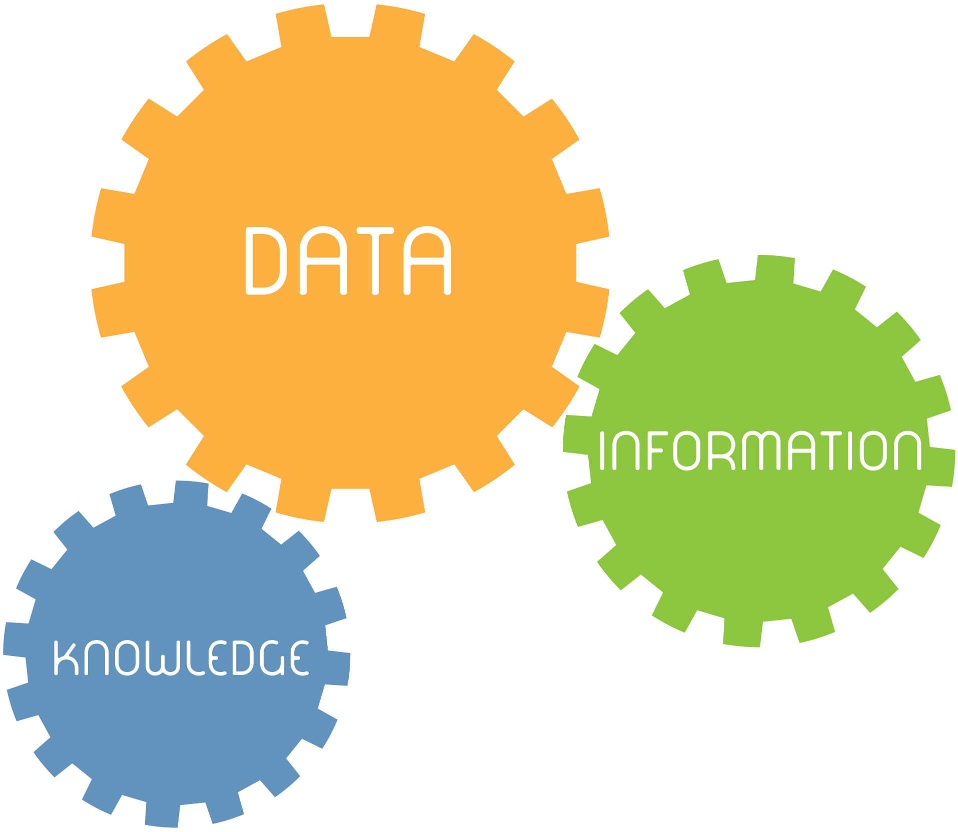


FoneWorx

www.foneworx.co.za

FoneWorx

ANNUAL REPORT 2014

"FoneWorx is an information, communication and technology ("ICT") company, which provides a broad range of products and services to over 450 clients, primarily within media, Fast Moving Consumer Goods ("FMCG"), digital agencies, telecommunications and publishing sectors mainly within South Africa and niche markets throughout Africa."

Services offered by the Group are predominantly in South Africa, however our footprint in the rest of Africa has been growing substantially over the years. We currently provide niche services such as: research, promotions, texting and database management in 38 countries over 95 networks.

Contents

Scope of the Report

The Board of Directors of FoneWorx ("the Board") proudly present the Group's Integrated Annual Report ("the Annual Report" or "the Integrated Report") for the financial year ended 30 June 2014.

The Annual Report provides an overview of the Group's business, incorporating identified material issues facing the Group and its subsidiaries. The Annual Report incorporates the Group's approach to sustainability and general corporate governance.

We have not sought independent assurance on this Annual Report, except for the Annual Financial Statements which were independently audited by the Group's Auditors.

In compiling this Annual Report FoneWorx has given consideration to:

- The JSE Listing Requirements;
- The South African Companies Act, No. 71 of 2008, as amended;
- The King Report on Governance (King III);
- Global Reporting Initiative ("GRI") Framework;
- Guidelines for Sustainability Reporting; and
- International Financial Reporting Standards and the Adoption of New Accounting Standards 2011.

Directors' Responsibility
The Board acknowledges its responsibility to ensure the integrity of the Annual Report. The Board has applied its mind to the Annual Report and confirms that the report addresses all material issues and fairly represents the integrated performance of the Group.

FoneWorx is an ICT company that has developed its own proprietary software, hosted on its own technical platforms.

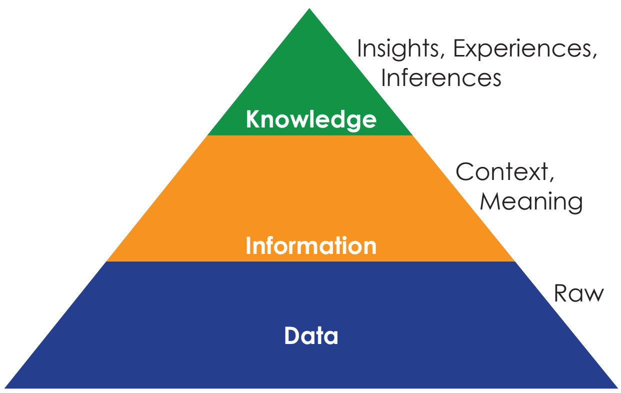
The services provided are orientated around:

- Knowledge creation and management.
- Active data services.

Knowledge Creation and Management
The 15 Step Knowledge 350˚ journey, offered to a broad range of clients across all sectors of the market, enables FoneWorx to evaluate opportunities and weaknesses in each of our clients.

This enables us to introduce the requisite technology to facilitate the building of a "singular customer" view with one-to-one marketing strategies using the appropriate digital channels for anticipated, relevant and meaningful communications.

Knowledge Economy



CRM	**Mobile Commerce** • Payments • Banking / Virtual wallets **Market Resarch** • Surveys • Polls **Mobile Community** • Clubs • Instant messaging • USSD
DIRECT MARKETING	**Messaging** • Personalised • Permission-based messages: • SMS, MMS • WAP / USSD push • email • Instant messaging (All the above comply with the Protection of Personal Information Act ("POPI"))
PROMOTIONS	**Competitions** • Interactive USSD voting • Text2Win **Other** • Coupons / Vouchers • Sample ordering • Request for more information • Airtime push **Loyalty Services** • Couponing • Data analytics
ADVERTISING	**Web** • Mobile and traditional **Narrowcast** • Bluetooth **Physical Browsing** • RFID, Bar code, QR codes **Other** • IVR, IVR push, Gamification

Active Databases
The broad range of services are designed around four themes: customer relationship marketing ("CRM"), direct marketing, promotions and advertising.

The technical tools or bearer services that have been developed to service these themes include: SMS, IVR, USSD, IM, MMS, Web, mobi, vMail, call centres, payment gateways and database management.

