



TELEMASTERS HOLDINGS LIMITED

(formerly Sinvent Investments 96 (Proprietary) Limited)

(Incorporated in the Republic of South Africa)

(Registration number 2006/015734/06)

JSE code: TLM ISIN: ZAE000093324

("TeleMasters" or "the Company")

PRE-LISTING STATEMENT

Prepared and issued in terms of the JSE Limited ("JSE") Listings Requirements

This Pre-listing Statement is neither an invitation to the public to subscribe for, nor an offer to purchase ordinary shares in TeleMasters, but is issued in terms of the JSE Listings Requirements for the purpose of providing information to the public in regard to the listing of the ordinary shares of TeleMasters on the Alternative Exchange ("ALT^X"), a division of the JSE.

The JSE has granted a listing, by way of an introduction, of all of the ordinary shares issued in TeleMasters on the ALT^X under the abbreviated name "TeleMastr" with effect from the commencement of trading on the JSE on 12 March 2007.

At the date of the commencement of the listing, the authorised share capital of TeleMasters will comprise 500 000 000 authorised ordinary shares of R0,0001 each, of which there will be 42 000 000 issued and listed ordinary shares of R0,0001 each and a share premium account of R5 966 262.

Shares of TeleMasters will only be traded on the JSE as dematerialised shares. Accordingly, any person who purchases shares in TeleMasters and who elects to receive shares in TeleMasters in certificated form, will be required to dematerialise such certificated shares prior to being in a position to trade such shares on the JSE.

The directors, whose names are given in paragraph 18 of this Pre-listing Statement, accept, collectively and individually, full responsibility for the accuracy of the information given and certify that, to the best of their knowledge and belief, no facts have been omitted which would make any statement false or misleading, and that they have made all reasonable enquiries to ascertain such facts and that this Pre-listing Statement contains all information required by law and the JSE Listings Requirements.

The corporate advisor, Designated Advisor, transfer secretaries and reporting accountants, whose names are included in this Pre-listing Statement, have given and have not, at the date of this Pre-listing Statement, withdrawn their written consents to the inclusion of their names in the capacities as stated.

BDO Spencer Steward, whose reports are included in the annexures, have given and had not, at the date of this Pre-listing Statement, withdrawn their written consent to the inclusion of their reports in the form and context in which they appear.

An abridged version of this Pre-listing Statement will be released on SENS and published in the press on 9 March 2007.

Copies of the Pre-listing Statement in English may be obtained any time during normal business hours from the registered office of the Company, the Designated Advisor and transfer secretaries.

Corporate and Designated Advisor



Reporting accountants



BDO Spencer Steward
Chartered Accountants

CORPORATE INFORMATION

Registered office

Equity Estate Building 2
Masters House
Charles de Gaulle Crescent
Highveld Park Ext 9
Centurion
(PO Box 2887, Montana Park, 0159)

Designated Advisor

River Group
Parc Nouveau Building
225 Veale Street
Brooklyn, Pretoria
(PO Box 1666, Groenkloof, 0027)

Corporate advisor

River Group
Parc Nouveau Building
225 Veale Street
Brooklyn, Pretoria
(PO Box 1666, Groenkloof, 0027)

Transfer secretaries

Computershare Investor Services 2004 (Proprietary) Limited
70 Marshall Street
Johannesburg
(PO Box 61051, Marshalltown, 2107)

Company Secretary

River Group
Parc Nouveau Building
225 Veale Street
Brooklyn, Pretoria
(PO Box 1666, Groenkloof, 0027)

Commercial banker

First National Bank
527 Rachel de Beer Street
Pretoria North
(PO Box 16118, Pretoria North, 0116)

Auditors and reporting accountants

BDO Spencer Steward
BDO Place
457 Rodericks Road
Lynnwood, Pretoria
(PO Box 95436, Waterkloof, 0145)

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DEFINITIONS AND INTERPRETATIONS

In this Pre-listing Statement and the annexures hereto, unless the context indicates otherwise, reference to the singular shall include the plural and *vice versa*, words denoting one gender include the other, expressions denoting natural persons include juristic persons and associations of persons and *vice versa*, and the words in the first column have the meanings stated opposite them in the second column, as follows:

“the Act”	the Companies Act, 1973 (Act 61 of 1973) of South Africa, as amended;
“ALT ^x ”	the Alternative Exchange, a division of the JSE;
“BEE”	Black Economic Empowerment;
“Board”	the board of TeleMasters acting, collectively, as a board, refer to paragraph 18 for full particulars of the directors;
“the common monetary area”	South Africa, the Kingdoms of Swaziland and Lesotho and the Republic of Namibia;
“Computershare” or “transfer secretaries”	Computershare Investor Services 2004 (Proprietary) Limited (registration number 2004/003647/07), a company incorporated in South Africa and the transfer secretaries of TeleMasters in South Africa;
“Certificated shares”	TeleMasters shares for which physical TeleMasters share certificates have been issued;
“CSDP”	Central Securities Depository Participant;
“dematerialised shareholders”	TeleMasters shareholders who elect to receive dematerialised shares;
“dematerialised shares”	TeleMasters shares which have been incorporated into the STRATE system and which are not evidenced by physical share certificates or other documents of title;
“documents of title”	share certificates, certified transfer deeds in respect of balance of receipts and electronic statements and dematerialised shares or any other documents of title acceptable to TeleMasters in respect of shares;
“an emigrant”	an emigrant from the Republic whose address is outside the common monetary area;
“Exchange Control”	the Exchange Control Regulations of South Africa as governed by the South African Reserve Bank;
“initial shareholders”	shares issued to Maison d’Obsession Trust, a trust duly registered in South Africa for purposes of the restructuring of the Company for the listing;
“JSE”	JSE Limited (registration number 2005/022939/06), a limited liability public company duly incorporated in South Africa and a securities exchange licensed in terms of the Securities Services Act, 2004 (Act 36 of 2004);

“JSE Listings Requirements”	the JSE Listings Requirements, as amended from time to time, applicable to TeleMasters by virtue of its shares being notated on the JSE;
“last practicable date”	27 February 2007, being the last practicable date on which information was capable of being included in this Pre-listing Statement prior to its finalisation;
“LCR”	cellular least-cost routing;
“the listing”	the proposed listing of the TeleMasters ordinary shares on the ALT ^x , under the abbreviated name “TeleMasters”;
“Maison d’Obsession Trust”	The Maison d’Obsession Trust (M B Pretorius and family are beneficiaries) duly registered at the Master of the High Court;
“non-resident”	a person whose registered address is outside the common monetary area and who is not an emigrant;
“ordinary shares” or “shares”	ordinary shares of R0,0001 each in the share capital of TeleMasters;
“Pre-listing Statement” or “this document”	this bound Pre-listing Statement, dated 8 March 2007, prepared in compliance with the JSE Listings Requirements solely for purposes of the listing;
“reporting accountants”	BDO Spencer Steward;
“the Republic” or “South Africa”	the Republic of South Africa;
“restructuring”	the issue of shares for the acquisition of the assets of TeleMasters (Pty) Limited;
“SENS”	the Securities Exchange News Service of the JSE;
“shareholders”	the holders of shares from time to time;
“shares” or “TeleMasters shares”	ordinary shares with a par value R0,0001 per share in the share capital of TeleMasters;
“STRATE”	STRATE Limited (registration number 1998/022242/06), a public company incorporated in accordance with the laws of South Africa;
“TeleMasters (Pty) Limited”	TeleMasters (Proprietary) Limited (registration number: 2001/014589/07), a private company duly incorporated in South Africa;
“TeleMasters” or “the Company”	TeleMasters Holdings Limited (registration number 2006/015734/06), a public limited company duly incorporated in South Africa, formerly known as Sinvent Investments 96 (Pty) Limited;
“vendor”	TeleMasters (Pty) Limited (registration number 2001/014589/07), a private company duly incorporated in the South Africa; and
“ZAR”	the monetary currency of South Africa, the South African Rand.

FORWARD-LOOKING STATEMENTS

The release, publication or distribution of this document in certain jurisdictions may be restricted by law and therefore persons in any such jurisdictions into which this document is released, published or distributed should inform themselves about, and observe such restrictions. Any failure to comply with the applicable restrictions may constitute a violation of the securities laws of any such jurisdiction. This document does not constitute an offer to sell or issue, or a solicitation of an offer to purchase or subscribe for, any shares or other securities, or a solicitation of any vote or approval in any jurisdiction in which such offer or solicitation would be unlawful.

This document contains statements about TeleMasters that are or may be forward-looking statements. All statements, other than statements of historical fact included in this document, may be forward-looking statements. Any statements preceded or followed by, or that include, the words "targets", "plans", "believes", "expects", "aims", "intends", "will", "may", "anticipates" or similar expressions or the negative thereof are forward-looking statements.

These forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of any such person or industry results, to be materially different from any results, performance or achievements expressed or implied by such forward-looking statements. These forward-looking statements are based on numerous assumptions regarding the present and future business strategies of such persons and the environment in which each will operate in the future. All subsequent oral or written forward-looking statements attributable to TeleMasters or any member of TeleMasters or any persons acting on its behalf are expressly qualified in their entirety by the cautionary statement above. TeleMasters disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein, to reflect any change in its expectations with regard thereto, or any change in events, conditions or circumstances on which any such statement is based, other than as may be required by the JSE.

SALIENT FEATURES

The information set out in this section of the Pre-listing Statement is an overview only and is not intended to be comprehensive. It should be read in conjunction with the information contained in the other sections of this Pre-listing Statement.

1. INTRODUCTION

The JSE has formally approved the listing of TeleMasters on the ALT^x from the commencement of trade on 12 March 2007. The shares will trade under the abbreviated name "TeleMastr", with share code "TLM" and ISIN: ZAE000093324.

LCR is the "business of relaying corporate calls to cellular numbers via like-networks instead of, by default, landlines". LCR has been hailed as "the most strategic emerging technology" per a knowledge survey conducted by BMI-Technology in April 2006 among large corporate companies.

2. TELEMASTERS GROUP STRUCTURE

Incorporation and history of TeleMasters

TeleMasters Holdings Limited was incorporated on 23 May 2006 as Sinvent Investments 96 (Pty) Limited with an authorised share capital of 1 000 ordinary par value shares of R1,00 each and an issued share capital of 100 shares of R1,00 each. On 6 July 2006 a special resolution was passed and registered by the Registrar of Companies whereby the par value of the authorised and issued shares was converted to R0,0001 per share and the number of authorised shares increased. The effect of this special resolution is that the Company has an authorised share capital of R50 000, divided into 500 000 000 ordinary shares with a par value of R0,0001 each and an issued share capital of R100,00 divided into 100 000 shares with a par value of R0,0001 each. The Company was converted to a public company and the name was changed to TeleMasters Holdings Limited. TeleMasters has no subsidiaries.

3. NATURE OF BUSINESS

LCR is the business of relaying corporate calls to cellular numbers via like-networks instead of, by default, landlines. In practice a customer will receive cellular equipment with SIM cards from each network mounted on his PABX and the PABX is then programmed to route all cellular calls to e.g. 083 numbers via MTN to the MTN destination. The effect hereof is that the customer realises approximately 37% savings versus a similar call via the incumbent Telkom. The networks provide the capital for the equipment needed in return for contractual obligations (24 months Vodacom and Cell C and 36 months MTN), exactly like the current handset business.

TeleMasters (Pty) Limited signed its first contract with Eskom Megawatt Park in May 1998. Since then TeleMasters has grown to 2 400 clients, distributes its service through 106 active dealers and grows its business by an average of over R120 000 per month. Its 31 staff are headquartered in Centurion, Pretoria with Cape Town and Durban Sales Managers servicing the Coast. It serves both large and SMME businesses. Most eminent amongst its clients are: Eskom, the Auditor-General, Armscor, Softline, AngloGold-Ashanti and several Government departments.

TeleMasters is structured around three independent and competitive "teams" each of which is self-contained with regard to all services needed for sourcing, implementing and sustaining the business. Staffing levels are low by industry standards (over R4 million billing/person/annum) and the TeleMasters internal systems are unequalled in the industry. The Company boasts uptime on client sites of over 99% (same day fixes); 88% of clients on debit order; paperless billing (in its 3rd year); complete integrated proprietary billing system and highly motivated and effective staff.

What sets TeleMasters apart from all others in the industry is its unique and completely different business model. TeleMasters proposes a guaranteed and cost-free savings to its clients and this means total flexibility in quantity, dates, and package types, i.e. a complete risk-free proposition. It has practised the same model since inception and has the most vivid, transparent and extensive reporting system in the industry. The result is loyal and informed clients with a client loss rate of less than 3%, all factors considered. Of this percentage 70% are terminated for payment difficulties. At the same time, bad and legal debt is less than 0,08% of turnover.

4. PROSPECTS OF TELEMASTERS

The prospects of the business of TeleMasters, in the opinion of the directors of the Company, are set out below:

The prospects of LCR in the future are excellent. LCR has been hailed as “the most strategic emerging technology” per a knowledge survey conducted by BMI-Technology in April 2006 among large corporate companies, even though it has been practised for more than 10 years in South Africa.

The Company estimates that the growth in the market is for at least another 200 000 units and that the entire industry has only installed half of that in the past 10 years. TeleMasters’ role in the industry is one of rapid and sustainable growth and profitability.

5. DIRECTORS

The full names, ages and addresses of the directors of TeleMasters are set out below:

Director	Age	Business address
Mario Brönn Pretorius <i>Managing Director</i>	49	Equity Estate Building 2, Masters House, Charles de Gaulle Crescent Highveld Park Ext 9, Centurion
Igenatius Godtlieb Bekker <i>Technical Director</i>	46	Equity Estate Building 2, Masters House, Charles de Gaulle Crescent Highveld Park Ext 9, Centurion
Brandon Rodney Topham <i>Financial Director</i>	35	Equity Estate Building 2, Masters House, Charles de Gaulle Crescent Highveld Park Ext 9, Centurion
Masetumo Elizabeth Moji <i>Non-Executive Chairman</i>	41	Equity Estate Building 2, Masters House, Charles de Gaulle Crescent Highveld Park Ext 9, Centurion

Full particulars of the directors of TeleMasters are disclosed in paragraph 18 of this document.

