VOX TELECOM LIMITED
(Registration Number: 1998/016433/06)
("Vox Telecom" or "the Company" or "the Group")
JSE Code: VOX
ISIN Code: ZAE000097234

PROVISIONAL AUDITED RESULTS FOR THE YEAR ENDED 31 AUGUST 2010

Condensed Consolidated Statement of Comprehensive Income	Audited Year ended 31 Aug 10 R'000	Audited Year ended 31 Aug 09 R'000
Revenue	**2 070 755**	**2 082 533**
Cost of sales	(1 549 639)	(1 559 576)
Gross profit	**521 116**	**522 957**
Other income	1 113	7 636
Depreciation and amortisation	(78 330)	(69 460)
Employment costs	(198 092)	(184 227)
Occupancy costs	(22 530)	(21 245)
Other operating costs	(115 086)	(123 664)
Operating profit	**108 191**	**131 997**
Finance costs	(17 731)	(40 437)
Finance income	8 866	8 433
Net finance costs	**(8 865)**	**(32 004)**
Profit before taxation and exceptional item	**99 326**	**99 993**
Exceptional item	(842 547)	(11 585)
(Loss) profit before taxation	**(743 221)**	**88 408**
Taxation	63 534	(27 628)
(Loss) profit for the year	**(679 687)**	**60 780**
Other comprehensive (loss) income		
Exchange differences on translating foreign operation	-	(408)
Reclassification adjustments on deregistration of foreign operation	1 376	-
Total comprehensive (loss) income for the year	**(678 311)**	**60 372**
Attributable to equity holders of the parent	**(678 311)**	**60 372**
(Loss) earnings per share ("EPS")		
Basic EPS (cents)	**(61.32)**	**5.49**
Diluted basic EPS (cents)	**(61.32)**	**5.49**
Additional information: Reconciliation of (loss) profit for the year to headline earnings		
(Loss) profit for the year	**(679 687)**	**60 780**
Adjustments for:		
Loss on sale of assets	**159**	**869**
Impairment of assets	**956**	**9 749**
Impairment of intangibles	**328 553**	**-**
Impairment of goodwill	**512 618**	**-**
Reclassification of FCTR	**1 376**	**-**

Tax effect	**(92 307)**	**(2 973)**
Headline earnings	**71 668**	**68 425**
Headline EPS (cents)	**6.45**	**6.18**
Diluted headline EPS (cents)	**6.45**	**6.18**
Weighted average number of shares		
Weighted average	**1 108 501**	**1 107 244**
Diluted weighted average	**1 108 501**	**1 107 244**

Condensed Consolidated Statement of Financial Position	Audited As at 31 Aug 2010 R'000	Audited As at 31 Aug 2009 R'000
ASSETS		
Non-current assets	**571 974**	**1 450 595**
Plant and equipment	128 763	131 340
Goodwill	86 803	599 358
Other intangibles	345 398	701 174
Finance lease receivable	1 529	1 943
Deferred taxation	9 481	16 780
Current assets	**418 085**	**401 580**
Inventories	28 941	41 481
Trade and other receivables	217 890	265 253
Tax receivable	6 324	1 975
Finance lease receivables	766	755
Cash and bank balances	164 164	92 116
Total assets	**990 059**	**1 852 175**
EQUITY AND LIABILITIES		
Capital and reserves	**491 564**	**1 165 352**
Share capital	1 109	1 109
Share premium	1 018 876	1 018 876
Reserves	14 129	8 230
(Accumulated loss) retained earnings	(542 550)	137 137
Total equity	**491 564**	**1 165 352**
Non-current liabilities	**105 388**	**285 746**
Borrowings - interest bearing	37 683	118 982
Borrowings - interest free	2 275	758
Deferred taxation	65 430	166 006
Current liabilities	**393 107**	**401 077**
Trade and other payables	283 904	292 070
Provisions	26 279	14 173
Taxation	2 824	12 010
Current borrowings	80 100	82 824
Total equity and liabilities	**990 059**	**1 852 175**
Ordinary shares in issue at year end ('000)	**1 108 501**	**1 108 501**
Net asset value per share (cents)	**44.3**	**105.1**