FoneWorx's Clients
Our clients are found in various sectors of the economy, however a large concentration is found in:

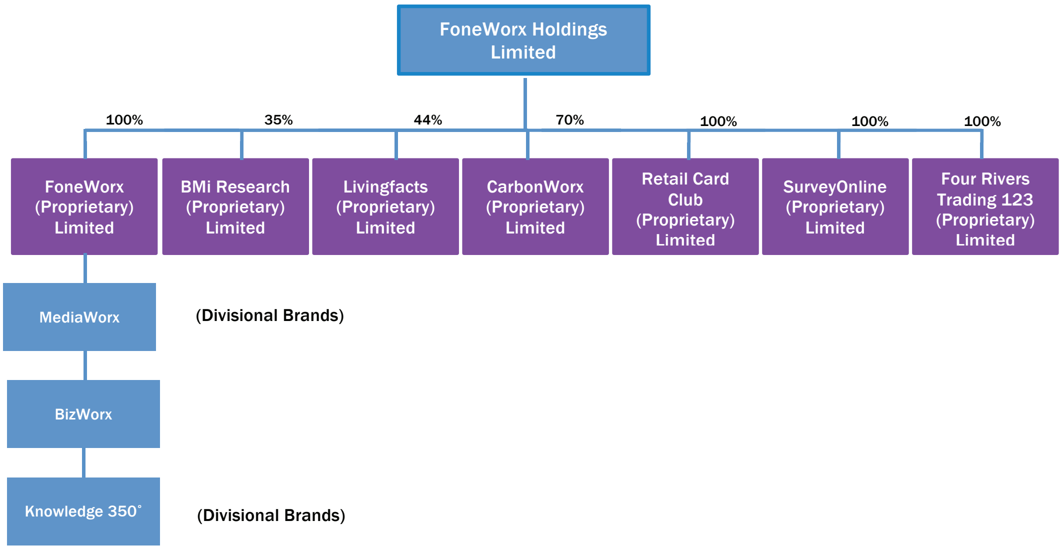
- Media houses (broadcasting [television and radio]);
- Below and through the line digital and traditional agencies; and
- FMCG, corporates and NGO's.

Route To Market
FoneWorx employs account executives who either service existing clients or solicit new clients. Account executives operate from our Head Office in Gauteng, a satellite office in Western Cape and a home-based office in KwaZulu-Natal. Other regions are serviced from our Gauteng office.

Knowledge 350˚ services are provided by trained consultants who facilitate detailed workshops with senior management of a broad range of clients. Consultants are based in Gauteng and Western Cape and travel to other regions where necessary.

Geographical Operations
Services offered by the Group are predominantly in South Africa, however our footprint in the rest of Africa has been growing substantially over the years. We currently provide niche services such as: research, promotions, texting and database management in 38 countries over 95 networks.

Group Profile



FoneWorx Proprietary Limited
FoneWorx Proprietary Limited is a wholly owned subsidiary of FoneWorx Holdings Limited and houses the operating divisions of MediaWorx, BizWorx and Knowledge 350˚.

MediaWorx
MediaWorx has developed a proprietary technical platform which hosts a range of multi-channel services which are offered to all internal divisions and third party clients.

The technical platform is connected to the mobile and fixed line networks of: Telkom, MTN, Vodacom, Cell C and Telkom Mobile. FoneWorx is a full member of The Wireless Application Service Providers Association ("WASPA").

The technical platform and multi-channel services that are offered to internal divisions and third party clients include:

Multi-Channel Services

Interactive Voice Response	"IVR"
Multi Media Services	"MMS"
Unstructured Supplementary Service Data	"USSD"
Instant Messages	"IM"
Short Message Service	"SMS"
Pin-less Airtime	"PA"
Electronic Wallets	"e-wallets"

MediaWorx provides the multi-channel services to a broad range of clients, in particular: media houses (SABC/DSTV Africa), digital agencies, traditional agencies and "through the line agencies".

Clients are serviced by professionally trained account executives who provide strategic and technical assistance in developing and hosting campaigns.

MediaWorx also provides web development, primarily to support bespoke campaigns and provides the associated search engine optimization ("SEO") input to ensure responsiveness across all technologies (PC, tablet and mobile).

Fulfillment of prizes or rewards is an important element of many campaigns and to this end MediaWorx provides an end-to-end solution for fulfillment of digital rewards (airtime, coupons, and money) as well as physical products via external logistics suppliers such as Dawn Wing.

The range of services offered to MediaWorx clients include:

• Promotions	• Voting
• Competitions	• Research
• Chat Services	• Bulk Communications
• Loyalty / Club Services	• Web Applications
• e-commerce	• Couponing
• Call Centre	• Fulfillment Services

BizWorx

BizWorx leverages off the proprietary platform and provides a range of unified communication services ("UCS") targetted at: individuals, small office/home office ("SOHO"), small medium enterprises ("SME's") and corporates.

Faxing solutions (Fax2Email, Email2Fax, corporate fax) make up the lion's share of this division. Faxing solutions are fully automated, easily scalable and require minimum human capital with attractive annuity income.

The full range of services offered via BizWorx includes:

• IVR	• Fax2Email
• Conference Call	• Email2Fax
• USSD	• Corporate Fax
• IM	• Airtime Sales
• Email	• Auto Receptionist
• Airtime Sales	• Mobi Sites

BizWorx services are sold to the market via 48 trained dealers (independent contractors who are commission-driven) and via the Account Executives deployed by MediaWorx.

BizWorx also designs bespoke services to a broad range of clients who require specifically designed solutions using individual or aggregated services provided by BizWorx.

Knowledge 350˚

Knowledge 350˚ is a specialised consulting services division of FoneWorx.

The Knowledge 350˚ strategy is to assist clients in moving away from mass marketing to one-to-one marketing. This moves our clients' databases from segmented or clustered marketing to singular customer granularity and the associated focused marketing.

The primary elements of Knowledge 350˚ are:

- Understanding your customer
- Collecting data in line with the Protection of Personal Information Act
- Developing permission-based marketing
- Transforming raw data to information and ultimately knowledge

Livingfacts Proprietary Limited

FoneWorx acquired 44% of Livingfacts Proprietary Limited during the period under review. The aim of the investment was to acquire access to human capital to support the strategy of Knowledge 350˚, in particular around market research, and to increase the revenue of the Group.

Three senior directors of Livingfacts collectively have 50 years of experience in research and offer specialist analytics, data processing and statistical services.

Whilst continuing to grow its own client base, Livingfacts will contribute tremendous value to the FoneWorx Knowledge 350˚ consultancy by assisting clients in better understanding customer needs, perceptions and realities. FoneWorx will, in addition, provide technical and mobile services to Livingfacts thereby creating a symbiotic relationship.

Livingfacts has a broad range of blue chip clients in: financial services, logistics, strategy, on-line, cosmetics and technology, as well as well-known international brands. This footprint bodes well for FoneWorx to introduce Knowledge 350˚ as well as its existing well established range of technical services to these clients.

BMi Research Proprietary Limited ("BMi")

Post the period under review FoneWorx acquired 35% of BMi Research Proprietary Limited with effect from 01 July 2014. BMi is a research house specializing in consumer and industrial research in various sectors, including the retail sector/market. BMi has experience across a wide range of methodologies and markets.

BMi provides research into a number of sectors and industries including: apparel, automotive, consumer packaged goods (CPG), financial, food services, information technology and communication, manufacturing, packaging, raw materials, retail and wholesale.

BMi offers a range of services that includes annual quantifications, tracking reports, in-store observation services and liquor in-store pricing, print ad tracking, commissioned research and consumer research.

The research undertaken by BMi allows its customers to view trends and developments in their area of focus and business.

The acquisition will complement and enhance the strategic objectives of FoneWorx and will contribute tremendous value to the Company's Knowledge 350˚ consultancy by assisting clients in better understanding customer needs, perceptions and realities.

Group Profile

CarbonWorx Proprietary Limited
CarbonWorx is, in essence, a service and product "spawned out of MediaWorx", by assisting corporates to participate in sustainability efforts via afforestation projects and to complement corporate social investments.