6. REASONS FOR THE LISTING OF TELEMASTERS ON THE JSE

The reasons for the listing of TeleMasters on the JSE are as follows:

- to gain access to capital;
- to increase the profile of the Company;
- to incentivise and motivate staff;
- to provide a BEE “enabler” for the group;
- to add value to the Company’s proposition to clients, prospective partners and prospective staff;
- to consolidate and improve the managing and reporting structures in place and in use and to challenge the Company to beat its own expectations of success;
- to strengthen the Company’s core activities/capabilities;
- to afford employees, business associates and institutional investors the opportunity to participate directly in the equity and future growth of the group;
- to enhance market sector, investor and general public awareness of TeleMasters’ business; and
- to increase the Company’s capital base and to enable it to take advantage of acquisition and growth opportunities which may arise in the future.

7. SHARE CAPITAL

The authorised and issued share capital of TeleMasters is set out below:

	Note	Shares	R
Authorised:			
Ordinary shares of R0,0001 per share		500 000 000	50 000
Shares issues: Ordinary shares issued to initial shareholders (stakeholders) at R0,0001 per share on 7 July 2006	1	4 620 000	462
Shares issued: Ordinary shares issued to the vendor at approximately 13,06 cents per share on 2 October 2006	1	34 440 000	3 444
Share premium			4 496 556
Shares issued: Ordinary shares issued by way of private placement at 50 cents per share on 20 February 2007	1	2 940 000	294
Share premium			1 469 706
Total issued:			
Ordinary shares at date of this Pre-listing Statement		42 000 000	
Share capital			4 200
Share premium			5 966 262
			5 970 462

Note: 1. Refer to Annexure 10 to this document for a list of shareholders.

8. CONTROLLING SHAREHOLDERS

Other than set out below, the directors are not aware of any individual shareholders who hold 5% or more of the share capital of the Company.

The Company's major shareholder is:

Shareholder	Shares	Percentage
Maison d'Obsession Trust	35 700 000	85

9. FINANCIAL INFORMATION

	Forecast 30 September 2008	Forecast 30 September 2007	12 months ended 30 September 2006	7 months ended 30 September 2005	12 months ended 28 February 2005
Turnover (R'000)	137 004 139	129 815 226	124 484 562	56 582 025	83 371 225
Attributable income (R'000)	7 728 701	7 257 747	8 721 477	2 366 957	3 990 207
Headline earnings per share (cents)	18,40	17,28	20,76	5,64	9,50
Earnings per share (cents)	18,40	17,28	20,76	5,64	9,50
Price : Earnings ratio on anticipated listing price of 150 cents per share (times)	8,15	8,68	7,22	26,60	15,79
Earnings yield on anticipated listing price (%)	12,27	11,52	13,84	3,76	6,33
Net asset value per share (cents) based on net assets acquired	N/A	N/A	15,72	11,65	8,89
Net tangible asset value per share (cents) based on net assets acquired	N/A	N/A	15,20	11,65	8,89
Number of shares in issue	42 000 000	42 000 000	42 000 000	42 000 000	42 000 000

The historical financial information of TeleMasters (Pty) Limited is set out in Annexure 1 to this document. The report of the independent reporting accountants is set out in Annexure 2 to this document.

The income statements in the historical financial information relating to TeleMasters (Pty) Limited have been prepared in accordance with International Financial Reporting Standards.

The unaudited *pro forma* financial information of TeleMasters is set out in Annexure 3 to this document.

The unaudited profit forecast of TeleMasters is set out in Annexure 5 to the document.

10. EXCHANGE CONTROL

The following summary is intended as a guide and is therefore not comprehensive. If you are in any doubt in regard hereto, please consult your professional advisor:

In terms of the South African Exchange Control Regulations:

- a former resident of the common monetary area, who has emigrated, may use blocked Rand to apply for shares in terms of this Pre-listing Statement;
- all payments in respect of subscriptions for shares using blocked Rand must be made through the South African authorised dealer administering such blocked Rand;
- share certificates issued pursuant to blocked Rand applications will be endorsed “non-resident” and will be placed under the control of the authorised dealer through whom payment is made.

If applicable, refund monies payable in respect of unsuccessful or partly successful applications for shares in terms of this Pre-listing Statement, originating from blocked Rand accounts, will be returned in terms of the applicable Exchange Control Regulations to the authorised dealer administering such blocked Rand accounts, for the credit of such applicants’ blocked Rand accounts.

Applicants resident outside the common monetary area should:

- note that the share certificates will be endorsed “non-resident” in terms of the Exchange Control Regulations;
- seek advice as to whether any governmental and/or other legal consent is required and/or whether any other formality must be observed to enable a subscription to be made in terms of the placing;
- note that this Pre-listing Statement is not an offer in any area of jurisdiction in which it is illegal to make such an offer. In such circumstances, this Pre-listing Statement is sent for information purposes only.

11. LISTING ON THE JSE AND TRADING OF THE SHARES OF TELEMASTERS

The JSE has granted its approval for the listing of the ordinary shares of TeleMasters on the ALT^x under the abbreviated name “TeleMastr”, with effect from the commencement of trading on the JSE on 12 March 2007.

At the date of the commencement of the listing, the authorised share capital of TeleMasters will comprise 500 000 000 authorised ordinary shares of R0,0001 each, of which there will be 42 000 000 issued and listed ordinary shares of R0,0001 each and a share premium account of R5 966 262.

Shares of TeleMasters will only be traded on the JSE as dematerialised shares. Accordingly, any person who purchases shares in TeleMasters and who elects to receive shares in TeleMasters in certificated form, will be required to dematerialise such certificated shares prior to being in a position to trade such shares on the JSE.

12. EXPENSES OF THE LISTING ON THE JSE

The expenses of the listing on the JSE are estimated at R665 000 (including Value-Added Taxation). All listing expenses will be for the account of TeleMasters and will be paid out of the existing cash reserves.

Expense	Payable to	R
JSE documentation fee	JSE	36 188
JSE listing fee	JSE	15 000
Designated Advisor fee	River Group	180 000
Printing	Ince (Pty) Ltd	200 000
Accounting fees	BDO Spencer Steward	180 000
Miscellaneous administrative fees	Various	53 812
		665 000

13. COPIES OF THIS PRE-LISTING STATEMENT

Copies of this Pre-listing Statement in English may be obtained any time during normal business hours from the registered office of the Company, River Group and the transfer secretaries, details of which are set out below:

- **the registered address of the Company** – Equity Estate Building 2, Masters House, Charles de Gaulle Crescent, Highveld Park Ext 9, Centurion;
- **the office of River Group** – 1st Floor, Parc Nouveau Building, 225 Veale Street, Brooklyn, Pretoria; and
- **the office of Computershare** – Ground Floor, 70 Marshall Street, Johannesburg.



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(formerly Sinvent Investments 96 (Proprietary) Limited)

(Incorporated in the Republic of South Africa)

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The JSE has granted a listing, by way of an introduction, of all of the ordinary shares issued in TeleMasters on the ALT^X under the abbreviated name "TeleMastr" with effect from the commencement of trading on the JSE on 12 March 2007.

At the date of the commencement of the listing, the authorised share capital of TeleMasters will comprise 500 000 000 authorised ordinary shares of R0,0001 each, of which there will be 42 000 000 issued and listed ordinary shares of R0,0001 each and a share premium account of R5 966 262.

Shares of TeleMasters will only be traded on the JSE as dematerialised shares. Accordingly, any person who purchases shares in TeleMasters and who elects to receive shares in TeleMasters in certificated form, will be required to dematerialise such certificated shares prior to being in a position to trade such shares on the JSE.

The directors, whose names are given in paragraph 18 of this Pre-listing Statement, accept, collectively and individually, full responsibility for the accuracy of the information given and certify that, to the best of their knowledge and belief, no facts have been omitted which would make any statement false or misleading, and that they have made all reasonable enquiries to ascertain such facts and that this Pre-listing Statement contains all information required by law and the JSE Listings Requirements.

The corporate advisor, Designated Advisor, transfer secretaries and reporting accountants, whose names are included in this Pre-listing Statement, have given and have not, at the date of this Pre-listing Statement, withdrawn their written consents to the inclusion of their names in the capacities as stated.

BDO Spencer Steward, whose reports are included in the annexures, have given and had not, at the date of this Pre-listing Statement, withdrawn their written consent to the inclusion of their reports in the form and context in which they appear.

An abridged version of this Pre-listing Statement will be released on SENS and published in the press on 9 March 2007.

Corporate advisor



Designated Advisor



Reporting accountants



**BDO Spencer Steward
Trustee Accountants**

Date of issue: 8 March 2007

THE BUSINESS

14. INCORPORATION, HISTORY AND BACKGROUND

Incorporation and history of TeleMasters

TeleMasters, a holding company founded by J M Oelofse, was incorporated on 23 May 2006 as Sinvent Investments 96 (Pty) Limited with an authorised share capital of 1 000 ordinary par value shares of R1,00 each and an issued share capital of 100 shares of R1,00 each. On 6 July 2006 a special resolution was passed and registered by the Registrar of Companies whereby the par value of the authorised and issued shares was converted to R0,0001 per share and the number of authorised shares increased. The effect of this special resolution is that the Company has an authorised share capital of R50 000, divided into 500 000 000 ordinary shares with a par value of R0,0001 each and an issued share capital of R100,00 divided into 100 000 shares with a par value of R0,0001 each. The Company was converted to a public company on 6 July 2006 and the name was changed to TeleMasters Holdings Limited. TeleMasters has no subsidiaries.

15. STRUCTURE, NATURE OF BUSINESS AND PROSPECTS

15.1 Structure and nature of business

LCR is the business of relaying corporate calls to cellular numbers via like-networks instead of, by default, landlines. In practice a customer will receive cellular equipment with SIM cards from each network mounted on his PABX and the PABX is then programmed to route all cellular calls to e.g. 083 numbers via MTN to the MTN destination. The effect hereof is that the customer realises approximately 37% savings versus a similar call via the incumbent Telkom. The networks provide the capital for the equipment needed in return for contractual obligations (24 months), exactly like the current handset business.

TeleMasters signed its first contract with Eskom Megawatt Park in May 1998. Since then TeleMasters has grown to 2 400 clients, distributes its service through 106 active dealers and grows its business by an average of over R120 000 per month. Its 31 staff are headquartered in Centurion, Pretoria with Cape Town and Durban Sales Managers servicing the Coast. It serves both large and SMME businesses. Most eminent amongst its clients are: Eskom, the Auditor-General, Armscor, Softline, AngloGold-Ashanti and several Government departments.

TeleMasters is structured around three independent and competitive "teams" each of which is self-contained with regard to all services needed for sourcing, implementing and sustaining the business. Staffing levels are low by industry standards (over R4 million billing/person/annum) and the TeleMasters internal systems are unequalled in the industry. The Company boasts uptime on client sites of over 99% (same day fixes); 88% of clients on debit order; paperless billing (in its 3rd year); complete integrated proprietary billing system and highly motivated and effective staff.

What sets TeleMasters apart from all others in the industry is its unique and completely different business model. TeleMasters proposes a guaranteed and cost-free savings to its clients and this means total flexibility in quantity, dates, package types, i.e. a complete risk-free proposition. It has practised the same model since inception and has the most vivid, transparent and extensive reporting system in the industry. The result is loyal and informed clients with a client loss rate of less than 3%, all factors considered. Of this percentage 70% are terminated for payment difficulties. At the same time, bad and legal debt is less than 0,08% of turnover.

15.2 Prospects

The prospects of the business of TeleMasters, in the opinion of the directors of the Company, are set out below:

Cellular LCR is the “business of relaying corporate calls to cellular numbers via like-networks instead of, by default, landlines”. LCR has been hailed as “the most strategic emerging technology” per a knowledge survey conducted by BMI-Technology in April 2006 among large corporate companies.

The Company estimates that the growth in the market is for at least another 200 000 units and that the entire industry has only installed half of that in the past 10 years. TeleMasters’ role in the industry is one of rapid and sustainable growth and profitability.

For the business described above no Government protection exists and no investment encouragement law affects the business.

16. REASONS FOR THE LISTING OF TELEMASTERS ON THE JSE AND OF THIS PRE-LISTING STATEMENT

The reasons for the listing of TeleMasters on the JSE are as follows:

- to gain access to capital;
- to increase the profile of the Company;
- to incentivise and motivate staff;
- to provide a BEE “enabler” for the group;
- to add value to the Company’s proposition to clients, prospective partners and prospective staff;
- to consolidate and improve the managing and reporting structures in place and in use and to challenge the Company to beat its own expectations of success;
- to strengthen the Company’s core activities/capabilities;
- to afford employees, business associates and institutional investors the opportunity to participate directly in the equity and future growth of the group;
- to enhance market sector, investor and general public awareness of TeleMasters business; and
- to increase the Company’s capital base and enable it to take advantage of acquisition and growth opportunities which may arise in the future.

17. MAJOR SHAREHOLDERS

Other than set out below, the directors are not aware of any individual shareholders who hold 5% or more of the share capital of the Company:

The Company’s major shareholder is:

Shareholder	Shares	Percentage
Maison d’Obsession Trust	35 700 000	85

DIRECTORS

18. DIRECTORS OF TELEMASTERS

18.1 The full names, age, addresses, occupations and other directorships and partnerships held by the directors of TeleMasters for the previous five years are set out below:

Mario Brönn Pretorius (49) *Managing Director*

Business address: Equity Estate Building 2, Masters House, Charles de Gaulle Crescent, Highveld Park Ext 9, Centurion

Qualifications: B Com; MBA (GSB, UCT)

Nationality: South African citizen

Appointed: 2 October 2006

List of other directorships:	Expectra 51 (Pty) Ltd	Active
	Bunker Hills Investments 483 (Pty) Ltd	Active
	Bitflow Investments 266 (Pty) Ltd	Active
	Catwalk Investments 599 (Pty) Ltd	Active
	Credit Excellence (Pty) Ltd	Active
	Dualco Investments 162 (Pty) Ltd	Active
	Expectra Telephony Audits (Pty) Ltd	Active
	Expectra Direct (Pty) Ltd	Active
	Initiative SA Investments 114 (Pty) Ltd	Active
	Intertrade Sixteen (Pty) Ltd	Past
	Intrax Investments 212 (Pty) Ltd	Active
	Liberty Moon Investments 15 (Pty) Ltd	Active
	Maison Du Cap Properties (Pty) Ltd	Active
	Snowy Owl Properties 90 (Pty) Ltd	Active
	Lifehouse Investments 58 (Pty) Ltd	Active
	Limosa Investments 287 (Pty) Ltd	Active
	Ontrak Investments 178 (Pty) Ltd	Active
	Orcom Trading 316 (Pty) Ltd	Active
	Snowy Owl Properties 82 (Pty) Ltd	Active
	Telenext (Pty) Ltd	Active
	Trifecta Trading 440 (Pty) Ltd	Active
	Simplicate Solutions (Pty) Ltd	Active
	Vazmasters (Pty) Ltd	Active
	Zero Plus Trading 194 (Pty) Ltd	Active
	Ontrak Investments 178 (Pty) Ltd	Active
	Jakardi Agt (Pty) Ltd	Past
	Zamori 90 (Association incorporated under section 21)	Active
	Avens Investments (Pty) Ltd	Past
	Aida National Franchises (Pty) Ltd	Past
	Aida Holdings Limited	Past
	Nimbus Holdings Limited	Past

Mario matriculated at Afrikaans Hoër Seunskool, Pretoria, in 1974 and obtained a Bachelor of Commerce 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 whom 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 established various telecommunications support companies and Zero Plus Developments.

