

**VOX TELECOM LIMITED**  
**(formerly DataPro Group 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 29 FEBRUARY 2008**

**Revenue up 231% to R 869 million**  
**Operating profit up 313% to R 67 million**  
**Profit before taxation up 279% to R 61 million**  
**Profit for the year up 271% to R 43 million**  
**Earnings per share up 121% to 4.7 cents**  
**Headline earnings per share up 121% to 4.7 cents**

**Consolidated Balance Sheet as at 29 February 2008**

	<b>Unaudited as at 29-Feb-08 R'000</b>	Unaudited as at 28-Feb-07 R'000	Audited as at 31-Aug-07 R'000
<b>Assets</b>			
<b>Non-current assets</b>	<b>1,507,256</b>	636,486	829,542
Plant and equipment	114,917	52,914	58,989
Goodwill	443,273	87,419	214,742
Other intangibles	907,986	491,148	542,009
Other financial assets	26,846		
Deferred taxation	14,234	5,004	13,802
<b>Current assets</b>	<b>387,179</b>	379,148	434,714
Inventories	22,483	11,065	14,174
Trade receivables and prepayments	274,227	150,641	227,825
Taxation receivable	1,128		
Cash and bank balances	89,341	217,443	192,715
<b>Total assets</b>	<b>1,894,435</b>	1,015,635	1,264,256
<b>Equity and liabilities</b>			
<b>Capital and reserves</b>	<b>1,107,436</b>	595,641	642,112
Share capital	1,075	884	884
Share premium	1,020,037	599,688	599,688
Reserves	4,794	-	3,198
Accumulated profits/(losses)	81,530	(4,931)	38,342
<b>Total equity</b>	<b>1,107,436</b>	595,641	642,112
<b>Non-current liabilities</b>	<b>465,595</b>	198,437	279,980
Non-current borrowings:			
- Interest-bearing	232,103	174,693	142,311
- Interest-free	397	397	397
Deferred taxation	233,095	23,347	137,272
<b>Current liabilities</b>	<b>321,404</b>	221,558	342,164
Trade and other payables	231,485	208,982	264,464
Provisions	5,412	411	5,791
Taxation	47,538	4,146	27,582
Current portion of non current borrowings	36,969	8,018	44,327
<b>Total equity and liabilities</b>	<b>1,894,435</b>	1,015,635	1,264,256

Ordinary shares in issue at period end ('000')

1,075,076

883,856

911,157

Net asset value per share (cents)

103

67

70

**Consolidated Income Statement for the six months ended 29 February 2008**

	Unaudited 29-Feb-08 R'000	Unaudited 28-Feb-07 R'000	Audited 31-Aug-07 R'000
Revenue	868,745	262,807	990,110
Sales	868,745	262,807	990,110
Cost of sales	<b>(672,648)</b>	(189,444)	(745,855)
Gross profit	<b>196,097</b>	73,363	244,255
Other income	691	78	2,427
Depreciation and amortisation	<b>(17,757)</b>	(5,955)	(19,726)
Impairment of assets	<b>(12)</b>	-	-
Employment costs	<b>(66,830)</b>	(25,864)	(76,085)
Occupancy costs	<b>(6,407)</b>	(2,966)	(4,100)
Other operating costs	<b>(38,235)</b>	(22,292)	(63,612)
Operating profit	<b>67,547</b>	16,363	83,159
Finance costs	<b>(12,508)</b>	(2,705)	(14,296)
Finance income	<b>5,908</b>	2,408	7,816
Net finance costs	<b>(6,600)</b>	(297)	(6,480)
Profit before taxation	<b>60,947</b>	16,066	76,679
Taxation	<b>(17,759)</b>	(4,422)	(21,763)
Profit for the year	<b>43,188</b>	11,644	54,916
Attributable to:			
Equity holders of the parent	<b>43,188</b>	11,644	54,916
	<b>43,188</b>	11,644	54,916
<b>Earnings per share (cents)</b>			
Basic EPS	<b>4.72</b>	2.14	7.67
Diluted basic EPS	<b>4.61</b>	2.14	7.49
<b>Headline earnings</b>	<b>43,197</b>	11,644	54,916
Headline EPS (cents)	<b>4.72</b>	2.14	7.67
Diluted headline EPS (cents)	<b>4.62</b>	2.14	7.49

