

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

**AUDITED RESULTS FOR THE YEAR ENDED 31 AUGUST 2009**

<b>Condensed Consolidated Balance Sheet</b>	<b>Audited As at 31 Aug 2009 R'000</b>	<b>Audited As at 31 Aug 2008 R'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>	<b>1 450 595</b>	1 459 272
Plant and equipment	<b>131 340</b>	104 524
Goodwill	<b>599 358</b>	597 296
Other intangibles	<b>701 174</b>	733 766
Finance lease receivable	<b>1 943</b>	2 902
Deferred taxation	<b>16 780</b>	20 784
<b>Current assets</b>	<b>401 580</b>	449 143
Inventories	<b>41 481</b>	52 859
Trade and other receivables	<b>266 008</b>	306 566
Tax receivable	<b>1 975</b>	1 441
Cash and bank balances	<b>92 116</b>	88 277
<b>Total assets</b>	<b>1 852 175</b>	1 908 415
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves</b>	<b>1 165 352</b>	1 085 270
Share capital	<b>1 109</b>	1 101
Share premium	<b>1 018 876</b>	1 002 384
Reserves	<b>8 230</b>	5 428
Retained earnings	<b>137 137</b>	76 357
<b>Total equity</b>	<b>1 165 352</b>	1 085 270
<b>Non-current liabilities</b>	<b>285 746</b>	296 934
Borrowings - interest bearing	<b>118 982</b>	123 550
Borrowings - interest free	<b>758</b>	502
Deferred taxation	<b>166 006</b>	172 882
<b>Current liabilities</b>	<b>401 077</b>	526 211
Trade and other payables	<b>292 070</b>	363 090
Provisions	<b>14 173</b>	2 342
Taxation	<b>12 010</b>	15 107
Current borrowings	<b>82 824</b>	145 672
<b>Total equity and liabilities</b>	<b>1 852 175</b>	1 908 415
Ordinary shares in issue at period end ('000)	<b>1 108 502</b>	1 101 327
Net asset value per share (cents)	<b>105.1</b>	98.5

<b>Condensed Consolidated Income Statement</b>	<b>Audited Year ended</b>	<b>Audited Year ended</b>
	<b>31 Aug 09 R'000</b>	<b>31 Aug 08 R'000</b>
<b>Revenue</b>	<b>2 082 533</b>	1 846 749
Cost of sales	<b>(1 559 576)</b>	(1 392 909)
<b>Gross profit</b>	<b>522 957</b>	453 840
Other income	<b>7 636</b>	1 523
Depreciation and amortisation	<b>(69 460)</b>	(44 474)
Employment costs	<b>(184 227)</b>	(144 460)
Occupancy costs	<b>(21 245)</b>	(14 087)
Other operating costs	<b>(123 664)</b>	(115 581)
<b>Operating profit</b>	<b>131 997</b>	136 761
Finance costs	<b>(40 437)</b>	(33 955)
Finance income	<b>8 433</b>	10 185
Net finance costs	<b>(32 004)</b>	(23 770)
<b>Profit before taxation and exceptional item</b>	<b>99 993</b>	112 991
Exceptional item	<b>(11 585)</b>	(60 841)
<b>Profit before taxation</b>	<b>88 408</b>	52 150
Taxation	<b>(27 628)</b>	(14 135)
<b>Profit for the year</b>	<b>60 780</b>	38 015
<b>Attributable to equity holders of the parent</b>	<b>60 780</b>	38 015
<b>Earnings per share ("EPS") (cents)</b>		
Basic EPS	<b>5.49</b>	<b>3.78</b>
Diluted basic EPS	<b>5.49</b>	<b>3.70</b>
<b>Additional information:</b>		
<b>Reconciliation of profit for the year to headline earnings</b>		
Profit for the year	<b>60 780</b>	38 015
Adjustments for:		
Impairment of assets	<b>9 749</b>	3 654
Loss on sale of assets	<b>869</b>	66
Tax effect	<b>(2 973)</b>	(1 041)
<b>Headline earnings</b>	<b>68 425</b>	40 694
Headline EPS (cents)	<b>6.18</b>	4.04
Diluted headline EPS (cents)	<b>6.18</b>	3.95
<b>Weighted average number of shares</b>		
In issue	<b>1 108 502</b>	1 101 327
Weighted average	<b>1 107 244</b>	1 004 899
Share options granted	-	16 630
Outstanding vendor issue	-	5 381
Diluted weighted average	<b>1 107 244</b>	1 026 910

