



TELEMASTERS HOLDINGS LIMITED

Registration Number 2006/015734/06

Integrated Report

30 June 2015

The annual financial statements included in this integrated report as a separate document 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)

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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 turmoil in the South African telecommunications industry affects TeleMasters on many levels. For one, we revel in competition; market pressure encourages us to find better value solutions to our customers' needs in connecting with their market requirements.

On the downside, it poses some difficulties. The price of a minute sold was driven down by almost 10%. The mobile termination rate will continue to decline in 2016 resulting in many competitors reacting by price adjustments instead of increased value-add. The proposed mergers and dating by and between the big 5 Licensed Operators impacts on the smaller independents' market competitiveness. With the anticipated spectrum policy directive by ICASA in 2016, we may be facing heightened competitive and structural changes within the industry. However, this also brings numerous opportunities in the various nichéd market segments; from integrated data service packages and applications to customised support services, open-access Wi-Fi and FTTH bandwidth availability.

Our revenue growth was affected by the price wars, however we sold more minutes and positively increased our gross profit. In anticipation of significant new market opportunities, we increased sales, support, technical and operations staff, hence the increased operating expenditure.

Cash generation from healthy margins underpins our business model. We generated R8, 4 million. Of cash flows during the period. We declared dividends totaling R2, 5 million during the year - a healthy 30% of cash generated which few other companies in any industry can match. The dividend declaration for the year is 140% higher than the prior operating period.

Our future annuity income is securely underpinned by contractual agreements ranging from two to five year periods. This with the continual sales acquisition and renewal cycles secures our revenue streams in all product categories.

TeleMasters rekindled the supply of traditional cellular least-cost routing, and geared up to provide data services on DSL lines to such least-cost routing clients.


The operations are running extremely well. Our Debtors book reduced by more than a million Rand. The ISO 9001 status was enhanced, a new Customer Relations Management system is being implemented. Additional permanent sales support offices were opened in Durban, Cape Town, Port Elizabeth and in Benoni.

We are disappointed in our current ability to break into larger size customers, our ability to convince more channel partners to sell our offerings exclusively and in the extended timelines to get new services to market through third parties. 2016 will see us concentrating on rectifying these unmet goals.

We are anticipating bigger upheavals, ISP consolidations and increased competition especially in the data application and service support arena's. Telemasters is ideally positioned to capitalise on the expected implementation and availability of additional network infrastructure, improved VoIP, data and packaged service offerings throughout 2016.

We thank our clients, employees and our suppliers for their support throughout the year

We are ready



COMMENTARY BY THE CHIEF FINANCIAL OFFICER

The Group recorded a slight increase in earnings for the year of R 2 752 166 (2014: R2 667 430), increasing earnings per share to 6.55 cents (2014 6.35 cents), despite an extremely competitive price-driven economy. The Group considers its Telephony offering to be of the highest quality offering in the South African market and the directors are pleased with the results achieved.

The price competition in the industry has resulted in a slight decline of 4,8% in revenue from R103 439 415 to R98 115 619. The average price per minute sold decreased by 9,6% mainly due to the market pressure from the reduction in termination rates. Due to the better utilisation of technology and efficiency gains TeleMasters was able to increase its gross profit margin from 25% to 30%.

The Group has invested in additional technical and sales employees to capacitate and increase its pace of growth in the coming year and this has resulted in an increase in operating expenses.

Operating cash flow continues to be positive and this cash was invested in additional equipment to continually improve the quality of our product and to capacitate future growth. The Group invested R3 729 199 in new equipment compared with R2 156 874 in the previous financial year.

The liquidity and working capital ratios remain excellent with a current ratio of 1:1.98, up from the prior year's 1:84. The long term obligation has decreased from R1 120 222 to R585 775, leaving the Group with extremely low gearing when compared with plant and equipment of R16 696 294.

The Board is satisfied with the results for the 2015 year achieved in a difficult trading environment and are expectant of improvement in the coming year due to the investments made which will facilitate further growth.



Brandon Topham

DIRECTORS' AND EXECUTIVE MANAGERS' PROFILES

Mr Daniel Stephen van der Merwe

Independent Non-executive Chairman (62)

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 year:

Company	Nature of business
Mertech Telecommunications (Pty) Ltd	Telecommunications
Supplipro Supplements (Pty) Ltd	Nutritional supplements distributor
Mertrac Infraco (Pty) Ltd	Telecommunications
Proudafrique Trading 293 (Pty) Ltd	Telecommunications

Mr Jaco Voigt

Non-executive (41)

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 business 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 year:

Company	Nature of business
Contineo Virtual Communications (Pty) Ltd	Telecommunications
PerfectWorx Consulting (Pty) Ltd	Telecommunications

DIRECTORS' AND EXECUTIVE MANAGERS' PROFILES



Mr Mario Brönn Pretorius *Chief Executive Officer (58)*

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

Afrisake (Non-profit company)
Bunker Hills Investments 483 (Pty) Ltd
Catwalk Investments 599 (Pty) Ltd
Data Direct (Pty) Ltd
Delos Investments (Pty) Ltd
Duelco Investments 162 (Pty) Ltd
Dursley Properties CC
Expectra 51 (Pty) Ltd
Expectra Connectivity (Pty) Ltd
Expectra Direct (Pty) Ltd
Expectra Online (Pty) Ltd
Expectra Audits (Pty) Ltd
Fluolor (Pty) Ltd
Initiative SA Investments 114 (Pty) Ltd
Liberty Moon Investments 15 (Pty) Ltd
Lifehouse Investments 58 (Pty) Ltd
Limosa Investments 287 (Pty) Ltd
Ontrak Investments 178 (Pty) Ltd
Skycall Networks (Pty) Ltd
Simplicate Solutions (Pty) Ltd
Snowy Owl Properties 82 (Pty) Ltd
Snowy Owl Properties 90 (Pty) Ltd
TeleMasters (Pty) Ltd
Telenext (Pty) Ltd
Trifecta Trading 449 (Pty) Ltd
Vazmasters (Pty) Ltd
Zero plus trading 194 (Pty) Ltd
Telemasters Direct (Pty) Ltd

Nature of business

Non-profit organisation
Investment company
Investment company
Internet Service provider
Investment company
Investment company
Investment company
Telecommunications
Investment company
Telecommunications
Telecommunications
Telecommunications consulting
Mining & distribution
Investment company
Investment company
Commodity trading
Property development
Investment company
Telecommunications
Investment company
Investment company
Property development
Telecommunications
Telecommunications
Investment company
Administrative services
Property development
Telecommunications

DIRECTORS' AND EXECUTIVE MANAGERS' PROFILES



Mr Brandon Rodney Topham **Chief Financial Officer (44)**

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.

