nexia SAB&T as the auditors be and is hereby approved and that the Audit Committee be and is hereby authorised to determine the remuneration of the auditors."

In order for this ordinary resolution to be adopted, the support of 50% of the voting rights exercised on the resolution by shareholders present or presented by proxy at the annual general meeting and entitled to exercise voting rights on the resolution is required.

6. Ordinary resolution number 6 – Placing un-issued shares under the control of the directors

"**RESOLVED THAT** the authorised, but un-issued ordinary shares in the capital of the Company be placed under the control of the directors of the Company until the next annual general meeting of the Company and that the directors be and are hereby authorised and empowered to allot, issue and otherwise dispose of such shares, on such terms and conditions and at such times as the directors in their discretion deem fit, subject to the Companies Act, the Memorandum of Incorporation and the JSE Listings Requirements."

In order for this ordinary resolution to be adopted, the support of 50% of the voting rights exercised on the resolution by shareholders present or presented by proxy at the annual general meeting and entitled to exercise voting rights on the resolution is required.

7. Ordinary resolution number 7 – General authority to allot and issue shares for cash

"**RESOLVED THAT** subject to the approval of 75% of the members present in person and by proxy, and entitled to vote at the meeting, the directors of the Company be and are hereby authorised, by way of general authority, to allot and issue all or any of the authorised but un-issued shares in the capital of the Company as they in their discretion deem fit, subject to the following limitations:

- The shares which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such equity securities or rights that are convertible into a class already in issue;
- This authority shall not endure beyond the next annual general meeting of the Company nor shall it endure beyond 15 months from the date of this meeting;
- There will be no restrictions in regard to the persons to whom the shares may be issued, provided that such shares are to be issued to public shareholders (as defined by the JSE Listings Requirements) and not to related parties;
- Upon any issue of shares which, together with prior issues during any financial year, will constitute 5% or more of the number of shares of the class in issue, the Company shall by way of an announcement on Stock Exchange News Service (SENS), give full details thereof, including the effect on the net asset value of the Company and earnings per share;

- The number of ordinary shares that may be issued shall not, in the current financial year, in aggregate, exceed 21 000 000 (twenty one million) shares (including any shares which are compulsorily convertible into ordinary shares), being 50% of the Company's issued ordinary shares at the date of this notice of annual general meeting; and
- The maximum discount at which shares may be issued is 10% of the weighted average traded price of the Company's shares over the 30 business days prior to the date that the price of the Company's shares over the 30 business days prior to the date that the price of the issue is determined or agreed by the directors of the applicant."

In order for this ordinary resolution to be adopted, the support of 50% of the voting rights exercised on the resolution by shareholders present or presented by proxy at the annual general meeting and entitled to exercise voting rights on the resolution is required.

8. Ordinary resolution number 8 – Authority to execute requisite documentation

"**RESOLVED THAT** any director of the Company or the Company Secretary be and hereby is authorised to do all such things and sign all such documents issued by the Company and required to give effect to the special resolutions and ordinary resolutions passed at the annual general meeting."

In order for this ordinary resolution to be adopted, the support of 50% of the voting rights exercised on the resolution by shareholders present or presented by proxy at the annual general meeting and entitled to exercise voting rights on the resolution is required.

9. Ordinary resolution number 9 – Approval of dividends declared and paid

"**RESOLVED THAT** the dividends as disclosed in note 21 of the annual financial statements, totalling 2 cents per share declared and paid by the directors for the financial year ending 30 June 2013 be and are hereby approved."

In order for this ordinary resolution to be adopted, the support of 50% of the voting rights exercised on the resolution by shareholders present or presented by proxy at the annual general meeting and entitled to exercise voting rights on the resolution is required.

10. Ordinary resolution number 10 – Appointment of VI Beck as member and Chair of the Audit Committee

"RESOLVED THAT the continued appointment of VI Beck as a member and Chair of the Audit Committee of the Company for the forthcoming year ended 30 June 2014 and until the next AGM be and is hereby approved."