Consolidated Cash Flow Statement	**Audited Year ended 31 Aug 10 R'000**	**Audited Year ended 31 Aug 09 R'000**
Cash flow from operating activities		
Operating cash before working capital movements	206 118	209 318
Working capital movements	44 676	(24 241)
Cash generated from operations	**250 794**	**185 077**
Net interest paid	(8 865)	(32 004)
Taxation paid	(43 278)	(34 128)
Net cash inflow from operating activities	**198 651**	**118 945**
Cash flow from investing activities		
Additions to plant and equipment to expand operations	(35 603)	(62 430)
Additions to other intangibles to expand operations	(11 241)	(2 719)
Proceeds on disposal of plant and equipment	3 945	2 817
Proceeds from finance lease receivables	382	204
Additional vendor payments	(63)	(8 543)
Net cash outflow from investing activities	**(42 580)**	**(70 671)**
Cash flow from financing activities		
Repayments of long and short-term borrowings	(84 023)	(44 435)
Net cash outflow from financing activities	**(84 023)**	**(44 435)**
Net increase in cash and cash equivalents	**72 048**	**3 839**
Bank balance at beginning of year	**92 116**	**88 277**
Cash and cash equivalents at end of year	**164 164**	**92 116**

Condensed Statement of Changes in Equity	Share capital R'000	Share premium R'000	Reserves R'000	Retained earnings (Accumulated loss) R000	Equity attributable to equity holders of the parent R'000
Balance as at 31 August 2008	**1 101**	**1 002 384**	**5 428**	**76 357**	**1 085 270**
Total comprehensive income for the year	-	-	(408)	60 780	60 372
Shares issued (net of costs)	8	16 492	-	-	16 500
Share-based payment expense	-	-	3 210	-	3 210
Balance at 31 August 2009	**1 109**	**1 018 876**	**8 230**	**137 137**	**1 165 352**
Total comprehensive loss for the year	-	-	1 376	(679 687)	(678 311)
Share-based payment expense	-	-	4 523	-	4 523
Balance at 31 August 2010	**1 109**	**1 018 876**	**14 129**	**(542 550)**	**491 564**

COMMENTARY

The condensed consolidated financial information has been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS"), the AC 500 standards as issued by the Accounting Practices Board and the information as required by IAS 34 *Interim Financial* Reporting. The report has been prepared using accounting policies that comply with IFRS which are consistent with those applied in the financial statements for the year ended, 31 August 2009 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 year in accordance with the transitional provisions. The implementation of these standards required no prior year restatement except for the identification of additional reporting segments.

The annual financial statements from which these results have been derived have been audited by Deloitte & Touche. A copy of their unmodified audit opinion is available for inspection at the Company's registered office. Any reference to future financial performance included in this announcement, has not been reviewed or reported on by the Company's auditors. This announcement has been prepared in accordance with the Companies Act and the JSE Limited ("JSE") listings requirements.

COMPANY PROFILE

Vox Telecom Limited, headquartered in Johannesburg, is a leading independent, alternative telecom operator, providing voice and data services to the Southern African market. The Group employs more than 780 people and competes through its primary brands Vox Telecom, Vox DataPro, @lantic, Vox Orion, Vox Amvia 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. Investor and shareholder information is available at www.voxtelecom.co.za

BUSINESS REVIEW FOR THE PERIOD

The key financial highlights of the past year were:

- **Revenue down 1% to R2,07 billion**
- **Gross profit largely unchanged at R521 million**
- **Cash generated from operations up 35% to R251 million**
- **Cash on hand increased by 78% to R164 million**
- **Profit before tax and exceptional items largely unchanged at R99 million**
- **Headline earnings per share up 4% to 6.45 cents per share**

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

- The decline in revenue was largely due to the Group's strategic decision to reduce its dependence on SIMs in anticipation of converting customers onto Cristal Vox, as well as the result of a drop in the Call Termination Rates ("CTR") to 89c in March 2010 (refer to Revenue section below for more detail);
- The staff complement has remained stable at 788 employees (31 August 2009: 781);
- Continued focus on cash flow generation has allowed the Group to invest a further R36 million into its network and other fixed assets as well as further reduce long term debt obligations by R84 million - which has reduced net finance charges to R9 million (31 August 2009: R32 million); and
- Goodwill and other intangibles were impaired in the current year by R513 million and R329 million (before tax) respectively. These impairments are exceptional in nature and have been discussed in detail under the *Exceptional items* section.

