



PROVISIONAL CONSOLIDATED AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 30 JUNE 2014 AND DIVIDEND DECLARATION

FONEWORX HOLDINGS LIMITED
Incorporated in the Republic of South Africa
(Registration number 1997/010640/06)
Share code: FWX ISIN: ZAE000086237
("FoneWorx" or "the Group" or "the Company")

HIGHLIGHTS

· Group Revenue	R118.2m	▲	10.1%
· Profit Before Tax	R38.6m	▲	8.3%
· Cash and Cash Equivalents	R119.1m	▲	8.97%
· Earnings Per Share	20.21 cents	▲	10.26%
· Dividend Per Share Paid In Year	12 cents	▲	71.43%
· Net Asset Value Per Share	101.3 cents	▲	8.81%

CONSOLIDATED AUDITED STATEMENT OF FINANCIAL POSITION

(Figures in Rands)	Change	Audited as at 30 June 2014	Audited as at 30 June 2013
Assets			
Non-Current Assets			
Property, plant and equipment		15 847 284	15 893 812
Intangible assets		9 911 690	8 822 532
Deferred tax asset		180 983	-
Investment in associate		3 080 993	-
	17.4%	29 020 950	24 716 344
Current Assets			
Inventories		460 095	347 953
Current tax receivable		-	39 145
Trade and other receivables		18 943 686	25 244 238
Cash and cash equivalents		119 142 094	109 334 359
	2.7%	138 545 875	134 965 695
Total Assets	4.9%	167 566 825	159 682 039
Equity and Liabilities			
Equity			
Share capital		52 624 736	52 624 736
Retained income		85 107 940	73 946 903
	8.8%	137 732 676	126 571 639
Liabilities			
Non-Current Liabilities			
Interest bearing liabilities		3 478 698	4 574 026
Deferred tax liability		946 222	334 918
	-9.8%	4 424 920	4 908 944
Current Liabilities			
Current tax payable		720 268	-
Interest bearing liabilities		1 432 559	1 808 614
Trade and other payables		16 826 921	20 020 167
Provisions		6 322 924	6 303 389
Unclaimed dividends		106 557	69 286
	-9.9%	25 409 229	28 201 456
Total Liabilities	-11.3%	29 834 149	33 645 178
Total Equity and Liabilities	4.9%	167 566 825	159 682 039
Net asset value per share (cents)	8.8%	101.3	93.1
Net tangible asset value per share (cents)	8.5%	94.0	86.6

CONSOLIDATED AUDITED STATEMENT OF COMPREHENSIVE INCOME

(Figures in Rands)	Change	Audited for the year ended 30 June 2014	Audited for the year ended 30 June 2013
Revenue	10.1%	118 197 594	107 367 235
Cost of services	16.9%	(48 122 518)	(41 179 935)
Gross profit	5.9%	70 075 076	66 187 300
Other income	-11.0%	587 419	659 989
Operating expenses	-7.8%	(9 670 789)	(10 487 865)
Staff costs	20.7%	(23 063 331)	(19 101 804)
Legal costs	-100.0%	-	(1 387 617)
Depreciation and amortisation expense	1.3%	(4 577 825)	(4 519 642)
Operating profit	6.4%	33 350 550	31 350 361
Investment income	17.3%	5 669 212	4 833 110
Finance costs	-19.6%	(440 329)	(547 838)
Profit before taxation	8.3%	38 579 433	35 635 633
Taxation	3.7%	(11 098 151)	(10 704 177)
Profit for the year attributable to the equity holders of the parent	10.2%	27 481 282	24 931 456
Basic earnings per share (cents)	10.3%	20.21	18.33
Diluted earning per share (cents)	10.3%	20.21	18.33