Mario is the founder and current Managing Director of TeleMasters. He has been a pioneer in the LCR industry and the driving force behind the expansion of TeleMasters.

Igenatius Godtlieb Bekker (46) Technical Director

Business address: Equity Estate Building 2, Masters House, Charles de Gaulle Crescent, Highveld Park Ext 9, Centurion

Qualifications: HTD Education; Telecommunications Engineering

Nationality: South African citizen

Appointed: 2 October 2006

List of other directorships:	Expectra Online (Pty) Ltd	Active
	Expectra Telephony Audits (Pty) Ltd	Active
	Orcom Trading 316 (Pty) Ltd	Active
	Expectra 51 (Pty) Ltd	Active
	N&E Training CC	Active
	Jaco Saaiman Photography CC	Past

Igenatius (Natie) matriculated at Paarl Boys High School in 1979 and joined Telkom SA as telecommunications electrician. In 1992 he joined the CTO Telecommunications Department of the former Bophuthatswana Government and later Marconi RSA where he was responsible for international client training.

From 1997 to 2005 Natie consulted professionally in telecommunications matters in over 40 countries. Natie served as an International Training Manager at Telkom and served in 42 countries including South America, Eastern Europe and Africa. He successfully ran his LCR installation and maintenance business, having TeleMasters (Pty) Limited as one of his many clients, before being persuaded to fold it into TeleMasters (Pty) Limited in April 2005. Natie is the Technical Director and also manages the Logistics of TeleMasters.

Brandon Rodney Topham (35) Financial Director

Business address: Equity Estate Building 2, Masters House, Charles de Gaulle Crescent, Highveld Park Ext 9, Centurion

Qualifications: B Compt (Hons); B Proc; LLM, Post-Graduate Certificate in Advanced Taxation, Certified Fraud Examiner (USA), Passed CIMA finalist, Member of the Institute of Directors. Admitted Attorney of the High Court of South Africa, Registered Auditor and Chartered Accountant South Africa, Associate Financial Planner.

Nationality: South African citizen

Appointed: 7 September 2006

List of other directorships:	Bunker Hills Investments 477 (Pty) Ltd	Past
	Goodwill Park (Pty) Ltd	Past
	Breform Limited	Active
	Parris Incorporated	Past
	Protein Processors (Pty) Ltd	Past
	1Time Airline (Pty) Ltd	Active
	Brandon Topham Incorporated	Active
	Component and Pressing Manufacturing (Pty) Ltd	Past
	Deep Water Produce (Pty) Ltd	Past
	Owl Eye Trading 127 (Pty) Ltd	Active
	Rebes Investments CC	Past
	Summit Ridge Trading 209 (Pty) Ltd	Past
	TAG Incorporated	Past
	TAG Bookkeeping Services CC	Past
	TAG Financial Services CC	Past

TAG Forensic Services (Pty) Ltd	Active
TAG Information Systems CC	Past
TAG Management Consultants CC	Past
TAG Professional Services group CC	Past
TAG Property Administrators and Brokers CC	Past
TAG Wealth Management (Pty) Ltd	Active
Topham Dental Supplies CC	Past
Trisource TAG (Pty) Ltd	Past

Brandon was the auditor of TeleMasters (Pty) Limited for the past few years and joins the Board to consolidate his business interests *in lieu* of his professional practice. A Non-executive director of 1Time Airline (Pty) Ltd and Breform Limited, amongst others, he is also an elected Councillor in the City of Tshwane Metropolitan Municipality.

Masetumo Elizabeth Moji (41) Non-executive

Business address: Equity Estate Building 2, Masters House, Charles de Gaulle Crescent, Highveld Park Ext 9, Centurion

Qualifications: Admin (Hons) in Industrial Psychology, Registered Psychometrist (SAMA)

Nationality: South African citizen

Appointed: 2 October 2006

List of other directorships:	Marconi Communications South Africa (Pty) Ltd	Active
	Sweet Dreams Trading 84 CC	Active
	Expectra Direct (Pty) Ltd	Active
	Expectra Telephony Audits (Pty) Ltd	Active

Tumi obtained her BAdmin degree at the University of the North and later her BAdmin (Hons) in Industrial Psychology at UNISA. She is a registered psychometrist and also holds a certificate and diploma in marketing from UNISA.

From 1993 to 1994 Tumi worked at Eskom as recruiting and sourcing officer and later joined L & C Steinmuller Group. In 2001 she joined Marconi Communications SA (Pty) Ltd as Sales Director and represents the Company at the Electronic and Telecoms Industries Association and Electronics Industries Federation.

Tumi is a veteran of the telecommunications industry. Tasked with international sales and sourcing, she has strengthened Marconi's position as a prime supplier of equipment to the largest telco's in South Africa. Tumi brings a wealth of industry-related experience and a host of sector-wide contacts to the Board.

18.2 Directors' shareholding

On listing, the shareholder base of TeleMasters will be as set out below:

Public: 5 118 624 ordinary shares (12,19%)

Directors: 36 881 376 ordinary shares (87,81%)

Refer to paragraph 20 of this Pre-listing Statement for full disclosure of directors' interests.

The directors' statement regarding Corporate Governance is set out in Annexure 9 to this document.

19. APPOINTMENT, QUALIFICATION, REMUNERATION AND BORROWING POWERS OF DIRECTORS

The relevant provisions of the articles of association of TeleMasters, providing for the appointment, qualification, remuneration and borrowing powers of its directors are set out in Annexure 7 to this document.

19.1 Proposed remuneration

The total aggregate remuneration and benefits to be paid to the directors of TeleMasters, for the 12 months ending 30 September 2007, is estimated to amount to approximately R2 520 000 and is as follows:

	M Pretorius R	N Bekker R	B Topham R	M Moji R
(a) Directors' fees (per meeting)	N/A	N/A	N/A	N/A
(b) Basic salary	1 620 000	420 000	360 000	120 000
(c) Bonuses	N/A	N/A	N/A	N/A
(d) Expense allowance	N/A	N/A	N/A	N/A
(e) Consulting fee	N/A	N/A	N/A	N/A
(f) Pension contribution	N/A	N/A	N/A	N/A
(g) Profit sharing	N/A	N/A	N/A	N/A
(h) Share options	N/A	N/A	N/A	N/A
(i) Other benefits	N/A	N/A	N/A	N/A

There was no remuneration paid to the directors of TeleMasters in prior years. The remuneration of the directors of TeleMasters will be determined by the Remuneration Committee.

19.2 Historical remuneration

The total amount of remuneration paid to the directors of TeleMasters (Pty) Limited for the preceding financial year ended 30 September 2006 was R772 998 and 30 September 2005 was R159 500.

	M Pretorius R	N Bekker R	B L Maropa R	M Moji R
2006				
(a) Directors' fees	N/A	N/A	N/A	N/A
(b) Basic salary	632 998	70 000	N/A	70 000
(c) Bonuses	N/A	N/A	N/A	N/A
(d) Expense allowance	N/A	N/A	N/A	N/A
(e) Consulting fee	N/A	N/A	N/A	N/A
(f) Pension contribution	N/A	N/A	N/A	N/A
(g) Profit sharing	N/A	N/A	N/A	N/A
(h) Share options	N/A	N/A	N/A	N/A
(i) Other benefits	N/A	N/A	N/A	N/A
2005				
(a) Directors' fees	N/A	N/A	N/A	N/A
(b) Basic salary	87 500	N/A	72 000	N/A
(c) Bonuses	N/A	N/A	N/A	N/A
(d) Expense allowance	N/A	N/A	N/A	N/A
(e) Consulting fee	N/A	N/A	N/A	N/A
(f) Pension contribution	N/A	N/A	N/A	N/A
(g) Profit sharing	N/A	N/A	N/A	N/A
(h) Share options	N/A	N/A	N/A	N/A
(i) Other benefits	N/A	N/A	N/A	N/A

No shares were allotted in terms of a share purchase/option scheme for employees, or any other scheme or structure effected outside of the Company which achieves substantially the same objectives as a share purchase/option scheme.

There were no fees paid or accrued as payable to a third party *in lieu* of directors' fees.

There will be no variation in the remuneration receivable by any of the directors of TeleMasters and its subsidiaries as a consequence of the listing.

No director will enjoy a preferential allocation of shares in terms of this Pre-listing Statement. Other than the above the company secretary's remuneration is R73 000 per year plus incidental expenses.

20. DIRECTORS' INTERESTS

On 27 February 2007, being the last practicable date prior to the finalisation of this document, the directors of TeleMasters held 36 065 376 shares indirectly and beneficially, 816 000 shares directly and beneficially. No shares were held indirectly and non-beneficially or held direct non-beneficially. As this is the first year of operations of the Company, there has been no change in the directors' holdings between the previous financial year and the date of this document.

There is no other shareholder, other than set out below, who may be in a position to exercise control over the Company.

At the last practicable date the following directors of TeleMasters will hold shares in the issued share capital of the Company:

Director	Number of shares	Direct/ Indirect	Beneficial/ Non-beneficial	Percentage
M B Pretorius (Maison d'Obsession Trust)	35 700 000	Indirect	Beneficial	85,00
I G Bekker	466 000	Direct	Beneficial	1,11
M E Moji	350 000	Direct	Beneficial	0,83
B R Topham (BRAT Trust)	365 376	Indirect	Beneficial	0,86
	36 881 376			87,81

The directors of TeleMasters had no interest in transactions entered into by the Company during the current or the preceding financial year, and which remain in any respect outstanding or unperformed, other than disclosed in paragraph 31 of this Pre-listing Statement.

No loans have been made by TeleMasters to any of its directors or managers and no security has been furnished by TeleMasters on behalf of any of its directors or managers, other than disclosed in Annexure 1 to this document.

No amount has been paid to any director in the three years preceding the date of this offer, in cash or securities or otherwise, to induce him to become, or to qualify him as a director.

No director or promoter has had any material beneficial interest, direct or indirect, in the promotion of the Company or in any property acquired or proposed to be acquired by the Company, or any other issue in the preceding three years to this document, and no amount has been paid during this period, or is proposed to be paid to any promoter.

The auditors will hold 50% of the shares issued to the Designated Advisor *in lieu* of fees and shares issued to directors of TeleMasters in trust from the date of listing until the publication of the audited results for the financial period ending 30 September 2009, at such time 50% of the securities will be released and the balance one year thereafter.

In accordance with the JSE Listings Requirements the securities will only be released after notifying the JSE.

21. MATERIAL CHANGES

No material changes in the business, financial or trading position of TeleMasters or its subsidiaries have taken place since the date of incorporation.

22. DIRECTORS' RESPONSIBILITY STATEMENT

The directors of TeleMasters, whose names appear in paragraph 18 of this document, collectively and individually, accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this Pre-listing Statement contains all information required by law and the JSE Listings Requirements.

The directors of TeleMasters and its subsidiaries:

- have considered all statements of fact and opinion in this Pre-listing Statement;
- have never been convicted of an offence resulting from dishonesty, fraud and embezzlement;
- have never been adjudged bankrupt or been sequestered in any jurisdiction;
- have never been party to a scheme of arrangement or made any other form of composition with their creditors;
- have not at any time assigned their estate, suspended payment or compounded with their creditors;
- have never been found guilty in disciplinary proceedings by an employer or regulatory authority, due to dishonest activities;
- have never been barred from entry into any profession or occupation;
- have never been convicted in any jurisdiction of any criminal offence;
- have never acted as executive directors of any companies at the time of or within the 12 months preceding any of the following events in relation to such companies: receiverships, compulsory liquidations, creditors voluntary liquidations, administrations, company voluntary arrangements liquidations, or any composition or arrangement with their creditors generally or any class of creditors;
- have never been disqualified by a court from acting as a director of a company, or from acting in the management or conduct of affairs of any company;
- have never been involved in any bankruptcies, insolvencies or individual voluntary compromise arrangements;
- have never been involved in any compulsory liquidations, administrations or voluntary arrangements of any partnerships where such director was a partner at the time of or within the 12 months preceding such event(s); and/or
- have never been the subject of public criticisms by statutory or regulatory authorities, including recognised professional bodies; and
- accept, individually and collectively, full responsibility for the accuracy of such statements and the information given.

FINANCIAL INFORMATION

The directors confirm that the accounting policies as set out in Annexure 1 of this document are the accounting policies of the Company

23. PROFIT HISTORY

23.1 Extract of the audited consolidated income statements and balance sheets

INCOME STATEMENTS

The income statements of TeleMasters (Pty) Limited for the periods ended 30 September 2006, 30 September 2005 and 28 February 2005 are set out below:

	12 months ended 30 September 2006 R	Restated 7 months ended 30 September 2005 R	Restated 12 months ended 28 February 2005 R
Revenue	124 484 562	56 582 025	83 371 225
Cost of sales	(106 389 444)	(49 875 052)	(74 330 477)
Gross profit	18 095 118	6 706 973	9 040 748
Operating expenses	(5 864 671)	(2 657 359)	(3 744 811)
Operating profit	12 230 447	4 049 614	5 295 937
Investment revenue	456 874	143 408	436 554
Finance costs	(89 868)	(204 792)	(2 274)
Profit before taxation	12 597 453	3 988 230	5 730 217
Taxation	(3 875 976)	(1 621 273)	(1 740 010)
Profit for period	8 721 477	2 366 957	3 990 207

STATEMENT OF ASSETS AND LIABILITIES

The statement of assets and liabilities reflects the assets and liabilities acquired by TeleMasters and has been derived from the balance sheets of TeleMasters (Pty) Limited for the periods ended 30 September 2006, 30 September 2005 and 28 February 2005:

	30 September 2006 R	Restated 30 September 2005 R	Restated 28 February 2005 R
ASSETS			
Non-current assets			
Property, plant and equipment	6 920 103	5 370 430	3 748 492
Intangible assets	222 454	–	–
Total assets	7 142 557	5 370 430	3 748 492
LIABILITIES			
Non-current liabilities			
Instalment sale agreement obligations	330 444	333 624	–
Current liabilities			
Instalment sale agreement obligations	206 132	145 461	11 421
Total liabilities	536 576	479 085	11 421
Total net assets	6 605 981	4 891 345	3 737 071

Refer to Annexure 1 for the historical financial information on TeleMasters (Pty) Limited.