FUTURE PROSPECTS

On 29 October 2010 ICASA issued a Government Gazette Notice 33698, Volume 544 that defines and addresses the wholesale call termination market that exists within the borders of the Republic of South Africa.

ICASA have defined telecommunications services into two definitive categories, namely call termination services to a mobile location ("mobile services") as well as call termination services to a fixed location ("fixed line services").

Within these categories, ICASA identified participants that are dominant and have Significant Market Power ("SMP"). These participants have a share of total minutes terminated in the respective markets of greater than 25% as of June 2009. These identified participants are:

Mobile services:

Vodacom; and
Mobile Telephony Networks ("MTN").

Fixed line services:

Telkom.

Licensees not listed above may charge a maximum percentage above the ICASA published rates (refer to rates section below), according to the following table:

	Maximum Percentage Above Rate Set For Identified Licensees
Current	0%
From 1 March 2011	20%
From 1 March 2012	15%
From 1 March 2013	10%

The regulations require that any licensee offering mobile services, must charge the wholesale voice call termination rates to a mobile location as specified below:

Glide Path (March 2011 – March 2013)

	Peak Mobile Call Termination Rate	Off Peak Mobile Call Termination Rates
From 1 March 2011	R0.73	R0.65
From 1 March 2012	R0.56	R0.52
From 1 March 2013	R0.40	R0.40

The regulations also impose that any licensee offering fixed line services, must charge the wholesale voice call termination rates to a fixed location as specified below:

Glide Path (March 2011 – March 2013)

	Peak Fixed Line Call Termination Rate Within ON area code	Off Peak Fixed Line Call Termination Rates Within ON area code
From 1 March 2011	R0.20	R0.12
From 1 March 2012	R0.15	R0.12
From 1 March 2013	R0.12	R0.12

	Peak Fixed Line Call Termination Rate Between ON area code	Off Peak Fixed Line Call Termination Rates Between ON area code
From 1 March 2011	R0.28	R0.19
From 1 March 2012	R0.25	R0.19
From 1 March 2013	R0.19	R0.19

Please note that these tables are an extract of the Government Gazette Notice 33698, Volume 544 issued on 29 October 2010.

The clarity Vox now has in the regulatory environment means the Company 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 own network. The launch of Cristal Vox in 2009 is a 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. Cristal Vox 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 Orion is affected by changes in the CTR environment as the majority of its customers use cellular Least Cost Routing ("LCR") products. This service has historically resulted in major savings when making outbound calls from Telkom to one of the mobile operator networks. In response to anticipated changes in CTR, a process was initiated in 2009 to convert Vox Orion customers from LCR services to Cristal Vox. This conversion process requires technical changes at customer sites and the signing of new contracts which will take time.

This process has also been delayed due to the late implementation of Local Number Portability ("LNP"). With LNP now available Vox has experienced an increased take-up of Cristal Vox by the Vox Orion corporate customer base. The change in the interconnect landscape now allows Vox Orion as well as other subsidiaries within the Vox Group to offer competitive outbound and inbound retail rates to their customers on all types of traffic, instead of merely focusing on capturing a customer's cellular traffic.

Vox Orion's strategic reaction to the changes in CTR has had a medium term negative impact on profitability of the Vox Orion business due to a reduction in Connection Incentive Bonuses ("CIB") revenues in 2010 and continued margin pressure from LCR customers that have not yet converted to Cristal Vox. Over the longer term Vox Orion will benefit from margin improvements once their major voice customers have been converted to the Cristal Vox solution.

As at 31 October 2010 Vox Orion has 30 million monthly Cristal Vox minutes in backlog, which are due to be implemented and 63 million minutes in proposals outstanding.

None of the market conditions and prospects information contained in this announcement have been reviewed or reported on by the Company's auditors.

FINANCIAL OVERVIEW

Revenue

Revenues declined marginally by 1% to R2,07 billion (2009: R2,08 billion).