<b>Consolidated Cash Flow Statement</b>	<b>Audited Year ended</b>	<b>Audited Year ended</b>
	<b>31 Aug 09 R'000</b>	<b>31 Aug 08 R'000</b>
<b>Cash flow from operating activities</b>		
Operating cash before working capital movements	209 318	187 828
Working capital movements	(24 241)	(39 277)
<b>Cash generated from operations</b>	<b>185 077</b>	<b>148 551</b>
Net interest paid	(32 004)	(23 770)
Taxation paid	(34 128)	(49 313)
<b>Net cash inflow from operating activities before exceptional item</b>	<b>118 945</b>	<b>75 468</b>
Loss on collapse of Dealstream	-	(60 841)
<b>Net cash inflow from operating activities</b>	<b>118 945</b>	<b>14 627</b>
<b>Cash flow from investing activities</b>		
Additions to plant and equipment to expand operations	(62 430)	(71 018)
Additions to other intangibles to expand operations	(2 719)	(18 822)
Proceeds on disposal of plant and equipment	2 817	2 249
Proceeds from finance lease receivables	204	711
Acquisition of subsidiaries and business units	-	(472 141)
Additional vendor payments	(8 543)	(12 004)
<b>Net cash outflow from investing activities</b>	<b>(70 671)</b>	<b>(571 025)</b>
<b>Cash flow from financing activities</b>		
Proceeds from shares issued (net of costs)	-	390 506
(Repayments) proceeds from long and short-term borrowings	(44 435)	62 547
Net cash outflow from share buy back	-	(2 642)
Proceeds from share options exercised	-	1 549
<b>Net cash (outflow) inflow from financing activities</b>	<b>(44 435)</b>	<b>451 960</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>3 839</b>	<b>(104 438)</b>
<b>Bank balance at beginning of year</b>	<b>88 277</b>	<b>192 715</b>
<b>Cash and cash equivalents at end of year</b>	<b>92 116</b>	<b>88 277</b>

Condensed 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	R000	R'000
<b>Balance as at 31 August 2007</b>	<b>884</b>	<b>599 688</b>	<b>3 198</b>	<b>38 342</b>	<b>642 112</b>
Movement in FCTR	-	-	(968)	-	(968)
Profit for the year	-	-	-	38 015	38 015
<b>Total recognised income and expense</b>	<b>-</b>	<b>-</b>	<b>(968)</b>	<b>38 015</b>	<b>37 047</b>
Shares issued (net of costs)	190	403 816	-	-	404 006
Treasury shares issued	27	17 991	-	-	18 018
Shares bought back	(33)	(64 921)	-	-	(64 954)
Shares re-issued	33	62 279	-	-	62 312
Misappropriation of treasury shares	-	(16 469)	-	-	(16 469)
Share-based payment expense	-	-	3 198	-	3 198
<b>Balance as at 31 August 2008</b>	<b>1 101</b>	<b>1 002 384</b>	<b>5 428</b>	<b>76 357</b>	<b>1 085 270</b>
Movement in FCTR	-	-	(408)	-	(408)
Profit for the year	-	-	-	60 780	60 780
<b>Total recognised income and expense</b>	<b>-</b>	<b>-</b>	<b>(408)</b>	<b>60 780</b>	<b>60 372</b>
Shares issued (net of costs)	8	16 492	-	-	16 500
Share-based payment expense	-	-	3 210	-	3 210
<b>Balance at 31 August 2009</b>	<b>1 109</b>	<b>1 018 876</b>	<b>8 230</b>	<b>137 137</b>	<b>1 165 352</b>

## COMMENTARY

The condensed annual financial statements for the year ended 31 August 2009 for Vox Telecom, are presented above. These condensed audited 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. The annual financial statements from which these results have been derived have been audited by Deloitte & Touche. Their unmodified opinion is available for inspection at the registered office of the company. This announcement has been prepared in accordance with *IAS 34 Interim Financial Reporting, the Companies Act* and JSE Limited ("JSE") listings requirements.