Number of shares	'000	'000	'000
- In issue (after treasury shares)	1,075,076	883,856	883,856
- Weighted-average	915,071	543,487	716,166
- Share options granted	18,349	-	16,818
- Contingent shares issuable	2,409	-	-
- Diluted weighted-average	935,829	543,487	732,984
<b>Additional information:</b>			
<b>Reconciliation of profit for the year to headline earnings</b>			
Net profit	<b>43,188</b>	11,644	54,916
Impairment of assets	<b>9</b>	-	-
<b>Headline earnings</b>	<b>43,197</b>	11,644	54,916

Condensed Consolidated Cash Flow Statement	Unaudited 29-Feb-08 R'000	Unaudited 28-Feb-07 R'000	Audited 31-Aug-07 R'000
Cash utilised in operating activities	(9,878)	21,474	101,296
Net interest paid	(6,600)	(297)	(6,480)
Taxation paid	(6,965)	11,392	(13,104)
<b>Net cash outflow from operating activities</b>	<b>(23,443)</b>	32,569	81,712
Net cash outflow from investing activities	(569,404)	(364,328)	(430,283)
Net cash inflow from financing activities	489,473	531,169	523,343
<b>Net decrease in cash and cash equivalents</b>	<b>(103,374)</b>	199,500	174,772
Bank balance at beginning of period	192,715	17,943	17,943
<b>Cash and cash equivalents at end of period</b>	<b>89,341</b>	217,443	192,715

<b>Consolidated Statement of Changes in Equity</b>	<b>Share capital</b>	<b>Share premium</b>	<b>Reserves</b>	<b>Accumulated profits (Losses)</b>	<b>Equity attributable to equity holders of the</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
<b>Restated Balance as at 1 September 2006</b>	<b>484</b>	<b>206,430</b>	<b>-</b>	<b>(16,574)</b>	<b>190,340</b>
Profit for the period	-	-	-	11,644	11,644
<b>Total recognised income</b>	-	-	-	11,644	11,644
Shares issued (net of costs)	400	393,258	-	-	393,658
<b>Restated balance as at 28 February 2007 (unaudited)</b>	<b>884</b>	<b>599,688</b>	<b>-</b>	<b>(4,930)</b>	<b>595,642</b>
Profit for the period	-	-	-	43,272	43,272
<b>Total recognised income</b>	-	-	-	43,272	43,272
Shares issued in terms of employee option scheme	27	17,991	-	-	18,018
Less: treasury shares held	(27)	(17,991)	-	-	(18,018)
Share-based payment expense	-	-	3,198	-	3,198
<b>Balance as at 31 August 2007 (audited)</b>	<b>884</b>	<b>599,688</b>	<b>3,198</b>	<b>38,342</b>	<b>642,112</b>
Profit for the year	-	-	-	43,188	43,188
<b>Total recognised income and expense</b>	-	-	-	43,188	43,188
Shares issued (net of costs)	197	436,151	-	-	436,348
Less: new treasury shares held	(7)	(16,493)	-	-	(16,500)
Add: treasury shares issued	1	691	-	-	692
Foreign currency movement recognised in equity	-	-	(3)	-	(3)
Share-based payment expense	-	-	1,599	-	1,599
<b>Balance as at 29 February 2008 (unaudited)</b>	<b>1,075</b>	<b>1,020,037</b>	<b>4,794</b>	<b>81,530</b>	<b>1,107,436</b>

## COMMENTARY

The board of directors is pleased to present the Group's unaudited results for the six months ended 29 February 2008. These financial statements have been prepared in accordance with accounting policies and methods of computation that are consistent with those of the prior year and with International Financial Reporting Standards ("IFRS"). This announcement is prepared in accordance with IAS 34 – *Interim Financial Reporting*.

## COMPANY PROFILE

Vox Telecom Limited is a leading alternative, independent telecom operator, providing voice and data services to the Southern African market. The Group competes through its primary brands DataPro, @lantic, Orion Telecom and Vox Telecom 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. Investor and shareholder information is available at [www.voxtelecom.co.za](http://www.voxtelecom.co.za)

## BUSINESS OVERVIEW

Vox Telecom continues its strategy of increasing revenue and earnings through a combination of organic and acquisitive growth, with revenues increasing by 231% or R 606 million to R 869 million and profit increasing by 271% or R 31,5 million to R 43 million. Earnings per share ("eps") and headline earnings per share ("heps") increased by 121% to 4.72 cps from 2.14 cps over the corresponding period respectively.