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

Company	Nature of business
Ecsponent Holdings Ltd	Investment holding
Seesa (Pty) Ltd	Labour law & BEE consulting
Goodwill Park (Pty) Ltd	Investment holding
TAG Employee Fund administrators (Pty) Ltd	Employee fund administration
Venmore (Pty) Ltd	Investment holding
TAG Business Advisors (Pty) Ltd	Professional services
TAG Plastics (Pty) Ltd	Flexible plastic manufacture
TAG Investments (Pty) Ltd	Investment holding
Compadre Caliente (Pty) Ltd	Food Distribution
Revenue Forensics (Pty) Ltd	Professional services
TAX Accounting Guru Inc.	Professional services
Dykefeld Country Estate (Pty) Ltd	Farm and property holding
Biz Afrika 1150 (Pty) Ltd	Mining contractor

DIRECTORS' AND EXECUTIVE MANAGERS' PROFILES



Mr Marthinus Gerhardus Erasmus

Non-Executive (48)

Marthinus has a B. Acc (Hons) degree, is a registered CA(SA) and holds an Executive Leadership certification from Unisa. After qualifying and serving articles at PwC, he worked in various large corporate environments where he gained experience in, *inter alia*, finance, management, strategic negotiations and corporate finance, before joining AST, a then newly-listed IT company, as the Financial Director in 1998.

Marthinus has extensive experience, across various continents, in finance, mergers and acquisitions, black economic empowerment transactions, strategy development and execution, corporate transactions and business turnarounds. Marthinus is currently the CEO of Arbor Capital Corporate Finance (Pty) Ltd, a position he has held since 2006, and the non-executive chairman of the Spero group of companies.

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

Company	Nature of business
Guideline Biztech (Pty) Ltd	Professional consulting
5 th Dimension Genetics (Pty) Ltd	Risk, quality & compliance services
Boerseun Boerdery (Pty) Ltd	Farming
Anyavert (Pty) Ltd	Investment Holdings
K2014001245 (Pty) Ltd	Investment Holdings
Arcay Mining Equities (Pty) Ltd	Investment Holdings
Arbor Capital Corporate Finance (Pty) Ltd	Corporate Finance
Fluolor (Pty) Ltd	Mining & distribution

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. One 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	
Daniel Stephen van der Merwe – Non-executive independent	01 April 2009	
Marthinus Gerhardus Erasmus - Non-executive	07 August 2014	

Due to required rotation of directors, Mr DS van der Merwe and Mr MB Pretorius 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.

CORPORATE GOVERNANCE REPORT

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	5	5
Mario Brönn Pretorius	5	5
Brandon Rodney Topham	5	5
Jaco Voigt	5	5
Marthinus Erasmus	5	5

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;

CORPORATE GOVERNANCE REPORT



- 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. With the exception of M Erasmus, all of the directors have attended this course who has attended the sponsors 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.

CORPORATE GOVERNANCE REPORT



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 as required by the Companies Act. 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 one being independent. The Chief Financial Officer (CFO), the External Audit Partner and 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.

CORPORATE GOVERNANCE REPORT

The Shareholders appointed Mr M Erasmus as Chairman of the Audit Committee. He is a Chartered Accountant whose profile is set out under the Directors profile section of this report. 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 on various occasions as set out below 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;

CORPORATE GOVERNANCE REPORT



- 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
MG Erasmus (Chairman)	5	5
DS van der Merwe	5	5
J Voigt	5	5
BR Topham (Chief Financial Officer) – By invitation	5	5

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
MG Erasmus	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.

CORPORATE GOVERNANCE REPORT



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 22 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
DS van der Merwe (Chairman)	1	1
MB Pretorius	1	1
BR Topham	1	1
J Voigt	1	1
MG Erasmus	1	1

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 2015 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.

CORPORATE GOVERNANCE REPORT



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 his 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 the 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.

CORPORATE GOVERNANCE REPORT



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.

CORPORATE GOVERNANCE REPORT



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

Our current business methodology and telephony solutions for our clients remains at the leading edge of technological development. These technologies ensure our long term sustainability whilst embracing technologies which have almost no environmental impact.

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 systems, are aimed at reducing resource consumption over time 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

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

CORPORATE GOVERNANCE REPORT

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 detailed explanation of Chapter two is provided below.

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	√		

CORPORATE GOVERNANCE REPORT

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 is only one independent non-executive 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.



King III Detail relating to Chapter two application

Principle 2.1 The Board should act as the focal point for and custodian of corporate governance. Applied

The Board ensures that the Company applies the governance principles contained in King III and continually aims to further entrench and strengthen recommended practices through the Group's governance structures, systems, processes and procedures.

Principle 2.2 The Board should appreciate that strategy, risk, performance and sustainability are inseparable. Applied

The Board approves and monitors the Group strategy and the implementation thereof. Strategic objectives are determined based on performance objectives, key risk areas and the long term sustainability of the Group, with economic, environmental and social issues relevant to the Group being taken into account.

Principle 2.3 The Board should provide effective leadership based on an ethical foundation. Applied

The Group subscribes to high ethical standards and responsible leadership characterised by the values of fairness, accountability, responsibility and transparency. In accordance with the Board Charter the Board acts as the focal point for and the custodian of corporate governance.

Principle 2.4 The Board should ensure that the Company is and is seen to be as a responsible corporate citizen. Applied

The Board is responsible for ensuring that the Group has due regard to not only the financial aspect of the business, but also the impact that business operations have on the environment and the society within which the Group operates.

Principle 2.5 The Board should ensure that the Company's ethics are managed effectively Applied

The Board has approved a code of ethics by which the group is governed. A review of the code of ethics is currently being undertaken.