## 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 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](http://www.voxtelecom.co.za)

## BUSINESS REVIEW FOR THE PERIOD

For the year under review revenues grew by 13% to R2,1 billion over the previous year. Gross profit increased by 15% to R523 million whilst gross margins were maintained at 25%. Operating profit levels were marginally lower than the prior year at R132 million or 3% lower. On a like for like basis, after taking into account the change in the amortisation rate of existing and acquired customer bases from 1.98% to 4%, operating profit would have been R15,1 million or 7% higher. Profit after taxation increased by 60% to R61 million and headline earnings by 68% to R68 million after adding back headline adjustments of R7,6 million resulting from the impairment and disposal of certain plant and equipment. Accordingly, earnings per share ("EPS") and headline earnings per share ("HEPS") increased by 45% and 53%, respectively. Cash generated from operations has improved by 25% to R185 million from R149 million in the prior year.

The key financial highlights of the past year were:

- **Revenue up 13% to R2,1 billion**
- **Gross profit up 15% to R523 million**
- **EBITDA up 11% to R201 million**
- **Cash generated from operations up 25% to R185 million**
- **Profit after taxation up 60% to R61 million**
- **Earnings per share up 45% to 5.49 cps**
- **Headline earnings per share up 53% to 6.18 cps**

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

- Slower growth across the group due to the recessionary environment, with particular emphasis on margin enhancement, which in certain cases meant the termination of low margin business;
- A focus on cashflow generation that allowed the Company to invest a further R62 million into the network and related IT equipment but at the same time reducing long term debt obligations by R44 million;
- Vox Telepreneur growing to over 9 300 customers (2008: 2 600) with 9 144 Vox ADSL phones in use (2008: 3 200) and 3 800 dealers (2008: 1 900). Average Revenue Per User ("ARPU") approximates R272 (2008: R265). New products are being added to enhance the Telepreneur offering, such as PBX and ADSL offerings and the renewal rate of dealers remains in excess of 70%;
- Continued innovation with the successful launch of new products such as "Eyeris", a video conferencing alternative and the "Fishbone" Line bonder broadband solution allowing customers to combine multiple access lines for increased speed and efficiency. Revenues on this product now exceed R1 million per month from a standing start in November 2008 and opportunities in

- the UK and further afield have emerged;
- The number of corporate customers in excess of 16 000;
- @lantic has experienced a contraction in the consumer base to just over 136 000 customers, primarily caused by churn and non payment from a weakening economy;
- An increase in the staff complement from 698 employees as at 31 August 2008 to 783 employees to support future growth and new services particularly in the Vox Service Centre;
- The opportunity to access bandwidth on the Seacom undersea cable at preferential rates, which will enable Vox Telecom to provide products and services to its customer base at a lower price; and
- the Company's BEE shareholding has been maintained at 47.2%, with Vox Telecom remaining the largest listed black owned telecommunications company in South Africa.

The past year has been focused on the improvement and refinement of the internal aspects of the business which has included *inter alia*:

- improvement in operational management and processes;
- eliminating low margin business;
- increasing Average Revenue Per User ("ARPU") across customer bases;
- improving internal controls and processes;
- enhancing and redefining business unit strategies where necessary; and
- the optimisation of cash flow management and collection.

## **FUTURE PROSPECTS**

The environment in which we operate is experiencing dynamic changes, not only from a technology point of view, but more recently by the proposed changes to wholesale interconnect mobile termination rates. The Minister of Communications announced on 12 November 2009 that interconnect termination rates would be reduced to 89 cents effective from 1 February 2010 and then a further reduction to 85 cents and 80c cents effective from 1 February 2011 and 1 February 2012, respectively ("the glide path").

*What does this mean for Vox Telecom?*

Vox Telecom strives to be the leading independent, alternative provider of voice and data solutions to the southern African market with our 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 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.

Vox Telepreneur customers all utilize this product as well as those @lantic customers who have subscribed for the ADSL VoIP handset product. Vox DataPro also has a number of business customers using Cristal Vox. Vox Core is the network that supplies the Cristal Vox product. The change in interconnect rates will enhance the profitability of Vox Core and Vox Telepreneur as our interconnect margins now improve with the 'glide path' changes and will continue to improve as these rates are lowered. The data product offerings remain unaffected and gross product margins on average exceed 35%.

Vox Orion currently has the majority of its customers on cellular Least Cost Routing ('LCR') products as this has historically resulted in major savings for its customers when making outbound calls from Telkom to one of the mobile operator networks. The announced 'glide path' will allow us to convert certain Vox Orion customers to Cristal Vox but we do anticipate certain negative impact on profitability of the Vox Orion business in the short to medium term term. It will take time to convert our customers to this new voice product as it requires technical changes at customer sites and only certain customers are capable of being converted. Over the longer term Vox Orion will benefit from margin improvements once these customers have been converted.

