

VOX TELECOM LIMITED
(Registration number 1998/016433/06)
("Vox Telecom" or "the Company" or "the Group")
JSE Code: VOX
ISIN Code: ZAE 000097234

UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 28 FEBRUARY 2010

Condensed Consolidated Statement of Financial Position	Unaudited As at 28 Feb 2010 R'000	Unaudited As at 28 Feb 2009 R'000	Audited As at 31 Aug 2009 R'000
ASSETS			
Non-current assets	1 443 720	1 456 759	1 450 595
Plant and equipment	149 147	120 295	131 340
Goodwill	599 358	597 296	599 358
Other intangibles	678 717	708 738	701 174
Other financial assets	1 625	2 650	1 943
Deferred taxation	14 873	27 780	16 780
Current assets	375 761	401 790	401 581
Inventories	33 161	50 491	41 481
Trade receivables and prepayments	233 556	275 026	265 253
Current tax receivable	1 960	3 193	1 975
Finance lease receivables	785	-	755
Cash and bank balances	106 299	73 080	92 117
Total assets	1 819 481	1 858 549	1 852 176
EQUITY AND LIABILITIES			
Capital and reserves	1 193 143	1 134 424	1 165 353
Share capital	1 109	1 109	1 109
Share premium	1 018 877	1 018 877	1 018 877
Reserves	10 499	7 027	8 230
Retained earnings	162 658	107 411	137 137
Non-current liabilities	238 952	295 221	285 746
Borrowings - interest bearing	79 743	121 513	118 982
Borrowings - interest free	988	2 210	758
Deferred taxation	158 221	171 498	166 006
Current liabilities	387 386	428 904	401 077
Trade and other payables	291 449	310 070	292 070
Provisions	12 491	5 522	14 173
Taxation	10 257	10 356	12 010
Current borrowings	73 189	102 956	82 824
Total equity and liabilities	1 819 481	1 858 549	1 852 176
Ordinary shares in issue at period end ('000)	1 108 502	1 108 502	1 108 502
Net asset value per share (cents)	107.6	102.3	105.1

Condensed Consolidated Income Statement	Unaudited Six months ended 28 Feb 10 R'000	Unaudited Six months ended 28 Feb 09 R'000	Audited Year ended 31 Aug 09 R'000
Revenue	1 044 277	1 059 396	2 082 533
Cost of sales	(809 406)	(824 709)	(1 559 576)
Gross profit	234 871	234 687	522 957
Other income	2 389	3 033	7 636
Depreciation and amortisation	(37 146)	(37 800)	(69 460)
Employment costs	(95 830)	(84 860)	(184 227)
Occupancy costs	(11 281)	(8 817)	(21 245)
Other operating costs	(53 708)	(49 608)	(123 664)
Operating profit	39 294	56 635	131 997
Finance costs	(8 293)	(17 297)	(40 437)
Finance income	4 640	4 196	8 433
Net finance costs	(3 653)	(13 101)	(32 004)
Profit before taxation and exceptional item	35 642	43 534	99 993
Exceptional items	-	-	(11 585)
Profit before taxation	35 642	43 534	88 408
Taxation	(10 120)	(12 479)	(27 628)
Profit for the period	25 522	31 055	60 780
Attributable to equity holders of the parent	25 522	31 055	60 780
Earnings per share (cents)			
Basic EPS	2.30	2.81	5.49
Diluted basic EPS	2.30	2.79	5.49
Additional information:			
Reconciliation of profit for the period to headline earnings			
Profit for the period	25 522	31 055	60 780
<i>Adjustments for:</i>			
Impairment of assets	-	-	9 749
Loss on sale of assets	-	-	869
Tax effect	-	-	(2 973)
Headline earnings	25 522	31 055	68 425
Headline EPS (cents)	2.30	2.81	6.18
Diluted headline EPS (cents)	2.30	2.79	6.18
Number of shares			
In issue ('000)	1 108 502	1 108 502	1 108 502
Weighted average ('000)	1 108 502	1 105 965	1 107 244
Share options granted ('000)	-	7 394	-
Diluted weighted average ('000)	1 108 502	1 113 359	1 107 244