Principle 2.6 The Board should ensure that the Company has an effective and independent audit committee. Applied

In line with the Companies Act, 2008, the Board has appointed an Audit Committee that is constituted by Directors who have experience in accounting, finance, commerce and law.

Principle 2.7 The Board should be responsible for the governance of risk. Applied

The Board is responsible for the governance of risk and is assisted in this regard by an Audit and Risk Committee. The Audit and Risk Committee is responsible for assisting the Board in fulfilling its oversight responsibilities with regard to the risk appetite of the Company, the risk management and compliance framework and the governance structure that supports it.

Principle 2.8 The Board should be responsible for information technology (IT) governance. Applied

Ultimate responsibility for the Company's IT governance framework is borne by the Board. The Board has delegated the responsibility to the Audit and Risk Committee which has overseen the drafting of an IT disaster recovery plan.

Principle 2.9 The Board should ensure that the Company complies with applicable laws and considers adherence to non-binding rules, codes and standards. Applied

Legislative and regulatory compliance is overseen by the Risk Committee and Social and Ethics Committee.

Principle 2.10 The Board should ensure that there is an effective risk-based internal audit. Explained

The internal audit function has been managed internally for the past 18 months. The Board has, however, resolved to appoint an independent third party to manage the internal audit function and this contract is expected to commence following the completion of the audit for the 2014 financial year.

Principle 2.11 The Board should appreciate that stakeholder perceptions affect a Company's reputation.

Applied The Board is cognisant of the importance of stakeholders and how their perceptions can affect the Group's reputation and business model. The Board accordingly strives to ensure a culture of transparency throughout the Group's operations.

Principle 2.12 The Board should ensure the integrity of the Company's integrated report. Applied

The Audit Committee recommends the approval of the integrated report to the Board, prior to it being reviewed and approved by the Board.

CORPORATE GOVERNANCE REPORT

Principle 2.13 The Board should report on the effectiveness of the Company's internal controls. Applied

The Board reports on the effectiveness of the Company's internal controls in the integrated report.

Principle 2.14 The Board and its directors should act in the best interests of the Company. Applied

Directors are aware of their fiduciary duties and stewardship role of the Board. Records of Directors' interests are kept and updated on an on-going basis. Directors act with independence of mind and strive to ensure that they are acting in the best interests of both the Company and its stakeholders.

Principle 2.15 The Board should consider business rescue proceedings or other turnaround mechanisms as soon as the company is financially distressed as defined in the Companies Act, 71 of 2008. Applied

The Board is aware of the requirements of the Companies Act regarding business rescue. Although the Company has made substantial losses over the past few financial years, the Board has satisfied itself that through the support of the Company's holding company and the actions taken by management to improve business efficiencies, the Company is not in a state of financial distress.

Principle 2.16 The Board should elect a chairman of the board who is an independent non-executive director. The CEO of the company should also not fulfil the role of chairman of the Board. Applied

The Company has appointed an independent Chairman, Mr Stephen van der Merwe who has no executive duties.

Principle 2.17 The Board should appoint the Chief Executive Officer and establish a framework for the delegation of authority. Applied

The Board has delegated authority to the Chief Executive Chairman and Financial Director to run the day-to-day affairs of the Company, which authority is subject to an approval framework.

Principle 2.18 The Board should comprise a balance of power, with a majority of non-executive directors. The majority of non-executive directors should be independent. Explained

The Board is constituted by a majority of non-executive Directors, 3 of which only one is independent. Although the majority of Directors are not independent, they are all seasoned Directors who apply their minds independently.

Principle 2.19 Directors should be appointed through a formal process. Applied

Any new appointments to the Board are considered by the Board as a whole. New Directors appointed to the Board during the year are appointed in accordance with the provisions of the Company's memorandum of incorporation, automatically retire at the next annual general meeting and their re-appointment is subject to the approval of shareholders.

Principle 2.20 The induction of and on-going training and development of directors should be conducted through formal processes. Applied

New appointees to the Board are appropriately familiarised with the Company. Additional training is provided when it is considered to be needed.

Principle 2.21 The Board should be assisted by a competent, suitably qualified and experienced company secretary. Applied

TAG Consulting (Pty) Ltd ("TAG") has been appointed by the Board as Company Secretary. The appointment is in accordance with the Companies Act, 2008 and the JSE Listings Requirements and is evaluated annually. The Board is of the opinion that TAG has the requisite attributes, qualifications and experience to competently carry out the duties and responsibilities of Company Secretary. The CFO has previously filled this role in his personal capacity but now performs the duty through TAG of which he is a director.

Principle 2.22 The evaluation of the Board, its committees and individual directors should be performed every year. Explained

The Board acknowledges the importance of both self-evaluation and evaluation of the sub-committees. This function is performed internally by the Company Chairman and where necessary changes have been made by agreement with the other members of the board.



Principle 2.23 The Board should delegate certain functions to well-structured committees without abdicating its own responsibilities. Applied

The Board has three committees that assist it in discharging its duties and responsibilities. These committees are:

- Audit and Risk Committee
- Remuneration Committee
- Social and Ethics Committee

Principle 2.24 A governance framework should be agreed between the Group and its subsidiary boards. Applied

The governance of wholly-owned subsidiaries is handled by Board. The Group currently only has wholly-owned subsidiaries.

Principle 2.25 Companies should remunerate directors and executives fairly and responsibly. Applied

The Board oversees the remuneration of Directors and Senior Executives and makes the determination taking into account market conditions, expert advice from remuneration specialists and in accordance with the Remuneration policy. Non-executive Directors' fees are submitted annually to shareholders for approval at the Annual General Meeting. Refer to the Remuneration report in the Integrated Annual Report.

Principle 2.26 Companies should disclose the remuneration of each individual director and prescribed officer - Applied

The remuneration of Directors and Prescribed Officers is included in the Directors' report of the Integrated Annual Report.

Principle 2.27 Shareholders should approve the Company's remuneration policy. Applied

The Company's Remuneration report, including the Remuneration Policy, approved by the Board is tabled for a non-binding advisory vote at each Annual General Meeting of shareholders.

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.

A handwritten signature in black ink, appearing to read 'Brandon Topham', written over a light grey rectangular background.