Historically LCR has only allowed Vox Telecom to compete on the 'outbound' portion of the voice communication service, approximating only 34% of total customer voice traffic. The advent of Cristal Vox now allows us to provide services on all of the voice communication service needs of our

customers. This will mean Vox Telecom can provide a full service for inbound and outbound calls, reduce customers' communication costs and increase our overall margins.

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. We have and will continue to lobby for further legislative liberalisation, including, but not limited to local number portability, carrier pre-select and local loop unbundling, which will lead to a more competitive telecommunications environment, which will be to the benefit of all customers.

## **FINANCIAL OVERVIEW**

This year has been characterised with an inwardly focused strategy of reducing costs, improving margins and ARPU's and an evaluation of all business units. This 'clean out' has resulted in an impairment to assets and inventory of R7,6 million which should be regarded as exceptional in nature. All of these factors collectively, contributed to an increase in earnings to R61 million and an increase in headline earnings to R68 million. This has resulted in a corresponding increase in EPS and HEPS to 5.49 cents per share and 6.18 cents per share respectively.

### **Revenue**

Revenues grew by 13% over the same period from R1,8 billion to R2,1 billion which now includes all acquisitions made in prior years for the full period under review. Revenue in Vox Orion remained flat for the year with growth of 57% experienced in Vox Datapro. Encouragingly growth in revenues in Vox Telepreneur and Vox Core (the wholesale Telco arm of the Company), continues to improve, and we see these business units playing a key role in the future.

### **Gross Profit**

Group profit margins have been maintained at 25% and are an improvement from the interim margin of 22%. This has been achieved by a combination of improved usage and breakage on the sale of Vox Telecoms own products such as "Fishbone" and the Vox Telepreneur offerings and through cash incentive bonuses ("CIB"s) received from the networks. The strategy to increase ARPU's and reducing low margin business across all customer bases also assisted in returning the overall gross profit percentage to 25%. Gross profit margins in @lantic have decreased by a percentage point to 36% in the current year.

Vox Orion has increased gross profit margins to 17% from 15% in the prior year predominantly due to a greater amount of connection incentive bonus ("CIB"s) received in the second half of the financial year and the cancellation of SIMS arising from the Storm acquisition that were out of contract and impacting profitability. Vox Datapro achieved gross profit margins of approximately 32% and 18% on data and voice respectively. These margins are expected to improve in the year ahead from a combination of greater usage on data and products such as "Fishbone" and improved voice margins from inbound minutes, particularly from the Cristal Vox product.

### **Operating Profit**

Operating profit was 3% lower than the prior year at R131 million (2008: R136 million). The Company prospectively assessed the useful lives of the acquired customer bases at the end of the 2008 financial year to better align the accounting treatment with industry best-practice by applying a useful life of 25 years. This increased the amortisation rate from 1.98% to 4% or approximately R15,1 million before taxation. On a like for like basis, operating profit would thus have been 7% higher than the previous year.

There were also a number of expenditures that were not budgeted for such as R4 million in legal fees resulting from various matters including Dealstream and various corporate actions initiated by the company. In addition, the recoverability of trade debtors has been impacted by the change in the economic climate resulting in a net R4,4 million increase in the allowance for doubtful debts. In the current year R12m was written off in bad debts (2008: R700k) which was provided for in full as at 31 August 2008. The Group amended 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 R23 million (2008: R18 million).

Nonetheless, the Group has adopted a strict credit policy and approximately 87% of trade and other receivable balances have been maintained at current and 30 days, which has had a noticeable improvement in working capital and cashflow.

Operating costs as a percentage of revenue have reduced to 5.93% from the 6.26% as at 31 August 2008. Employment costs as a percentage of revenue increased by a percentage point to 8.8% as the company grew from 698 to 783 employees or an average salary of approximately R19 600 per month, which is 14% higher than the R17 200 in the prior year.

Occupancy costs will continue to remain high specifically from the cost of power, which is likely to increase in the future and a key input in the Vox Core business unit. We will continue to reduce costs where possible across all business units.