CONSOLIDATED AUDITED STATEMENT OF CHANGES IN EQUITY

(Figures in Rands)	Share Capital	Share Premium	Total Share	Retained Income	Total Equity
Balance at 1 July 2012	136 002	36 373 027	36 509 029	75 597 691	112 106 720
Change in equity					
Total comprehensive income for the year	-	-	-	24 931 456	24 931 456
Share repurchase					
1 October 2012	(40 801)	(36 373 027)	(36 413 828)	(17 062 101)	(53 475 929)
Share issue					
1 October 2012	40 801	53 435 128	53 475 929	-	53 475 929
Cost to issue equity	-	(946 394)	(946 394)	-	(946 394)
Dividends	-	-	-	(9 520 143)	(9 520 143)
Total changes	-	16 115 707	16 115 707	(1 650 788)	14 464 919
Balance at 1 July 2013	136 002	52 488 734	52 624 736	73 946 903	126 571 639
Change in equity					
Total comprehensive income for the year	-	-	-	27 481 272	27 481 272
Dividends	-	-	-	(16 320 245)	(16 320 245)
Total changes	-	-	-	11 161 027	11 161 027
Balance at 30 June 2014	136 002	52 488 734	52 624 736	85 107 930	137 732 666

CONSOLIDATED AUDITED STATEMENT OF CASH FLOWS

(Figures in Rands)	Change	Audited for the year ended 30 June 2014	Audited for the year ended 30 June 2013
Cash flows from operating activities			
Cash generated from operations		40 932 689	33 890 090
Interest income		5 669 212	4 833 110
Finance costs		(440 329)	(547 838)
Tax paid		(9 908 418)	(10 153 573)
Net cash from operating activities	29.4%	36 253 154	28 021 789
Cash flows from investing activities			
Purchase of property, plant and equipment		(2 180 238)	(890 400)
Proceeds on disposal of property, plant and equipment		252 839	-
Purchase of intangible assets		(3 682 670)	(3 957 027)
Investment - Livingfacts Proprietary Limited		(3 080 993)	-
Net cash from investing activities	79.3%	(8 691 062)	(4 847 427)
Cash flows from financing activities			
Cost to issue equity		-	(946 394)
Share repurchase		-	(53 475 929)
Share issue		-	53 475 929
Repayment of interest bearing liabilities		(1 471 383)	(1 718 121)
Dividends paid		(16 282 974)	(9 497 807)
Net cash from financing activities	46.0%	(17 754 357)	(12 162 322)
Total cash and cash equivalents movement for the year			
		9 807 735	11 012 040
Cash and cash equivalents at the beginning of the year		109 334 359	98 322 319
Total cash and cash equivalents at end of the year	9.0%	119 142 094	109 334 359

1. BASIS OF PREPARATION

The Group annual financial statements from which these provisional consolidated audited financial statements were derived have been prepared on the historical cost basis excluding financial instruments which are accounted for in terms of IAS39 and conform to International Financial Reporting Standards ("IFRS") and with the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee. The accounting policies applied in the preparation of these provisional consolidated audited financial results, which are based on reasonable judgements and estimates, are in accordance with IFRS and are consistent with those applied in the Group annual financial statements for the year ended 30 June 2013. These provisional consolidated audited statements set out in this report have been prepared in terms of IAS 34 – Interim Financial Reporting, the Companies Act, 2008 (Act 71 of 2008), as amended, and the Listings Requirements of JSE Limited ("JSE").

These provisional consolidated audited financial statements were prepared under the supervision of the Financial Director, Pieter Scholtz CA(SA).

Audit Report

The auditors, Grant Thornton (Jhb) Inc., have issued their unmodified opinion on the Group's annual financial statements for the year ended 30 June 2014. The audit was conducted in accordance with International Standards on Auditing. A copy of the auditor's report together with a copy of the audited financial statements are available for inspection at the Company's registered office. These provisional consolidated audited financial statements have been derived from the Group's annual financial statements and are consistent in all material respects with the Group's annual financial statements. The contents of this announcement are extracted from audited information, although the announcement is not itself audited. The Directors of the Group take full responsibility for the preparation of this announcement and confirm that the financial information has been correctly extracted from the underlying annual financial statements.