In order for this ordinary resolution to be adopted, the support of 50% of the voting rights exercised on the resolution by shareholders present or presented by proxy at the annual general meeting and entitled to exercise voting rights on the resolution is required.

11. Ordinary resolution number 11 – Appointment of J Voigt as member of the Audit Committee

"RESOLVED THAT the continued appointment of J Voigt as a member of the Audit Committee of the Company for the forthcoming year ended 30 June 2014 and until the next AGM be and is hereby approved."

In order for this ordinary resolution to be adopted, the support of 50% of the voting rights exercised on the resolution by shareholders present or presented by proxy at the annual general meeting and entitled to exercise voting rights on the resolution is required.

12. Ordinary resolution number 12 – Appointment of DS van der Merwe as member of the Audit Committee

“RESOLVED THAT DS van der Merwe be and is hereby appointed as a member of the Audit Committee of the Company for the forthcoming year ended 30 June 2014 and until the next AGM be and is hereby approved.”

In order for this ordinary resolution to be adopted, the support of 50% of the voting rights exercised on the resolution by shareholders present or presented by proxy at the annual general meeting and entitled to exercise voting rights on the resolution is required.

13. Ordinary resolution number 13 - Approval of Company Secretary

“RESOLVED THAT BR Topham be and is hereby appointed as Company Secretary.” A curriculum vitae for Mr BR Topham is set out under Directors and Executive Managers’ Profiles.

In order for this ordinary resolution to be adopted, the support of 50% of the voting rights exercised on the resolution by shareholders present or presented by proxy at the annual general meeting and entitled to exercise voting rights on the resolution is required.

14. Ordinary resolution number 14 - Approval of Remuneration Policy

“RESOLVED THAT the Remuneration Policy as determined and implemented by the Remuneration committee from time to time be approved.

In order for this ordinary resolution to be adopted, the support of 50% of the voting rights exercised on the resolution by shareholders present or presented by proxy at the annual general meeting and entitled to exercise voting rights on the resolution is required.

15. Special resolution number 1 – Directors’ remuneration

“**RESOLVED THAT** the Directors’ remuneration for the year commencing 1 June 2013 as detailed below be and is hereby approved.”

	Amount per annum
Mr MB Pretorius	1 890 000
Mr DS van der Merwe	252 000
Mr J Voigt	189 000
Mr VI Beck	189 000
Mr BR Topham	189 000

Shareholders are required to approve the remuneration of non-executive directors. This special resolution requires a vote of 75% of Shareholders present and eligible to vote at the general meeting in terms of Section 66(9) of the Act.

16. Special resolution number 2 – General authority to enter into funding agreements, provide loans or other financial assistance

"RESOLVED that in terms of Section 44 and 45 of the Act, the Company be and is hereby granted approval to enter into direct or indirect funding agreements or guarantee a loan or other obligation, secure any debt or obligation or to provide loans or financial assistance between subsidiaries or between itself and its directors, prescribed officers, subsidiaries, or any related or inter-related persons from time to time, subject to the provisions of the JSE Limited's Listings Requirements and as the directors in their discretion deem fit. Loans to the value not exceeding Fifteen Million Rand is hereby approved between the Company and its' subsidiary.

Reason and effect of special resolution number 2 The purpose of this resolution is to enable the Company to enter into funding arrangements with its directors, prescribed officers, subsidiaries and their related and inter-related persons and to allow inter group loans between subsidiaries. This special resolution requires a vote of 75% of shareholders eligible to vote.

17. Special resolution number 3 - To amend the Memorandum of Incorporation

The purpose of this special resolution is to amend the wording of clause 26.1.2 of the Company's Memorandum of Incorporation, by the substitution of the existing wording with the wording set out in this resolution, in order to ensure that the clause is compliant with Schedule 10 of the Listings Requirements of the Johannesburg Stock Exchange.