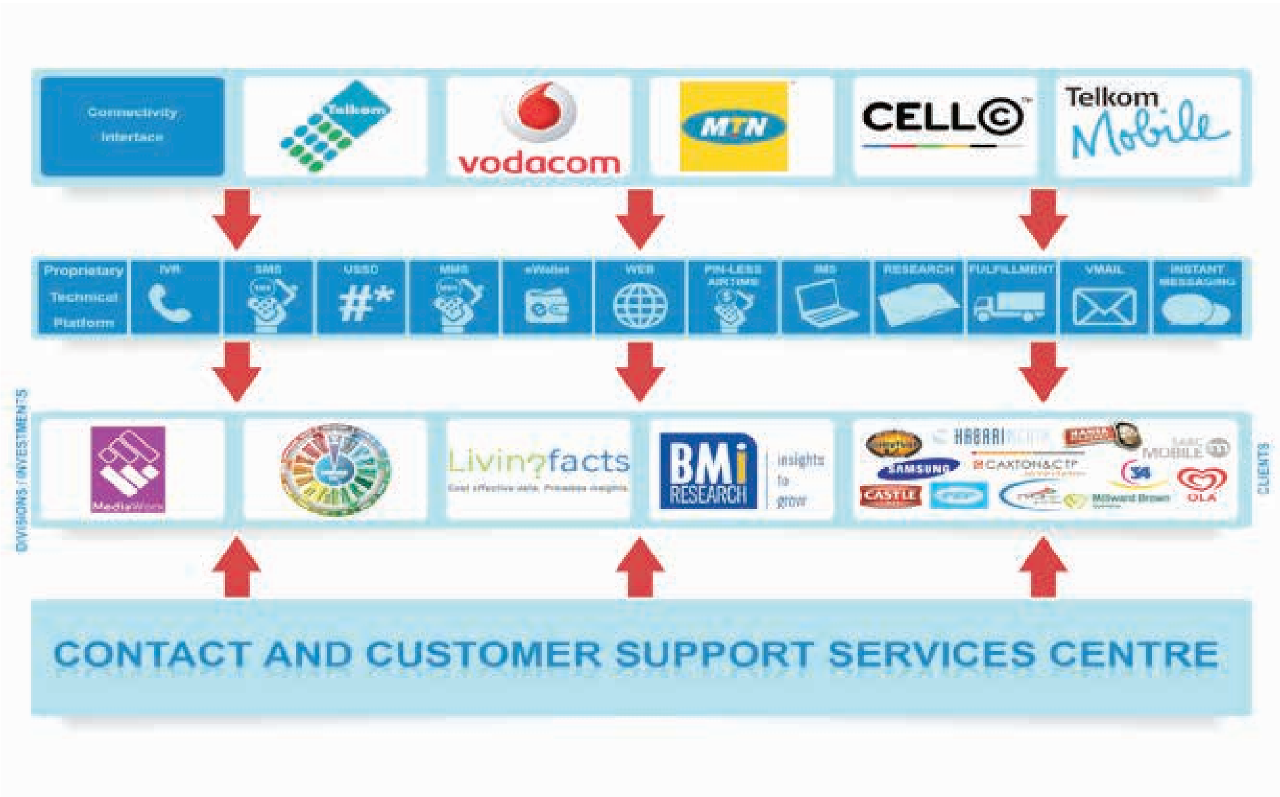
Corporates or individuals who have acknowledged climate change as a reality, irrespective as to whether it is a natural phenomenon or attributed to human activity, have used CarbonWorx to plant trees thereby voluntarily off-setting greenhouse gases.

CarbonWorx is, in essence, an e-commerce facility with the planting of trees in association with the Department of Environmental Affairs and Trust land based in the Eastern Cape.

Retail Card Club Proprietary Limited ("RCC")
RCC is a special purpose vehicle used for bespoke projects, where the projects are defined over a specific period and are purpose specific.

SurveyOnline Proprietary Limited ("SurveyOnline")
SurveyOnline is used for specific projects around research, in particular bespoke qualitative and quantitative surveys.

Four Rivers Trading 123 Proprietary Limited ("Four Rivers")
Four Rivers owns the Groups' Head Office in Randburg, Gauteng. Four Rivers provides management services to the property and also leases to third parties who make use of the facilities.



The Group's vision is to assist its clients in building eco-systems 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.

Cape Town Office

Directors' Profiles

Mark A Smith – CEO
BA LLB (Admitted Attorney)
Age: 56

Executive Director

Mark completed his articles and practised as an attorney for a few months before joining Shield Trading Corporation Limited ("Shield") as legal advisor. Mark was also the managing director of Infophone Proprietary Limited which operated telephony services in the premium rate service industry where he gained experience in the audiotex telephony platform. In 1991 Mark was appointed joint managing director of Shield. In 1992, Massmart Holdings Proprietary Limited, a subsidiary of Wooltru Limited, acquired 66% of Shield and Mark was appointed the managing director of Shield. In May 1995, Mark was also appointed a director of Massmart Holdings Proprietary Limited, the holding company of Shield, Makro and Dion. As managing director of Shield, Mark was responsible for 450 franchised outlets and responsible for sales of R1.3 billion. The total market share of Shield's outlets totalled (collectively) approximately R6 billion. In February 1997 Mark phased out of Shield to start FoneWorx.

Mark has extensively researched Identity Verification applications and also attended courses on the subject matter. In addition, Mark has consulted widely with a number of legal professionals and industry bodies to acquire extensive knowledge in the area of Identity Verification.

Mark has also developed an extensive business training course orientated around the small, medium and micro enterprises and lectures on a broad range of topics in the Virtual Business Centre management courses in the FoneWorx Academy.

Mark has consulted widely with environmental experts on climate change and has also presented papers at various climate change conferences. In addition, Mark holds a number of workshops on climate change and restoration of local eco systems in line with climate mitigation and adaptation.

Pieter A Scholtz – Financial Director (CA(SA))
B.Com (Acc), B.Com Honours, CTA, CIMA
Age: 38

Executive Director

Pieter qualified as a Chartered Accountant (SA) in 2001 and passed the Chartered Institute of Management Accountants (CIMA) final examination in 2002. He served his articles at the Johannesburg office of the Auditor-General where he stayed on until May 2005. During this period he was the appointed Training Officer for all the SAICA trainees within the Johannesburg Office, specialising in Performance Auditing and was the Senior Manager in charge of numerous high profile government audits within the Gauteng Province.

In June 2005 Pieter joined the Commission for Gender Equality as the Chief Financial Officer (CFO). In December 2006 Pieter was offered the position of Group Finance Manager for Blue IQ Holdings Proprietary Limited, a government held entity focusing on infrastructure development throughout the Gauteng province. In February 2008 he was appointed as the Financial Director of FoneWorx.

Graham Groenewaldt – Sales Director
Age: 56

Executive Director

Graham began his career at Telkom in the technical department and became a department supervisor at the age of 21 after which he was promoted to Zone Manager. Following his time at Telkom, Graham co-founded Qualicom, specialising in servicing and maintenance of PABX and telecommunications equipment. Teleboss later bought Qualicom and Graham stayed on as Operations Director. In 1992 he left Teleboss to become an independent consultant. In 1995 Graham returned to Teleboss as Managing Director of the Johannesburg region. After managing Teleboss for four years he took up the position as CEO of TeleMessage in October of 1999 and in December was appointed to the board of directors as Managing Director. Telemessage was merged with a subsidiary of Interconnective Solutions Limited, now FoneWorx Holdings Limited, in 2003.