NOTES TO THE PROVISIONAL CONSOLIDATED AUDITED FINANCIAL RESULTS

2. RECONCILIATION BETWEEN EARNINGS AND HEADLINE EARNINGS

	Audited for the year ended 30 June 2014	Audited for the year ended 30 June 2013
(Figures in Rands)		
The calculation of earnings per share is based on profits of R27 481 282 attributable to equity holders of the parent (2013: R24 931 456) and a weighted average of 136 002 041 (2013: 136 002 041) ordinary shares in issue during the year	20.21 cents	18.33 cents
The calculation of headline earnings per share is based on profits of R27 481 282 attributable to equity holders of the parent (2013: R24 931 456) and a weighted average of 136 002 041 (2013:136 002 041) ordinary shares in issue during the year	20.21 cents	18.33 cents
Reconciliation between earnings and headline earnings		
Profit attributable to ordinary shareholders of parent	27 481 282	24 931 456
There were no reconciling items		
Headline earnings	27 481 282	24 931 456
The calculation of diluted earnings per share is based on profits of R27 481 282 (2013: R24 931 456) and a weighted average of 136 002 041 (2013: 136 002 041) ordinary shares issued during the year		
There were no reconciling items	20.21 cents	18.33 cents
Reconciliation between earnings and diluted earnings per share:		
Weighted average number of shares used in the calculation of earnings per share	136 002 041	136 002 041
There were no instruments issued during the current year that have a dilutive impact.		

3. SEGMENTAL REPORTING

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-makers. These chief operating decision-makers ("the CODM") have been identified as the executive committee members who make strategic decisions. The CODM have organised the operations of the company based on its brands and this has resulted in the creation of the following reportable segments:

- BizWorx: the segment focusing on business related products; and
- MediaWorx: the segment focusing on information and entertainment services.

The accounting policies of the operating segments are the same as those described in the basis of preparation. MediaWorx provides services within South Africa as well as in 38 African countries ("Africa sales"). Within the year under review 5.75% (2013: 7.5%) of MediaWorx's revenue can be attributed to Africa sales. The Company allocates revenue to each country based on the domicile of the related customer. All of the Company's assets are located in South Africa. MediaWorx currently generates 30.3% and 13.39% (2013: 30.9% and 14.37%) of its revenue through two customers respectively. BizWorx generated 96% (2013: 96%) through one single customer. The reconciliation of gross profit to profit before taxation is provided in the Statement of Comprehensive Income. The CODM reviews these income and expense items on a group basis and not per individual segment. All assets and liabilities are reviewed on a group basis by the CODM. Capital expenditure would also be reviewed on a group basis. There is no inter-segmental revenue in the Group.

(Figures in Rands)	Audited for the year ended 30 June 2014	Audited for the year ended 30 June 2013
Revenue		
BizWorx	60 526 803	64 922 306
MediaWorx	57 670 791	42 444 929
	118 197 594	107 367 235
Cost of sale		
BizWorx	(13 164 591)	(15 596 846)
MediaWorx	(34 957 927)	(25 583 089)
	(48 122 518)	(41 179 935)
Gross Profit		
BizWorx	47 362 212	49 325 460
MediaWorx	22 712 864	16 861 840
	70 075 076	66 187 300

NOTES TO THE PROVISIONAL CONSOLIDATED AUDITED FINANCIAL RESULTS

COMMENTARY

The board of directors of FoneWorx ("the Board") are proud to announce their results for the year ended 30 June 2014.

NATURE OF THE BUSINESS

The Group provides interactive telecommunication, switching and business services, orientated around fixed and mobile networks. These include a broad range of services to the Fast Moving Consumer Goods ("FMCG") market, business and financial community, as well as media groups.

FINANCIAL PERFORMANCE

The Group's revenue has grown to a record high of R118.2 million representing a 10.1% increase on the revenue of last year of R107.4 million. The increase can once again be attributed to the MediaWorx division that had a 35.9% increase in revenue from R42.4 million to R57.7 million. This increase was due to increased sales. Furthermore, MediaWorx was able to maintain a steady gross profit margin of around 40% resulting in a gross profit of R22.7 million, a 34.7% increase on the gross profit of the previous year of R16.9 million. The BizWorx division showed marginal revenue decline of 6.8% with a slight improvement in its gross profit margin. This improvement was due to the Group introducing a number of initiatives to maintain and grow its own internal dealership network such as the use of outbound call centre agents to not only grow the current user base but maintain the current users and reduce user churn. The resulting impact of this was that the gross profit for the division amounted to R47.3 million which is 4% down on the previous year's record gross profit of R49.3 million. This division is still extremely cash generative as the earnings are achieved with minimal direct operational cost. A key driver for management is to keep operating costs down to a minimum and this year the Group was able to, once again, achieve a reduction in operating cost of 8.5%, reducing the operating cost to R9.6 million, the lowest that it has been in 5 years.