Consolidated Cash Flow Statement	Unaudited Six months ended 28 Feb 10 R'000	Unaudited Six months ended 28 Feb 09 R'000	Audited Year ended 31 Aug 09 R'000
Cash flow from operating activities			
Operating cash before working capital movements	78 709	96 039	209 319
Working capital movements	32 955	(15 680)	(24 241)
Cash generated from operations	111 664	80 359	185 078
Net interest paid	(3 653)	(13 101)	(32 004)
Taxation paid	(17 736)	(27 360)	(34 128)
Net cash inflow from operating activities	90 275	39 898	118 946
Cash flow from investing activities			
Additions to plant and equipment to expand operations	(27 448)	(28 543)	(62 430)
Additions to other intangibles to expand operations	-	-	(2 719)
Proceeds on disposal of property, plant and equipment	-	-	2 817
Additional vendor payments	-	(9 753)	(8 543)
Net cash outflow from investing activities	(27 448)	(38 296)	(70 875)
Cash flow from financing activities			
Repayments of long and short-term borrowings	(48 645)	(16 799)	(44 231)
Net cash inflow from financing activities	(48 645)	(16 799)	(44 231)
Net increase (decrease) in cash and cash equivalents	14 182	(15 197)	3 840
Cash and cash equivalents at beginning of period	92 117	88 277	88 277
Cash and cash equivalents at end of period	106 299	73 080	92 117

Unaudited Consolidated Statement of Changes in Equity	Share capital	Share premium	Reserves	Retained profits	Equity attributable to equity holders of the parent R'000
	R'000	R'000	R'000	R'000	R'000
Balance as at 31 August 2008	1 101	1 002 384	5 428	76 357	1 085 270
Movement in FCTR	-	-	(408)	-	(408)
Profit for the year	-	-	-	60 780	60 780
Total recognised income and expense	-	-	(408)	60 780	60 372
Shares issued (net of costs)	8	16 492	-	-	16 500
Share-based payment expense	-	-	3 210	-	3 210
Balance as at 31 August 2009	1 109	1 018 877	8 230	137 137	1 165 352
Profit for the period	-	-	-	25 522	25 522
Total recognised income and expense	-	-	-	25 522	25 522
Share-based payment expense	-	-	2 268	-	2 268
Balance at 28 February 2010	1 109	1 018 877	10 499	162 658	1 193 143

COMPANY PROFILE

Vox Telecom Limited, headquartered in Johannesburg, is a leading alternative, independent telecom operator, providing voice and data services to the Southern African market. The Group employs 781 people and competes through its primary brands Vox Telecom, Vox DataPro, @lantic, Vox Orion, Vox Amvia, Vox Core and Vox Telepreneur and has offices in Johannesburg, Durban, Cape Town and Pretoria as well as in Windhoek, Namibia. Vox Telecom is a listed company trading on the Alternative Exchange (AltX), a division of the JSE Limited ("the JSE"). Investor and shareholder information is available at www.voxtelecom.co.za

BASIS OF PREPERATION

The condensed unaudited annual financial statements for the six months ended 28 February 2010 for Vox Telecom ("the 2010 interim results"), are presented below. The 2010 interim results have been prepared in accordance with accounting policies and methods of computation that are consistent with those of the prior year and with IAS 34 Interim Financial Reporting, using accounting policies that are in line with IFRS and consistently applied to prior periods, except for IFRS 3 Business Combinations, IFRS 8 Operating segments, IAS 1 Presentation of Financial Statements, IAS 23 Borrowing Costs and IAS 27 Consolidated and Separate Financial Statements which were implemented during the period in accordance with the transitional provisions as well as the listing requirements of the JSE and the Companies Act (as amended). The only impacts of the above changes are the identification of two additional reporting segments and the restatement of segment information in accordance with IFRS 8.