Vox Orion's revenue declined by 9% to R1,2 billion (31 August 2009: R1,3 billion). This was mainly the result of the drop in CTR to 89c in March 2010, which also impacted the LCR retail rates. The drop in CIB revenue was as a result of the strategic decision of the Group taken in November 2009 to stop the renewal of LCR SIMs with the networks as these SIMs come out of contract, in anticipation of the proposed changes in CTR. The impact of this decision was that R8 million was generated through CIBs compared to R96 million in the comparable period. Vox Orion billed 34 million voice minutes terminated on the Vox network, which was converted from their historical LCR customer base.

The impact of changes in CTR's on Vox Orion is explained in the "Future Prospects" section of this announcement.

Vox DataPro's revenue has grown by 4% over the comparative period through a combination of voice and data sales to R351 million (2009: R337 million). Average Revenue Per User ("ARPU") decreased to R4 409 per month from R5 031 per month as at end of August 2009, derived from a base of 7 540 customers (2009:7 876).

Vox DataPro's revenue growth has been diluted in the current period due to the re-allocation of certain wholesale business to Vox Core(refer to footnote in the segmental analysis). The revenues from the successful launch of Fishbone Linebonder and Eyeris continue to grow with current monthly annuity from Fishbone totalling more than R1,5 million. Vox Datapro has also responded positively to the recent price reductions in uncapped ADSL products and is currently competitive with its ADSL product offering.

@lantic's revenue remained constant at R199 million and ARPUs across the base have grown to R157 per month (2009: R153 per month). The strategy remains to drive ARPUs across the entire @lantic base to approximately R300 per month. The number of customers declined to 123 306 (2009: 136 694).

Vox Amvia's revenue increased by 15% to R36 million (2009: R31 million), and annuity revenue now comprises 72% (31 August 2009: 70%) of total revenue. Product sales have remained flat on the prior year sales whilst annuity revenue has increased by 15% in comparison to the same period last year.

Vox Core's revenue has increased by 115% to R234 million (2009: R109 million) as a result of new wholesale business as well as the allocation of wholesale business from Vox DataPro which is explained above under "Vox DataPro's revenue section".

Vox Telepreneur revenue increased by 67% to R34 million (2009: R20 million). ARPUs have increased to R283 per month from R272 per month as at 31 August 2009.

Gross profit and gross profit margin

Group gross profit margins have remained constant at 25%.

Vox Orion's gross profit margins have decreased to 16% in the current year (2009: 18% gross profit margin). The drop in CIB revenue (refer *Revenue* section) was neutralised by improved margins in the existing LCR base, as a result of improved operational efficiencies and utilisation of contract minutes.

Vox DataPro achieved gross profit margins of approximately 36% (2009: 32%) and 30% (2009: 18%) in data and voice respectively.

@lantic's gross profit margins have decreased to 33% from 36% in the prior year. This is largely as a result of Telkom rebates which were discontinued in the current year resulting in a loss of R7 million in rebates.

Vox Amvia's gross margins have increased from 57% to 58% in the current year due to increased annuity sales at higher margins than the traditional product sales.

Vox Core's gross margins have increased from 14% in the prior year to 16% in the current year. This is as a result of improved efficiencies through economies of scale with new wholesale customers.

Vox Telepreneur's gross margins have decreased marginally from 16% to 15%. This is due to accelerated depreciation on ADSL phones from a life of 5 years to a new revised life of 3 years, as well as a subsidised price drop to its clients before the other networks dropped the interconnect charges in March 2010.

Operating expenses

Operating profit was 18% lower than the prior year at R108 million (2009: R132 million), with operating profit margins of 21% (31 August 2009: 25%).

Depreciation and amortisation increased 19% as a result of capital expenditure amounting to R47 million (2009: R65 million). Employment costs increased 8% to R198 million (2009: R184 million) due to the slight increase in staff to 788 employees (2009: 781), as well as inflationary increases in salaries. Occupancy costs increased 6% to R23 million (31 August 2009: R21 million).