The Group has increased its staff expenditure cost by 20.7% from R19.1 million to R23 million in the year under review. At the end of the financial year the Group directly employed 83 staff members.

Earnings before interest, taxation, depreciation and amortisation ("EBITDA") increased by 10.1% to R38 million (2013: R35.9 million). Based on the weighted average number of shares in issue, earnings per share ("EPS") and headline earning per share ("HEPS") both increased by 10.3% to 20.21 cents from 18.33 cents in relation to the previous corresponding year. Profit before tax increased by 8.3% to R38.6 million (2013: R35.6 million) and gross profit increased by 5.9% to R70 million (2013: R66.1 million), resulting in a gross profit percentage of 59.3% (2013: 61.6%). Net profit for the year under review increased to R27.5 million (2013: R24.9 million) reflecting a 10.2% increase.

Statement of Financial Position

The Group has, over the past few years, built up a significant cash reserve. The aim of this is to enable the Group to:

- Make value enhancing acquisitions;
- Invest into internal projects;
- Have adequate working capital to expand organically;
- Have the ability to weather tough economic conditions; and
- To achieve this while maintaining a good dividend flow to shareholders.

The Group purchased 44% equity in Livingfacts Proprietary Limited for an amount of R3 million and subsequent to year end the Group made a further investment in BMI Research Proprietary Limited. We are of the view that over and above the strategic benefit that these acquisitions will afford us, it will assist the Group to achieve its revenue growth in the future as well as give us the ability to accrue the human capital required to expand while still enjoying the revenue from a going concern. Furthermore, the Group continues to invest in internal projects to the value of R3.6 million for the past year (2013: R4 million) as well as a R2.1 million investment in infrastructure and call centre assets (2013: R890 000) The assets held by the Group increased by 4.6% from R160.2 million to R167.6 million with a significant reduction in trade and other receivables from R25.2 million down to R18.9 million with a corresponding reduction in trade and other payables from R20 million to R17 million. Currently the Group is not heavily geared and has a debt equity ratio of 21.6% (2013: 26%) as it has adequate cash resources to fund growth and acquisition opportunities resulting in the limited use of interest-bearing finance. The net asset value per share has increased to 101.3 cents from 93.1 cents over the past year, an increase of 8.8% and the net tangible asset value per share increased 8.5% from 86.6 cents to 94 cents.

Cash movements

Cash generated from operations increased by 29% from R28 million to R36.3 million. This is again testimony of the cash generative nature of the BizWorx and MediaWorx divisions. R8.7 million of the cash generated was used for investing activities during the year. Furthermore the Group declared and paid a cash dividend of R16.3 million (12 cents per share) to its shareholders, a 71.4% increase on the prior year dividend of R9.5 million (7 cents per share). The net effect of this is that the Group increased its cash holdings from R109.3 million to R119.1 million, a 9% increase.

Equity movements

During the year under review there were no share issues or share premium movements.

OPERATIONAL PERFORMANCE

Whilst the historical Group revenue generators (MediaWorx and BizWorx) continue to deliver consistent earnings to varying degrees, the Group is embarking on an exciting new strategy which is dealt with under "Strategic Position and Vision".

Group Profile

The Group has developed a broad range of communication and technological services on the back of its own proprietary technical platform with software primarily developed by our own internal programmers.

Our unique selling proposition, which has enabled us to make solid inroads in the market, is our ability to:

- offer a broad range of services (such as SMS, IVR, USSD, MMS, email etc) under one roof – a "one stop shop". This has paid dividends particularly as we have a number of competitors in each of these services, although very few offer the range "under one roof";
- design, program, host and maintain our services on our own proprietary platform. This methodology gives us speed to market, the ability to design bespoke solutions and extract analytics on demand;
- be customer-centric and acknowledge the need to service our clients at the appropriate levels; and
- be innovative and keep abreast of new technology.

NOTES TO THE PROVISIONAL CONSOLIDATED AUDITED FINANCIAL RESULTS

The Group's target markets have traditionally been above and below the line media [television, radio and print], fast moving consumer goods companies and advertising agencies as a channel to a broader range of clients.