## **BUSINESS UNITS**

**Vox DataPro's** revenue has grown by 57% over the comparative period through a combination of voice and data to R413 million. ARPU increased to R5 031 per month from R3 772 per month as at end of August 2008, derived from a base of over 7 870 corporate customers. The successful launch of Fishbone Linebender and Eyeris will continue to enhance revenue, margins and ARPU's in a meaningful way over the year ahead.

**@lantic's** revenue grew by 18% to R199 million and ARPU across the base has grown to R135 per month from R99 per month as at 31 August 2008. The strategy remains to restore ARPU across the entire @lantic base to levels of approximately R150 per month. Bad debt in the current economy and the termination of unwanted business has resulted in some churn in the base to approximately 136 000 customers but this has started to level out. @lantic continues to be a leading reseller of iBurst and Vodacom 3G solutions with encouraging sales growth in Vox ADSL phones.

**Vox Orion's** revenue remained stable at R1,3 billion and there was a noticeable improvement in gross profit margin to 17% at year end (2008: 15%). The number of corporate customers approximates 7 600 which is lower than the 7 900 at 31 August 2008 but has resulted in better margins. The impact of changes in interconnect rates on Vox Orion has been explained in the "Future Prospects" section of this announcement.

**Vox Telepreneur** ARPU has remained stable at R272 per month from R262 per month as at 31 August 2008. Vox Telepreneur continues to empower entrepreneurs with growth in dealers to over 3 800, representing 9 300 customers. New products are being added to this offering, such as PBX, ADSL and Fishbone which will further enhance and strengthen Vox Telepreneurs' growing position in the market. Revenue continues to increase at approximately 8% per month with gross profit margins exceeding 30% (before adjusting for depreciation on ADSL phones).

**Vox Amvia's** gross profit margins have improved from 42% in the prior year to 57% with annuity revenue now comprising 70% of total revenue. A reduction in corporate capital expenditure budgets has impacted budgeted revenues in the current year with a notable drop in product sales. This cycle has begun to reverse and there has been an improvement on product sales when compared to the previous year.

## **Cashflow and capital expenditure**

Cash generated from operations has improved by 25% from R149 million to R185 million at year end. This implies an EBITDA cash conversion rate of approximately 95%. 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 R62 million of which approximately R53 million has been invested in network and similar IT equipment. Debt repayments have also been met as scheduled to the value of R44 million with total debt reducing to R202 million at year end (2008: R 270 million). The debt to equity ratio was 17% at 31 August 2009 and has reduced further at the date of this announcement with the total debt outstanding having been

reduced to R180 million.

We expect to restrict capital expenditure for the year ahead with current commitments contracted for approximating R13 million (2008: Nil), and un-contracted commitments to the value of R37 million (2008: R42 million). Expenditure incurred will be driven by increased traffic on the Vox Core network.

Working capital has been and will be further enhanced by tighter inventory control and continued focus on the collection of accounts receivable balances.

The adjustment in respect of share based payments, in accordance with IFRS 2, relates to options granted to key Vox Telecom management and employees in 2007, and amounted to R3,2 million for the full year. The charge relating to the Casey Share incentive scheme has now been expensed in full and all outstanding options are fully vested.

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 small charge of R12 000 in terms of IFRS2. 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:

- 2010 : R4,5 million
- 2011 : R4,5 million
- 2012: R4,0 million
- 2013 : R2,2 million
- 2014 : R0,9 million

#### **Goodwill and Other Intangibles**

The value of goodwill and other intangibles, being acquired customer bases, have been tested for impairment at reporting date as required by IAS 36 as well as in the circumstances relating to the proposed changes in interconnect rates. At the date of this announcement no impairment is required based on the information that it is available. If this information changes then these assumptions will be revisited.

#### **Going concern**

The Directors believe that the Group is well placed to manage its business risks successfully. After making enquiries, 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. 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 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 principal product offerings 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 data and voice services.
Vox Amvia -	Fax services and related products.
Other -	includes Vox Telepreneur, Vox Core, Vox Exchange*, Vox Namibia and corporate head office.

\* the operations of Vox Exchange have been discontinued.