BUSINESS REVIEW FOR THE PERIOD

The key financial results of the past six months were:

- **Revenue down 1% to R1,04 billion**
- **Gross profit unchanged at R235 million**
- **EBITDA down 19% to R76,4 million**
- **Cash generated from operations of R112 million with cash on hand of R106 million**
- **Profit after taxation down 18% to R25,5 million**
- **Earnings per share and headline earnings per share down 18% to 2.30 cps**

For the six month period revenues were down 1% over the previous period to R1,04 billion. Gross profit remained unchanged at R235 million albeit at a slightly higher margin of 22.5% versus 22.2% for the same period last year. The results have been impacted by the strategic decision of the Group taken in November 2009 to freeze the renewal of Least Cost Routing ("LCR") SIMs with the networks as these SIMs come out of contract, in anticipation of the proposed changes in Mobile Termination Rates ("MTR"). The impact of this decision is that R3,4 million was generated through Connection Incentive Bonuses ("CIBs") compared to R37,7 million in the comparable period. Earnings per share ("EPS") and headline earnings per share ("HEPS") are thus down 18% to 2.30 cents per share respectively. Cash generated from operations has improved to R112 million from the R80 million in the prior period.

The following is a summary of key aspects of operational performance:

- Slower growth in revenue across the Group primarily from less CIB revenue, the weak economy and delayed certainty in MTR pricing;
- Vox Orion has delivered approximately 391 Cristal Vox proposals to its platinum customer base with a 10% take up rate to date. It is expected that when Local Number Portability ("LNP") is implemented, which is officially expected to go live on April 26, 2010, there will be an accelerated conversion to Cristal Vox;
- Continued growth in Vox Telepreneur to 10 819 customers (31 August 2009: 9 300) with 13 426 Vox ADSL phones in use (31 August 2009: 9 144) and consistent Average Revenue Per User ("ARPU") averaging R265 over the period (31 August 2009: R272);
- Continued growth in revenues of new products such as "Eyeris", a video conferencing alternative and the "Fishbone" Line bonder broadband solution which allows customers to combine multiple access lines for increased speed and efficiency;

- @lantic has experienced a further contraction in the consumer base to 130 356 customers, primarily caused by churn and non payment from the weak economy but ARPU has increased to R145 per customer per month, compared to R135 as at 31 August 2009;
- the staff complement has remained stable at 781 employees (31 August 2009: 783); and
- The continued focus on cash flow generation that allowed the Group to invest a further R27,5 million into the network, other fixed assets and further reduce long term debt obligations by R48,6 million.

FUTURE PROSPECTS

The key themes of the current telecommunications environment remain the finalisation of termination rates as well as the continued delay in local number portability, local loop unbundling and carrier pre-select. MTR rates have been reduced to 89 cents per minute with effect from 1 March 2010 at the instance of the major telecommunications operators.

On 16 April, 2010 ICASA issued a government gazette notice (314 of 2010) that addresses "Call Termination Regulations". ICASA has now declared that each electronic communications network service and electronic communications service licensee that offers voice call termination services is dominant and has SMP (Significant Market Power) in its own market. However ICASA also declares that certain licensees are established SMP licensees. These licensees are as follows :

- (a) Vodacom;
- (b) Mobile Telephony Networks ("MTN");
- (c) Cell C; and
- (d) Telkom.

The regulations propose that established SMP licensees charge the call termination rates in accordance with the table below:

Glide Path (July 2010 – July 2013)

	Mobile Call Termination Rate	Fixed Call Termination Rates
From July 2010	R0.65	R0.15
From July 2011	R0.50	R0.12
From July 2012	R0.40	R0.10

Please note that this table is an extract of the Government Gazette Notice 33121, Volume 538 issued on 16 April, 2010. See regulation 9(1)(b) – Price Control.

ICASA has further announced that public hearings will be held from June 9 – 11, 2010 to hear submissions on the proposed termination rates. It is not clear yet when the rates will be actually implemented because they may be influenced by the submissions of the established SMP licensees.