Refer to Annexure 2 for the independent reporting accountants' report on the historical financial information of TeleMasters (Pty) Limited.

Refer to Annexure 5 for the profit forecast of TeleMasters.

Refer to Annexure 6 for the independent reporting accountants' report on the profit forecast statement of TeleMasters.

23.2 Dividends**23.2.1 Dividend policy**

It is the intention of the directors of TeleMasters to pay 70% of distributable earnings as dividends.

All unclaimed dividends may be invested or otherwise made use of by the directors for the benefit of the Company until claimed. Dividends unclaimed for 12 years after the date they were declared or they became due for payment shall, unless the directors otherwise resolve, be forfeited and revert to the Company. There is no arrangement under which future dividends will be waived or agreed to be waived.

No dividends have been declared by the Company since its incorporation.

24. UNAUDITED PRO FORMA FINANCIAL INFORMATION

The unaudited *pro forma* consolidated income statement and balance sheet of TeleMasters, before and after the restructuring of the Company, for the listing, are set out in Annexure 3 to this document. The unaudited *pro forma* income statement and balance sheet have been presented for illustrative purposes only and because of their nature may not give a fair reflection of TeleMasters' results or financial position. The directors of TeleMasters are responsible for the preparation of the unaudited *pro forma* income statement and balance sheet.

25. INDEPENDENT REPORTING ACCOUNTANTS' REPORT

The independent reporting accountants' report on the historical financial information of TeleMasters is set out in Annexure 2 to this document. The independent reporting accountants' report on the unaudited *pro forma* financial information of TeleMasters is set out in Annexure 4 to this document. The independent reporting accountants' report on the unaudited profit forecast statement of TeleMasters is set out in Annexure 6 to this document. The independent reporting accountants' report on TeleMasters at 26 September 2006 is set out in Annexure 11 to this document.

26. EXPENSES OF THE LISTING ON THE JSE

The expenses of the listing on the JSE are estimated at R665 000 (including Value-Added Taxation). All listing expenses will be for the account of TeleMasters and will be paid out of the existing cash reserves.

Expense	Payable to	R
JSE documentation fee	JSE	36 188
JSE listing fee	JSE	15 000
Designated Advisor fee	River Group	180 000
Printing	Ince (Pty) Ltd	200 000
Accounting fees	BDO Spencer Steward	180 000
Miscellaneous administrative fees	Various	53 812
		665 000

27. CAPITAL COMMITMENTS, LEASE PAYMENTS AND CONTINGENT LIABILITIES

There are no capital commitments, lease payments and contingent liabilities, other than disclosed in paragraph 31 and Annexure 1 and Annexure 3 to this document.

There have been no material changes to the capital commitments, lease payments and contingent liabilities of TeleMasters.

28. LOANS AND BORROWING POWERS

TeleMasters has neither made nor received any material loans, other than those disclosed in Annexure 3 to this document.

The borrowing powers of TeleMasters have not been exceeded during the three years preceding the date of this Pre-listing Statement.

29. PROPERTY AND SUBSIDIARIES ACQUIRED OR TO BE ACQUIRED AND SHARES ISSUED, OTHER THAN FOR CASH

There have been no properties or subsidiaries acquired within the past three years, or to be acquired or shares issued, other than disclosed in paragraph 36 of this Pre-listing Statement.

Shares issued, other than for cash

No shares were or have been issued or agreed to be issued by TeleMasters, other than disclosed in paragraph 35 of this Pre-listing Statement.

30. PROPERTY AND SUBSIDIARIES DISPOSED OF OR TO BE DISPOSED OF

No property or subsidiaries have been disposed of during the past three years at the date of this Pre-listing Statement or are to be disposed of by the Company in the first six months after the commencement of the listing.

31. PRINCIPAL IMMOVABLE PROPERTY OWNED AND LEASED

TeleMasters does not own any immovable property and does not currently intend to purchase additional immovable property within the first six months after commencement of the listing.

Details of the principal immovable property leased by the Company are set out below:

Type of property	Lessor	Lessee	Situation	Monthly rental	Escalation rate percentage	Rental agreement
Office 220 sq m.	Snowy Owl Properties 82 (Pty) Ltd	TeleMasters	Master House, Equity Estate, Charles de Gaulle Crescent, Highveld Park Centurion	R25 536	The lease agreement does not mention escalation	Initial lease period for 12 months commencing on 01/10/06 to 30/09/07. Snowy Owl Properties 82 (Pty) Ltd is related through a common shareholding by the Maison d'Obsession Trust

SHARE CAPITAL

32. CAPITAL STRUCTURE

The authorised and issued share capital of TeleMasters is set out below:

	Note	Shares	R
Authorised:			
Ordinary shares of R0,0001 per share		500 000 000	50 000
Total issued:			
Ordinary shares at date of this Pre-listing Statement	1	42 000 000	
Share capital			4 200
Share premium			5 966 262
			5 970 462

Note: 1. Refer to Annexure 10 and paragraph 35 of this document for a list of shareholders and details of shares in issue at the date of listing.

All the authorised and issued shares are of the same class and rank *pari passu* in every respect.

In accordance with TeleMasters' articles of association, at any general meeting every person present in person or by proxy (or, if a body corporate duly represented by an authorised representative) shall have one vote for each share of the class of which he is the holder.

Any variation in rights attaching to shares will require the consent of shareholders in general meeting in accordance with TeleMasters' articles of association.

The 458 000 000 unissued shares will be under the control of the directors subject to the provisions of the Act and Rules and Requirements of the JSE.

The shares of TeleMasters are not listed on any other stock exchange.

Except as set out in paragraph 35, no offer has been made for the subscription or sale of shares during the period preceding the date of issue of this Pre-listing Statement.

At the date of this Pre-listing Statement, the Company had no loan capital outstanding.

33. ADEQUACY OF CAPITAL

The directors of TeleMasters are of the opinion that the working capital available to the Company is sufficient for TeleMasters' present requirements, that is, for at least the next 12 months from the date of issue of this Pre-listing Statement.

34. OPTIONS AND PREFERENTIAL RIGHTS IN RESPECT OF SHARES

There are no contracts or arrangements, either actual or proposed, whereby any option or preferential right of any kind has been, or will be, given to any person to subscribe for any shares in the Company.

35. ALTERATIONS TO SHARE CAPITAL AND PREMIUM ON SHARE ISSUES

Alterations to the share capital of TeleMasters during the three years preceding the date of this document are set out below:

	Notes	Shares	R
Authorised:			
Ordinary shares of R0,0001 per share		500 000 000	50 000
Shares issued: Ordinary shares issued to initial shareholders at R0,0001 per share on incorporation	1	1 000 000	100
Shares issued: Ordinary shares issued to initial shareholders during the restructuring of the company for the listing at R0,0001 per share on 7 July 2006	1, 2	3 620 000	362
Shares issued: Ordinary shares issued to the vendor at approximately 13,06 cents per share on 2 October 2006	1	34 440 000	3 444
Share premium			4 496 556
Shares issued: Ordinary shares issued by way of private placement at 50 cents per share on 20 February 2007	1	<u>2 940 000</u>	<u>294</u>
Share premium			1 469 706
Total issued:			
Ordinary shares at date of this Pre-listing Statement		42 000 000	
Share capital			4 200
Share premium			5 966 262
			5 970 462

Notes:

1. Refer to Annexure 10 to this document for a list of shareholders and details of shares in issue at the date of listing.
2. Refer to paragraph 36.6 of this document for details.

TeleMasters was incorporated on 23 May 2006 as Sinvent Investments 96 (Pty) Limited with an authorised share capital of 1 000 ordinary par value shares of R1,00 each and an issued share capital of 100 shares of R1,00 each. On 6 July 2006 a special resolution was passed and registered by the Registrar of Companies whereby the par value of the authorised and issued shares was converted to R0,0001 per share and the number of authorised shares increased. The effect of this special resolution is that the Company has an authorised share capital of R50 000, divided into 500 000 000 ordinary shares with a par value of R0,0001 each and an issued share capital of R100,00, divided into 100 000 shares with a par value of R0,0001 each. The Company was converted to a public company and the name was changed to TeleMasters Holdings Limited. Currently the Company has in issue 42 000 000 shares with a par value of R0,0001. TeleMasters has no subsidiaries.

At a special general meeting held on 26 February 2007 shareholders approved the specific issue of 80 000 000 shares at a minimum placement price of R1,60 per share to be issued within six months to various fund managers and public shareholders who have indicated an interest to purchase shares in TeleMasters as and when the Company decides to raise funds.

36. MATERIAL CONTRACTS**36.1 Material contracts**

Material contracts which have been entered into by the TeleMasters group during the two years preceding the date of this document, other than in the ordinary course of business, are:

- 36.1.1** Service and Restraint Agreement: Service and restraint agreement entered into between TeleMasters and its directors.
- 36.1.2** Agreement of Lease dated 29 September 2006 – Refer to paragraph 31 for details of the lease.

36.1.3 Agreement dated 18 January 2007, entered into between TeleMasters (Pty) Limited and TeleMasters Holdings whereby TeleMasters Holdings purchases the business of TeleMasters (Pty) Limited, as a going concern, for R6 605 981 from effective date 2 October 2006. TeleMasters Holdings issued 34 440 000 ordinary shares to TeleMasters (Pty) Limited.

TeleMasters did not enter into a material contract, verbally or in writing, other than in the ordinary course of the business, at any time, containing an obligation or settlement that is material to the Company at the date of this document.

36.2 Royalties

No royalties have been paid by TeleMasters during the three years preceding the date of this document or are payable by the Company.

36.3 Technical or secretarial fees

No material technical or secretarial fees, other than disclosed in Annexure 1 to this document, have been paid by TeleMasters during the three years preceding the issue of this document.

36.4 Commission paid

No commission or consideration, other than that in the normal course of business, has been paid by TeleMasters during the three years preceding the date of this document.

36.5 Promoters' agreements

TeleMasters has not entered into any promoters' agreements during the three years preceding the issue of this document.

36.6 Vendors

The Company acquired TeleMasters (Pty) Limited on 2 October 2006.

Vendor	Address	Registration number
TeleMasters (Pty) Limited	Equity Estate Building 2 Masters House Charles de Gaulle Crescent Highveld Park Ext 9 Centurion	2001/014589/07

Refer to paragraph 36.1.3 for details.

- The vendor has not guaranteed the book debts as no book debts were acquired. All other normal warranties have been given.
- The vendor's agreement precludes the vendor from carrying on business in competition with the applicant and does not impose any other restrictions on the vendor.
- The vendor will settle all its own liabilities including taxation.
- No amount of cash or securities was paid or any benefit given, within the three preceding years or proposed to be paid or given to any promoter, not being a director. The assets acquired have been ceded and transferred into the name of the Company.

GENERAL INFORMATION

37. LITIGATION STATEMENT

There are no legal or arbitration proceedings, including any proceedings that are pending or threatened of which the Company is aware, that may have or have had in the recent past, being at least the previous 12 months, a material effect on the Company's financial position.

38. ADVISORS' INTERESTS

None of the advisors, whose names are set out on page 2, hold any shares in or have agreed to acquire any shares in TeleMasters at the date of this Pre-listing Statement, other than disclosed in Annexure 10 to this document.

39. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection from Tuesday, 13 March 2007 to Monday, 19 March 2007, at the registered office of TeleMasters, Equity Estate Building 2, Masters House, Charles de Gaulle Crescent, Highveld Park Ext 9, Centurion any time during normal business hours:

- the Pre-listing Statement, dated 8 March 2007, and all reports included in this document;
- the memorandum and articles of association of TeleMasters;
- the signed reports by the independent reporting accountants, the texts of which are set out in Annexures 2, 4 and 6;
- the written consents of the independent reporting accountants, transfer secretaries, commercial banker, corporate advisor, and Designated Advisor named in this Pre-listing Statement, to act in those capacities, which consents have not been withdrawn prior to publication;
- the audited annual financial statements of TeleMasters (Pty) Limited;
- the service, confidentiality and restraint agreements with the directors;
- all the financial statements of TeleMasters; and
- all other material contracts referred to in paragraph 36.

40. EXPERTS' CONSENTS

BDO Spencer Steward, whose reports are included in this Pre-listing Statement, have given and had not, prior to registration, withdrawn their written consent to the inclusion of their reports in the form and context in which they appear.

41. LISTING ON THE JSE AND TRADING OF THE SHARES OF TELEMASTERS

The JSE has granted its approval for the secondary listing of the ordinary shares of TeleMasters on the ALT^X under the abbreviated name "TeleMastr", with effect from the commencement of trading on the JSE on Thursday, 12 March 2007.

At the last practical date TeleMasters has in issue 42 000 000 ordinary shares of R0,0001.

Shares of TeleMasters will only be traded on the JSE as dematerialised shares. Accordingly, any person who purchases shares in TeleMasters and who elects to receive shares in TeleMasters in certificated form, will be required to dematerialise such certificated shares prior to being in a position to trade such shares on the JSE.

42. CORPORATE GOVERNANCE STATEMENT OF TELEMASTERS

The Corporate Governance statement of TeleMasters is detailed in Annexure 9 to this document.

43. COPIES OF THIS PRE-LISTING STATEMENT

Copies of this Pre-listing Statement in English may be obtained at any time during normal business hours from the registered office of the Company, River Group and the transfer secretaries, details of which are set out below:

- **the registered address of the Company** – Equity Estate Building 2, Masters House, Charles de Gaulle Crescent, Highveld Park Ext 9, Centurion;
- **the office of River Group** – 1st Floor, Parc Nouveau Building, 225 Veale Street, Brooklyn, Pretoria; and
- **the office of Computershare** – Ground Floor, 70 Marshall Street, Johannesburg.

Signed in Pretoria for and on behalf of all the directors of TeleMasters on 8 March 2007.

HISTORICAL FINANCIAL INFORMATION OF TELEMASTERS (PTY) LIMITED

BASIS OF PREPARATION

The Company acquired the business and assets of TeleMasters (Pty) Limited on 2 October 2006 in order to list the business conducted by TeleMasters (Pty) Limited and enhance the profile of the business in the market. In addition the access to the capital market will make potential future acquisitions possible in order to consolidate the business' position in the market.