Our services have traditionally been offered as Business to Business ("B2B"), however there is a move to enter the Business to Consumer ("B2C") market which will be further explained under "Strategic Position and Vision".

Operational Performance

BizWorx

BizWorx provides unified communication services ("UCS") such as Fax2Email, Email2Fax, Short Message Services, Instant Messaging and related technologies to individuals, small, medium and micro enterprises and larger corporates.

These services are offered to the market by our own sales executives and 48 independent dealers who have been trained on the products and services.

Our faxing solutions, which are "cloud based" services, continue to provide the lion's share of revenue to the Group.

BizWorx's faxing solutions provide subscribers with: safety, security, auditability, reliability and trusted exchange.

The past year has seen a consolidation in the faxing industry which is a world-wide trend. Industries like finance, recruitment, law and healthcare have historically used fax and continue to do so. In 2013 Gartner, the world's leading information technology research and advisory company, reported that multifunction devices which couple fax capabilities with printing, scanning and copying remain in demand and that manufacturers shipped 37 million multifunction devices worldwide in 2011 and 2012, a number which Gartner expects to remain steady.

With data privacy and international regulatory compliance requirements, some industries, like health, tend to move from email to fax for more of their communications.

This seemingly backward move is actually quite the opposite with modernised fax using fax server software rather than the traditional fax machine. Because the communications are circuit-based and "point to point", they are considered more secure than email, which crosses the Internet and could be intercepted by malicious users. Similarly, faxes don't harbour viruses that can debilitate computers. In addition, faxes don't get blocked like emails. We anticipate that fax services will continue to consolidate further over the next few years and that certain industries will maintain the technology and others will become less dependent on this form of communication. There will also be a change in the service offering with a mix of traditional fax technology with new mobile-powered business services.

Strategically the Group is planning for a plateau and eventually a decline in line with international trends; however this service is completely automated and continues to be very profitable with very minimal human resource intervention providing solid annuity income which we still anticipate to continue over the next few years whilst new divisions and inorganic growth is achieved.

Email2Fax, which enables anyone to use their PC to "fax out" without the need for an actual printer or machine, continues to show growth albeit from a low base. Year on year growth showed a 20% increase with prepaid funds in "virtual wallets" increasing to R1,5 million. We anticipate this trend to continue as this represents a small percentage of our Fax2Email subscriber base.

Our premium rated faxing service is offered under a Telkom license which remains valid until 2018 with only two other licensed service providers in the market. The license is renewable at the end of each designated period.

Our strategy will be to continue to "modernise fax" by integrating mobile fax and creating a unified storage facility for document storage in one portal for faxes and scanned documents.

MediaWorx

MediaWorx is designed to provide our clients with, not only technical solutions, but also business strategy orientated around enhanced communications to consumers on a one-to-one basis in line with the Digital Economy.

Specially trained account executives operate from our offices in Randburg (Gauteng), Cape Town and KwaZulu-Natal and interact with a broad range of clients particularly digital agencies and media houses that provide above the line, below the line and through the line services to their principals. In addition, account executives provide services directly to corporates and Fast Moving Consumer Goods companies.

During the year under review MediaWorx performed well and continues to show positive growth. Over 1 020 campaigns spread over 320 different clients were successfully developed and hosted.

MediaWorx offers a broad range of services which can be categorised as:

Infotainment Services: using technologies such as: Short Message Service ("SMS"), Interactive Voice Response ("IVR"), Unstructured Supplementary Service Data ("USSD") and Multimedia Message Service ("MMS"). These services include: competitions, voting services and fulfilment of prizes.

These infotainment services were offered to a broad range of clients including: DSTV Africa – Big Brother, Unilever, SAB, SABC, Pep, Samsung, Machine, Telkom, Caxton CTP, Bokomo, Sasko, 34° South, Hardy Boys, 7DKS, Coca-Cola, Tropika, Amka, Millward Brown, Huggies, Imala, Jam Clothing, Initiative and Hulett's.

Community of Ecosystem Building: These services are designed to build clubs or loyalty programmes with the intention of building databases integrated to communication strategies using Customer Relationship Management ("CRM") tools and Instant Messaging ("IM") tools.