The group now comprises over 18 000 business customers across the Corporate Voice and Corporate ISP business units, with approximately 160 000 Consumer ISP customers.

Key highlights of the latest six months include:

- organic growth across the core operating business units of Orion Telecom ("Orion"), DataPro ("DataPro") and @lantic Internet Services ("@lantic"), with a continued focus on operational excellence across all businesses to ensure the delivery of the highest levels of customer service;
- positive results from some of our new business initiatives, including @lantic Exchange, Bizcall and the launch of the Vox ADSL consumer phone;
- the acquisition and integration of Absa Internet Access ("AIA"), effective 1 December 2007, a leading supplier of internet service provision ("ISP") to the ABSA customer base;
- the acquisition and integration of Storm, effective 1 February 2008, into the business units of Orion, DataPro and @lantic. The full consolidation benefits are only expected to be realized in the second half of the current financial year;
- the acquisition of Amvia, effective 1 December 2007, a leading provider of corporate faxing solutions that has been integrated with ProFax, to establish a business that will offer superior corporate faxing solutions and services;
- the regional expansion into the SADC region has also been enhanced through the acquisition of Telkom Ericsson, a PABX reseller with 30 years of trading in Namibia. This has been incorporated into Definity Telecom Namibia, both renamed Orion Namibia. This acquisition is expected to enhance voice revenues in Namibia;
- the BEE shareholding has increased to 41.87% following the Storm acquisition with the Lereko Metier Capital Growth Fund ("LMCGF") now holding 23.6%, Mvelaphanda Group Limited 12.42%, Regiments Capital 4.24% and Thembeka Capital 1.61%. This has firmly established Vox Telecom as the largest, black owned telecommunications company in South Africa;
- The acquisition of Online Digital Solutions ("ODS") into DataPro, a 'reseller' of DataPro ISP products and hosting solutions that will immediately enhance DataPro's margins from the synergies derived;
- the continued upgrade of our network infrastructure to support the growing data and voice business at the major centres of Johannesburg, Cape Town and Durban;
- growth in the monthly contracted revenue across the Group from R140 million per month as at 31 August 2007 to R170 million per month as at 29 February 2008;
- increase in our staff complement from 515 to 578 employees to support organic growth and as a result of the Storm acquisition; and
- completed the license conversion process and are now under consideration for one of the five Electronic Communication Network Services ("ECNS") licenses to be issued by ICASA that will enable Vox Telecom to compete as a fully fledged Telecommunications operator with the likes of Telkom Limited, MTN Limited and Vodacom.

## **FUTURE PROSPECTS**

We will continue with our strategy to build Vox Telecom into the leading independent, alternative provider of voice and data solutions to the southern African market with our key goals and objectives, remaining unchanged.

The remaining six months will be focused on, but not limited to:

- the continued growth of all core business divisions through strong organic growth;
- strategic acquisitions of businesses that allow Vox to further scale its voice and data business or that enable the expansion into complimentary markets that improve Vox's strategic positioning;
- successfully securing an ECNS license;
- growth in the volume of incoming voice minute traffic ,terminating on the Vox Telecom network via our 087 number range, to be driven primarily by (a) Vox's positioning as a 'wholesale' Telco operator and (b) the anticipated growth and acceptance of the Vox ADSL consumer product offering;
- maximizing synergies and economies of scale on Vox's voice and data platforms following the recent acquisitions.

## **FINANCIAL OVERVIEW**

Revenues increased by 231% or R 606 million to R 869 million and profit increased by 271% or R 31,5 million to R 43 million over the comparative period. Operating profit and profit after taxation increased by 313% to R 67 million and 271% to R43 million, respectively, over the previous period. Net profit margins approximated 5% and we anticipate that they will remain at this level for the remainder of the financial year.

Earnings per share ("eps") and headline earnings per share ("heps") increased by 121% to 4.72 cps from 2.14 cps over the corresponding period respectively. Monthly contracted revenue increased to R 170 million per month from R140 million per month as at 31 August 2007.

