

FONEWORX HOLDINGS LIMITED

PROVISIONAL CONSOLIDATED AUDITED FINANCIAL RESULTS

FOR THE YEAR ENDED 30 JUNE 2014 AND DIVIDEND DECLARATION

Despite a challenging economic and competitive environment, the Group produced a good set of results with the following 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%

“During the period under review, the Group developed a new strategic position and vision to focus on the Knowledge Economy, with knowledge becoming the new “asset class” for organisations into the future” says Mark Smith the CEO of FoneWorx.

Over the last 17 years the Group has 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. Smith says “We identified this pattern as an opportunity to revisit 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.”

Smith believes that over the next few decades, the intelligent use of data (knowledge) will become one of the biggest competitive advantages a company can have.

To this end, and to meet these challenges and opportunities, the Group has developed a new division called Knowledge 350° to assist companies in managing these opportunities and challenges around the development of knowledge.

The Group has been streamlined and simplified to provide two distinct service offerings, the first being Data Exchange Services; which incorporates the services developed by the Group over the last 17 years and includes Fax2Email, Email2Fax, SMS, IVR, USSD, Instant Messaging, Fulfilment and the like.

The second, and primary focus of the Group over the next few years, is Knowledge Creation and Management. The channel to market for Knowledge Creation will be Knowledge 350° which is a

15 step consulting process which creates an integrated and logical strategic process that assists companies to build up meaningful databases in line with the Protection of Personal Information Act (“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 which is both POPI and CPA compliant with in-depth knowledge (experiences, insights and inferences) so as to effectively monetise the knowledge in partnership with the consumer.

Smith says that 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 existing divisions’, namely BizWorx and MediaWorx, offerings to continue without any negative financial or strategic impact; and
- It creates both organic and inorganic opportunities for the Group.

Smith says that the Group’s vision is to assist its clients in building eco-systems with opt-in databases via permission-based marketing strategies with the capacity to move data to information and ultimately knowledge in a way that companies can self-create intangible assets with each unit of knowledge added to the database.

Smith says that in line with the changing profile of the Group, the Board has resolved to:

- transfer the listing of the Group from the Alternative Exchange to the JSE’s Main Board which is currently under way; and
- to ultimately look at a name change for the organisation in line with the re-focused Group.

In line with the various SENS announcements during the course of the period under review, the Group made two acquisitions in terms of acquiring 44% in Livingfacts (Pty) Ltd and 35% in BMi Research (Pty) Ltd both being crucial to the deployment of Knowledge 350° and assisting clients in understanding their customer base in more detail in line with the development of knowledge.

Smith believes that with the impending impact of POPI, Knowledge 350° will provide a huge opportunity for the Group and enable the Group to look at further acquisitions going forward.

We remain extremely optimistic about the future opportunities around the Knowledge Economy.

Attached is a PDF of the Group’s full results. For more information contact Cathy Edgar on:

Landline: 011 293 0000
Email: cedgar@foneworx.co.za