LNP is officially targeted to go live on 26 April, 2010, which is 11 months after the implementation of LNP for blocks of 1 000 to 10 000 numbers. Vox Telecom is ready to roll out with LNP and anticipate that this will have a positive impact on Cristal Vox sales.

There has been no announcement from ICASA as yet on local loop unbundling and carrier pre-select. Vox will continue to lobby for these necessary and essential liberalisation changes which will lead to a more competitive telecommunications environment for the benefit of all customers.

The clarity we now have in the regulatory environment means Vox Telecom is able to focus on its vision of striving to be the leading independent, alternative provider of voice and data solutions to the Southern African market with its key goals and objectives remaining unchanged. We anticipated that interconnect rates would change and in this regard have been building and developing our network. The launch of Cristal Vox in 2009 is in direct response to this change. Cristal Vox is the result of four years of experience in the voice market and has resulted in the launch of a Telco grade quality voice solution. For the period under review the Group's minutes billed totalled 624 million of which 173 million minutes have already been implemented or migrated to the Vox Platform.

Vox Orion is affected by changes in the MTR environment as the majority of its customers use cellular LCR products as this has historically resulted in major savings when making outbound calls from Telkom to one of the mobile operator networks. The announced change in MTR and Vox Orion's strategic reaction to the anticipated changes in MTR has had a certain medium term negative impact on profitability of the Vox Orion business, as is evidenced by lower CIB revenues and this will continue in the short to medium term.

In response to changes in MTR a process was initiated in 2009 to convert Vox Orion customers to the Group's new voice product, Cristal Vox, but as it requires technical changes at customer sites and new contracts to be signed, this conversion process will take time. In addition, this process has been delayed due to the late implementation of LNP. With LNP expected to be available from May 2010 onwards we expect an increased take-up of Cristal Vox by the Vox Orion corporate customer base.

The proposed announcement by ICASA with respect to mobile and fixed termination rates will allow Vox Orion as well as other subsidiaries within the Vox Group to offer more competitive outbound rates to their customers. Over the longer term Vox Orion will benefit from margin improvements once their major voice customers have been converted to the Cristal Vox solution.

The advent of Cristal Vox now allows the Group to provide a complete voice solution to service all of our customers' needs for both inbound and outbound calls. The impact of this is reduced communication costs for our customers and improved margins for the Group. Vox Telecom continues to be recognised as a leading aggregator of alternative voice traffic and continues to dominate interconnect traffic passed between the Vox Telecom network and the incumbent operators.

FINANCIAL OVERVIEW

The past six months has been focused on improving margins and ARPU's, reducing costs and maximising cash flow generation. The Group has also continued with its strategy of reducing its dependence on cellular LCR, which has resulted in the loss of CIB income. The net impact of this decision is a loss of R33,2 million CIB revenue compared to the prior period.

As a result profit for the six months ended 28 February 2010 is down 18% at R25,5 million (28 February 2009: R31,1 million). Similarly EPS and HEPS are down 18% at 2.30 cents per share respectively (28 February 2009: 2.81 cents per share)

Revenue

Revenues decreased by 1% over the same period from R1,06 billion to R1,04 billion, primarily as a result of less CIB revenue in Vox Orion. Revenue in Vox Orion thus reduced for the same reason.

Attributable revenue growth (decline) in each of the core operating business units was as follows:

-	Vox Orion	(5.2)%
-	Vox DataPro	2.1%
-	@lantic	8.1%
-	Vox Telepreneur	92.9%
-	Vox Core	63.8%
-	Vox Amvia	(0.7)%

Gross Profit

Group profit margins have increased slightly to 22.5% which is encouraging given the loss of CIB income. This has been achieved by a combination of improved usage and breakage on data solutions, the increased impact of high-margin revenue generated in Vox Telepreneur as well as increased synergies and operating efficiencies on the Vox Core network.

