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Media release

FONEWORX ADVANCES ON ITS NEW STRATEGIC DIRECTION

FoneWorx, a Telecoms and IT solutions provider, announced today that it has entered into back to back transactions to repurchase the IDC's 30% shareholding in the Group for a price of between 130 and 139 cents per share to sell those shares to Isaac and William Kirsh (The Kirsh Family) at the same price, at a value of between R53 million and R56.7 million.

The transaction marks the first step in the development of a strong strategic relationship between FoneWorx and the Kirsh Family's interests. It is envisaged that there will be a new strategic direction for the Group, and it is considered that FoneWorx's businesses, in addition to continuing to pursue existing market leading growth strategies, will be highly complementary to the anticipated way forward.

FoneWorx has, over the last six years, delivered a 22% compound annual growth in turnover to R91 million, and over the same period delivered compound net profit growth of 50% up to R19.5 million.

FoneWorx reported a 14% rise in revenue to R52.5 million, for the six months ended December 2011. In the same period PBIT increased by 16% to R14.2 million and the PBIT margin was 27% versus 26.5% in the comparable period in the prior year.

Talking about the transaction, FoneWorx CEO, Mark Smith said:

"The IDC have been very supportive but passive shareholders. However, Issie and William Kirsh, respected South African entrepreneurs, will join us as strategic, value enhancing shareholders. Their investment in FoneWorx creates a strong platform for growth with a longer term vision of aligning FoneWorx with assets the Kirsh Family have built up recently."

Post the transactions, the Kirsh family will own 33% of FoneWorx. The balance of the shareholding is, in the main, owned by the directors of the company.

"We have a strong balance sheet and cash on hand approaching R100 million, which provides a solid foundation for investing for the future of the business." Smith concluded

The agreement is subject to conditions precedent.

- Ends -

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Notes to Editors

About FoneWorx

FoneWorx Holdings Limited is listed on AltX on the JSE and is the holding company for FoneWorx (Pty) Limited ("FoneWorx") and other subsidiary companies, which are, in the main, Telecoms and IT solutions providers.

FoneWorx is the largest independent proprietary switch which is connected to all the mobile networks (MTN, Vodacom, Cell C and 8ta) and Telkom. The FoneWorx platform currently constitutes 1,200 channels of voice and data capability and operates as a bureau for the hosting of a broad range of services including: IVR, SMS, USSD, fax, email and data storage, to mention a few.

FoneWorx has over 18 full-time programmers who have developed and maintain the proprietary platform. We also provide our clients with a "turnkey solution" from scripting, studio recording, programming, hosting, web statistics and post-campaign analysis.

FoneWorx has hosted many large promotions, competitions and voting services such as Idols (SA), Idols (West Africa), Telkom Knockout, Big Brother Africa, Pep Club, African Cup of Nations, Strictly Come Dancing and Ola Magnum.

In addition, FoneWorx has provided a plethora of infotainment services to over 200 agencies who service in excess of 500 Fast Moving Consumer Goods ("FMCG") brands and business services to over 150 corporates.

FoneWorx also has a number of operating divisions which include CarbonWorx (sustainability services), IDWorx (Identity Access Management) and DRWorx (Disaster Recovery Services).

For more information: www.foneworx.co.za