The core of the ecosystem is the database design, key performance indicators and marketing tools to effectively communicate with ecosystem members. Ecosystem services such as Instant Messaging and USSD were delivered to a number of blue chip clients including: Pep, SA Breweries (Hansa / Castle / Black Label / Redds) and Clientèle Life.

Market Research: Market research, particularly embracing mobile devices, is becoming more relevant and meaningful with the growth of the digital economy and mobile device penetration. MediaWorx developed a number of mobile and web-based surveys for the research industry using both smart apps and Unstructured Supplementary Service Data ("USSD") together with reward systems incorporating pin-less airtime to the respondent's mobile device.

Bespoke Services: MediaWorx designs a number of bespoke services based on a client's particular needs. In addition, we consult with clients to assist in integrating a mobile strategy to complement an organisation's marketing and communications strategy for long-term sustainable benefits.

MediaWorx continues to be the preferred service provider to SABC Mobile and DSTV Africa.

This division has huge organic growth opportunities, particularly with the growth of mobile devices and the widespread adoption by consumers of social media, e-commerce, e-banking and content sharing. Our strategy continues to grow the base of clients and the depth of services offered to each client.

MediaWorx Africa

MediaWorx Africa, a sub-division of MediaWorx, has a presence in 38 countries in Africa and has longstanding contractual relationships with over 95 mobile networks in those countries.

This division has successfully hosted a number of campaigns for blue chip companies including DSTV Africa (Big Brother series 1 – 9), Distell, Clere, Sybase and blue chip mobile device manufacturers.

In addition, this division has managed mobile surveys for a range of research companies in Ghana, Tanzania and Kenya.

MediaWorx is one of the few companies that has operated successfully in Africa over the large footprint of networks on a consistent basis. Our formula, developed for Africa, promises good growth and we will continue to add countries to our portfolio and the mobile networks associated to each country.

CarbonWorx

The afforestation project, in association with The Department of Environmental Affairs and The Hegebe Trust in Mqanduli, ended on the 31st of March 2014. This project created 76 "green jobs" over the last 3 years and over 10 000 trees were planted in the designated sites. In addition, hundreds of acres of land were cleared of invasive lantana.

Over 9 000 trees still remain in the nursery and we will continue to plant them in the designated sites in the foreseeable future. The designated sites will continue to be maintained with six staff for the next six months.

Strategic Position And Vision

Over the last 17 years the Group provided services to thousands of clients and collected large amounts of data. Whilst the data existed there was very little around information or knowledge associated with the data. The data was also collected in various forms of "calls to action" using mass media such as television, radio and print. In essence, the data aged and was never leveraged to information and knowledge and thus became meaningless and never monetised. The Group identified this pattern as an opportunity to re-visit data and knowledge management.

With mass marketing declining and one-to-one marketing increasing, there is an accelerated need to understand the customer better so as to communicate in a dialogue and not a monologue and to provide the customer with marketing material that is meaningful, relevant and anticipated.

Over the next few decades, the intelligent use of data [knowledge] will become one of the biggest competitive advantages a company can have.

However, collecting, processing and using this data to communicate will come with a number of challenges:

- consumer's digital purchasing journeys are becoming more complex;
- companies need to differentiate between young consumers (13 – 34) and consumers aged 35 to 64 as strategies around these different groups have implications on telecoms, media and entertainment; and
- companies can't see consumers as "targets" in the process of collecting data and will have to respect that consumers own their data and will have to respect the privacy around the data. This is particularly so in South Africa in the context of the Protection of Personal Information Act ("POPI").

Strategic Opportunity

These challenges have created exciting opportunities for the Group and we have established a new division called Knowledge 350° to assist companies in managing these challenges and opportunities.

Knowledge 350° is a 15 step business process which creates an integrated and logical strategic process that assists companies to build up meaningful databases in line with POPI and to move away from segmenting customers to building "single customer profiles" with detailed demographics and psychographics associated to each customer. This will assist companies in building consent-based data (POPI and CPA compliant) with in-depth knowledge (experiences, insights and inferences) so as to effectively monetise the knowledge in a partnership with the consumer.

The technology developed by the Group is used to facilitate the 15 steps and enable the "strategic objectives" to be executed with the deployment of the technology.