Ashvin G Mancha (Chairman)
B.Proc
Age: 57

Independent Non-Executive Director

Ashvin obtained a B. Proc from the University of Witwatersrand in 1981, and thereafter a Diploma in Financial Management. He completed articles at Soller, Winer and Partners, and was admitted as an Attorney in 1982. His primary responsibilities and experience were in the banking sector. In 1985 he entered the family business which ran property and retail businesses which gave him direct exposure to the stockbroking community in South Africa. He then joined Ed, Hern Rudolph Inc. as a stockbroker on completion of his stockbroking exams and was the first qualified black practicing stockbroker during the apartheid era of South Africa. He was invited to join the Board of directors, and remained a director after the firm was sold to BOE Natwest in 1995. During the period up to his departure in December 1999, he built up one of the largest independent private client stockbroking businesses in South Africa. In June 2000 he started the stockbroking firm of Afrifocus Securities.

Directors' Profiles

Gaurang Mooney
BA (Economics & Finance)
Age: 44

Non-Executive Director

Gaurang studied at the University of Texas and obtained a Bachelor of Arts degree in Economics and Finance. Gaurang's background is in finance and he is an executive director of Overseas Development Enterprises Proprietary Limited. This company has significant interests in owning and operating large wholesale and retail trading outlets in the food, hardware and flooring sector in Southern Africa. In addition to this, a main focus of the company is property development both in Southern Africa and Australia. Gaurang has built up tremendous practical experience in all of the businesses that the company has interests in. He has been associated with the founder members of the Company since it commenced its current operations.

Paul Jenkins
B.Com, LLB
Age: 55

Independent Non-Executive Director

Paul qualified at Randse Afrikaanse Universiteit in 1981 with a BCom and LLB degree and was admitted as an attorney and notary in February 1986. He became a partner of Webber Wentzel in 1988 and left his position as senior commercial legal partner in 1999 to join the Johnnic Group full time. In this capacity he served as a director of numerous listed companies and was CEO of Johnnic Entertainment. He is currently self-employed and provides business and legal advisory services to a select Group of clients. He is the non-executive Chairman of Caxton and CTP Publishers and Printers Limited and the executive Chairman of Moneyweb Holdings Limited.

Piet Greyling
BCom, BCompt (Hons)
Age: 57

Non-Executive Director

Piet is a former chartered accountant who spent most of his early career in the accounting and auditing profession. He joined the Caxton Group in 1992 and is currently the Managing Director of the Newspaper Group.

Marc du Plessis
B.Com (Commercial Accounting)
Age: 34

Non-Executive Director

After Marc obtained his degree at the University of Stellenbosch in 2001 he attended the AAA school of Advertising and then started working as a Ski Resort Manager in Austria and Italy.

In 2008 he joined Caxton as a key account manager and has since progressed through the ranks and currently occupies the position of Digital leadership team and General Manager – Dealfinder.

Roger Pitt (CA (SA))
B.Com (Hons)(Acc)
Age: 33

Independent Non-Executive Director

Roger is a chartered accountant, with B.Com (Hons) (Accounting) degree from Rand Afrikaans University. After completing his articles he moved into corporate finance where he gained broad experience in the full scope of corporate actions and also attended board and audit committee meetings of Main Board and AltX listed clients in order to advise them on statutory and regulatory requirements.

Roger owns and is currently involved in an import and distribution business in the medical industry. He also holds the following independent non-executive board positions:

Merchantec Proprietary Limited – Chairman of the Audit Committee and member of the Board; and

FedGroup – Chairman of the Audit Committee and member of the Board

Chief Executive Officer's Review

Notwithstanding difficult market conditions, FoneWorx Holdings Limited ("the Group") delivered a good financial performance for 2014.

The FoneWorx Group delivered a positive set of results in the 2014 financial year. The financial highlights for the year under review include:

- **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 12cents ↑ 71.43%**
- **Net Asset Value Per Share 101.3 cents ↑ 8.81%**

A more detailed overview can be found in the Financial Director's Report on pages 17 to 21 of the Annual Report.

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.

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 multi-function devices which couple fax capabilities with printing, scanning and copying remain in demand and that manufacturers shipped 37 million multi-function 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 period 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, Ola, Joko, Imala, Jam Clothing, Initiative and Huletts.

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.

Chief Executive Officer's Review

Ecosystem services such as IM 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 long-standing 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.

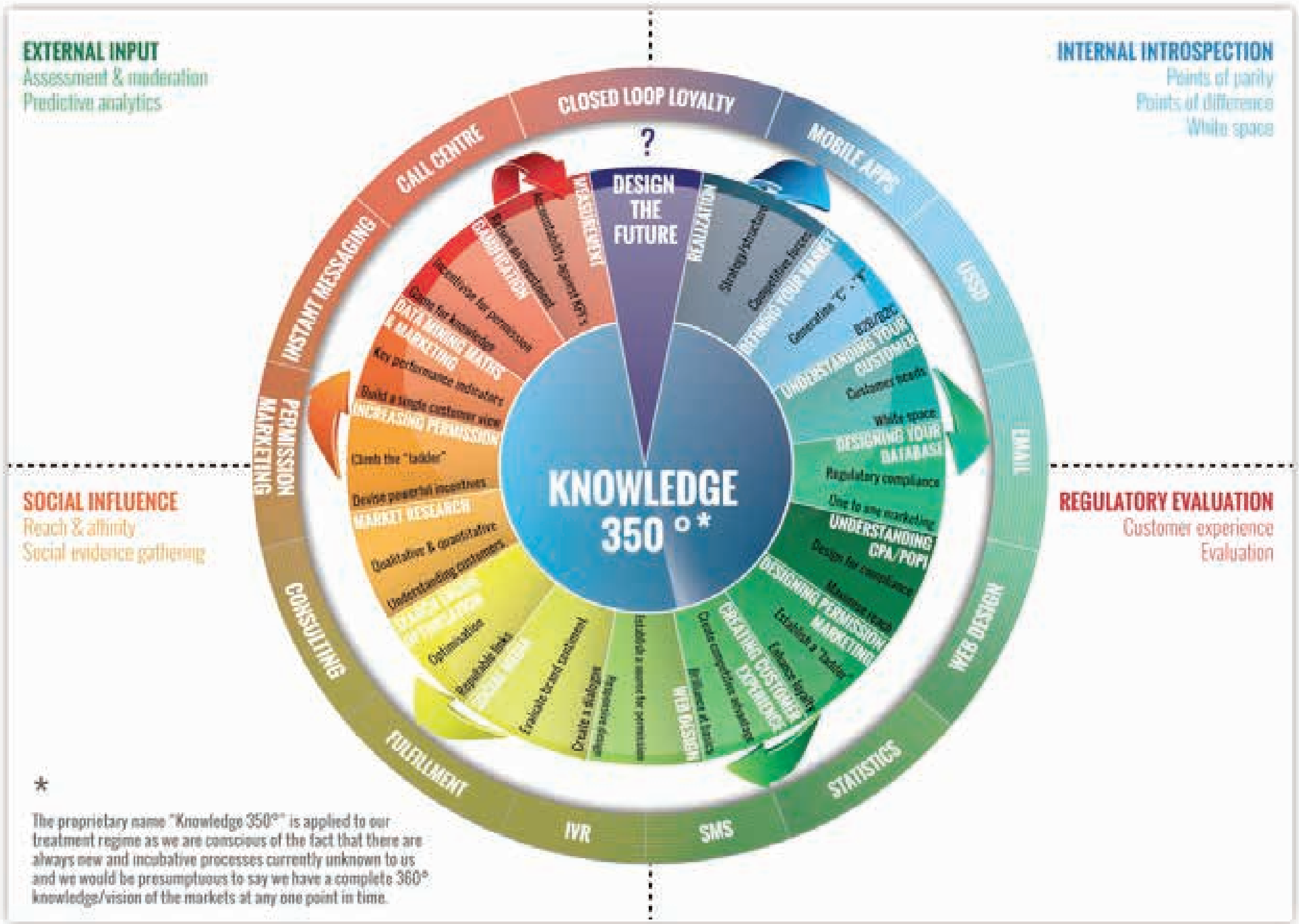
Over the next few decades, the intelligent use of data [knowledge] will become one of the biggest competitive advantages a company can have.