The income statements, statement of assets and liabilities, and the related notes for the periods ended 30 September 2006, 30 September 2005 and 28 February 2005 have been derived with adjustments, from the audited financial statements of TeleMasters (Pty) Limited which were prepared in accordance with International Financial Reporting Standards and in the manner required by the Companies Act.

All financial statements had audit reports issued free of any qualification. The information presented for the 7 months ended 30 September 2005 and for the 12 months ended 28 February 2005 have been restated, the effects of which have been disclosed in note 10 of the financial information.

INCOME STATEMENTS

The income statements of TeleMasters (Pty) Limited for the periods ended 30 September 2006, 30 September 2005 and 28 February 2005 are set out below:

	Notes	12 months ended 30 September 2006 R	Restated 7 months ended 30 September 2005 R	Restated 12 months ended 28 February 2005 R
Revenue	2	124 484 562	56 582 025	83 371 225
Cost of sales		(106 389 444)	(49 875 052)	(74 330 477)
Gross profit		18 095 118	6 706 973	9 040 748
Operating expenses		(5 864 671)	(2 657 359)	(3 744 811)
Operating profit	3	12 230 447	4 049 614	5 295 937
Investment revenue	4	456 874	143 408	436 554
Finance costs	5	(89 868)	(204 792)	(2 274)
Profit before taxation		12 597 453	3 988 230	5 730 217
Taxation	6	(3 875 976)	(1 621 273)	(1 740 010)
Profit for period		8 721 477	2 366 957	3 990 207
Earnings per share (cents)		8 721 477	2 366 957	3 990 207
Headline earnings per share (cents)		8 721 477	2 366 957	3 990 207
Shares in issue		100	100	100

STATEMENT OF ASSETS AND LIABILITIES

The statement of assets and liabilities reflects the assets and liabilities acquired by TeleMasters and has been derived from the balance sheets of TeleMasters (Pty) Limited for the periods ended 30 September 2006, 30 September 2005 and 28 February 2005:

	30 September 2006 R	Restated 30 September 2005 R	Restated 28 February 2005 R
ASSETS			
Non-current assets			
Property, plant and equipment	6 920 103	5 370 430	3 748 492
Intangible assets	222 454	–	–
Total assets	7 142 557	5 370 430	3 748 492
LIABILITIES			
Non-current liabilities			
Instalment sale agreement obligations	330 444	333 624	–
Current liabilities			
Instalment sale agreement obligations	206 132	145 461	11 421
Total liabilities	536 576	479 085	11 421
Total net assets	6 605 981	4 891 345	3 737 071

NOTES TO THE FINANCIAL STATEMENTS

The principle accounting policies adopted and consistently applied in the preparation of the financial statements, are set out below:

1. PRESENTATION OF FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with International Financial Reporting Standards and the Companies Act of South Africa. The financial statements have been prepared on the historical cost convention, modified for certain items measured at fair value and incorporate the principal accounting policies set out below.

These accounting policies are consistent with the previous periods, except for the changes set out in note 10 relating to prior year restatement.

1.1 Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the Company;
- the cost of the item can be measured reliably.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement part is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Depreciation is provided on all property, plant and equipment to write down the cost, less residual value, on a straight-line basis over their useful lives, as follows:

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

The residual value and the useful life of each asset are reviewed at each financial year-end.

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

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.2 Financial instruments

Initial recognition

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

Financial assets and financial liabilities are recognised on the Company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Loans to/(from) group companies

These include loans to holding companies, fellow subsidiaries, subsidiaries, joint ventures and associates and are recognised initially at fair value plus direct transaction costs.

Subsequently these loans are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts.

Trade and other receivables

Trade receivables are measured on initial recognition at fair value plus directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest rate method.

Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Trade and other payables

Trade payables are initially measured at fair value plus directly attributable transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

1.3 Tax**Current tax assets and liabilities**

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

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

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which, at the time of the transaction, affects neither accounting profit nor taxable profit/(tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit/(tax loss).

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, directly in equity; or
- a business combination.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity.

1.4 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Finance leases – lessee

Finance leases are recognised as assets and liabilities in the balance sheets at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as an instalment sale agreement obligation.

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

The lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate on the remaining balance of the liability.

1.5 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

If the Company re-acquires its own equity instruments, those instruments are deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Consideration paid or received is recognised directly in equity.

1.6 Employee benefits***Short-term employee benefits***

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

1.7 Contingencies

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 14.

1.8 Revenue

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Company;
- the stage of completion of the transaction at the balance sheet date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

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

Interest is recognised, in profit or loss, using the effective interest rate method.

1.9 Cost of sales

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

1.10 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity;
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

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

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

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

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets. For all other intangible assets amortisation is provided on a straight-line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed every year-end.

Re-assessing the useful life of an intangible asset with a definite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values, as follows:

Item	Useful life
Computer software	3 years

	30 September 2006 R	30 September 2005 R	28 February 2005 R
2. REVENUE			
Services rendered	124 484 562	56 582 025	83 371 225
3. OPERATING PROFIT			
Operating lease charges			
Premises:			
- Contractual amounts	229 131	140 145	229 595
Depreciation on property, plant and equipment	186 562	49 087	53 201
Depreciation on routers included in cost of sales	3 233 590	1 253 205	1 181 636
Amortisation on intangible assets	44 485	-	-
Employee costs	2 420 625	1 450 584	1 614 987
Auditors' remuneration - fees	70 784	15 000	30 172
4. INVESTMENT REVENUE			
Interest revenue			
Bank	453 679	143 408	231 296
Interest charged on trade and other receivables	3 195	-	6 931
Loan to shareholder	-	-	198 327
	456 874	143 408	436 554

	30 September 2006 R	30 September 2005 R	28 February 2005 R
5. FINANCE COSTS			
Non-current borrowings	55 423	9 619	2 274
Bank	1 108	755	-
South African Revenue Service	33 337	194 418	-
	89 868	204 792	2 274
6. TAXATION			
Current			
Local income tax – current period	4 135 194	1 499 371	1 112 237
Secondary Tax on Companies	212 500	441 250	-
	4 347 694	1 940 621	1 112 237
Deferred			
Originating and reversing temporary differences	(471 718)	(282 976)	627 773
Changes in tax rates	-	(36 372)	-
	(471 718)	(319 348)	627 773
	3 875 976	1 621 273	1 740 010
Reconciliation of the tax expense			
Reconciliation between applicable tax rate and average effective tax rate.			
Applicable tax rate	29%	29%	30,00%
Decrease in tax rate	-	(0,91%)	-
Disallowable charges	0,08%	1,50%	0,37%
Secondary Tax on Companies	1,68%	11,06%	-
	30,76%	40,65%	30,37%
7. PROPERTY, PLANT AND EQUIPMENT			
30 September 2006	Cost	Accumulated depreciation	Carrying value
	R	R	R
Furniture and fixtures	78 950	(26 142)	52 808
Motor vehicles	675 340	(131 103)	544 237
Office equipment	5 200	(628)	4 572
Computer equipment	209 990	(171 118)	38 872
Routers and handsets	12 213 394	(5 933 780)	6 279 614
	13 182 874	(6 262 771)	6 920 103
30 September 2005	Cost	Accumulated depreciation	Carrying value
	R	R	R
Furniture and fixtures	48 639	(17 199)	31 440
Motor vehicles	448 820	(14 961)	433 859
Computer equipment	185 339	(110 269)	75 070
Routers and handsets	7 530 251	(2 700 190)	4 830 061
	8 213 049	(2 842 619)	5 370 430

28 February 2005	Cost R	Accumulated depreciation R	Carrying value R
Furniture and fixtures	48 639	(12 921)	35 718
Computer equipment	156 037	(80 420)	75 617
Routers and handsets	5 084 141	(1 446 984)	3 637 157
	5 288 817	(1 540 325)	3 748 492

Reconciliation of property, plant and equipment – 30 September 2006

	Opening balance R	Additions R	Depreciation R	Depreciation included in cost of sales R	Total R
Furniture and fixtures	31 440	30 311	(8 943)	–	52 808
Motor vehicles	433 859	226 520	(116 142)	–	544 237
Office equipment	–	5 200	(628)	–	4 572
Computer equipment	75 070	24 651	(60 849)	–	38 872
Routers and handsets	4 830 061	4 683 143	–	(3 233 590)	6 279 614
	5 370 430	4 969 825	(186 562)	(3 233 590)	6 920 103

Reconciliation of property, plant and equipment – 30 September 2005

	Opening balance R	Additions R	Depreciation R	Depreciation included in cost of sales R	Total R
Furniture and fixtures	35 718	–	(4 278)	–	31 440
Motor vehicles	–	448 820	(14 961)	–	433 859
Computer equipment	75 617	29 302	(29 849)	–	75 070
Routers and handsets	3 637 157	2 446 109	–	(1 253 205)	4 830 061
	3 748 492	2 924 231	(49 088)	(1 253 205)	5 370 430

Reconciliation of property, plant and equipment – 28 February 2005

	Opening balance R	Additions R	Depreciation R	Depreciation included in cost of sales R	Total R
Furniture and fixtures	43 873	–	(8 155)	–	35 718
Computer equipment	118 119	2 544	(45 046)	–	75 617
Routers and handsets	1 556 872	3 261 921	–	(1 181 636)	3 637 157
	1 718 864	3 264 465	(53 201)	(1 181 636)	3 748 492

	30 September 2006 R	30 September 2005 R	28 February 2005 R
Assets subject to instalment sale agreements – net carrying amount			
Motor vehicles	544 237	433 859	–

The aggregate effect of the changes in accounting policy on the financial statements for the 7 months ended 30 September 2005 and the 12 months ended 28 February 2005 is as follows:

	30 September 2006 R	30 September 2005 R	28 February 2005 R
Balance sheet			
Property, plant and equipment			
Previously stated		540 369	111 335
Adjustments		4 830 061	3 637 157
		5 370 430	3 748 492
Deferred tax			
Previously stated		–	3 426
Adjustments		(768 373)	(1 091 147)
		(768 373)	(1 087 721)
Opening retained earnings			
Previously stated		(2 533 813)	194
Adjustments		(2 546 010)	(1 089 810)
		(5 079 823)	(1 089 616)
Income statement			
Cost of sales			
Previously stated		(51 067 956)	(76 410 762)
Adjustments – routers previously included in cost of sales		2 446 109	3 261 921
Adjustments – router depreciation included in cost of sales		(1 253 205)	(1 181 636)
		(49 875 052)	(74 330 477)
Taxation			
Previously stated		(1 275 330)	(1 115 925)
Adjustments		(345 943)	(624 085)
		(1 621 273)	(1 740 010)

11. COMMITMENTS

Operating leases – as lessee

Minimum lease payments due

– Within one year	306 432	262 912	214 272
– In second to fifth year inclusive	–	241 003	262 912
	306 432	503 915	477 184

Operating lease payments represent rentals payable by the Company for its office properties. Leases are negotiated for an average term of one year (2005: two years) and rentals are fixed for the duration of the lease term. No contingent rent is payable.

	30 September 2006 R	30 September 2005 R	28 February 2005 R
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12. RELATED PARTIES

Related party transactions:

Rent paid to related parties

Snowy Owl Properties 82 (Pty) Ltd	229 131	134 531	229 595
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Commission paid to related parties

Zero Plus Trading 194 (Pty) Ltd	2 437 139	1 856 581	2 643 552
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Consulting and professional fees paid to related parties

N & E Training CC	191 773	151 093	-
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Snowy Owl Properties 82 (Pty) Ltd and Zero Plus Trading 194 (Pty) Ltd are related through a common shareholding and directorship of the related party

Maison d'Obsession Trust and M B Pretorius.

N & E Training CC is related through a common membership and directorship of I G Bekker.

Loan accounts are not secured and no guarantees have been given or received. No amount is required to be recognised for any bad or doubtful debt.

13. DIRECTORS' EMOLUMENTS

Executive emoluments

For services as directors	702 998	87 500	127 829
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Non-executive emoluments

For services as directors	70 000	72 000	-
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14. CONTINGENCIES

The Company has a general contingency in respect of the Connection Incentive Bonus received from the supplier in respect of new router installations and line activations. In terms of the contract with the supplier, in the event of cancellations by customers before the expiration date of the contract entered into between the Company and its customers, the Connection Incentive Bonus must be repaid to the supplier. No material losses are expected under these arrangements as no bonus amounts have been repaid in the periods under review.

15. COMPARATIVE FIGURES

The comparative amounts disclosed per the financial statements for the seven-month period ended 30 September 2005 and the 12 months ended 28 February 2005 are not comparable. This is due to the Company changing its financial year-end from the last day of February to 30 September during 2005.

The current period amounts disclosed are for the year ended 30 September 2006 due to the intended listing on the ALT^X of the JSE during March 2007. It is for this reason that the amounts disclosed per the income statement, statement of assets and liabilities and the related notes are not entirely comparable.

16. RISK MANAGEMENT**Credit risk**

Credit risk arises mainly as a result of cash deposits, cash equivalents and trade receivables. The Company only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty.

Trade receivables comprise a widespread customer base. Management evaluate credit risk relating to customers on an ongoing basis.

17. FIRST-TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Company has applied IFRS 1: First-time Adoption of International Financial Reporting Standards ("IFRS"), to provide a starting point for the reporting under International Financial Reporting and Accounting Standards. In principle these Standards have been applied retrospectively and the 2004 comparatives do not differ from those published in the financial statements during the year ended 28 February 2005.

The date of transition was 1 March 2004 and there were no effects on the annual financial statements. Accordingly, because there has been no effect, no reconciliations of the Company's equity reported under previous Generally Accepted Accounting Principals to its equity under IFRS has been prepared.

18. EVENTS SUBSEQUENT TO THE YEAR-END

Subsequent to the year-end, the Company has sold its business to TeleMasters for purpose of listing the business on the JSE.

Except for the above, there have been no other facts or circumstances of a material nature that have occurred between the accounting date and the date when the financial statements were authorised for issue.

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF TELEMASTERS (PTY) LIMITED

The Directors
TeleMasters Holdings Limited
Masters House, Equity Estate
Charles de Gaulle Crescent
Highveld Park, Centurion
0157

7 March 2007

Gentlemen

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF TELEMASTERS (PTY) LIMITED**INTRODUCTION**

The definitions and interpretations on pages 5 and 6 of the Pre-listing Statement have been used in this report.