"RESOLVED, as a special resolution that: subject to the filing and registration of this special resolution number 3 with CIPC, the Company's Memorandum of Incorporation be and is hereby amended by the substitution of the existing wording of clause 26.1.2 by the wording set out below:

"The appointment of all Directors and at least 50% of alternate Directors shall be subject to Shareholders' approval at any general meeting or annual general meeting, provided that no appointment of a Director in accordance with a resolution passed in terms of section 60 shall be competent."

In order for this special resolution to be adopted, the support of 75% of the voting rights exercised on the resolution by shareholders present or represented by proxy at the annual general meeting and entitled to exercise voting rights on the resolution is required.

NOTICE OF THE ANNUAL GENERAL MEETING

Electronic Participation

In terms of section 61(10) of the Companies Act, 71 of 2008, as amended, every shareholders' meeting of a public company must be reasonably accessible within South Africa for electronic participation by shareholders. Shareholders wishing to participate electronically in the annual general meeting are required to deliver written notice to the Transfer Secretaries, Link Market Services South Africa Pty) Limited, 13th Floor, 19 Ameshoff Street, Braamfontein 2017 by no later than 09h30 on 27 March 2014 that they wish to participate via electronic communication at the annual general meeting (the "Electronic Notice"). In order for the Electronic Notice to be valid it must contain:

(a) if the shareholder is an individual, a certified copy of his identity document and/or passport;
(b) if the shareholder is not an individual, a certified copy of a resolution by the relevant entity and a certified copy of the identity documents and/or passports of the persons who passed the relevant resolution. The relevant resolution must set out whom from the relevant entity is authorised to represent the relevant entity at the annual general meeting via electronic communication;
(c) a valid e-mail address and/or facsimile number (the "contact address/number") and
(d) if the shareholder wishes to vote via electronic communication, set out that the shareholder wishes to vote via electronic communication. By no later than 24 hours before the commencement of the annual general meeting the Company shall use its reasonable endeavours to notify a shareholder at his contact address/number who has delivered a valid Electronic Notice of the relevant details through which the shareholder can participate via electronic communication.

A form of proxy which sets out the relevant instructions for use is attached for those members who wish to be represented at the annual general meeting of members. Duly completed forms of proxy must be lodged with the transfer secretaries, Link Market Services South Africa Pty) Limited, 13th Floor, 19 Ameshoff Street Braamfontein 2017 by no later than 09h30 on 27 March 2014.

By order of the Board

Brandon Topham
Company Secretary
100A Club Avenue
Waterkloof Ridge, Pretoria

FORM OF PROXY

TELEMASTERS HOLDINGS LIMITED Incorporated in the Republic of South Africa,
Registration number 2006/015734/06**,** Share code: TLM ISIN: ZAE000093324**,**
("TeleMasters" or "the Company")

For use by certificated and "own name" registered dematerialised shareholders of the Company ("shareholders") at the annual general meeting of shareholders of the Company to be held in the boardroom of TeleMasters Holdings Ltd, 90 Regency Street, Route 21 Corporate Office Park, Irene, 0157, Pretoria, at 09h30 on 28 March 2014 ("the annual general meeting") and at any adjournment thereof.

I/We (please print) ______________________________

of (address) ______________________________

being the holder of __________________________ ordinary shares in the Company, hereby appoint

1. ______________________________
   or failing him/her,

2. ______________________________
   or failing him/her,

3. the chairman of the annual general meeting

as my/our proxy to act for me/us and on my/our behalf at the annual general meeting which will be held for the purpose of considering, and if deemed fit, passing, with or without modification, the resolutions to be proposed thereat and at any adjournment thereof and to vote for and/or against the resolutions and/or abstain from voting in respect of the ordinary shares registered in my/our name/s, in accordance with the following instructions:

	Number of votes (one vote per share)		
	For	**Against**	**Abstain**
Ordinary resolution number 1 – Adoption of annual financial statements			
Ordinary resolution number 2 – Director retirement and re-election - BR Topham			
Ordinary resolution number 3 – Director retirement and re-election - DS van der Merwe			
Ordinary resolution number 4 – Directors' remuneration			
Ordinary resolution number 5 – Appointment of auditors and remuneration			
Ordinary resolution number 6 – Placing un-issued shares under control of directors			
Ordinary resolution number 7 – General authority to allot and issue shares for cash			

FORM OF PROXY

	Number of votes (one vote per share)		
	For	Against	Abstain
Ordinary resolution number 8 – Authority to execute requisite documentation			
Ordinary resolution number 9 – Approval of dividends declared and paid			
Ordinary resolution number 10 – Appointment of VI Beck as member & Chair of Audit Committee			
Ordinary resolution number 11 – Appointment of J Voigt as member of Audit Committee			
Ordinary resolution number 12 – Appointment of DS van der Merwe as member of Audit Committee			
Ordinary resolution number 13 - Approval of Company Secretary			
Ordinary resolution number 14 - Approval of Remuneration Policy			
Special resolution number 1 – Directors' remuneration			
Special resolution number 2 – General authority to enter into funding agreements, Provide loans or other financial assistance			
Special resolution number 3 - To amend the Memorandum of Incorporation			

Signed at on 2014

Signature

Assisted by me (where applicable)

Name Capacity Signature

(Please print in BLOCK LETTERS)

Certificated shareholders and dematerialised shareholders with "own name" registration

If you are unable to attend the annual general meeting of shareholders to be held at 09h30 on 28 March 2014 in the boardroom of TeleMasters Holdings Ltd, 90 Regency Street, Route 21 Corporate Office Park, Irene, 0157, Pretoria, and wish to be represented thereat, you should complete and return the attached form of proxy in accordance with the instructions contained therein and lodge it with, or post it to, the transfer secretaries, Link Market Services South Africa Pty) Limited, 13th Floor, 19 Ameshoff Street, Braamfontein 2017 by no later than 09h30 on 27 March 2014.

FORM OF PROXY

Dematerialised shareholders other than those with "own name" registration

If you hold dematerialised shares through a CSDP or broker other than with an "own name" registration, you must timeously advise your CSDP or broker of your intention to attend and vote at the annual general meeting in order for your CSDP or broker to provide you with the necessary authorisation to do so, or should you not wish to attend the annual general meeting in person, you must timeously provide your CSDP or broker with your voting instruction in order for the CSDP or broker to vote in accordance with your instruction at the annual general meeting.

Notes

1. Each member is entitled to appoint one or more proxies (who need not be members of the Company) to attend, speak and, on a poll, vote in place of that member at the annual general meeting.
2. A member may insert the name of a proxy or the names of two alternative proxies of the member's choice in the space provided, with or without deleting "the chairman of the annual general meeting". The person whose name stands first on the form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
3. A member's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that member in the appropriate box/es provided. Failure to comply with the above will be deemed to authorise the chairperson of the annual general meeting, if he/her is the authorised proxy, to vote in favour of the resolutions at the annual general meeting, or any other proxy to vote or to abstain from voting at the annual general meeting as he/she deems fit, in respect of all the member's votes exercisable thereat.
4. A member or his proxy is not obliged to vote in respect of all the ordinary shares held or represented by him but the total number of votes for or against the resolutions and in respect of which any abstention is recorded may not exceed the total number of votes to which the member holder or his/her proxy is entitled.
5. Forms of proxy must be lodged with the transfer secretaries of the Company by no later than 09h30 on 27 March 2014.
6. The completion and lodging of this form of proxy will not preclude the relevant member from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such member wish to do so.
7. Any alterations or corrections to this form of proxy must be initialed by the signatory/ies.
8. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the Company's transfer office or waived by the chairperson of the annual general meeting.
9. The chairperson of the annual general meeting may reject or accept any proxy form which is completed and/or received other than in accordance with these instructions and notes, provided that he is satisfied as to the manner in which a member wishes to vote.