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

- consumers' 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 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.

Chief Executive Officer's Review

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 7 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 eco-systems 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; and
- 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 period 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. 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).

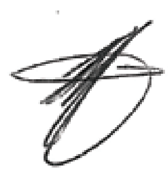
The Group is very well positioned to:

- enjoy the benefits of the annuity revenue provided by BizWorx (during the consolidation period referred to in my report), with minimal capex and human resource;
- 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
I am very positive about the future direction of the Group in the Knowledge Economy and take this opportunity to thank the members of the Board and divisional executives for their dedication and leadership.

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

In addition, my sincere thanks go to all our dealers, customers, partners and our new equity partners for their support and continued commitment.



Mark Smith
Chief Executive Officer

Financial Director's Report

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 user base and reduce user churn. The resulting impact of this was that the gross profit for the division amounted to R47.3 million which is 4.0% 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 costs of 8.7%, reducing the operating costs 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 period.

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 10.3% 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.

As explained in the CEO's report, 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 R25.5 million down to R18.9 million with a corresponding reduction in trade and other payables from R20 million to R17.8 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 by 8.6% 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. R8.6 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).

Financial Director's Report

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.

Going Concern
The Board has formally considered the going concern assertion for the year going forward and is of the opinion that it is appropriate.

Conclusion
The FoneWorx Group is in a remarkably strong financial position and has solid business divisions that are highly cash generative and therefore the Group is strategically well placed to make the necessary investments that will enable it to become a significant part of the Knowledge Economy.

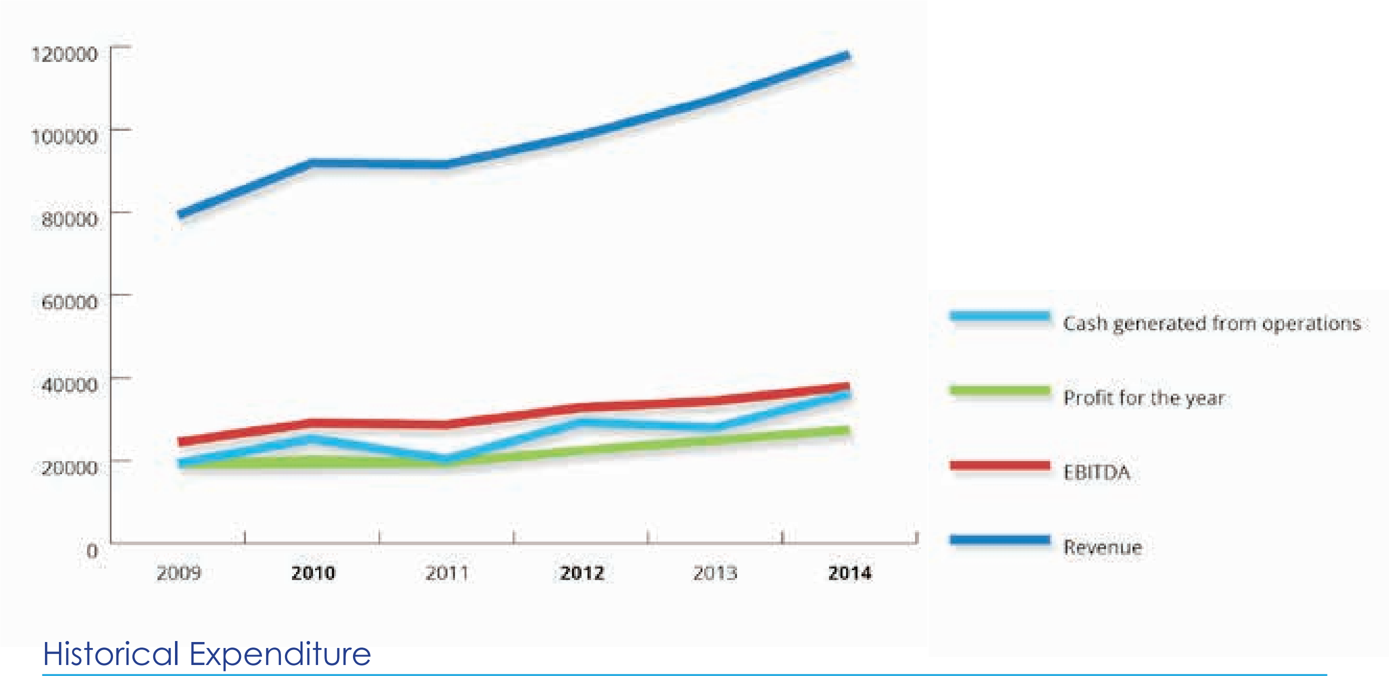
Comparative Financial Information

Operating results	30 June 2014 R'000	30 June 2013 R'000	30 June 2012 R'000	30 June 2011 R'000	30 June 2010 R'000	30 June 2009 R'000
Revenue	118 197	107 367	98 617	91 579	91 921	79 288
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	37 955	34 442	32 852	28 706	29 115	24 477
Operating profit	33 350	29 923	28 599	24 489	25 288	21 276
Profit for the year	27 481	24 903	22 462	19 524	20 165	19 199
Cash generated from operations	36 225	28 021	29 261	20 382	25 289	19 319
Depreciation & Amortisation	4 605	4 520	4 253	4 217	3 827	3 201
Staff Cost	23 063	19 102	20 583	17 236	18 416	14 056
Operating Expenditure	9 643	10 527	11 130	10 088	10 819	9 379
Financial position						
Total equity	137 732	126,543	112,107	97,125	82,921	68,196
Total assets	167 385	159,557	140,659	127,504	113,020	103,044
Total cash	119 142	109,334	98,322	82,067	74,138	61,279
Total current assets	138 545	134,840	116,152	102,664	90,704	80,543
Total liabilities	29 653	33,014	28,552	30,379	30,100	34,849
Total current liabilities	25 381	28,116	22,156	21,445	21,668	24,798