Brandon Topham
for TAG Consulting (Pty) Ltd

AUDIT COMMITTEE'S REPORT



This report of the Audit Committee for the period ended 30 June 2015 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.

AUDIT COMMITTEE'S REPORT



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 2015 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.



M Erasmus
Chairman

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 4 March 2016. The record date on which shareholders must be recorded as such in the register maintained by the transfer secretaries of the company for purposes of determining which shareholders are entitled to attend and vote at the Annual General Meeting is Friday, 26 February 2016. The Meeting 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 2015, 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 represented 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 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 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 represented 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 J Voigt, 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 J Voigt 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 represented 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 2015 as disclosed in note 22 of the annual financial statements, be and is Hereby approved."

NOTICE OF 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 represented 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 re-appointment of Nexia SAB&T as the auditors with Mr Tertius de Kock as the designated auditor, 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 represented 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 represented 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;

NOTICE OF THE ANNUAL GENERAL MEETING



- 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 issue is determined or agreed by the directors of the applicant."

In order for this ordinary 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.

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 represented 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 24 of the annual financial statements, totalling 6 cents per share declared and paid by the directors for the financial year ending 30 June 2015 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 represented 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 Mr M G Erasmus as member and Chair of the Audit Committee

"RESOLVED THAT the appointment of M G Erasmus as a member and Chair of the Audit Committee of the Company for the forthcoming year ended 30 June 2016 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 represented 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 2016 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 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

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 2016 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 represented 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 TAG Consulting (Pty) Ltd, represented by B Topham , the Chief Financial Officer of the Company, 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 represented 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 is hereby endorsed by way of a non-binding advisory vote.”

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 represented 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 July 2015, which shall not exceed the amounts detailed below, be and is hereby approved.”

	Amount per annum
Mr MB Pretorius	2 010 000
Mr DS van der Merwe	267 000
Mr J Voigt	200 000
Mr M Erasmus	200 000
Mr BR Topham	200 000

NOTICE OF THE ANNUAL GENERAL MEETING

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. At the general meeting in terms of Section 66(9) of the Act.

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 2 March 2016 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 2 March 2016.

By order of the Board

TAG Consulting (Pty) Ltd
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 4 March 2016 ("the annual general meeting") and 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 - DS van der Merwe			
Ordinary resolution number 3 – Director retirement and re-election - J Voigt			
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 M Erasmus 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			

Signed at

on

2016

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 4 March 2016 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 2 March 2016.

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 2 March 2016.
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)).

ANNEXURE 1: AUDITORS ENGAGEMENT LETTER



Enquiries: Tertius De Kock
Tel: (012) 682 8800
Fax: (012) 682 8801
E-Mail: tertius@nexia-sabt.co.za

The Directors
TeleMasters Holdings Limited
Route 21 Office Park
Irene
0157

3 August 2015

To the Board of Directors

APPOINTMENT AS AUDITORS OF TELEMASTERS HOLDINGS LIMITED GROUP FOR THE YEAR ENDED 30 JUNE 2015

We are pleased to confirm acceptance of our engagement as auditors of TeleMasters Holdings Limited and its subsidiary (Skycall Networks (Pty) Limited). This letter sets forth our understanding of the terms and objectives of our engagement, and the nature and scope of the services we will provide. The issue of this letter of engagement is recommended practice by the International Federation of Accountants. It does not seek to limit our professional responsibilities below the standards that are expected of our profession. Our audit will be done with the objective of expressing an opinion of the financial statements.

Terms of the engagement

We have been engaged to audit and report on the annual financial statements of TeleMasters Holdings Limited and its subsidiary to be presented to the shareholders. Accordingly, we are required by statute to carry out our audit free of any restrictions. Although we will be pleased to advise and assist, the preparation of the financial statements is the responsibility of management. Our responsibility is to express our opinion on these financial statements.

We will conduct our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. The audit will include such tests of transactions and of the existence, ownership and valuation of assets and liabilities, as we consider necessary.


Our audit will include:

- (a) evaluating the appropriateness of the accounting policies,
- (b) examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements,
- (c) assessing the accounting principles used and significant estimates made by management, and
- (d) evaluating the overall financial statement presentation.

Directors: B Adam (CEO), A Aboobaker, Z Abrams, A Darmalingam, T de Kock, S Gambu*, Y Hassen, N Hassim, S Ismail, B Jhetam, H Kajie, S Kleovoulou, S Makamure
T Mayet, K Rama, M Sindane, Y Soma, Z Sonpra, N Soopal, M F Sulaman, I Theron, H van der Merwe, M Wessels
* Non Executive

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Other Offices: Bloemfontein, Cape Town, Durban, Kimberley, Nelspruit, Polokwane, Port Elizabeth, Rustenburg

SAB&T Chartered Accountants Incorporated is an independent member firm of 
Co. Reg No: 1997/018869/21
IRBA Reg No: 921297



Our audit will include such tests as we consider necessary. The nature and extent of our tests may cover any aspect of the business operations, and will vary according to our assessment of what is material in the context of the company's financial statements and, where we wish to place reliance on it, the effectiveness of the internal control structure.

Our work will be planned in advance and incorporated into an audit plan. This may be varied on the basis of our findings during the course of the audit and from year to year.

Accordingly, we may modify our audit scope, rotate our audit emphasis and propose matters of special audit emphasis, as the circumstances dictate.

The concept of materiality affects our audit planning and our consideration of matters arising from our audit. We take into account both qualitative and quantitative factors when assessing materiality.

Because our responsibilities are to report on the financial statements as a whole, rather than those of individual units or divisions, the nature and extent of our tests and enquiries at each unit or division will vary according to our assessment of its circumstances. Thus, we will carry out limited work at certain units or divisions, rather than the full audit that would be necessary if we were to report on the separate financial statements of the unit or division concerned.

However, should you at any time require a specific investigation for the purpose of providing affirmation with regard to the operation of any aspect of your internal control structure, or for any other purpose, for example, the detection of fraud or error, this would be undertaken at your request.

Detection of fraud, error and non-compliance with laws and regulations

The primary responsibility for safeguarding the assets of the company and the prevention and detection of fraud, error and non-compliance with laws or regulations rests with the director and management.

It is the responsibility of the director(s) of the company to ensure through oversight of management, that the company establishes and maintains internal control to provide reasonable assurance with regard to the reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations.