PURPOSE OF THIS REPORT

At your request we present our report on the historical financial information of TeleMasters (Pty) Limited, as set out in Annexure 1, for the purpose of complying with the JSE Limited ("JSE") Listings Requirements and for inclusion in the Pre-listing Statement of TeleMasters Holdings Limited issued on or about 8 March 2007. The income statements, statement of assets and liabilities, and the related notes have been derived from the audited financial statements of TeleMasters (Pty) Limited on which we expressed an unqualified opinion.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of TeleMasters (Pty) Limited are responsible for the preparation and fair presentation of the historical financial information, derived from the audited financial statements of TeleMasters (Pty) Limited, contained herein in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of the historical financial information that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the report of historical financial information, derived from the audited financial statements of TeleMasters (Pty) Limited included in the Pre-listing Statement based on our audit.

HISTORICAL FINANCIAL INFORMATION FOR THE YEAR ENDED 30 SEPTEMBER 2006, SEVEN MONTHS ENDED 30 SEPTEMBER 2005 AND YEAR ENDED 28 FEBRUARY 2005

We have audited the historical financial information of TeleMasters (Pty) Limited for the year ended 30 September 2006 and the seven months ended 30 September 2005.

We have reviewed the historical financial information of TeleMasters (Pty) Limited for the year ended 28 February 2005.

SCOPE OF THE AUDIT

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the historical financial information for the year ended 30 September 2006 and seven months ended 30 September 2005 is free from material misstatement.

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

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

SCOPE OF THE REVIEW

We reviewed the historical financial information for the year ended 28 February 2005. We conducted our review in accordance with the Statement of International Standards on Auditing applicable to review engagements. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the historical financial information for the year ended 28 February 2005 is free of material misstatement. A review is limited primarily to enquiries of Company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit of the historical financial information for the year ended 28 February 2005 and, accordingly, we do not express an audit opinion thereon.

AUDIT OPINION

In our opinion, the historical financial information, derived from the audited financial statements of TeleMasters (Pty) Limited prepared in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa and the JSE Listings Requirements, relating to the year ended 30 September 2006 and seven months ended 30 September 2005, for the purposes of the Pre-listing Statement, is consistent, in all material respects, with the audited financial statements from which it has been derived.

For a better understanding of the Company's financial position and the results of its operations for the period and of the scope of our audit, the historical financial information should be read in conjunction with the audited financial statements from which the historical financial information has been derived and our audit report thereon.

REVIEW OPINION

Based on our review, nothing has come to our attention that causes us to believe that the historical financial information, derived from the audited financial statements of TeleMasters (Pty) Limited for the year ended 28 February 2005 prepared, in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa and the JSE Listings Requirements, is not consistent, in all material aspects, with the audited financial statements from which it has been derived.

CONSENT

We consent to the inclusion of this letter and the reference to our opinion in the Pre-listing Statement to be issued to TeleMasters shareholders in the form and context in which it appears.

Yours faithfully

BDO Spencer Steward
Chartered Accountants (SA)
Registered Auditors

Pretoria

UNAUDITED *PRO FORMA* FINANCIAL INFORMATION OF TELEMASTERS

1. INTRODUCTION

The unaudited *pro forma* consolidated income statement and balance sheet of TeleMasters before and after the reverse acquisition and private placement, are set out below.

The unaudited *pro forma* income statement and balance sheet have been presented for illustrative purposes only and because of their nature may not give a fair reflection of TeleMasters' financial position and changes in equity, after the reverse acquisition and private placement.

It has been assumed for purposes of the unaudited *pro forma* financial information that the reverse acquisition took place with effect from 1 October 2005 for income statement purposes and 1 October 2006 for balance sheet purposes. The directors of TeleMasters are responsible for the preparation of the unaudited *pro forma* income statement and balance sheet.

2. UNAUDITED *PRO FORMA* INCOME STATEMENT

	1	2	3 and 4
	<i>Pro forma</i> Before reverse acquisition R	<i>Pro forma</i> After reverse acquisition 1 October 2005 – 30 September 2006 Audited 12 months R	<i>Pro forma</i> After reverse acquisition 12 months R
Revenue	–	124 484 562	124 484 562
Cost of sales	–	(106 389 444)	(106 389 444)
Gross profit	–	18 095 118	18 095 118
Operating expenses	–	(5 864 671)	(5 864 671)
Operating profit	–	12 230 447	12 230 447
Investment revenue	–	456 874	456 874
Finance cost	–	(89 868)	(89 868)
Profit before taxation	–	12 597 453	12 597 453
Taxation	–	(3 875 976)	(3 875 976)
Profit for period	–	8 721 477	8 721 477
Earnings per share (cents)			20,76
Headline earnings per share (cents)			20,76
Number of shares in issue			42 000 000

Notes:

1. The Company did not trade prior to the reverse acquisition dealt with in this Pre-listing Statement.
2. The *pro forma* column reflects the audited results of TeleMasters (Pty) Limited for the year ended 30 September 2006.
3. No adjustments are necessary as a result of no changes to the business operations being anticipated.
4. The accounting standard for Business Combinations, IFRS 3, has been applied to the income statement. The fair values assigned to the identifiable assets, liabilities and contingent liabilities have been determined using provisional values and no goodwill or negative goodwill arose on acquisition of such business combinations.

3. UNAUDITED *PRO FORMA* BALANCE SHEET

	1	2	3	4	5
	Initial capital raising before reverse acquisition R	Reverse acquisition R	Before private placement R	Private placement R	After private placement and reverse acquisition R
ASSETS					
Non-current assets					
Property, plant and equipment	–	7 142 557	7 142 557	–	7 142 557
Current assets					
Trade and other receivables	–	–	–	–	–
Cash and cash equivalents	462	–	462	1 470 000	1 470 462
Total assets	462	7 142 557	7 143 019	1 470 000	8 613 019
EQUITY AND LIABILITIES					
Equity:					
Issued capital	462	3 444	3 906	294	4 200
Share premium	–	4 496 556	4 496 556	1 469 706	5 966 262
	462	4 500 000	4 500 462	1 470 000	5 970 462
Liabilities:					
Non-current liabilities					
Instalment sale agreement obligations	–	330 444	330 444	–	330 444
Deferred tax	–	–	–	–	–
	–	330 444	330 444	–	330 444
Current liabilities					
Current portion of instalment sale agreement obligations	–	206 132	206 132	–	206 132
Loan payable	–	2 105 981	2 105 981	–	2 105 981
	–	2 312 113	2 312 113	–	2 312 113
Total liabilities	–	2 642 557	2 642 557	–	2 642 557
Total equity and liabilities	462	7 142 557	7 143 019	1 470 000	8 613 019
Number of shares issued	4 620 000	34 440 000	39 060 000	2 940 000	42 000 000
Net assets per share (cents)			11,52		14,22
Net tangible assets per share (cents)			11,52		14,22

Notes:

- Column 1 represents the balance sheet of the Company prior to the reverse acquisition of the business of TeleMasters (Pty) Limited.
- Column 2 represents the acquisition of the business of TeleMasters (Pty) Limited, in Annexure 1 to this document and depicts the costs of the reverse acquisition of the business of TeleMasters (Pty) Limited. The accounting standard for business combinations, IFRS 3, has been applied to the balance sheet. The fair values assigned to the identifiable assets, liabilities and contingent liabilities have been determined using provisional values and no goodwill or negative goodwill arose on acquisition of the business combination.
- Column 3 represents the sum of columns 1 and 2.
- Column 4 represents the cost of the share subscriptions obtained as a result of the private placement.
- Column 5 represents the sum of columns 3 and 4.

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE *PRO FORMA* FINANCIAL INFORMATION OF TELEMASTERS

The Directors
TeleMasters Holdings Limited
Masters House, Equity Estate
Charles de Gaulle Crescent
Highveld Park, Centurion
0157

7 March 2007

Gentlemen

REPORT OF THE INDEPENDENT REPORTING ACCOUNTANTS ON THE *PRO FORMA* FINANCIAL INFORMATION OF TELEMASTERS HOLDINGS LIMITED ("TELEMASTERS HOLDINGS")

We have performed our limited assurance engagement in respect of the *pro forma* financial information as set out in Annexure 3 (collectively, "the *pro forma* financial information") of TeleMasters Holdings set out in the TeleMasters Holdings Pre-Listing Statement, to be dated on or about 8 March 2007 ("the Pre-listing Statement"). The *pro forma* financial information has been prepared in accordance with the JSE Limited ("JSE") Listings Requirements, for illustrative purposes only, to provide information about how the reverse acquisition might have affected the reported historical financial information presented, had the reverse acquisition been undertaken at the commencement of the period or at the date of the *pro forma* balance sheet being reported on in the Pre-listing Statement.

DIRECTORS' RESPONSIBILITY

The directors are responsible for the compilation, contents and presentation of the *pro forma* financial information contained in the Pre-listing Statement and the financial information from which it has been prepared. Their responsibility includes determining that: the *pro forma* financial information has been properly prepared on the basis stated; the basis is consistent with the accounting policies of TeleMasters Holdings; and the *pro forma* adjustments are appropriate for the purposes of the *pro forma* financial information disclosed in terms of the JSE Listings Requirements.

REPORTING ACCOUNTANTS' RESPONSIBILITY

Our responsibility is to express our limited assurance conclusion on the *pro forma* financial information included in Annexure 3 to the Pre-listing Statement to TeleMasters Holdings shareholders. We conducted our assurance engagement in accordance with the International Standards on Assurance Engagements applicable to Assurance Engagements Other than Audits or Reviews of Historical Financial Information and the Guide on *Pro Forma* Financial Information issued by The South African Institute of Chartered Accountants.

This Standard requires us to obtain sufficient appropriate evidence on which to base our conclusion.

We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the *pro forma* financial information, beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

SOURCES OF INFORMATION AND WORK PERFORMED

Our procedures consisted primarily of comparing the unadjusted financial information with the source documents, considering the *pro forma* adjustments in light of the accounting policies of TeleMasters Holdings, the issuer, considering the evidence supporting the *pro forma* adjustments and discussing the adjusted *pro forma* financial information with the directors of the Company.

In arriving at our conclusion, we have relied upon financial information prepared by the directors of TeleMasters Holdings and other information from various public, financial and industry sources. While our work performed has involved an analysis of the historical audited financial information and other information provided to us, our assurance engagement does not constitute an audit or review of any of the underlying financial information conducted in accordance with International Standards on Auditing or International Standards on Review Engagements and, accordingly, we do not express an audit or review opinion.

In a limited assurance engagement, the evidence-gathering procedures are more limited than for a reasonable assurance engagement and therefore less assurance is obtained than in a reasonable assurance engagement. We believe our evidence obtained is sufficient and appropriate to provide a basis for our conclusion.

CONCLUSION

Based on our examination of the evidence obtained, nothing has come to our attention which causes us to believe that:

- the *pro forma* financial information has not been properly compiled on the basis stated;
- such basis is inconsistent with the accounting policies of the issuer;
- the adjustments are not appropriate for the purpose of the *pro forma* financial information as disclosed in terms of Sections 8.17 and 8.30 of the JSE Listings Requirements.

CONSENT

We consent to the inclusion of this letter and the reference to our opinion in the Pre-listing Statement to be issued to TeleMasters Holdings shareholders in the form and context in which it appears.

Yours faithfully,

BDO Spencer Steward
Chartered Accountants (SA)
Registered Auditors

Pretoria

PROFIT FORECAST OF TELEMASTERS

1. The directors have prepared the following profit forecast for TeleMasters for the years ending 30 September 2007 and 30 September 2008, for which they accept full responsibility:

	2007 R	2008 R
Revenue	129 815 226	137 004 139
Cost of sales	(111 085 839)	(117 343 801)
Gross profit	18 729 387	19 660 338
Other income	10 000	11 000
Gross income	18 739 387	19 671 338
Operating expenses	(7 636 926)	(7 835 139)
Profit before taxation	11 102 461	11 836 199
Taxation	(3 844 714)	(4 107 498)
Net profit for year	7 257 747	7 728 701
Earnings per share (cents)	17,28	18,40
Headline earnings per share (cents)	17,28	18,40
Number of shares in issue	42 000 000	42 000 000

2. The assumptions which have been made for the forecast include assumptions about factors that the directors can influence and outside factors over which they have no control.
3. The forecasts are based on the actual historic performance of the business of TeleMasters (Pty) Limited which business has been acquired with effect from 1 October 2006 by the Company. The management, operations and business model remain unchanged.
4. The forecast financial information is based on the assumption that circumstances which affect the Company's business, but which are outside the control of the directors, will not materially affect the trading of the Company.
- More specifically:
- trading conditions are not expected to be materially different in each of the forecast periods;
 - costs will increase in line with the expected rate of inflation;
 - no significant changes will be made to the Connection Incentive Bonus received from the cellular operators, Vodacom, MTN or Cell C for new cellular lines contracted;
 - interest rates, foreign exchange rates and the bases and rates of taxation, both direct and indirect, will not change materially;
 - the differential between the cost of a fixed line call to a mobile phone and the rate of a mobile phone call to a mobile phone will not change materially to the point that the implementation of the least cost routing system will become unnecessary in order to decrease a business's operating costs.
5. In addition, the forecast financial information is based on the assumption that there will be no new changes in International Financial Reporting Standards which may affect the accounting treatment of the operating results of the Company.
6. The directors have assumed an inflationary increase in revenue and expenditure of approximately 6% and are confident that no other changes not in line with historical performance will occur in the business operations. A slightly lower amount for Connection Incentive Bonuses has been made in view of the fact that in the past new customers have been obtained on a monthly basis. We have forecast limited growth in connection with Connection Incentive Bonuses for new clients due to the inherent uncertainty in predicting new business.

7. No account has been taken of interest receivable on the excess cash injected into the business by shareholders with effect 1 October 2006 as we do not believe this amount to be of a material nature. A portion of the cash injected will be applied to settle the take-on long-term liabilities for certain vehicles acquired from TeleMasters (Pty) Limited and thus no provision has been made for finance charges in the forecast.
8. A slightly larger gross profit percentage will be attained as a result of a recent restructuring of a significant dealer relationship.
9. Personnel costs will increase as a broader management team is introduced to manage and address the needs of a listed entity. The costs of this increase will be offset by the increased gross profit referred to above.
10. The 2008 forecasts have been based on the 2007 forecast figures with a 5% inflationary growth in revenue and expenditure.
11. The above assumptions do not take any acquisitions into account.
12. In the opinion of the directors, the above assumptions are significant to the forecasts as being key factors upon which the financial results of the Company will depend. However, certain assumptions may not materialise and/or certain unforeseen events may occur or circumstances may arise subsequent to the forecasts being made. Accordingly, the results achieved for the periods referred to above may differ from those forecast and the variations may be material.