	<b>Total</b>	<b>Orion</b>	<b>Datapro</b>	<b>@lantic</b>	<b>Amvia</b>	<b>Head Office and Other</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
<b>2009</b>						
Revenue	<b>2 082 533</b>	1 309 834	413 189	199 446	31 358	128 706
Operating profit	<b>131 997</b>	69 860	12 898	21 532	2 122	25 585
Net finance (costs) income	<b>(32 004)</b>	4 971	1 368	604	232	( 39 179)
Profit before taxation and exceptional	<b>99 993</b>					
Exceptional items	<b>(11 585)</b>					
Profit before taxation	<b>88 408</b>					
Taxation	<b>(27 628)</b>					
<b>Profit for the year</b>	<b>60 780</b>					
Inventory	<b>41 481</b>	8 693	-	2 940	1 313	28 535
Goodwill	<b>599 358</b>	480 212	40 142	48 185	29 357	1 462
Intangible assets (excluding software)	<b>686 364</b>	532 100	28 018	81 370	15 401	29 475
Other segment assets	<b>559 402</b>	288 751	78 604	27 495	15 037	149 516
<b>Total assets</b>	<b>1 886 605</b>	1 309 755	146 765	159 989	61 108	208 988
Total liabilities	<b>686 823</b>	206 686	48 101	21 220	6 559	404 257
Depreciation and amortisation	<b>73 397</b>	28 541	5 132	7 118	1 163	31 443

	<b>Total</b>	<b>Orion</b>	<b>Datapro</b>	<b>@lantic</b>	<b>Amvia</b>	<b>Head Office and Other</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
<b>2008</b>						
Revenue	<b>1 846 749</b>	1 336 525	261 927	169 097	34 220	44 980
Operating profit	<b>136 761</b>	85 116	24 114	14 619	3 399	9 513
Net finance (costs) income	<b>( 23 770)</b>	18 648	( 22 528)	2 931	173	( 22 994)
Profit before taxation	<b>112 991</b>					
Exceptional items	<b>(60 842)</b>					
Profit before taxation	<b>52 150</b>					
Taxation	<b>(14 135)</b>					
<b>Profit for the year</b>	<b>38 015</b>					
Inventory	<b>52 859</b>	13 732	2 451	569	12 767	23 340
Goodwill	<b>597 296</b>	480 212	40 142	48 185	28 757	-
Intangible assets (excluding software)	<b>718 694</b>	554 949	29 225	86 851	16 147	31 522
Other segment assets	<b>539 566</b>	327 354	94 613	16 014	19 110	82 476
<b>Total assets</b>	<b>1 908 415</b>	1 341 495	182 408	181 826	78 709	123 977
Total liabilities	<b>823 145</b>	386 111	59 635	72 681	14 527	290 190
Depreciation and amortisation	<b>44 474</b>	19 316	7 053	5 252	465	12 388

### Secondary geographic segments

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

	<b>Total year ended Aug 09 R'000</b>	<b>South Africa year ended Aug 09 R'000</b>	<b>Namibia year ended Aug 09 R'000</b>	Total year ended Aug 08 R'000	South Africa year ended Aug08 R'000	Namibia year ended Aug 08 R'000
<b>Sales</b>	<b>2 082 533</b>	<b>2 051 834</b>	<b>30 699</b>	1 846 749	1 822 292	24 457
<b>Segment assets</b>	<b>1 886 605</b>	<b>1 858 349</b>	<b>28 256</b>	1 908 415	1 885 803	22 612

### ISSUE OF SHARES DURING THE YEAR

A further 7 173 913 ordinary shares were issued to Amvia vendors at 230 cps on 5 November 2008 based on the attainment of certain profit warranties. As a result of these profit warranties being exceeded as at 31 August 2008, a further cash consideration of R7,8 million has been paid to the Amvia vendors during the course of the current financial year.

A final amount of R2 million in cash was paid to the ODS vendors in February 2009 in terms of the sale agreement with them.

The total number of shares in issue as at 31 August 2009 is 1 108 501 698 after the issue of the 7 173 913 Amvia shares on 5 November 2008. No share options have been exercised by employees as at 31 August 2009.

The total number of shares in issue on a weighted average fully diluted basis as at 31 August 2009 is now 1 107 243 806.

## **GENERAL UPDATE**

### **New Share Incentive Scheme – “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 which could 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 (“grant date”). The second SAR award of 38 797 559 SAR is anticipated to be effected not earlier than 31 August 2010 or such later date as determined by the Remuneration Committee.

In terms of the Plan, executive directors and senior employees of Vox Telecom and its subsidiaries are awarded rights to receive shares in Vox Telecom. This is based on the value of these awards when the time and performance conditions have been met and the awards have vested. Termination of employees participation in the Plan is based on “No Fault” and “Fault” as defined in the Plan.