It is the responsibility of management to establish a control environment and maintain policies and procedures to assist in achieving the objective of ensuring, as far as possible, the orderly and efficient conduct of the Company's business.

Our audit is planned and performed so that we have reasonable, but not absolute, assurance of detecting material misstatements in the financial statements or accounting records, including any material misstatements resulting from fraud, error or noncompliance with laws or regulations.

Our audit will not include a detailed audit of transactions, such as would be necessary to disclose errors or fraud that did not cause a material misstatement to the financial statements. Our audit is designed to provide reasonable assurance of detecting errors and irregularities that are material to the financial statements. However, there are inherent limitations in an audit. For example:

- (a) We do not examine evidence supporting every transaction, and
- (b) although we obtain an understanding of the accounting systems and related controls to assist us in designing our audit, we study and evaluate only those controls on which we intend to rely.

Thus, irregularities, if they exist, may not be detected. Moreover, because of the characteristics of irregularities, including concealment through collusion or forgery, a properly designed and executed audit may not necessarily detect a significant irregularity.

However, we will communicate any illegal acts, material errors, identified fraud or information that indicates that a fraud may exist, identified during our audit, to the appropriate level of management as soon as practicable.

Financial Intelligence Centre Act

In terms of Section 29 of the Financial Intelligence Centre Act we are required by law to report to the Financial Intelligence Centre certain suspicious or unusual transactions of which we become aware, such as those which may involve money laundering, which have no apparent business or lawful purpose, or which may be relevant to an investigation of evasion or attempted evasion of tax. This statutory requirement, which applies to both prospective clients and existing clients, overrides the professional ethics rules of confidentiality, which we observe.

Reportable Irregularities

A reportable irregularity in terms of the Auditing Profession Act is any unlawful act or omission committed by any person responsible for the management of an entity, which:

- (a) has caused or is likely to cause material financial loss to the entity or to any partner, member, shareholder, creditor or investor of the entity in respect of his, her or its dealings with that entity; or
- (b) is fraudulent or amounts to theft; or
- (c) represents a material breach of any fiduciary duty owed by such person to the entity or any partner, member, shareholder, creditor or investor of the entity under any law applying to the entity or the conduct or management thereof.

In relation to companies the management board usually comprises:

- (a) The board of directors of the company (including 'shadow' directors) and holding companies in group situations; and
- (b) Any person who in the affairs of the Company exercises executive control which reflects the general policy of the company for the time being or which is related to the general administration of the Company.
- (c) In considering whether a person is responsible for managing an entity an auditor will have due regard both to the published details of the management structure thereof and to the de facto exercise of the requisite characteristics of control and management.

We are required by the Auditing Profession Act, 26 of 2005 (the "APA") to send a written report to the Independent Regulatory Board of Auditors ("IRBA") if we are satisfied or have reason to believe that a reportable irregularity (as defined in the APA) has taken place or is taking place.

We undertake to notify the director of such action within three days of sending a report to the IRBA. We will subsequently take all reasonable steps to discuss the report with the director who will be afforded the opportunity to make representations in respect thereof.

We are also required to send a second report to the IRBA, within 30 days from the date on which the initial report was sent, which should contain a statement that we are of the opinion that:

- (a) no reportable irregularity has taken place; or
- (b) the suspected reportable irregularity is no longer taking place and that adequate steps have been taken for the prevention or recovery of any loss as result thereof, if relevant; or
- (c) the reportable irregularity is continuing

If the IRBA receives a report that a reportable irregularity is continuing, they must notify any appropriate regulator of the details of the reportable irregularity to which the report relates and provide it with a copy of the report.

Should a reportable irregularity have taken place or be taking place our audit report on the financial statements is required to be appropriately qualified.

The firm requires its staff to report any suspected reportable irregularity to the engagement partner immediately, without delay. Should an employee fail to adhere to this requirement they will face a disciplinary hearing and possible termination of their training contract and/or dismissal.

Because of the test nature and other inherent limitations of an audit, together with the inherent limitations of any accounting and internal control system, there is an unavoidable risk that even some material misstatements may remain undiscovered.

In addition to our report on the financial statements, we expect to provide you with a separate letter concerning any material weaknesses, in the accounting and internal control system, which come to our attention.

Responsibilities of directors

You will retain responsibility and accountability for:

- (a) the management, conduct and operation of your business and affairs;
- (b) any representations made by the company to third parties, including published information;
- (c) the maintenance of the accounting records;
- (d) the establishment and maintenance of an internal control structure, necessary to provide reasonable assurance that adopted policies and prescribed procedures are adhered to for the prevention of errors and irregularities, including fraud and illegal acts.
- (e) the preparation of the annual financial statements which fairly present the financial position, results of operations and cash flows of the Company, including adequate disclosure in accordance with International Financial Reporting Standards;
- (f) the selection and application of accounting policies;
- (g) the safeguarding of assets;
- (h) the use of, extent of reliance on, or implementation of advice or recommendation supplied by us or other product of the services;
- (i) the delivery, achievement or realisation of any benefits directly or indirectly related to the services that require implementation by you;
- (j) ensuring that all arrangements are made for access, security procedures, virus checks, facilities, licenses and/or consents (without any to us), where you require us to do so or the nature of the services is such that it is likely to be more efficient for us to perform work at your premises or use your computer systems or telephone networks.

As part of our audit process, we will request from management written confirmation concerning representations made to us in connection with the audit.

To assist us with our audit of your financial statements, you are also responsible for making available to us, as and when required, all minutes of important meetings, and information and explanations which we consider necessary for the performance of our duties as auditors. We shall also request sight of all documents or statements that are to be issued with the financial statements.

Responsibilities of Auditors

We have a statutory responsibility to the shareholders of the company to, at the conclusion of our audit, express an opinion as to whether or not the financial statements fairly present the financial position, results of operations and cash flow information of the company, in conformity with International Financial Reporting Standards and in the manner required by statute. In arriving at our opinion, we shall inter alia consider the following matters, and report on any in respect of which we are not satisfied:

- (a) whether adequate accounting records have been kept by the Company.
- (b) whether the annual financial statements are in agreement with the accounting records and returns;
- (c) whether we have obtained all the information and explanations which we consider necessary for the purpose of our audit;
- (d) whether the information given in the director' report is consistent with the financial statements.