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE PROFIT FORECAST STATEMENT OF TELEMASTERS

The Directors
TeleMasters Holdings Limited
Masters House, Equity Estate
Charles de Gaulle Crescent
Highveld Park, Centurion
0157

7 March 2007

Gentlemen

REPORT OF THE INDEPENDENT REPORTING ACCOUNTANTS ON THE PROFIT FORECAST STATEMENT OF TELEMASTERS HOLDINGS LIMITED ("TELEMASTERS HOLDINGS")

We have examined the accompanying profit forecast of TeleMasters Holdings for the periods ending 30 September 2007 and 2008 as set out in Annexure 5 to the Pre-listing Statement of TeleMasters Holdings, to be issued on or about 8 March 2007.

DIRECTORS' RESPONSIBILITY

The directors are responsible for the forecast, including the assumptions set out in notes 2 to 12, on which it is based, and for the financial information from which it has been prepared. This responsibility, arising from compliance with the Listings Requirements of the JSE Limited, includes: determining whether the assumptions, barring unforeseen circumstances, provide a reasonable basis for the preparation of the forecast, whether the forecast has been properly compiled on the basis stated and whether the forecast is presented on a basis consistent with the accounting policies of the Company.

REPORTING ACCOUNTANTS' RESPONSIBILITY

Our responsibility is to provide a limited assurance report on the forecast prepared for the purposes of complying with the Listings Requirements of the JSE Limited and for inclusion in the Pre-listing Statement. We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements applicable to the examination of prospective financial information. This Standard requires us to obtain sufficient appropriate evidence as to whether or not:

- management's best estimate assumptions on which the forecast is based are not unreasonable and are consistent with the purpose of the information;
- the forecast is properly prepared on the basis of the assumptions;
- the forecast is properly presented and all material assumptions are adequately disclosed;
- the forecast is prepared and presented on a basis consistent with the accounting policies of the Company.

In a limited assurance engagement, the evidence-gathering procedures are more limited than for a reasonable assurance engagement and, therefore, less assurance is obtained than in a reasonable assurance engagement. We believe our evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

CONCLUSION

Based on our examination of the evidence obtained, nothing has come to our attention that causes us to believe that:

- the assumptions, barring unforeseen circumstances, do not provide a reasonable basis for the preparation of the forecast;
- the forecast has not been properly compiled on the basis stated;
- the forecast has not been properly presented and all material assumptions are not adequately disclosed;
- the forecast, is not presented on a basis consistent with the accounting policies of the Company.

Actual results are likely to be different from the forecast, since anticipated events frequently do not occur as expected and the variation may be material. Accordingly, no assurance is expressed regarding the achievability of the forecast.

Yours faithfully,

BDO Spencer Steward

Chartered Accountants (SA)

Registered Auditors

Pretoria

APPOINTMENT, QUALIFICATION, REMUNERATION AND BORROWING POWERS OF DIRECTORS

Extracts from the articles of association of TeleMasters:

1. APPOINTMENT OF DIRECTORS AND MANAGING DIRECTORS

The number of directors shall not be less than four and not be more than fifteen.

The directors shall have power at any time and from time to time to appoint any person as a director, either to fill a casual vacancy, or as an additional director, but the total number of directors shall not at any time exceed the maximum number fixed. Any person appointed to fill a casual vacancy or as additional director shall retain office only until the next following annual general meeting of the company and his appointment shall be subject to confirmation at such annual general meeting. Notice of such meeting shall be sufficient to allow nominations to be sent to the company's office from any part of the Republic of South Africa.

A director may be employed by or hold any office of profit under the company or under any subsidiary or holding company in conjunction with the office of director, other than that of auditor of the company or of any subsidiary company, and upon such terms as to appointment, remuneration and otherwise as a disinterested quorum of the directors, or a disinterested committee of the directors, may determine, and any remuneration so paid may be in addition to the remuneration payable in terms of Article 74.

Subject to the provisions of the Act, the company may by ordinary resolution remove any director before the expiration of his period of office and may by ordinary resolution elect another person in his stead. The person so elected shall hold office during such time only as the director in whose place he is elected would have held office.

A director may, before the expiration of his period of office, be removed from office by a resolution signed by all his co-directors.

Retiring directors shall be eligible for re-election. No person other than a director retiring at the meeting shall, unless recommended by the directors for election, be eligible for election to the office of director at any general meeting unless, not less than seven days nor more than fourteen days before the day appointed for the meeting, there shall have been given to the secretary notice in writing by some member duly qualified to be present and vote at the meeting for which such notice is given, of the intention of such member to propose such person for election and also notice in writing signed by the person to be proposed of his willingness to be elected.

If at any annual general meeting at which an election of directors ought to take place, the place of any retiring director is not filled, he shall, if willing, continue in office until the dissolution of the annual general meeting in the next year, and so on from year to year until his place is filled, unless it shall be determined at such meeting not to fill such vacancy.

2. QUALIFICATION OF DIRECTORS

The directors shall not be obliged to hold any shares to qualify them as directors.

3. REMUNERATION OF DIRECTORS

The remuneration of the directors, including pension and other benefits, shall be such sum as may from time to time be approved by the company in general meeting. Such remuneration shall be divided among the directors in such proportions and manner as a disinterested quorum of directors or a disinterested committee of directors may from time to time deem appropriate. The directors shall be entitled to such remuneration as the company in general meeting may from time to time determine, which remuneration shall be divided equally among the directors in such proportion to the period during which he has held office during the year.

The directors shall be paid all their travelling and other expenses properly and necessarily incurred by them in and about the business of the company, and in attending meetings of the directors or of committees thereof. If any director shall be required to perform extra service or to go or to reside abroad, or if any director shall be specifically occupied about the company's business or perform services which, in the opinion of the directors, are outside the scope of the ordinary duties of a director, he shall be entitled to receive such extra remuneration as may be determined by a disinterested quorum of the directors and such extra remuneration may be either in addition to or in substitution for the remuneration provided for in the last preceding article.

4. HOLDING BY DIRECTOR OF ANY OTHER OFFICES OF PROFIT

A director may be employed by or hold any office of profit under the company or under any subsidiary or holding company in conjunction with the office of director, other than that of auditor of the company or of any subsidiary company, and upon such terms as to appointment, remuneration and otherwise as a disinterested quorum of the directors, or a disinterested committee of the directors, may determine, and any remuneration so paid may be in addition to the remuneration payable in terms of Article 74.

No director or intending director shall be disqualified by his office from contracting with the company, whether with regard to such office or as vendor or purchaser or otherwise, nor shall any such contract, or any contract or arrangement entered into by or on behalf of the company, in which any director shall in any way be interested, be or be liable to be avoided; nor shall any director so contracting or being so interested be liable to account to the company for any profit realised by any such contract or arrangement by reason of such director holding that office, or of the fiduciary relationship thereby established, but the nature of his interest shall be declared by him in accordance with the provisions of the Act.

5. BORROWING POWERS OF DIRECTORS

From time to time the directors may borrow or raise for the purposes of the company such sums as they deem fit.

The directors may raise or secure the payment or repayment of such moneys in such manner and upon such terms and conditions in all respects as they think fit, and in particular by mortgage bond or by the issue of debentures or debenture stock of the company, whether unsecured or charged upon all or any part of the property of the company (both present and future).

Debentures, debenture stock and other securities may be made assignable free from any equities between the company and the person to whom the same may be issued.

Any debentures, debenture stock bonds or other securities may be issued at par or at a discount or at a premium, and with any special privileges as to redemption, surrender and drawings provided that no special privileges as to allotment of shares or stock, attending and voting in general meetings, appointment of directors or otherwise shall be given save the sanction of the company in general meeting.

The directors shall cause a proper register to be kept in accordance with the provisions of the Act of all mortgages and charges specifically affecting the property of the company, and they shall cause to be entered in such register in respect of each mortgage or charge a short description of the property mortgaged or charged, the amount of the charge created, the name of the mortgage or person entitled to such charge and such further particulars as the provisions of the Act require.

6. VOTING POWERS OF DIRECTORS

No director shall vote as a director in respect of any contract or arrangement in which he is so interested as aforesaid, and if he does so vote, his vote shall not be counted, nor for the purpose of any resolution regarding the same shall he be counted in the quorum present at the meeting, but these prohibitions shall not apply to:

- any contract or dealing with a company of which the directors of the company or any of them may be directors, members, managers, officials or employees or otherwise interested;
- the giving of any security or indemnity to a director in respect of money lent or obligations or other liabilities incurred by him at the request of or for the benefit of the company or any of its subsidiaries;

- any contract to underwrite or sub-underwrite any shares or obligations of the company or any shares in or debentures or obligations of any company in which the company may be in any way interested;
- any proposal concerning an offer of shares or debentures or other securities of or by the company or any of its subsidiaries for subscription or purchase in which offer a director is or is to be interested directly or indirectly in the underwriting or sub-underwriting thereof, or any allotment of issue complying with the provisions of section 222 of the Act;
- any contract for the payment of commission in respect of the subscription for shares or obligations of the company;
- the giving of any security or indemnity to a third party in respect of a debt or obligation of the company or any of its subsidiaries for which the director himself has assumed responsibility in whole or in part under a guarantee of indemnity or by the giving of security;
- any proposal concerning the adoption, modification or operation of a superannuation fund or retirement benefits scheme under which a director may benefit and which has been approved by or is subject to and conditional upon approval by the relevant revenue authorities for taxation purposes. The above prohibitions may at any time be suspended or relaxed to any extent by the company in general meeting.

Any notice given to the directors by a director to the effect that he is a member of a specified company or firm shall comply with the provisions of the Act.

For the purpose of this article, an alternate director shall not be deemed to be interested in any contract or arrangement merely because the director for whom he is an alternate is so interested.

Nothing in this article contained shall be construed so as to prevent any director as a member from taking part in and voting upon all questions submitted to a general meeting whether such director shall be personally interested or concerned in such questions or not.

SERVICE, CONFIDENTIALITY AND RESTRAINT AGREEMENTS OF DIRECTORS

1. INTERPRETATION

- 1.1** Clause headings in this agreement are used for convenience only and shall be ignored in its interpretation.
- 1.2** In this agreement, unless the context clearly indicates a contrary intention:
- 1.2.1** the singular shall include the plural and *vice versa*;
- 1.2.2** a natural person shall include an artificial person and *vice versa*; and
- 1.2.3** any one gender shall include the other genders;
- 1.2.4** the following expressions shall bear the meanings assigned to them below and cognate expressions shall bear corresponding meanings:
- 1.2.4.1 "Board" – the Board of Directors of the Company from time to time;
- 1.2.4.2 "Company" – TeleMasters
- 1.2.4.3 "executive" – _____, ID Number
- 1.2.4.4 "Group" – the company, its holding company, and the latter's subsidiary companies;
- 1.2.4.5 "prescribed area" – the Republic of South Africa and the United Kingdom;
- 1.2.4.6 "signature date" – the date of signature of this agreement by the last party to do so;
- 1.2.4.7 "subsidiary" – a subsidiary as defined in the Companies Act, 1973, as amended;
- 1.2.4.8 "successors-in-title or assigns" – shall include, but without limiting in any way the generality of the foregoing term, any person, firm, company or association of persons who or which has lawfully acquired the right to enforce the restraints referred to in this agreement;
- 1.2.4.9 "termination date" – the date of termination of the employment of the executive for any reason whatever;
- 1.2.5** if any provision in a definition is a substantive provision conferring rights or imposing obligations on anyone, effect shall be given to it as if it were a substantive provision in the body of this agreement.

2. APPOINTMENT

The Company employs the executive who agrees to accept his appointment and act as ●●●●●●●● of the Company.

3. THE EXECUTIVE'S DUTIES

The executive undertakes:

- 3.1** to perform such duties as are assigned to him from time to time by the Board;
- 3.2** to comply with all lawful instructions given to him from time to time by the Board;
- 3.3** to devote the whole of his working time and attention in performing his duties under this agreement; provided that he shall be entitled to devote such time as he may reasonably require to his private affairs;

- 8.1.1** if the executive commits a material breach of any of his obligations in terms of this agreement; or
- 8.1.2** in any circumstances justifying such termination at common law; or
- 8.1.3** if due to illness, accident (other than an accident arising out of his employment and caused other than by his negligence) or any other cause (not being holiday leave in terms of 7 above), the executive is unable or does not perform his duties for a total of 180 days during any 365 consecutive days;
- 8.2** this agreement (and the employment relationship embodied herein) shall automatically terminate if the executive is sequestered or placed under curatorship or similar disability, whether provisionally or finally;
- 8.3** this agreement (and the employment relationship embodied herein) may be terminated summarily by the executive if the Company commits a breach of any of its obligations in terms of this agreement, provided that notwithstanding any termination in terms of this paragraph 8, the provisions of 10 and 11 below shall remain of full force and effect.

9. SUSPENSION OF EMPLOYMENT

If the Company suspects that the executive is guilty of any conduct which may, if proved, justify his dismissal, or has committed a breach of any of the terms of this agreement, it may, pending a duly constituted inquiry into the alleged conduct in question, but without prejudice to its right of summary dismissal in terms of 8 above and without giving rise to any claim for damages or otherwise against it, suspend the executive for a period not exceeding 30 days during which the executive shall:

- 9.1** not be entitled to attend work at the premises of the Company;
- 9.2** be entitled to be paid his normal salary and employment benefits.

10. CONFIDENTIALITY

10.1 It is recorded that:

- 10.1.1** the group carries on the business, *inter alia*, of specialising in the supply of information systems consulting and related services;
- 10.1.2** the executive, by virtue of his association with the Group, will become possessed of and will have access to the Group's trade secrets and confidential information including, but without limiting the generality of the foregoing, the following matters, all of which are hereinafter referred to as the "Group's trade secrets" but excluding any such information which is or becomes public knowledge and within the public domain other than through an act or omission on the part of the executive:
 - 10.1.2.1 know-how, processes and techniques;
 - 10.1.2.2 knowledge of and influence over the Group's customers, suppliers and other business associates;
 - 10.1.2.3 knowledge of the Group's strategic plans;
 - 10.1.2.4 the contractual arrangements between the Group and its business associates;
 - 10.1.2.5 the financial details of the Group's relationship with its business associates;
 - 10.1.2.6 the financial details (including credit and discount terms) relating to the Group's customers;
 - 10.1.2.7 the names of prospective customers of the Group and their requirements;
 - 10.1.2.8 the details of the Group's financial structure and operating results;
 - 10.1.2.9 details of the remuneration paid by the Group to its various employees and their duties;

10.1.2.10 other matters which relate to the business of the Group and in respect of which information is not readily available in the ordinary course of the business to a competitor of the Group.