Vox Orion has offset the negative impact of reducing CIB revenue by improving SIM utilisation. However as a result of the extended life cycle to convert customers to Cristal Vox it is unlikely that the margin achieved in the prior period will be obtained in the current year.

Operating Profit

Operating profit was 30% lower at R39,3 million from R56,6 million in the prior period, again impacted by the loss of CIB income.

Expenses continue to be carefully controlled with operating costs as a percentage of revenue reducing to 5.1% from 5.9% as at 31 August 2009.

The Group continues to provide for all trade receivables considered long outstanding unless mitigated by specific circumstances and continues to adopt a strict credit policy with 82% of trade and other receivable balances being maintained within current and 30 days ageing, which has resulted in a noticeable improvement in working capital and cash flow.

Employment costs as a percentage of revenue increased marginally to 9.2% from 8% at 28 February 2009, principally as Vox Orion has a general salary increase on 1 February for all its 336 employees. All other Group employees receive increases on an anniversary of employment basis and thus the percentage for full year as a percentage of total revenue will reduce. The Group also ensures that salary increases are in line with market trends in the industry to ensure the retention of key staff members.

BUSINESS UNITS

Vox Orion's revenue reduced to R659 million with gross margins retreating to 13.6% from 15.1% over the previous comparable period. As the successful conversion to Cristal Vox accelerates margins are expected to rebound. The number of corporate customers approximates 7 303. The impact of changes in interconnect rates on Vox Orion has been explained in the "Future Prospects" section of this announcement.

Vox DataPro's revenue grew by 2.1% to R222 million over the comparative period through a combination of voice and data business. ARPU increased to R3 816 per month from R3 707 per month as at the end of February 2009, from a base of 7 712 (28 February 2009: 8 017) corporate customers.

Vox DataPro's revenue growth has been diluted in the current period due to the re-allocation of certain wholesale business to Vox Core. On an adjusted comparative basis Vox DataPro would have grown by 19.7% and ARPU would have increased to R3 816 per month from R3 642 per month as at end of February 2009. The revenues from the successful launch of Fishbone Linebender and Eyeris continue to grow with current monthly annuity from Fishbone totalling more than R1,5 million. Vox has also responded positively to the recent price reductions in uncapped ADSL products and is currently competitive in its ADSL product offering.

@lantic's revenue grew by 8.1% to R103 million and ARPU across the base grew to R145 per month from R135 per month as at 31 August 2009. The strategy remains to restore ARPU across the entire @lantic base to levels of approximately R150 per month. Bad debt in the continued weak economy and the termination of unwanted business has resulted in a further reduction in the base to 130 356 customers.

Vox Amvia's gross profit margins have increased to 59% from 54% as at 28 February 2009. Annuity revenue increased 37% when compared to the 6 months ended 28 February 2009. Corporate capital expenditure continues to remain slow and has impacted revenues and gross margins in the current period with product sales below anticipated budgets but there are indications of improvement in the months ahead.

Vox Telepreneur ARPU has remained constant at R265 per month. The number of customers has grown to 10 819. New products continue to be added to this offering, to further enhance and strengthen Vox Telepreneurs' growing position in the market. Revenue continues to increase rapidly per month with gross profit margins exceeding 30% (before adjusting for depreciation on ADSL phones).

Cash flow and capital expenditure

Cash generated from operations has improved by 40% from R80 million to R112 million. The largest contribution comes from improved working capital management that resulted in a cash inflow of R33 million versus cash outflow of R16 million in 2009.

This cash has been utilised in expansive capital expenditure of R27 million and repayment of debt of R49 million, reducing total debt to R153 million (2009: R 224 million). The debt to equity ratio was 17% at 31 August 2009 and has reduced to 13% at 28 February 2010.

Management is mindful of the continued investment in the network and the investments being made by many of Vox Telecom's competitors. Such expenditure is being carefully managed and will only be incurred if necessary or for the purpose of competing successfully.

Working capital management has been further enhanced by tighter inventory control and continued focus on the collection of accounts receivable balances and this practice will continue for the remainder of the financial year.