The recoverability of trade debtors has been impacted by the change in the economic climate resulting in a net R9 million increase in the allowance for doubtful debts. In the current year R4 million was written off in bad debts (2009: R12 million) which was provided for in full as at 31 August 2009. The Group maintained the bad debt policy to provide for all amounts greater than 90 days unless mitigated by specific circumstances. This has increased the provision for bad debts to R32 million (2009: R23 million). The Group's continued focus on working capital has resulted in approximately 82% of trade receivables being aged less than 30 days, which has had a noticeable improvement in working capital management and cash flows.

The Vox Telecom Limited 2009 Share Plan ("the Plan") was adopted by shareholders at a general meeting held on 20 August 2009. In the current year this has resulted in a charge of R4,5 million in terms of IFRS 2 *Share based payments*. In the years ahead the following anticipated amounts in terms of IFRS2 will be charged to the income statement for the years ending 31 August:

- 2011 : R4,5 million
- 2012: R4,0 million
- 2013 : R2,2 million

- 2014 : R0,9 million

Net finance charges
The Group was able to repay R84 million in long term debt in the current year. Therefore the net financing costs decreased to R9 million (2009: R32 million).

Cashflow and capital expenditure
Cash generated from operations has improved by 35% from R185 million to R251 million at year end. Considerable effort has been placed on the optimisation of cash collection and the management of accounts receivable and working capital.

This has been applied in meeting capital expenditure commitments of R36 million of which approximately R28 million has been invested in network and similar IT equipment. Debt repayments of R84 million have also been made with total debt reducing to R118 million at year end (2009: R 202 million). The debt to equity ratio was 24% at 31 August 2010. This has increased from 17% in 2009 largely as a result of the impairments of goodwill and customer bases, reducing retained earnings by R680 million.

Capital expenditure is expected to increase to facilitate the roll out of Cristal Vox. Expenditure incurred will mainly be driven by increased traffic on the Vox Core network.

Exceptional items
In terms of IFRS the Group is required to assess at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the entity shall estimate the recoverable amount of the assets.

With reference to the *Future Prospects* section of this document, ICASA has proposed significant changes to wholesale interconnection rates to be implemented via a glide path over a number of years.

As a result of these changes, the Group has performed a valuation of the LCR business and certain acquired @lantic Internet ISP customers which, independently of the change in interconnect rates, indicated a potential impairment.

These valuations, which were based on management's best estimate of future cash flows, have resulted in a R809 million impairment for Vox Orion which has been applied against goodwill (R480 million) and the acquired customer bases (R329 million). Similarly, @lantic Internet's goodwill has been impaired by R33 million. These impairments are seen as exceptional items and have been added back for headline earnings.

Goodwill and other intangibles
As detailed above R513 million of goodwill has been impaired together with R329 million of the Vox Orion acquired customer base.

These impairments have resulted in a loss for the year of R679,7 million and similarly a basic loss per share of (61.32) cents. However, as these impairments are added back from a headline earnings perspective, the headline earnings have increased to R72 million with a 4% increase in headline earnings per share to 6.45 cents per share.

Going concern
The Directors believe that the Group is 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 and legislative environment. Accordingly, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

SEGMENTAL REPORTING

Primary business segments

The Group operates through its six main operating businesses, namely Vox Orion, Vox DataPro, @lantic Internet, Vox Amvia, Vox Core (Wholesale) and Vox Telepreneur. Other areas include corporate head office and the other early stage businesses. The Group's principal product offerings are as follows:

Vox Orion	Includes Vox Namibia and Corporate voice and data.
Vox DataPro	Corporate voice and data with the main focus on the SME market. (DataPro also includes the Service Centre).
@lantic Internet	Consumer data and voice services.
Vox Amvia	Fax services and related products.
Vox Core	Wholesale voice and data. All purchases of minutes and data bundles are done through Vox Core. Vox Core is a new segment that was previously included in "Corporate and other".
Vox Telepreneur	Consumer VOIP through sales of Vox Supafone. Vox Telepreneur is a new segment that was previously included in "Corporate and other".
Corporate and other	Includes Vox Exchange and corporate head office.