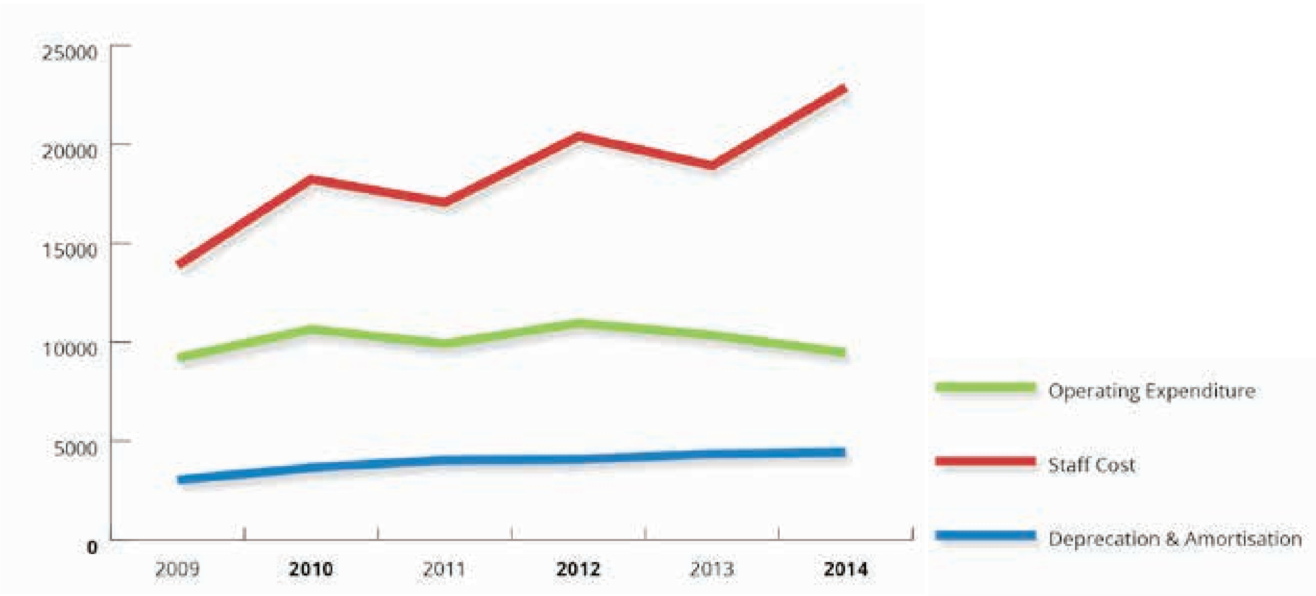
Financial ratios	30 June 2014 R'000	30 June 2013 R'000	30 June 2012 R'000	30 June 2011 R'000	30 June 2010 R'000	30 June 2009 R'000
EBITDA margin	32.11%	32.08%	33.31%	31.35%	31.67%	30.87%
Operating profit margin	28.22%	27.87%	29.00%	26.74%	27.51%	26.83%
Return on equity	20.80%	20.87%	21.47%	21.69%	26.69%	31.52%
Return on assets	16.81%	16.59%	16.75%	16.23%	18.67%	20.43%
Debt Equity Ratio	21.53%	26.09%	25.47%	31.28%	36.30%	51.10%
Average debtors' days	78 days	96 days	82 days	85 days	86 days	114 days
Liquidity ratio	5.6 times	4.8 times	4.9 times	4.2 times	3.8 times	3.0 times
Share performance						
Number of shares in issue at year-end	136 002 041	136 002 041	136 002 041	136 002 041	134 402 041	134 402 041
Basic and diluted earnings per share	20.21 cents	18.35 cents	16.52 cents	14.44 cents	15.00 cents	13.54 cents
Headline and diluted headline earnings per share	20.21 cents	18.35 cents	16.52 cents	14.44 cents	15.10 cents	13.38 cents
Net asset value per share	101.30 cents	93.10 cents	82.40 cents	71.40 cents	61.70 cents	51.70 cents
Tangible net asset value per share	94.01 cents	86.60 cents	77.60 cents	66.90 cents	58.70 cents	48.40 cents
Closing share price at year-end	225 cents	197 cents	110 cents	80 cents	92 cents	75 cents
Dividend per share	12.00 cents	7.00 cents	5.50 cents	4.50 cents	4.00 cents	2.72 cents