The Vox Telecom Limited 2009 Share Plan ("the Plan") was adopted by shareholders in 2009. In the current year a full year charge of R4,5 million is anticipated in accordance with IFRS 2 of which R2,3 million has been incurred in the current period.

Goodwill and other intangibles

At the date of this announcement no impairment is required based on the information that is available. Goodwill and intangible asset bases are tested for impairment on an annual basis as required by IAS 36, such testing will be performed at year end as is consistent with prior years.

The Directors believe that the Group continues to be well placed to manage its business risks successfully. The Directors have a reasonable expectation that the Group has adequate resources to continue to operate for the foreseeable future, despite the current uncertain economic environment and changes concerning MTR rates. Accordingly, they continue to adopt the going concern basis of accounting in the preparation of this interim results announcement.

SEGMENTAL REPORTING

Primary business segments

The Group operates through its four main operating businesses, namely Vox Orion, Vox DataPro, @lantic, and Vox Amvia. Other areas include corporate head office and the other early stage businesses. The Group's reportable segments are as follows:

Vox Orion -	Corporate voice and data.
Vox DataPro -	Corporate voice and data with the main focus on the SME market.
@lantic -	Consumer voice and data services.
Vox Amvia -	Fax services and related products to corporate market.
Vox Core -	Wholesale voice and data
Vox Telepreneur	Consumer voice and data services
Other -	Corporate head office, consolidation entries including the amortisation of customer bases, Vox Telecom Service Centre and various smaller entities including the dormant entities.

Unaudited: 6 months to 28 February 2010*	Total	Vox Orion	Vox DataPro	@lantic	Vox Amvia	Vox Telepreneur	Vox Core	Head office and other
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Revenue	1 044 277	658 770	221 637	103 023	14 672	15 482	13 886	16 807
Earnings before interest, tax, depreciation and amortisation	76 440	34 535	25 530	19 417	3 736	(1 827)	20 929	(25 880)
Depreciation and amortisation	(37 146)							
Operating profit	39 294							
Net finance costs	(3 653)							
Profit before taxation	35 642							
Taxation	(10 120)							
Profit for the period	25 522							
Total assets	1 819 481	298 077	93 522	133 898	17 847	39 466	103 351	1 133 320
Total liabilities	626 338	209 266	22 326	28 269	5 398	21 749	73 561	265 769

* - The adoption of IFRS 8 resulted in the restatement of reporting segments for 2009. Changes include adding Vox Telepreneur and Vox Core as reporting segments, as well as reporting on operating profit without allocating the amortisation charge of customer bases across to segments.

Unaudited: 6 months to 28 February 2009*	Total	Vox Orion	Vox DataPro	@lantic	Vox Amvia	Vox Telepreneur	Vox Core	Head office and other
	R'000	R'000	R'000**	R'000	R'000	R'000	R'000	R'000
Revenue	1 059 396	694 646	217 016**	95 330	14 777	8 027	8 479	21 121
Earnings before interest, tax, depreciation and amortisation	94 435	53 444	30 247**	18 170	3 528	981	17 687	(29 622)
Depreciation and amortisation	(37 800)							
Operating profit	56 635							
Net finance income	(13 101)							
Profit before taxation	43 534							
Taxation	(12 479)							
Profit for the period	31 055							
Total assets	1 858 459	293 167	117 520	121 471	14 677	45 197	87 020	1 179 497
Total liabilities	724 125	193 593	222 090	24 415	8 498	25 286	64 855	185 388

** - Vox DataPro's wholesale business, which includes revenue of R31,9 million and EBITDA of R3,2 million for the 6 months ended February 2009, has been re-allocated to Vox Core in the 6 months ended 28 February 2010.

Secondary geographic segments

The Group's businesses operate in two principal geographical areas - South Africa and Namibia.