Condensed Consolidated Segment Report for the year ended 31 August 2010	Total	Intercompany eliminations	Vox Orion	*Vox DataPro	@lantic	Vox Amvia	#Vox Core	Vox Telepreneur	Corporate and Other
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
2010									
Revenue (external)	**2 070 755**	-	1 214 535	351 170	199 221	36 039	234 428	33 676	1 686
Revenue (internal)	**-**	(579 906)	66 406	20 307	5 201	4 140	481 267	2 424	161
Cost of sales ^	**(1 540 339)**	579 906	(1 070 937)	(267 744)	(136 851)	(16 896)	(604 406)	(23 161)	50
Gross profit	**530 416**		**210 004**	**103 733**	**67 571**	**23 283**	**111 289**	**12 939**	**1 897**
Other income	**1 113**		159	-	307	22	1 108	2 757	(3 240)
Employment costs	**(198 092)**		(84 000)	(27 983)	(12 765)	(7 701)	(22 555)	(3 496)	(39 592)
Occupancy costs	**(22 530)**		(8 372)	(1 413)	(1 541)	(632)	(6 508)	-	(4 064)
Other operating costs	**(115 086)**		(30 476)	(17 528)	(22 580)	(4 117)	(19 710)	(9 867)	(10 808)
Earnings before interest, taxes, depreciation and amortisation	**195 821**		**87 317**	**56 809**	**30 992**	**10 855**	**63 624**	**2 333**	**(55 807)**
Depreciation and amortisation	**(87 630)**								
Net finance costs	**(8 865)**								
Profit before taxation and exceptional	**99 326**								
Exceptional items	**(842 547)**								
Loss before taxation	**(743 221)**								
Taxation	**63 534**								
Loss for the year	**(679 687)**								
Inventory	**28 941**		7 820	144	2 522	866	8 937	8 652	-
Goodwill	**86 803**		-	40 142	15 779	29 357	-	-	1 525
Intangible assets (excluding software)	**325 765**		190 017	26 811	76 419	14 655	-	-	17 863
Other segment assets	**548 550**		271 195	67 838	16 695	17 696	100 482	30 326	44 318
Total assets	**990 059**		**469 032**	**134 935**	**111 415**	**62 574**	**109 419**	**38 978**	**63 706**
Total liabilities	**498 495**		**220 033**	**99 021**	**35 443**	**12 173**	**109 273**	**19 617**	**2 935**

Condensed Consolidated Segment Report for the year ended 31 August 2009	Total	Intercompany eliminations	Vox Orion	* Vox Datapro	@lantic	Amvia	Vox Core	Vox Telepreneur	Head Office and Other
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
2009									
Revenue (external)	**2 082 533**	-	1 340 533	336 539	199 446	30 852	98 388	20 215	56 559
Revenue (internal)	**-**	(665 595)	79 569	88 264	4 051	4 818	449 009	1 581	38 303
Cost of Sales ^	**(1 555 638)**	665 595	(1 160 975)	(326 285)	(131 080)	(15 493)	(478 514)	(18 217)	(90 669)
Gross profit	**526 895**		**259 127**	**98 518**	**72 417**	**20 683**	**79 567**	**3 579**	**(6 996)**
Other income	**7 635**		1 453	-	-	79	610	3 832	1 661
Employment costs	**(184 227)**		(80 287)	(24 411)	(10 922)	(6 909)	(20 500)	(3 095)	(38 103)
Occupancy costs	**(21 245)**		(9 552)	(1 467)	(1 190)	(571)	(6 508)	-	(1 957)
Other operating costs	**(123 664)**		(30 172)	(12 490)	(17 789)	(3 205)	(8 969)	(1 734)	(49 305)
Earnings before interest, taxes, depreciation and amortisation	**205 394**		**140 569**	**60 150**	**42 516**	**10 077**	**44 200**	**2 582**	**(94 700)**
Depreciation and amortisation	**(73 397)**								
Net finance costs	**(32 004)**								
Profit before taxation and exceptional	**99 993**								
Exceptional items	**(11 585)**								
Profit before taxation	**88 408**								
Taxation	**(27 628)**								
Profit for the year	**60 780**								
Inventory	**41 481**		10 877	-	2 940	1 313	11 526	14 825	-
Goodwill	**599 358**		480 212	40 142	48 185	29 357	-	-	1 462
Intangible assets (excluding software)	**686 364**		541 837	28 018	81 370	15 401	-	-	19 738
Other segment assets	**524 972**		298 680	78 604	27 495	15 037	79 259	25 896	1
Total assets	**1 852 175**		**1 331 606**	**146 764**	**159 990**	**61 108**	**90 785**	**40 721**	**21 201**
Total liabilities	**686 823**		**213 553**	**48 101**	**21 220**	**6 559**	**67 818**	**24 821**	**304 751**