SUMMARY OF RIGHTS

Summary of rights established by section 58 of the Companies Act, 71 of 2008 ("Companies Act"), as required in terms of subsection 58(8)(b)(i)

1. A shareholder may at any time appoint any individual, including a non-shareholder of the company, as a proxy to participate in, speak and vote at a shareholders' meeting on his or her behalf (section 58(1)(a)), or to give or withhold consent on behalf of the shareholder to a decision in terms of section 60 (shareholders acting other than at a meeting) (section 58(1)(b)).
2. A proxy appointment must be in writing, dated and signed by the shareholder, and remains valid for one year after the date on which it was signed or any longer or shorter period expressly set out in the appointment, unless it is revoked or expires earlier (section 58(2)).
3. A shareholder may appoint two or more persons concurrently as proxies and may appoint more than one proxy to exercise voting rights attached to different securities held by the shareholder (section 58(3)(a)).
4. A proxy may delegate his or her authority to act on behalf of the shareholder to another person, subject to any restriction set out in the instrument appointing the proxy ("proxy instrument")(section 58(3)(b)).
5. A copy of the proxy instrument must be delivered to the company, or to any other person acting on behalf of the company, before the proxy exercises any rights of the shareholders company, at a shareholders' meeting (section 58(3)(c)) and in terms of the memorandum of incorporation ("MOI") of the company at least 48 hours before the meeting commences.
6. Irrespective of the form of instrument used to appoint a proxy: The appointment is suspended at any time and to the extent that the shareholder chooses to act directly and in person in the exercise of any rights as a shareholder (section 58)4)(a)); the appointment is revocable unless the proxy appointment expressly states otherwise (section 58(4)(b)); and if the appointment is revocable, a shareholder may revoke the proxy appointment by cancelling it in writing or by making a later, inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and to the Company (section 58(4)(c)).
7. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of the date stated in the revocation instrument, if any, or the date on which the revocation instrument was delivered as contemplated in paragraph 6.3 above (section 58(5)).
8. If the proxy instrument has been delivered to a company, as long as that appointment remains in effect, any notice required by the Companies Act or the company's MOI to be delivered by the company to the shareholder must be delivered by the company to the shareholder (section 58(6)(a), or the proxy or proxies, if the shareholder has directed the company to do so in writing and paid any reasonable fee charged by the company for doing so (section 58(6)(b)).
9. A proxy is entitled to exercise, or abstain from exercising, any voting right of the shareholder without direction, except to the extent that the MOI or proxy instrument provides otherwise (section 58(7)).
10. If a company issues an invitation to shareholders to appoint one or more persons named by the company as a proxy, or supplies a form of proxy instrument: the invitation must be sent to every shareholder entitled to notice of the meeting at which the proxy is intended to be exercised (section 58(8)(a)); the invitation or form of proxy instrument supplied by the company must:

    10.1.1 bear a reasonably prominent summary of the rights established in section 58 of the Companies Act (section 58(8)(b) (i));

    10.1.2 contain adequate blank space, immediately preceding the name(s) of any person(s) named in it, to enable a shareholder to write the name, and if desired, an alternative name of a proxy chosen by the shareholder (section 58(8)(b)(ii)); and

    10.1.3 provide adequate space for the shareholder to indicate whether the appointed proxy is to vote in favour of or against any resolution(s) to be put at the meeting, or is to abstain from voting (section 58(8)(b)(iii)); the company must not require that the proxy appointment be made irrevocable (section 58(8)(c)); and the proxy appointment remains valid only until the end of the meeting at which it was intended to be used, subject to paragraph 7 above (section 58(8)(d)).

TELE
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