Revenues include three month's contribution from ABSA Internet Access ("AIA"), Amvia and Telkom Ericsson ('Namibia') as well as one month's contribution from Storm Telecom ("Storm"). The revenues of the Group are traditionally affected by the seasonal downturn over the December and early January holiday period including the Telkom "freeze" and we anticipate that the revenue growth for the second half of the fiscal year will exceed that of the prior six months.

Corporate ISP (DataPro) continues to grow strongly off its own customer base as well as gain market share via new sales. We anticipate that the Storm data revenues will be earnings enhancing via the 'network effect' as very little cost is associated with these data revenues and they are entirely serviced off existing DataPro infrastructure platforms.

@lantic continues to be a leading reseller of iBurst and Vodacom 3G solutions. The AIA acquisition has contributed approximately R 21m to Consumer ISP revenue (@lantic) over the last six months period, effective 1 December 2007. The average value of monthly revenue derived from the AIA customer base is increasing rapidly from the acquired R49 per month towards the @lantic average of approximately R150 per month.

Storm is the only acquisition that has not yet been completely integrated into the Group. We anticipate that voice revenues will take slightly longer than the data revenues to integrate into Orion, given that there are materially more voice customers than data. Orion continues to trade well and in line with budget expectations and along with DataPro is expected to derive significant synergies once the Storm customer base has been fully integrated.

The adjustment in respect of share based payments in accordance with IFRS 2, relating to options granted to key Vox Telecom management and employees, amounted to R 1.59 million for the six months.

Cash generated from operations was impacted by a working capital movement resulting from the payment of R 45 million relating to acquired payable balances resulting in a 'temporary' negative balance of cash generated from operations of R 9.8million. If the acquired balance had not been paid this would have resulted in positive cash generated from operations of R35m. In addition the change of a service provider to take advantage of certain discounts and incentives delayed the receipt of these incentives at the February balance sheet date. These funds have subsequently been received and we expect cash balances on hand to grow steadily by year end given the cash generative nature of the business.

A further R 70 million of long term loan funding provided by Investec Bank Limited was raised to fund the acquisitions of AIA, Storm, Amvia, Telkom Ericsson and Amvia. A portion of the cash investment in the Vox ADSL phone of R 18 million has been refinanced by Innovent, on terms considered highly favourable, with the purpose of freeing up working capital in the group.

The large increase in intangibles and goodwill, arises principally from the acquisition of Storm and the customer base of AIA (and to a lesser extent the acquisitions of Amvia, Telkom Ericsson and the customer base of ODS which have been accounted for in terms of IFRS 3).

Capital expenditure on premises and equipment invested in upgrading, improving and maintaining the IP network infrastructure amounting to R 40m has been incurred in line with expectations and is not expected to exceed the budgeted R 50m in the current financial year. A further R 30m has been invested to date in the Vox Voip ADSL offering which predominantly comprises handsets.

## **SEGMENTAL REPORTING**

### **Primary business segments**

The Group has been organised into three operating businesses, namely Orion, DataPro and @lantic for operational and management purposes. Other areas include corporate head office and the other early stage businesses. The Group's principal product offerings are as follows:

- Corporate Voice - includes Orion Telecom and all voice acquisitions, namely Definity, Dial and Voip Telecoms, Orion Namibia (includes Telkom Ericsson) and Storm Telecom from 1 February 2008 (voice only) have been incorporated into this segment
- Corporate ISP - DataPro and ODS and Storm Telecom (data only) from 1 February 2008
- Consumer ISP - @lantic Internet Services including AIA
- Other - includes Amvia (incorporating 'ProFax'), @lantic Exchange and corporate head office:

### Primary Business Segments

Unaudited Feb-08	Total R'000	Corporate Voice R'000	Corporate ISP R'000	Consumer ISP R'000	Other R'000
		1	2	3	
Revenue	868,745	670,047	93,390	73,730	31,578
Operating profit	67,547	55,947	22,864	15,507	(26,770)
Net finance (costs)/ income	(6,600)	3,102	-	13	(9,716)
Profit (loss) before taxation	60,947	59,049	22,864	15,520	(36,486)
Inventory	22,483	16,165	3,035	1,721	1,563
Total assets	1,894,435	614,708	109,079	129,526	1,041,122
Total liabilities	786,999	431,532	251,407	33,024	71,036
Depreciation and amortisation	(17,757)	(11,210)	(160)	(833)	(5,553)

1 – Voice revenues for Storm Telecom have been included from 1 February 2008.  
2 – Data revenues for Storm Telecom have been included from 1 February 2008.  
3 – Revenues for AIA have been included from 1 December 2007.