Secondary geographic segments

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

	Total year ended Aug 10 R'000	**South Africa year ended Aug 10 R'000**	**Namibia year ended Aug 10 R'000**	Total year ended Aug 09 R'000	South Africa year ended Aug 09 R'000	Namibia year ended Aug 09 R'000
Sales	**2 070 755**	**2 037 230**	**33 525**	2 082 533	2 051 834	30 699
Segment assets	**990 059**	**968 690**	**21 369**	1 852 175	1 823 919	28 256

** - Vox DataPro's wholesale business, which includes revenue of R81,7 million and EBITDA of R11,9 million for the year ended 31 August 2009, has been re-allocated to Vox Core in 2010.*
 # - During the current year, Vox Core transacted with a single customer which exceeded 10% of the segments revenue.
^ - Included in cost of sales was depreciation on ADSL phones and computer hardware to the value of R9,3 million (2009: R3,9 million).

The prior year comparatives have been amended to reflect the first time adoption of IFRS 8 Operating Segments, which requires that the information be presented "through the eyes of management". The changes include the disclosure of two additional segments, namely Vox Core and Vox Telepreneur, the disclosure of inter-group revenue as well as the presentation of results net of inter-group charges.

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

GENERAL UPDATE

Vox Telecom Limited 2009 Share Plan

The Vox Telecom Limited 2009 Share Plan ("the Plan") was adopted by shareholders at general meeting held on 20 August 2009. The Plan incorporates the following elements: share appreciation rights ("SAR"), performance shares and bonus shares. The Plan serves to align shareholder interest and long-term sustained performance. The Plan allocation will initially only consist of SAR. Provision is made for the award of performance and bonus shares that may be awarded in the future.

The SAR economic interest is equivalent to 77 595 119 Vox Telecom shares. The first SAR award representing 38 797 559 SAR was effected on 31 August 2009. The remaining SAR award of 38 797 559 SAR is still to be effected.

Update on Dealstream Events

The liquidators have confirmed the Group's claim. However, legal counsel for the Group has indicated that any liquidation dividend for proven claims is remote. There is no further exposure to the Group or the employees. The Group may continue to incur legal expenses as a result of interaction with the liquidator, which will be expensed in full as incurred.

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. Mr Dalein van Zyl has been appointed as an alternate non-executive director of the Group for Mr Thierry Dalais from the same date. Mr C M Von Holdt, the Group's Chief Financial Officer, resigned with effect from 31 March 2010 and Mr G J Koen has succeeded Mike with effect from 1 April 2010.

DIVIDENDS

In view of a focus on the repayment of debt and further anticipated investment in network infrastructure and new initiatives, the directors have decided not to declare a dividend for the year under review.

SUBSEQUENT EVENTS

The directors have assessed any events that have occurred between year-end and the date that the financial statements were authorised for issue and the only event material to the financial statements was the decision to terminate The Casey Share Incentive Scheme ("the scheme").

The Casey Share Incentive Scheme fully vested in 2009 with a total IFRS 2 *Share based payment* impact of R9,6 million having been expensed over the three preceding years.

At year end the scheme consisted of 17 984 000 share options that were still outstanding but "underwater" as the strike price was 66 cents per option. The Board resolved to terminate the scheme; the impact of which is that the R9,6 million share-based payments reserve will be recycled into retained earnings in 2011.

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 year.

By order of the Board

AP van Marken
Chief Executive Officer

GJ Koen
Chief Financial Officer
and Company Secretary

24 November 2010
Johannesburg

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

Directors
AP van Marken, DG Reed, GJ Koen, VW Cuba*#, D Wallace*#, RT Dalais*, E Röth*, P Joubert*, AD van Zyl^
* Non-executive
# Independent
^ Alternate

Designated Advisor
Grindrod Bank Limited

Transfer Office
Computershare Investor Services Pty) Ltd