Financial Director's Report

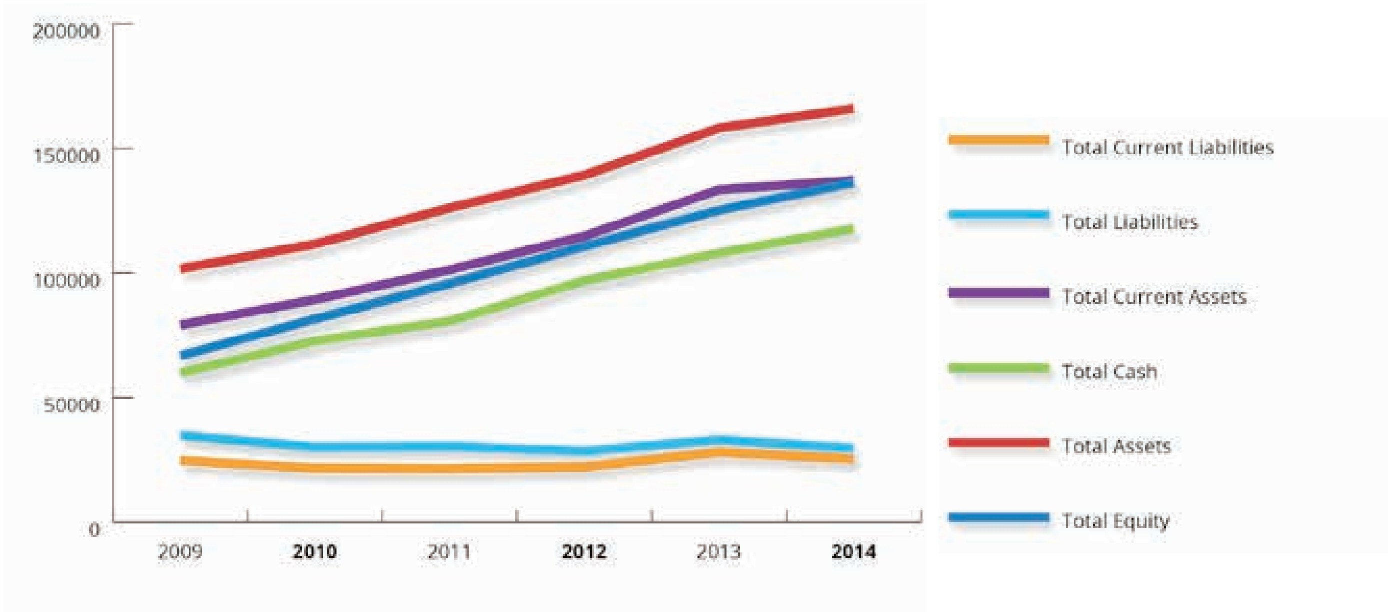
Historical Revenues and Profitability



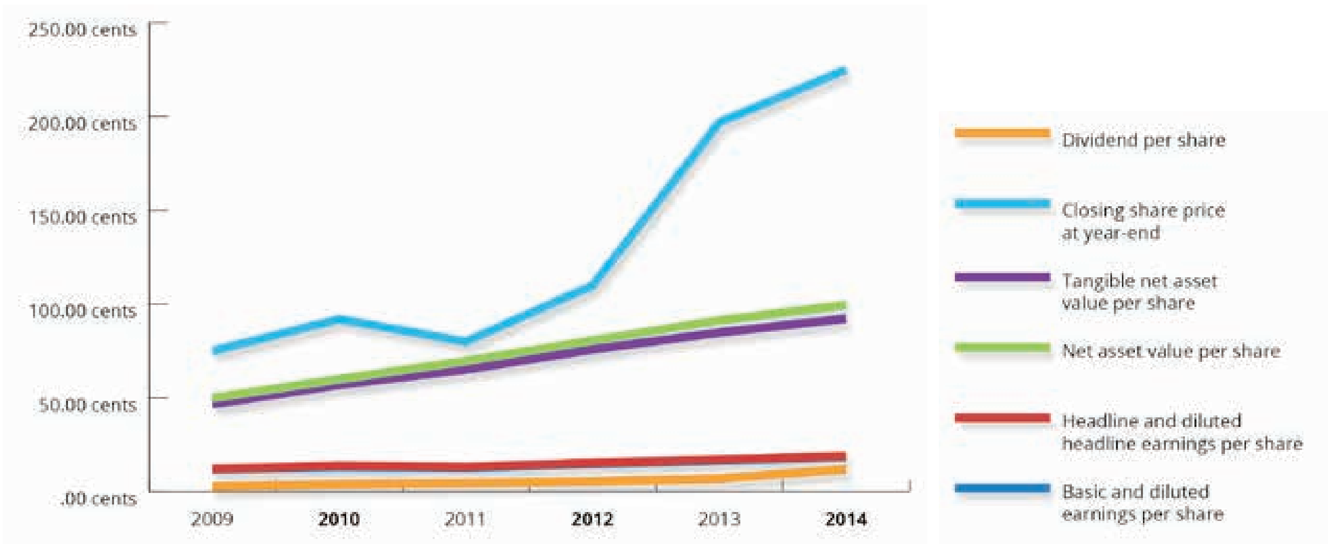
Historical Expenditure



Financial Position



Share Performance



Corporate Governance Report

The Board of Directors ("the Board") supports the importance of sound corporate governance and the principles set out in the King III Report. Where applicable and appropriate, the Group is committed to the implementation of these principles.

Board of Directors

The Board is committed to applying the principles of King III. In applying the principles the Board considers the concerns and priorities of its wider stakeholder environment in its strategic guidance and decision making processes.

By applying the principles enshrined in King III, the Board has committed itself to:

- integrity and best practice in its dealings with stakeholders and society at large;
- doing business with customers and suppliers using best ethical practices;
- employment practices which are non-discriminatory and which include training and skills development; and
- doing business in a manner that is sustainable for all stakeholders, the details of which are set out on pages 30 to 36 (sustainability report).

The FoneWorx Board is responsible for the Group's corporate government processes. The Group does not have a formal framework for the delegation of authority levels. The Group has, however, a well-entrenched policy process for all decisions so as to ensure that each and every decision is taken at the appropriate level.

New directors that are appointed are introduced to the Executive Committee ("Exco"), senior management and afforded an overview of the business and training. In line with the AltX requirements, all new directors are required to attend the AltX Directors Induction Programme which is hosted by the Institute of Directors in Southern Africa.

The Board

The Board aligns itself with the recommendations set out in King III, which forms the basis for the Board's responsibilities and duties. In addition the Memorandum of Incorporation also addresses certain of the director's duties and responsibilities.

FoneWorx has a unitary Board which, for the year under review, comprised three executive directors, three independent non-executive directors (of which one is the Chairman) and three non-executive directors.

The appointment of directors is undertaken by the Board in a manner which is formal and transparent. The directors are of the opinion that this structure is effective and believe that an appropriate policy is in place to ensure that a balance of power and authority exists amongst directors, so that no one director has unfettered powers of decision-making.

Due to the size of FoneWorx, the Board has elected not to form a Nomination Committee to co-ordinate and evaluate appointments to the Board. If a vacancy arises, the Board will develop the criteria for the required candidate.

The Board carried out a formal internal evaluation process on itself and its committees which revealed that the Board and its committees had functioned well and had discharged their duties in accordance with the mandates contained in the respective charters and that all directors demonstrated that they were independent in character and judgement and there were no vested interests in third party companies doing work with FoneWorx or relationships and circumstances that were likely to affect or could appear to affect their independence.

The executive directors have responsibility for implementing strategic and operational decisions in the conduct of the Group's business. The independent non-executive directors and non-executive directors supplement the executive directors' skills and judgement, giving assistance in the overall direction of the Group.

The Board is satisfied that during the period under review, the composition of the Board complied with the recommendations of the King III Report on Corporate Governance.

In accordance with the recommendations of King III the roles of the Chairman of the Board, who is independent, and Chief Executive Officer are separate.

The day-to-day management of the Group vests in the Executive committee ("Exco"), which comprises the three executive directors plus two IT Managers, the Legal/Human Resource Manager and the Financial Manager. Each member of Exco has clear areas of responsibility and members meet on most Wednesdays in the year from 9am to 12pm to cover key areas of the business.

No director or officer of the Group had an interest in any contract of significance during the financial year under review.

Board Processes

The Board adheres to the recommendations of King III. These principles form the basis of the Board's responsibilities, functions and provide the broad areas of evaluating, including identifying key risk areas, financial and non-financial aspects affecting the Group.

The Board accordingly identifies principal performance and risk indicators which reflect resource planning, products, service and human resource.

The Group has established a formal policy restricting share dealing by directors, officers and staff within closed periods and in times where price sensitive information is being dealt with.

The Board is of the view that its members have the expertise and experience to fulfill their obligations to the Group.

The Board of Directors has a minimum of four meetings a year. Should the need arise, additional meetings are constituted.

Directors' attendance at Board meetings for the year under review.

	Board		Audit and Risk Committee		Remuneration Committee		Social and Ethics Committee	
	Number of meetings	Attended	Number of meetings	Attended	Number of meetings	Attended	Number of meetings	Attended
A Mancha	4	4	4	4	1	1	1	1
G Mooney	4	3	4	3	1	1		
M Smith	4	4	4*	4*			1	1
P Scholtz	4	4	4*	4*			1	1
G Groenewaldt	4	4						
R Pitt (Appointed 17 September 2013)	4	4	4	4				
P Jenkins (Appointed 17 September 2013)	4	4						
M du Plessis (Appointed 17 September 2013)	4	4						
PG Greyling (Appointed 18 September 2013)	3	2						
Merchantec Capital (Designated Adviser)	4*	4*	4*	4*				

(*by invitation)

During the year under review the Board comprised of three executive directors and six non-executive directors (three independent non-executive directors and three non-executive directors). The Board adheres to the recommendations of King III and aligns its responsibilities and duties in accordance with King III.

To adhere to the King III recommendation that the Company Secretary has an arms-length relationship with the Board, the Board has during the year under review appointed a non-director as Company Secretary, All the directors have unrestricted access to the Company Secretary, company information, records and property and are afforded the opportunity, at the Company's expense, to seek independent counsel should this be necessary.

Risk Evaluation

The Board determines the Group's risk profile and tolerance for risk, in achieving its strategic and operational objectives. Risk is also carefully evaluated at Exco level and conveyed to the Board.

Exco also contracts with external consultants for opinions or reviews on matters pertaining to its IT risk profile and tolerance for risk specific to products and services and the potential impact on the Group's reputation.

During the year under review nothing has come to the attention of the Board which indicates that the Group is at risk.

Board Committees

Audit and Risk Committee

During the year under review the Audit and Risk Committee consisted of two independent non-executive Directors, a non-executive Director (Gaurang Mooney) and two executive Directors who were invitees to the meetings. The committee was chaired by Roger Pitt.