We also have a professional responsibility to report if the financial statements do not comply in any material respect with applicable accounting standards, unless in our opinion the non-compliance is justified in the circumstances. In determining whether or not the departure is justified we consider:

- (a) whether the departure is required in order for the financial statements to achieve fair presentation in all material aspects;
- (b) whether adequate disclosure has been made concerning the departure.

Our professional responsibilities also include considering whether other information in documents containing audited financial statements is consistent with those financial statements.

Staff

Our staff members undergo periodic training and this, together with the taking of annual leave, may lead to staff turnover and lack of continuity. We will use our best endeavours to avoid any disruption to an engagement's progress. This will however not impact on the 2013/2014 financial period.

Save as envisaged below, you agree not to make any offer of employment or to otherwise interfere with or entice away from the employment of any persons employed by Nexia SAB&T. You further agree not to use such person's services as an independent consultant or via a third party for a period of 12 months following the end of such person's involvement, without the prior written consent of Nexia SAB&T.

Reporting to management

We shall report to management, normally in writing, any significant weaknesses in, or our observations on, the internal control structure and other areas that come to our attention during the course of our normal audit work and which, in our view, require management's attention.

Our review of internal financial control systems is only performed to the extent required to express an opinion on the company's financial statements and therefore our comments on these systems will not necessarily address all possible improvements that might be suggested as a result of a more extensive special examination.

No such report may be provided to a third party without our prior written consent. Such consent will be granted only on the basis that such reports are not prepared with the interests of anyone other than the company in mind and that we accept no duty or responsibility to any other party.

Communications with directors

“Audit matters of governance interest” are those matters that arise from the audit of financial statements and, in our opinion, are both important and relevant to the director in overseeing the financial reporting and disclosure process. Audit matters of governance interest will be communicated to the audit committee.

We will communicate only those matters of governance interest that comes to our attention as a result of the performance of the audit. We are not required to design procedures for the specific purpose of identifying matters of governance interest.

Information

To enable us to perform the services, you will use your best endeavours to procure and to supply promptly all information and assistance, and all access to documentation in your possession, custody, or under your control, and to personnel under your control, where required by us. Where such information and/or documentation is not in your possession or custody, or under your control, you will use your best endeavours to procure the supply of the information, assistance and/or access to all the documentation

We may rely on any instructions or requests made or notices given or information supplied, whether orally or in writing, by any person whom we know to be or reasonably believe to be authorised by you to communicate with us for such purposes (“an authorised person”).

We may receive information from you or from other sources in the course of delivering the services and:

- (a) We will consider the consistency and quality of information received by us;
- (b) We will not seek to establish the reliability of information received from you or any other information source.
- (c) Accordingly, we assume no responsibility and make no representations with respect to the accuracy, reliability or completeness of any information provided to us;
- (d) We will not be liable to you for any loss or damage suffered by you arising from fraud, misrepresentation, withholding of information material to the services, or other default relating to such material information, whether on your part or that of the other information sources.

You undertake to supply information in response to our enquiries to enable us to comply with our statutory obligations relating to the Financial Intelligence Centre Act, No.38 of 2001 and the Prevention of Organised Crime Act, No.121 of 1998.

Representations by management

As part of our normal audit procedures, we will request you to provide written confirmation of facts or judgements which are not themselves recorded in the accounting records and any other oral representations that we have received from management during the course of our audit that are considered to have a material effect on the financial statements.

This letter will also confirm that all important and relevant information has been brought to our attention.

In addition, we shall include in or attach to the representation letter a summary of unadjusted audit differences and request that management acknowledges that it has considered the financial statement misstatements brought to its attention by us and has concluded that any unrecorded misstatements are not material to the financial statements taken as a whole.

To provide an opportunity for you and the audit committee to discuss the matters raised in our various reports, we expect to attend the audit committee meetings prior to the commencement of our audit and before the announcement of interim and annual results. We are also entitled to attend all general meetings of the company and to receive notice of all such meetings.

Documents issued with the financial statements

To assist us with our audit of your financial statements, we shall request sight of all documents or statements, management's reports, operating and financial review and director' report which are to be issued with the financial statements.

International auditing standards require that we read any annual report and other document that contains our audit opinion. The purpose of this procedure is to consider whether other information in the annual report, including the manner of its presentation, is materially inconsistent with information appearing in the financial statements. We assume no obligation to perform procedures to verify such other information as part of our audit.

Once we have issued our report we have no further direct responsibility in relation to the financial statements for that financial year. However, we expect that you will inform us of any material event occurring between the date of our report and the date of issue of the financial statements which may affect the financial statements.

Subsidiaries

In carrying out our duties as principal auditors, we shall make such enquiries of any other auditors of the subsidiaries, and review their work to such an extent as we consider necessary to form our opinion on the group financial statements. However, the responsibility to your company, as shareholder, for the audits of such subsidiaries remains with the auditors of the subsidiaries concerned.

Future use of the audit opinion

You agree that our audit report, or reference to us, will not be included in any such offering document without our prior written permission or consent. Any agreement to perform work in connection with an offering, including an agreement to provide such permission or consent, will be a separate engagement and subject to a separate engagement contract.

Distribution of any service or product

Any product of the services released to you in any form or medium will be supplied by us on the basis that it is for your benefit and information only and that it may not be copied, referred to or disclosed, in whole or in part (save for your own internal purposes), without our prior written consent. The services will be delivered on the basis that you may not quote our name or reproduce our logo in any form or medium without our prior written consent. You may disclose in whole any product of the services to your bankers and legal and other professional advisers for the purposes of your seeking advice in relation to the services, provided that when doing so you inform them that:

- (a) Disclosure by them (save for their own internal purposes) is not permitted without our prior written consent; and
- (b) We accept no responsibility or liability whatsoever and neither do we owe any duty of care to them in connection with the services.

Third party rights

The services contract will not create or give rise to, nor will it be intended to create or give rise to, any third party rights.