10.2 Having regard to the facts recorded in 10.1 above, the executive undertakes that in order to protect the proprietary interest of the Group in the Group's trade secrets:

10.2.1 he will not at any time, whether before or after the termination date either use or directly or indirectly divulge or disclose to others (except as required by the terms and nature of his employment by the Company) any of the Group's trade secrets;

10.2.2 any written instructions, drawings, notes, memoranda or records relating to the Group's trade secrets which have been or are made by him or which come into his possession during the period of his employment by the Company, shall be deemed to be the property of the Company and shall be surrendered to the Company on demand and/or on the termination date and the executive will not retain any copies thereof or extracts therefrom;

10.2.3 he will not, while employed by the Company and for a period of 12 months after the termination date:

10.2.3.1 either for himself or as the agent of anyone else, persuade, induce, solicit, encourage or procure any employee of the Group to:

10.2.3.1.1 become employed by or interested in any manner whatever in any business, firm, undertaking, company, close corporation or other entity or association of persons (all of which are hereinafter referred to as "any concern"), directly or indirectly in competition with the business carried on by the Group;

10.2.3.1.2 terminate his employment with the Group;

10.2.3.1.3 furnish any information or advice acquired by the executive as a result of his employment by the Company to anyone else which might result in any employee of the Group becoming employed by, or directly or indirectly interested in any manner in, any concern.

11. RESTRAINT

11.1 It is recorded that:

11.1.1 in the course of his duties to the Company, the executive will become intimately concerned with the business and affairs of the Group;

11.1.2 by reason of his association with the Company, the executive will acquire considerable knowledge and know-how relating to the Group and its businesses.

11.2 The executive acknowledges that, if he is not restricted from competing with the Group as provided for herein, the Group will potentially suffer considerable economic prejudice including loss of custom and goodwill. Accordingly, the Company considers it essential to protect the Group's interests that the executive agrees to a restraint of trade undertaking in its favour to ensure that the executive will be precluded from carrying on certain activities which would be harmful to the business of the Group.

11.3 The executive undertakes and warrants in favour of the Company, its successors-in-title and assigns that while he is still employed by the Company and for a period of 12 months from the termination date, he will not anywhere in the prescribed area, be directly or indirectly interested, engaged, concerned, associated with or employed, whether as proprietor, partner, director, shareholder, employee, consultant, contractor, financier, principal, agent, representative, assistant, advisor, administrator or otherwise, in any company, close corporation, firm, business undertaking, concern or other association of any nature which directly or indirectly carries on the business of telecommunications or related services or which carries on any business which was conducted by the Group during the period of this restraint.

11.4 The executive acknowledges and agrees that:

11.4.1 the restraints imposed upon him in terms of 11.3 above are fair and reasonable as to subject matter, area and duration and are reasonably necessary to protect the proprietary interests of the Company, to maintain the goodwill of the Company and are within the context of the benefits to be derived by the executive under this agreement;

11.4.2 the provisions of 11.3 above shall be construed as imposing a separate and an independent restraint, severable from the rest of them, in respect of:

11.4.2.1 each month of the period referred to in 11.3 above; and

11.4.2.2 every locality falling within the prescribed area.

11.5 The executive acknowledges and agrees that the restraints contained in this paragraph 11 are stipulations for the benefit of the Company, which shall be entitled to elect whether to exercise its rights hereunder or not.

11.6 The benefits conferred in terms of this paragraph 11 shall be not only for the benefit of the Company, but also for any owner of all or portion of the Company and its successor-in-title or assigns. By signing this agreement, the Company accepts the benefits on behalf of each of such persons. Without limiting the generality of any of the provisions of this agreement, it is agreed that such acceptance by the Company constitutes a separate acceptance on behalf of each of such persons for the time being and that any such person shall be entitled to enforce the benefits conferred upon it in terms of 11.3 above.

11.7 The failure by the Company or any of the persons referred to in 11.6 above to:

11.7.1 exercise any of its rights in terms of this paragraph 11 in consequence of any breach by the executive of any of the provisions of 11.3 above;

11.7.2 succeed in any proceedings instituted by it to enforce any of its rights in terms of the restraint given by the executive in 11.3 above as a result of the finding of any court,

shall not preclude the Company or any such person from exercising any such rights in consequence of any subsequent breach by the executive or of any subsequent findings of any court, as the case may be.

11.8 A breach of any of the restraints stipulated in this paragraph 11 shall entitle the Company, without prejudice to any other rights available to it in law and, notwithstanding any other provision of this agreement, to apply to any court of competent jurisdiction for an appropriate interdict.

12. DOMICILIUM AND NOTICES

12.1 The parties choose their *domicilium citandi et executandi* ("domicilium") for all purposes arising from or pursuant to this agreement, as follows:

12.1.1 Company's registered address.

12.1.2 Executive:

Telefacsimile;

12.2 Each of the parties shall be entitled from time to time, by written notice to the other, to vary its domicilium to any other address within the Republic of South Africa which is not a post office box or *poste restante*.

12.3 Any notice given and any payment made by either party to the other ("addressee") which:

12.3.1 is delivered by hand during the normal business hours of the addressee at the addressee's domicilium for the time being shall be presumed to have been received by the addressee at the time of delivery;

12.3.2 is posted by pre-paid registered post from an address within the Republic of South Africa to the addressee at the addressee's domicile for the time being shall be presumed to have been received by the addressee on the seventh day after the date of posting.

12.4 Any notice given by either party to the other which is sent by telefacsimile during the normal business hours of the addressee to the addressee's domicile for the time being shall be presumed to have been received on the first business day succeeding the day on which the telefacsimile is transmitted.

13. GENERAL

13.1 This agreement constitutes the sole record of the agreement between the parties in regard to the subject matter thereof and supersedes, overrides and replaces all prior agreements.

13.2 Neither party shall be bound by any express or implied term, representation, warranty, promise nor the like not recorded herein.

13.3 No addition to, variation, or agreed cancellation of this agreement shall be of any force or effect unless in writing and signed by or on behalf of the parties.

13.4 No indulgence which either party ("grantor") may grant to the other ("grantee") shall constitute a waiver of any of the rights of the grantor, which shall not thereby be precluded from exercising any rights against the grantee which may have arisen in the past or which may arise in the future.

14. COSTS

The Company shall bear and pay the costs of and incidental to the drawing, negotiation and execution of this agreement.

Signed at _____ on _____ 2007
for **TeleMasters**

Duly authorised

Signed at _____ on _____ 2007

CORPORATE GOVERNANCE STATEMENT

INTRODUCTION

The Board of TeleMasters confirms its commitment to the principles of fairness, accountability, responsibility and transparency. Through this process, shareholders and other stakeholders may derive assurance that the Company is being ethically managed according to prudently determined risk parameters and in compliance with generally accepted corporate practices. As the Company will begin operating as a newly-listed entity with a complete refocus of the business operations, the Board will be re-examining the principles and requirements of the King II Report and will give due consideration as to how to best implement the recommendations of the said report within the Company. The Board as a minimum complies with the following:

THE BOARD

TeleMasters has a unitary Board with a non-executive chairman. The chief executive officer will not also hold the position of chairperson. The Board will sit at least four times per annum and more frequently if necessary. The Board has adopted a policy evidencing a clear division of responsibilities at Board level to ensure a balance of power and authority, such that no one individual has unfettered powers of decision-making. The directors, as already appointed, bring a wide range of diverse experience, diversity, insight and independence of judgment on issues of strategy, performance, resources and standards of conduct to the Board. The executive directors have a combined total of over 20 years' experience in the management of companies.

The directors all have unfettered access to the Company Secretary who, *inter alia*, is responsible for ensuring that proper procedures are followed regarding Board matters. It requires a decision of the Board as a whole to remove the Company Secretary, should this become necessary. Directors' information packs will be prepared before each Board meeting so as to fully inform the directors of the issues at hand. Directors are furthermore entitled to ask questions of any personnel and have unrestricted access to all Company documentation, information, documents and property.

The Board's main responsibilities include: strategy, acquisition and disinvestment policy, risk management, financing and corporate governance. In addition, the Board is accountable for relations with stakeholders and responsible for creating, protecting and enhancing the Company's wealth and resources, timely and transparent reporting and for acting at all times in the best interests of the Company and its shareholders.

Formal procedures exist for future appointment to the Board and for the delegation of the functions of the Board. Future appointments to the Board will be considered by the Board as a whole, whilst the chief executive officer will be responsible for reviewing the content and implementation of the authorised delegation of functions and will report thereon to the Board.

With the prior approval of the chairman, which will not be unreasonably withheld, each director has the right to seek independent legal and other professional advice at the Company's expense concerning any aspect of the Company's operations or undertakings in order to fulfil their duties and responsibilities as directors.

The full Board is responsible for reviewing the performance of the chairman. It is the responsibility of the chairman, with advice from the Remuneration and Nomination Committee, to assess the performance of each of the directors and senior executives.

CONTROLS

The Board will ensure a sound system of internal control to safeguard stakeholders' interests and the Company's assets. The Company has established an Audit Committee which committee acts as follows:

- the Audit Committee consists of the non-executive directors, the financial managers and the Company Secretary. Members of the committee will be named in the annual report;
- the Audit Committee operates in accordance with written terms of reference, confirmed by the Board, which deal clearly with its authority and duties;

- the external auditors have free access to this committee and will be invited to attend all of its meetings, which will occur at least twice each year;
- the primary objective of the Audit Committee is to promote the overall effectiveness of corporate governance within the Group. Additional objectives include:
 - ensuring the integrity of the Company’s accounting and financial reporting systems;
 - ensuring that the appropriate systems are in place for monitoring risk, financial control and compliance with the law and codes of conduct;
 - evaluating the effectiveness of the risk-and compliance-management functions of the Company;
 - maintaining appropriately transparent relationships with the external auditors, who will be appointed each year based on the recommendations of the Audit Committee;
 - advising on the appointment of the external auditors to handle non-audit functions;
 - reviewing the scope and quality of the statutory audit and the independence and objectivity of the audit; and
 - reporting on the going concern concept.

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

The Audit Committee is also responsible for monitoring all contracts entered into by the Company 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 interests of the Company.

The internal audit function of the Company is conducted by the financial director, together with the Company Secretary and in conjunction with the Audit Committee and the external auditors.

All reports of the internal audit function are circulated to the external auditors.

The Company has also established a Remuneration Committee.

These committees will sit at least four times per annum and more frequently if necessary.

COMMUNICATION WITH STAKEHOLDERS

A policy of effective communication and engagement with all stakeholders in the affairs of the Company will be adhered to at the first meeting of the Board after the listing and the Company will seek to provide a secure, healthy and participative social and working environment for its staff and associates.

CLOSED PERIOD

The Company will enforce a restricted period for dealing in shares, in terms of which any dealings in shares by all directors and personnel will be disallowed by the Board from the time that the reporting period has elapsed to the time that results are released and at any time that the Company is trading under a cautionary announcement. A procedure for directors and personnel to deal in shares will be introduced and the Company’s sponsor will be available to give guidance on the matter at any time.

REMUNERATION COMMITTEE

The Company established a Remuneration Committee consisting of the non-executive directors. The Remuneration Committee makes recommendations to the Board, within agreed terms of reference, on the Company’s framework of executive remuneration and its costs. The Remuneration Committee ensure that levels of remuneration are sufficient to attract and retain directors and senior management needed to run the Company successfully.

COMPANY SECRETARY

The Company Secretary is required to provide the members of the Board with guidance and advice regarding their responsibilities, duties and powers and to ensure that the Board is aware of all the legislation relevant to or affecting the affairs of the Company. The Company Secretary is to ensure that the Company complies with all applicable legislation regarding the affairs of the Company, including the necessary recording of meetings of the Board, Board committees and shareholders of the Company.

CODE OF ETHICS

The Board will subscribe 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 will be 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; and
- equivalent standards of ethical behaviour are expected from individuals and companies with whom business is conducted.

The Board will address any outstanding compliance with the King II Code, not addressed above, after the listing of the Company when the Group becomes and operates as a newly listed entity.

LIST OF SHAREHOLDERS

Shareholder	Shares	Percentage
Ridgegate Corporate Finance (Pty) Ltd	300 000	0,71
Alian Corporation (Pty) Ltd	150 000	0,36
Purple Fountain Properties No. 8 (Pty) Ltd	150 000	0,36
River Capital (Pty) Ltd	100 000	0,24
River Corporate Finance (Pty) Ltd	80 000	0,19
Skytop Capital (Pty) Ltd	300 000	0,71
Wilemina Johanna Dorothy van Zyl	50 000	0,12
VDM Corporate Law Services (Pty) Ltd	130 000	0,31
Maison d'Obsession Trust	35 700 000	85,00
Shares issued to staff	2 100 000	5,00
Shares issued to investors and public shareholders	2 940 000	7,00

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON TELEMASTERS AT 26 SEPTEMBER 2006



BDO
Chartered Accountants
Certified Public Accountants

Chartered Accountants
Certified Public Accountants
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Singapore 048909
Tel: 65 6339 3000
Fax: 65 6339 3001
www.bdo.com.sg

TELEMASTERS
S.P.S.
100, Market Street
Singapore

11 March 2007

Dear Sirs:

Reference:

TELEMASTERS (PROVIDER) LIMITED

We have audited the financial statements of the Company for the year ended 26 September 2006, which comprise the consolidated statement of financial position at 26 September 2006 and the consolidated statement of financial performance, consolidated statement of changes in equity and consolidated cash flow statement for the year.

We conducted our audit in accordance with Singapore Auditing Standards, which are based on International Standards on Auditing issued by the Institute of Certified Accountants, Telemasters (Singapore) Limited, a subsidiary of the Company. The audit was conducted in accordance with the provisions of the Companies Act, Chapter 50B of the Companies Act, Cap 50B (as amended) of Singapore.

We confirm that as at 26 September 2006, the Company had received \$90.7 million of cash in respect of shares issued to the public.

We are firm over our findings that the consolidated financial statements of the Company in respect of shares issued to the public are in accordance with the provisions of the Companies Act, Chapter 50B of the Companies Act, Cap 50B (as amended) of Singapore.

Yours faithfully,

Dr. S. S. S. S. S.
BPC Member (1992)
Chartered Accountant
Certified Public Accountant

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