Unaudited Feb-07	Total R'000	Corporate Voice R'000	Corporate ISP R'000	Consumer ISP R'000	Other R'000
Revenue	262,807	158,290	74,756	29,760	-
Operating profit	16,363	10,183	2,420	5,599	(1,839)
Net finance (costs)/ income	(297)	826	(1,963)	1	839
Profit (loss) before taxation	16,066	11,009	457	5,600	(1,001)
Inventory	11,065	9,414	947	704	-
Total assets	1,015,635	195,696	234,333	8,206	526,777
Total liabilities	396,984	169,861	227,619	(495)	-
Depreciation and amortisation	5,955	269	3,967	212	1,508

### Secondary geographic segments

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

	Total Unaudited Feb-08 R'000	South Africa Feb-08 R'000	Namibia Feb-08 R'000	Total Unaudited Feb-07 R'000	South Africa Feb-07 R'000	Namibia Feb-07 R'000
Sales	868,745	859,888	8,857	262,807	256,105	6,702
Segment assets	1,894,435	1,874,807	19,628	965,012	963,479	1,533

### ACQUISITIONS AND ISSUE OF SHARES FOR CASH DURING THE YEAR

With effect from 1 December 2007, Vox Telecom, through its wholly owned subsidiary, @lantic, acquired the customer contracts and certain computer hardware from Absa Bank Limited ("ABSA") for a purchase consideration of R72.5 million. This was settled through a combination of cash on hand and a secondary debt facility of R70m raised with Investec Bank limited to fund this acquisition and the acquisition of Storm.

Vox Telecom acquired Storm with effect from 1 February, 2008. Storm Telecom is considered one of South Africa's leading alternative telephony service providers, offering voice services via a variety of technologies including: VoIP, cellular least cost routing and international call back. The purchase price of R360 million was settled by a combination of debt raised from Investec as mentioned above and by way of a vendor placement of an issue of 184 301 524 shares to the sellers of Storm, 149 538 462 of which were then placed on behalf of the vendors at 212 cents to BEE shareholders being LMCGF and Mvelaphanda Group Limited and the balance of 34 763 062 to approximately 160 Vox Telecom employees via a combination of own funds and funds loaned to employees specifically for the purchase of these shares.

Amvia was acquired for a purchase consideration of R36 million, effective 1 December 2007, which price has been settled by a combination of cash of R6 million and a further amount by way of a new issue of 5 869 564 ordinary shares at a price of 230 cps. A further 7 173 913 ordinary shares have been issued to the Vox Telecom Share Trust as treasury shares at 230cps, which will be allocated to the Amvia vendors on the attainment of certain profit warranties at 31 August 2008 and 31 August 2009.

The remaining acquisitions of Telkom Ericsson and ODS were settled in cash, with a final nominal amount of approximately R3m still payable to the ODS vendors.

The total number of shares in issue is 1 108 501 698 after including the Storm and Amvia shares issued as well as 1 048 000 share options exercised to date by employees as at 29 February 2008.

#### **DIRECTOR CHANGES**

Mr Mutle Mogase and Mr Chris Lister James ("alternate") resigned as non executive directors on 21 November 2007. Mr Tshakalisa Matiwaza was appointed executive director on 30 January 2008, representing Mvelaphanda Group Limited on conclusion of the acquisition of Storm.

#### **DIVIDENDS**

With the application of cash generated from operations being focussed on the acquisition of annuity income streams and the continued investment in our network infrastructure and new initiatives, the directors have decided not to declare a dividend for the year under review.

#### **GENERAL**

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

#### **By order of the Board**

AP van Marken  
Chairman  
23 April 2006  
Johannesburg

DG Reed  
Chief Executive Officer

#### **Registered Office**

Arcay House, Number 3 Anerley Road, Parktown, Johannesburg, 2193  
PO Box 62397, Marshalltown, Johannesburg, 2107

#### **Directors**

AP van Marken, DG Reed, CM von Holdt, GP Sweidan, JA du Toit, RT Dalais\*, NN Gwagwa\*, T Matiwaza\*

\* Non-executive

#### **Designated Advisor**

PSG Capital (Pty) Ltd

#### **Transfer Office**

Computershare Investor Services 2004 (Pty) Ltd