Reporting to third parties

Our audit opinion is intended for the benefit of those whom it is addressed. The audit will not be planned or conducted in contemplation of reliance by any third party or with respect to any specific transaction. Therefore, items of possible interest to a third party will not be specifically addressed and matters may exist that would be assessed differently by a third party, possibly in connection with a specific transaction. There may be situations for example in relation to loan agreements, where a third party seeks to request us, in our capacity as auditors, to report to them.

Any contractual arrangements between you and a third party which seek to impose such requirements

upon us will not, as a matter of law, be binding on us. However, depending on the circumstances we may agree to provide reports to third parties, but not in our capacity as auditors. Any such possible requirements must be discussed with us at the earliest opportunity and well before the loan agreement or other arrangement is finalised. In this regard, however, it is our policy not to extend our duty of care in respect of our audit report in the financial statements.

Responsibility relating to electronic distribution of Nexia SAB&T's opinion

We acknowledge that as director of the company you may wish to publish the company's financial statements and the auditors' report on the company's web site or distribute them to shareholder by means such as e-mail. Your responsibilities concerning the preparation, dissemination and signing of the financial statements do not change simply because the financial statements are reproduced or distributed electronically; it is your responsibility to ensure that any such publication properly presents the financial information and any auditors' report. We request that you advise us of any intended electronic publication before it occurs. Where our audit report is reproduced in any medium, the complete financial statements, including notes, must also be presented.

By giving our consent to the issue of our opinion with the financial statements on the web site we do not accept any duty of care and deny any liability beyond our statutory duties as auditors. As auditors, we will review the process by which the financial statements to be published electronically are derived from the financial information contained in the manually signed financial statements, check that the proposed electronic version is identical in content with the manually signed financial statements and check that the conversion of the manually signed financial statements into an electronic format has not distorted the overall presentation of the financial information, for example by highlighting certain information so as to give it greater prominence.

You are responsible for the controls over, and the security of the web site and, where applicable, for establishing and controlling the process for electronically distributing annual reports and other financial information. We remind you that the examination of controls over the maintenance and integrity of the company's web site is beyond the scope of the audit of the financial statement and if your director's responsibilities statements does not include reference to this we will include it as a note at the end of the electronic version of our audit report. Accordingly, we accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site. However, if we do become aware of any subsequent amendments, we will notify the director that the financial statements no longer correspond with the manually signed financial statements.

Uncertainty regarding legal requirements is compounded as information published on the internet is accessible in many countries with different legal requirements relating to the preparation and dissemination of financial statements and if the director's responsibilities statement does not refer to this, or if we otherwise consider it appropriate, we will include a note describing this uncertainty at the end of the electronic version of our audit report.

We reserve the right to withhold consent to the electronic publication of our report if the audited financial statements or the auditors' report are to be published in an inappropriate manner or to request amendments to the electronic auditors' report if we are not satisfied with the proposed wording or its presentation in the context of the financial statements.

Electronic communications

We may choose to communicate with you by electronic mail where an authorised person wishes us to do so, on the basis that in consenting to this method of communication, you accept the inherent risks of such communications (including the security risks of interception of or unauthorised access to such communications, the risks of corruption of such communications, the risk of errors or loss of information and the risks of viruses or other harmful devices) and that you will perform virus checks. We will use commercially reasonable procedures to check for the most commonly known viruses before sending information electronically.

We recognise that systems and procedures cannot be a guarantee that transmissions will be unaffected by such hazard.

We confirm that we each accept the risks of and authorise electronic communications between us. We each agree to use commercially reasonable procedures to check for the then most commonly know viruses before sending information electronically. We shall each be responsible for protecting our own systems and interests in relation to electronic communications and the company and Nexia SAB&T (in each case including our respective directors, employees or agents) shall have no liability to each other on any basis, whether in contract, delict (including negligence) or otherwise, in respect of any error, damage, loss or omission arising from or in connection with the electronic communication of information between us and our reliance on such information.

The exclusion of liability in the previous clause shall not apply to the extent that any liability arises out of acts, omissions or misrepresentations which are in any case criminal, dishonest or fraudulent on the part of our respective directors, employees, or agents.

If our communication relates to a matter of significance on which you wish to rely and you are concerned about the possible effects of electronic transmission, you should request a hard copy of such transmission from us. If you wish us to password protect all or certain documents transmitted, you should request us to do so.

Use of Nexia SAB&T's software

We may develop software, including spreadsheets, documents, databases and other electronic tools to assist us with our assignment. In some cases these aids may be provided to you upon request. As these tools were developed specifically for our purposes and without consideration of any purpose for which you might use them, they are made available on an "as is" basis for your use only and should not be distributed to or shared with any third party. Further, we make no representations or warranties as to the sufficiency or appropriateness of the software tools for any purpose for which you may use them. Any software tools developed specifically for you will be covered under a separate engagement letter.

Ownership of and access to audit files

The working papers and files for this engagement created by us during the course of the audit, including electronic documents and files, are the sole property of Nexia SAB&T.

We will retain ownership of the copyright and all other intellectual property rights in the product of the services, whether oral or tangible. For the purposes of delivering services to you or other clients, we will be entitled to use or develop knowledge, experience and skills of general application gained through performing the services. You agree to keep confidential any methodologies and technology used by us to carry out our services.

We have the right to use your name as a reference in proposals or other similar submissions to other prospective clients, unless you specifically withhold permission for such disclosure. If we wish to use details of the work done for you for references purposes, we will obtain your permission in advance.

Circumstances beyond our or your control

Neither of us will be in breach of our contractual obligations, nor will either of us incur any liability to the other, if we or you are unable to comply with the services contract as a result of any cause beyond our or your reasonable control. In the event of any such occurrence affecting one of us, that one shall be obliged as soon as reasonably practicable to notify the other, who will have the option of suspending or terminating the operation of the services contract on notice, which notice will take effect immediately on delivery thereof.

Waiver, assignment and sub-contractors

Failure by any one of us to exercise or enforce any rights available to us shall not amount to a waiver of any rights available to either of us.

Neither of us will have the right to assign the benefit or burden of the services contract without the written consent of the other. We will have the right to appoint sub-contractors to assist us in delivering the services.