Future Prospects

Knowledge 350° represents an exciting new strategy for the Group for the following reasons:

- It opens up new market sectors, new clients and additional revenue streams;
- It is an extension of the Group's technology capability and adds a consulting element to the traditional sales approach;
- It establishes long-term relationships with existing and new clients;
- Deployment will be low risk, incremental and will enable the existing divisions', BizWorx and MediaWorx, offerings to continue without any negative financial or strategic impact; and
- It creates both organic and inorganic growth opportunities for the Group.

The Group's vision is to assist its clients in building ecosystems with opt-in databases with capacity to move the data to information and ultimately knowledge in a way that companies "self-create" intangible assets with each "unit of knowledge" added to the database.

The Group would then:

- own its own databases;
- have right of use to third party databases; and
- manage databases for third parties.

With the impending impact of POPI we believe that Knowledge 350° will provide huge opportunities for the Group.

Intellectual And Earnings Enhancing Acquisitions

In order to facilitate the deployment of Knowledge 350° the Board has decided to seek and acquire equity positions in profitable companies that offer Knowledge 350° access to human capital to implement key facets of Knowledge 350° and simultaneously enhance the Group's earnings.

In line with this strategy and during the year under review, the Group acquired 44% in Livingfacts Proprietary Limited. Livingfacts has extensive experience in research and offers specialist analytics, data processing and statistical services which are crucial elements of Knowledge 350°.

In addition to this, and post year-end, the Group acquired 35% in BMi Research Proprietary Limited. BMi is a research house specialising in consumer and industrial research in various sectors, including the retail, wholesale and manufacturing sector.

Additional acquisitions are being evaluated to complement the various facets of Knowledge 350° and the Group's changing profile.

Changing Profile

In line with the introduction of Knowledge 350° the Group's structure will be simplified into two distinct offerings:

- Knowledge creation and management; and
- Active data services (existing services offered over the last 17 years).

The Board was accordingly of the view that, in line with these changes, it was opportune for the Group to:

- Transfer the listing of FoneWorx from the Alternative Exchange to the Main Board of the JSE Limited; and
- Propose a name change for FoneWorx Holdings Limited, in line with the new strategic position and vision (shareholders will be notified in due course).

The Group is very well positioned to:

- Enjoy the benefits of the annuity revenue provided by BizWorx with minimal capex and human resource requirements;
- Continue to grow MediaWorx's existing offering to a broader base of clients which has longevity and a growing revenue stream; and
- Incrementally introduce Knowledge 350° with educated and measured capex and the systematic and controlled increase in human resource capabilities.

Appreciation and Moving Forward

The Board is very positive about the future direction of the Group in the Knowledge Economy and takes this opportunity to thank Management for their dedication and leadership.

FoneWorx's ongoing prosperity will be a reflection of all the staff's commitment, team spirit and appetite for our new challenges and opportunities.

In addition, the Board wishes to send sincere thanks to all our dealers, customers, partners and our new equity partners for their support and continued commitment.

SUBSEQUENT EVENTS

BMi Research (Pty) Ltd

Subsequent to the end of the financial period of 30 June 2014 the Group acquired a 35% interest in BMi Research Proprietary Limited for a purchase price of R8 000 000. The acquisition occurred on 31 July 2014, and is indicative of conditions that arose after the reporting period. This is classified as a non-adjusting event as per IAS 10 Events after the reporting period.

Financial assistance for the purchase of shares

On 25 June 2014, the Board approved financial assistance to the directors and staff of the Group for the purpose of purchasing FoneWorx Holdings Limited's shares. During the Annual General Meeting held on 21 November 2013 the members of FoneWorx Holdings Limited voted in favour of a resolution that provided that financial assistance may be provided for subscription of securities in the Company. The loans provided have no fixed repayment terms and carry an interest rate of 5%, payable annually.

The shares purchased by the directors and staff relate to shares that were held by the Estate of the Late Ronald Graver. The shares were purchased at a value of R2.28. The financial assistance was only advanced to the employees after year end and the shares had not been allotted to the various employees at year end. At year end there was no existing obligation and as such this is classified as a non-adjusting event as per IAS 10 Events after the reporting period.