The primary intent of the Plan is to incentivise, motivate and retain executives and senior management for long term sustained performance achievements which are aligned to shareholder value and at the same time to ensure optimal positioning in terms of the accounting and regulatory environment.

It is envisaged that the rewards will be settled in shares but there is an option for the Company to settle in cash should it be required.

### **Update on Dealstream Events**

Dealstream was placed in final liquidation on 20 February 2009. The Company and its legal advisors continue to assist and engage with the liquidators, but other than the meeting of creditors where the Company’s claims were registered and approved there has been no further progress on this matter. The Company may continue to incur legal expenses as a result of interaction with the liquidator, which will be expensed in full as incurred.

### **Interrupted Transaction**

As announced in the SENS of 19 November 2008, the Dealstream collapse, the consequent effect on the Company’s traded share price and the general price deflation in public markets caused the interruption of a certain transaction. The Company concluded an agreement whereby a BEE investor committed to a subscription for shares in Vox Telecom which was not completed. The Company has decided to cease pursuing the completion of this transaction and is evaluating its rights regarding certain costs incurred.

## **DIRECTOR CHANGES**

Mr Pierre Joubert was appointed as a non-executive director on 27 October 2008, to represent the shareholding of RMB, following the Dealstream Events.

Messrs. Vulindlela (Vuli) Cuba and Douglas Wallace have been appointed as independent non-executive directors of the Company with effect from 1 August 2009. The appointments have been made to align the composition of the Board with the provisions of the Corporate Laws Amendment Act No. 24 of 2006 and the revised corporate governance requirements as contemplated in the King III Report on Corporate Governance.

Vuli Cuba will act as non-executive Chairman of the Board. Tony van Marken's designation has changed from Executive Chairman to Chief Executive Officer, with Doug Reed assuming the responsibilities of Group Managing Director.

Shareholders are further advised that Messrs. Jacques du Toit and Gary Sweidan have resigned as main board directors of the Company with effect from 1 August 2009, but will remain executive committee members and executive directors of Vox Orion and Vox Datapro respectively. The Board wishes to thank Jacques and Gary for their valuable contributions. We look forward to their continued operational leadership and contribution to the Vox Telecom group of companies.

In addition, shareholders are advised that Dr. N (Lulu) Gwagwa has resigned as a main board director, with effect from 1 August 2009, but will act as an alternate director to Mr. RT Dalais. The Board wishes to thank Lulu for her considerable support to the Company, and looks forward to her continued assistance to the Vox Telecom group of companies.

Subsequent to yearend, Mr T Matiwaza has resigned as a non-executive director of the company with effect from 31 October 2009. Mr T Matiwaza represented the shareholding interest of the Mvelaphanda Group Limited ("Mvelaphanda"). The board wishes to thank Mr Matiwaza for his contribution and wishes him well for the future. Mr Ernst Röth, currently CFO of Mvelaphanda, has been appointed as a non-executive director of the board effective from 31 October 2009 to represent Mvelaphanda's interest.

The new board has been reconstituted as follows:

Independent non-executive directors:

- V Cuba (Chairman)
- D Wallace

Non-executive directors:

- RT Dalais
- P Joubert
- E Röth

Executive directors:

- AP van Marken (Chief Executive Officer)
- DG Reed (Group Managing Director)
- CM von Holdt (Chief Financial Officer)

The Audit, Risk, Remuneration and Nominations Committees have been re-organised as follows:

Audit and Risk Committee:

- D Wallace (Chairman)
- V Cuba

Remuneration Committee:

- D Wallace (Chairman)
- V Cuba
- RT Dalais

Nominations Committee:

- V Cuba (Chairman)
- D Wallace
- P Joubert

## **DIVIDENDS**

With the application of cash generated from operations being focused on the repayment of debt and further anticipated investment in network infrastructure and the 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 Company over the past year.

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

AP van Marken  
Chief Executive Officer

CM von Holdt

Chief Financial Officer  
And Company Secretary

25 November 2009  
Johannesburg

### **Registered Office**

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

### **Directors**

AP van Marken, DG Reed, CM von Holdt, VW Cuba\*, D Wallace\*, RT Dalais\*, NN Gwagwa\*^, E Röth\*, P Joubert\*

\* Non-executive

^ Alternate

### **Designated Advisor**

PSG Capital (Pty) Ltd

### **Transfer Office**

Computershare Investor Services 2004 (Pty) Ltd