Exclusions and limitations on our liability

Save for any exclusions provided for in Section 46 of the Auditing Profession Act, 2005, the maximum liability of Nexia SAB&T or any individual partner, member, or employee, as the case may be, of the Nexia SAB&T contracting party in respect of direct economic loss or damage suffered by you or by other beneficiaries arising out of or in connection with the services shall be limited to two times the fees charged and paid for these services. The maximum liability will be an aggregate liability for all claims arising, whether by contract, delict, negligence, or otherwise.

In the particular circumstances of the services set out in the engagement letter, the liability to you and to other beneficiaries of each and all Nexia SAB&T persons in contract or delict or under statute or otherwise, for any indirect or consequential loss or damage (including loss of profits) suffered by you (or by any such other party) arising from or in connection with the services, however the indirect or consequential loss or damage is caused, excluding our wilful misconduct, shall be excluded to the extent that such limitation is permitted by law.

Our liability to you will in no circumstances exceed the lower of the amount determined by the application of the monetary limit based upon fees charged to, and recovered from, you and the amount determined by the apportionment of responsibility, as the case may be.

You and other beneficiaries may not bring any claim personally against any individual partner, member, employee or agent, as the case may be, of the Nexia SAB&T contracting party or of anybody or entity controlled by us or owned by us or associated with us in respect of loss or damage suffered by you or by other beneficiaries arising out of or in connection with the services. This restriction shall not operate to limit or exclude the liability of the Nexia SAB&T contracting party for the acts or omissions of its partners, directors, employees and agents. Any claim by you or other beneficiaries must be made (for these purposes a claim shall be made when court or other dispute-resolution proceedings are commenced) within two years of the date on which you or they became aware, or ought reasonably to have become aware, of circumstances giving rise to a claim or potential claim against us.

Third parties

You will indemnify the Nexia SAB&T contracting party and any Nexia SAB&T persons and hold them harmless against any loss, damage, expense or liability incurred by the parties and/or persons as a result of, arising from, or in connection with a combination of the following two circumstances:

- (a) Any breach by you of your obligations under the services contract.
- (b) Any claim made by a third party or any other beneficiaries which results from or arises from or is connected with any such breach.

Timetable

We will agree a timetable with you which will enable you to meet your obligations to issue annual financial statements, and meet any other deadline notified to us. As you will appreciate, however, any such timetable will be based on the assumption that we will receive the appropriate co-operation and assistance.

Fees

We will render invoices in respect of the services comprising fees, disbursements and VAT thereon.

Our fees are based on the time spent on your affairs by our partners and staff, and on the levels of skill and responsibility involved, the nature and complexity of the services, and the resources required to complete the engagement. These fees may differ from estimates that may have been supplied, which estimates will be provisional only. Stringent reporting requirements or deadlines imposed by you might require work to be carried out at a higher level than usual or outside normal working hours. This may result in increased costs. Additional fees may also result from material changes in the services or from difficulties in obtaining information, which could not reasonable have been foreseen.

Fees are calculated either:

- (a) on an hourly basis at charge out rates applicable to the person undertaking the work. Our current maximum and minimum rates for normal work within normal working hours applicable from time to time may be obtained on request; or
- (b) on a tariff basis for taxation or company secretarial services. These rates are available on request at the time matters are specifically referred to us.

Disbursements in respect of travelling expenses and other expenses will be recoverable at our predetermined rates.

In return for the delivery of the services by us, you will be required to pay our fees, without any right of set-off, on presentation of our invoice.

Notwithstanding anything to the contrary contained herein, should our accrued fees reach a level which we consider to be material such accrued fees will become due and payable immediately upon presentation of our fee note, failing which the rendering of all further professional services will be suspended pending receipt of payment.

In the event of your appointing an alternative firm of accountants in our stead, or otherwise terminating our mandate, we will be entitled to raise a fee upon receipt of such notification for an amount adequate to cover all work done to date and not yet billed, at our standard charge out rates, including disbursements incurred. In such event you undertake to settle our account in full prior to our handing over books and records to you or to our successor.

Our fees will be inclusive of VAT which will rank for deduction as input tax by registered vendors.

Subject to the foregoing, our fees are payable on presentation. We will be entitled to charge interest on all amounts outstanding, for whatsoever reason, for more than 30 days from the date of presentation of our fee note at the maximum rate allowed by law. Such interest will be calculated on a monthly basis. All payments will be allocated first as to interest, then as to outlays, then as to the longest outstanding fee.

Without prejudice to any other rights that we may have in law, we reserve the right to suspend or terminate the performance of the services or any part thereof to you immediately, at any time, with or without notice, should payment of any of our fees be overdue.

The fees will be subject to review by us each year and will vary with a number of factors including the extent of the assistance we receive from members of staff in preparing routine schedules and analyses.

It is our usual practice to provide estimates of our fees in advance of the work commencing and we shall require payments on account as our work progresses.

Quality of service

We will seek to ensure that our service is satisfactory at all times and delivered with reasonable skill and care. If at any time you would like to discuss with us how the service can be improved, you are invited to contact the partner identified in the engagement letter.

Agreement of terms

Once it has been agreed, this letter will remain effective until it is replaced. We shall be grateful if you will confirm your agreement to the terms of this letter by signing and returning the enclosed copy, or let us know if the terms of our engagement are not in accordance with your understanding.

We look forward to full cooperation with your staff and we trust that they will make available to us whatever records, documentation and other information are requested in connection with our audit. Once it has been agreed, this letter will remain effective from one appointment to another until it is replaced. We shall be grateful if you will confirm your agreement to the terms of this letter by signing and returning the enclosed copy, or let us know if the terms of our engagement are not in accordance with your understanding.

Yours faithfully

Nexia SAB&T

ANNEXURE 3: SIGNED DIRECTORS RESPONSIBILITY REPORT



TeleMasters Holdings Limited

(Registration number 2006/015734/06)

Consolidated Annual Financial Statements for the year ended 30 June 2015

Directors' Responsibilities and Approval

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

The consolidated annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company 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. The 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 company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company 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 consolidated annual 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 company's cash flow forecast and, in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the company's consolidated annual financial statements. The consolidated annual financial statements have been examined by the company's external auditors and their report is presented on page 8.

The consolidated annual financial statements set out on page 9 to 42, which have been prepared on the going concern basis, were approved by the board on 30 September 2015 and were signed on its behalf by:

Mario Pretorius - Executive

Brandon Topham - Executive