	Total Six months ended Feb 10 R'000	South Africa Six months ended Feb 10 R'000	Namibia Six months ended Feb 10 R'000	Total Six months ended Feb 09 R'000	South Africa Six months ended Feb 09 R'000	Namibia Six months ended Feb 09 R'000
Sales	1 044 277	1 027 918	16 359	1 059 396	1 044 335	15 061
Segment assets	1 819 481	1 796 400	23 081	1 858 549	1 847 513	11 036

ACQUISITIONS AND ISSUE OF SHARES FOR CASH DURING THE YEAR

There were no acquisitions or further issue of shares in the period under review.

The total number of shares in issue as at 28 February 2010 is 1 108 501 698 (31 August 2009: 1 108 501 698). The total number of shares in issue on a weighted average fully diluted basis as at 28 February 2010 is now 1 108 501 698.

GENERAL UPDATE

DIRECTOR CHANGES

Dr NN Gwagwa resigned as an alternate non-executive director of the Company on 28 January 2010. Dr Gwagwa was the alternate non-executive director for current non-executive director, Mr Thierry Dalais. The board wishes to thank Dr Gwagwa for her contribution and wishes her well for the future.

Mr Dalein van Zyl ("Dalein") has been appointed as an alternate non-executive director of the Group for Mr Thierry Dalais from the same date. Dalein completed his undergraduate degree in Mechanical Engineering at Stellenbosch University and, after graduating, spent time in the mining industry and investment banking. In 2002, he left South Africa to complete his MBA at the MIT Sloan School of Management in Cambridge, MA. After graduating he joined The Boston Consulting Group in New York City and left in 2007 in order to return to South Africa and join Métier where he is currently an Associate Principal of the Lereko Metier Capital Growth Fund.

Mr C M Von Holdt ("Mike"), the Group's Chief Financial Officer, resigned with effect from 31 March 2010. Management and the board take this opportunity of thanking Mike for his loyal and dedicated contribution to the Group and wish him well in his future career.

From a succession perspective, the board is pleased to announce that Mr G J Koen ("Gert") has succeeded Mike with effect from 1 April 2010. Gert, who is a Chartered Accountant, obtained his BAcc (Hons) degree through the University of Stellenbosch in 2000 and completed his articles with Greenwoods Chartered Accountants, during which time he managed the audit of Vox Orion (Pty) Ltd (now a major subsidiary of Vox Telecom Limited). Gert joined the Group in January 2004 as Assistant Financial Manager for Vox Orion, and was soon promoted to Financial Manager. During his tenure at Vox Orion, Gert was actively involved in most aspects of the business, and as a result gained valuable experience in the Telecommunication industry. In 2008 Gert was promoted to Group Financial Manager for Vox Telecom Limited reporting to the CFO, with responsibilities including assisting management with the day to day running of the Group. This allowed Gert to develop an intimate product, technical and operational understanding of the entire Group. Gert will report to the Chief Executive Officer and will also be joining the board with effect from 1 April 2010.

The board welcomes Dalein and Gert to the Group and looks forward to their respective contributions.

DIVIDENDS

With the application of cash generated from operations being focused on the repayment of debt and further continued investment in our network infrastructure and new initiatives, the directors have decided not to declare a dividend for the period under review.

SUBSEQUENT EVENTS

Save for the changes to the board of directors as detailed above, no events material to the understanding of this report have occurred in the period between the period-end date and the date of this report.

GENERAL

The board of directors would like to thank the management and all employees for the contribution they have made to the continued growth in the Group over the past six months.

By order of the Board

AP van Marken
Chief Executive Officer

GJ Koen
Chief Financial Officer
and Company Secretary

21 April 2010
Johannesburg

Registered Office

Block D, Rutherford Estate, 1 Scott Street, Waverley, 2090

Directors

AP van Marken, DG Reed, GJ Koen, RT Dalais*, AD van Zyl*^, E Röth*, P Joubert*, VW Cuba*#,
D Wallace*#

* Non-executive

^ Alternate

Independent

Designated Advisor

Grindrod Bank Limited

Transfer Office

Computershare Investor Services 2004 (Pty) Ltd