CHANGES TO THE BOARD

Independent Non-executive directors

Paul Jenkins (Appointed on 17 September 2013)

Roger Pitt (Appointed on 17 September 2013)

Non-Executive directors

Marc du Plessis (Appointed on 17 September 2013)

Piet Greyling (Appointed on 18 September 2013)

CORPORATE GOVERNANCE

The Board recognises the need to conduct the affairs of the Group with integrity and in compliance with the principles of the King III report. Throughout the year under review the Group has complied with the principles as set out in the King III report except for the following:

Composition of the Board

During the year the Board's composition fell short of the requirements as set out in King III. This was due to limitations imposed on the Board structure until the Kirsh Consortium / Value+ transaction was concluded. Subsequent to this matter being resolved the Board appointed four additional Board members. The Board now comprises of six non-executive directors (three independent) and three executive directors.

Composition of the Audit Committee

With the addition of four board members subsequent to the year end, the Board was able to amend the composition of the Audit and Risk Committee that did not comply with the requirements as set out in King III as it was chaired by the Chairman of the Group and only consisted of two non-executive directors. The Committee now consists of three non-executive directors.

Company Secretarial Function

During the year under review and in order to comply with requirements of King III the Board appointed a non-director as Company Secretary. Mr. Stefan Kleynhans was appointed as Company Secretary with effect from 27 February 2014. All directors have unrestricted access to the Company Secretary, Company Information, records and property.

FINAL DIVIDEND DECLARATION

Notice is hereby given that the directors have declared a gross final dividend of 12 cents for the financial year ended 30 June 2014 (2013: 12 cents per share), which is adjusted for withholding tax. The final dividend has not been included as a liability in these provisional consolidated audited financial results as it was declared subsequent to year end. The final dividend for June 2014 is payable to all shareholders on the Register of Members on Friday, 24 October 2014. In terms of the dividends tax, effective 1 April 2012, the following additional information is disclosed:

- the local dividend tax rate is 15%;
- the dividends will be payable from income reserves;
- no STC credits have been utilised. Accordingly, the dividend to utilise in determining the dividend tax is 12 cents per share;
- the dividend tax to be withheld by the Company amounts to 1.8 cents per share;
- therefore the net dividend payable to shareholders who are not exempt from dividends tax amounts to 10.2 cents per share, while the gross dividend payable to shareholders who are exempt from dividend tax amounts to 12 cents per share;
- the issued share capital of the Company at the declaration date comprises 136 002 041 ordinary shares; and
- the Group's income tax reference number is 9087/450/84/8.

Declaration date:	Thursday, 18 September 2014
Last day to trade cum the dividend	Friday, 17 October 2014
Date trading commences ex the dividend	Monday, 20 October 2014
Record date	Friday, 24 October 2014
Date of payment	Monday, 27 October 2014

Share certificates may not be dematerialised or rematerialised between Monday, 20 October 2014 and Friday, 24 October 2014, both dates inclusive.

For and on behalf of the Board

Ashvin Mancha Chairman	Mark Smith Chief Executive Officer	Pieter Scholtz Financial Director
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Johannesburg
18 September 2014

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Directors: Ashvin Mancha** - Chairman, Mark Smith – Chief Executive Officer, Pieter Scholtz - Financial Director, Gaurang Mooney* (Botswana), Graham Groenewaldt – Sales Director, Paul Jenkins#, Roger Pitt**, Marc du Plessis#, Piet Greyling#

Non-executive

* *Independent*

Company Secretary: Stefan Kleynhans BA Bluris LLB LLM (Banking Law)

Auditors: Grant Thornton (Jhb) Inc.

Transfer Secretaries: Computershare Investor Services Proprietary Limited

Designated Adviser: Merchantec Capital



Directors: Ashvin Govan Mancha (B Proc) - Chairman*,
Gaurang Mooney (BA)** (Botswana), Mark Smith (BA LLB) - Chief Executive Officer,
Graham Groenewaldt - Sales Director, Pieter Scholtz (CA (SA)) - Financial Director
Paul Jenkins#, Roger Pitt##, Marc du Plessis#, Piet Greyling#
Non-executive * Independent

Website: www.foneworx.co.za

Company Secretary: Stefan Kleynhans (BA Bluris LLB LLM)

Designated Adviser: Merchantec Capital

Transfer Secretaries: Computershare Investor Services Proprietary Limited