In addition, the Group's external auditors (Grant Thornton) and Financial Director also met with the committee members.

The Audit and Risk Committee met four times during the year under review. Where necessary further meetings are convened. The Board is of the view that due to the size of the Group, the number of meetings is sufficient.

During the year under review the Audit and Risk Committee adopted a Risk Charter. In terms of the Risk Charter it is the responsibility of the committee to:

- Oversee the development and annual review of a policy and plan for risk management to recommend for approval to the Board.
- Monitor implementation of the policy and plan for risk management taking place by means of risk management systems and processes.
- Make recommendations to the Board concerning the levels of tolerance and appetite and monitoring that risks are managed within the levels of tolerance and appetite as approved by the Board.
- Oversee that the risk management plan is widely disseminated throughout the Company and integrated in the day-to-day activities of the Company.
- Ensure that risk management assessments are performed on a continuous basis.
- Ensure that frameworks and methodologies are implemented to increase the possibility of anticipating unpredictable risks.
- Ensure that management considers and implements appropriate risk responses.
- Ensure that continuous risk monitoring by management takes place.
- Liaise closely with the Audit Committee to exchange information relevant to risk.
- Express the Committee's formal opinion to the Board on the effectiveness of the system and process of risk management.
- Review reporting concerning risk management that is to be included in the Annual Report for it being timely, comprehensive and relevant.

During the period under review the Audit and Risk Committee met to evaluate:

- the interim and year-end results;
- regulatory and accounting standard compliance;
- that the external auditors are independent auditors and that the fees payable were appropriate;
- the audit plan;
- the effectiveness of internal controls in the Group; and
- the risks facing the Group and to satisfy itself that management has put plans in place to mitigate identified risks.

The Audit and Risk Committee has recommended the Annual Report to the Board for approval.

The Audit and Risk Committee has considered and has satisfied itself of the appropriateness of the expertise and experience of the Financial Director, Mr Pieter Scholtz.

IT Governance

During the year under review the Company finalized an IT Security Policy covering:

- Access to information
- Information integrity
- Business support

The IT Security Policy also addresses information integrity by implementing hierarchical password access control, testing and change control of systems, anti-virus management and firewalls.

The IT Manager is responsible to report to Exco and by invitation to the Board to ensure that IT controls are in place and all risks associated with the IT Department, products and services are identified and, where appropriate, mitigated.

The IT Manager reports to Exco every Wednesday and provides an overview of the IT systems, projects under development and progress made on redundancy and diversity strategies.

The Group has established three distinct and diverse hosting environments which operate as live sites for approximately sixty five percent of its revenue, primarily relating to the services offered by BizWorx.

It is the role of IT Operations to align with business operations and translate the requirements of the business into efficient and effective IT solutions.

In addition, a full back-up site has been established to remotely back-up and store all facets of services managed by the Group.

The Group also pays an external consultant to assist and advise on firewall protection and gateway management. In addition, the Group also consults with external software security companies to provide input on security, hacking, phishing and the like.

In addition to the Group's external auditors the Company has also contracted with B E Rees & Company to audit certain software programs and ensure that these comply with the requirements of the Consumer Protection Act ("CPA") and WASPA Code of Conduct.

Social and Ethics Committee

This committee was set up in terms of Section 72 of the Companies Act. The primary function of the committee is to monitor the Group's activities having regard to any relevant legislation, other legal requirements or prevailing codes of best practice.

The committee members comprise: Mr Ashvin Mancha (Chairman), Mr Mark Smith, Mr Pieter Scholtz, Mr Gaurang Mooney and Mr Stefan Kleynhans.

The committee met once during the period under review. The committee has adopted a Charter which mandates the committee to monitor the Group's business conduct in accordance with regulation and legislation including the Companies Act, King III and international best practice.

In terms of the Charter the committee is mandated specifically to oversee the monitoring, assessment and measurement of the Company's activities relating to social and economic development, good corporate citizenship, the environment, health and public safety, consumer and employee relationships.

The committee reports to the Board and to shareholders on the matters that fall within its mandate.

Remuneration Committee

The Remuneration committee comprises: Mr Ashvin Mancha and Mr Gaurang Mooney (Chairman) and, by invitation, Mr Mark Smith and Mr Pieter Scholtz. The committee met once during the year under review.

The salaries of the executive directors (CEO, Financial Director and Sales Director) are determined by Mr Ashvin Mancha and Mr Gaurang Mooney.

The salaries of senior management and staff are recommended by the CEO and Financial Director and tabled to the Remuneration committee for discussion and approval. The three executive directors are not included in the deliberations regarding their own remuneration.

The fees paid to Mr. Mancha and Mr. Pitt for attendance at Audit and Risk Meetings and Board Meetings are set out in the Remuneration Report on page 40.

The Remuneration committee is guided by the Group's strategy, performance for the period under review, achievement of internal targets and an evaluation of external salary and bonus trends.

The committee considers industry standards, trends in the marketplace and the personal input of each individual based on annual appraisal systems.

Bonus payments are determined by considering the following factors:

- the Group as a whole achieving a designated target;
- the individual's performance relative to the target; and
- external benchmarks.

Company Secretary

The Company Secretary provides the directors with detailed guidance as to their duties, responsibilities and powers and ensures that they are aware of all the regulations and good governance matters relevant to the Group.

Mr SA Kleynhans was appointed to the position of Company secretary effective 27 February 2014 taking the function over from Mr Pieter Scholtz who remains the Financial Director of the Group.

Mr Kleynhans (BA, Bluris, LLB, LLM (Banking Law)) is an Advocate of the High Court of South Africa. The Board has assessed his qualifications, experience and competence as required by the Companies Act 2008, read with the JSE Listings Requirements, and is satisfied that he meets the requirements as stipulated. The Board has further assessed and confirmed that he is not a director of the Company and has an arm's-length relationship with the Board.

Going Concern

The "going concern" basis has been adopted in preparing the financial statements. The current strong financial position of the Group, strong cash flows and continued fiscal controls, gives the directors reason to believe that the business of the Group will continue to function as a going concern for the foreseeable future.

Corporate Governance Report

Internal Controls and Audit

The Group maintains internal controls and systems designed to provide reasonable assurance as to the integrity and reliability of the financial statements and to adequately safeguard, verify and maintain accountability for the assets of the Group and its stakeholders.

Nothing material has come to the attention of the directors or the external auditors, based on their tests of internal controls, to indicate that any material breakdown in the functioning of the abovementioned internal controls and systems has occurred during the year under review.

Although the Board has not, due to the size of the Group and the nature of its transactions, required the Group to establish an internal audit function where the need arises the Group retains the services of external consultants to:

- assist and advise on firewall protection and gateway management;
- provide input on security, hacking, phishing and the like; and
- audit certain software programs and ensure that these comply with the requirements of the Consumer Protection Act ("CPA") and WASPA Code of Conduct.

In addition the Audit and Risk Committee has been mandated, in terms of the Risk Charter, to do an annual review on the feasibility of establishing an internal audit function. In undertaking the review, the committee will consider

- The operational necessity of having an internal audit function that can operate and report independently to the committee.
- The possible risk that the Company may incur by not have an internal audit function, taking into account all compensating controls that management has put in place.
- The findings contained in the management report prepared by the External auditors during their annual financial audit.
- The cost of having an internal audit function that can report independently to the committee;

In the absence of an internal audit function the committee may, from time to time, require management to review and report on key operational controls. These reviews can be performed either by internal staff that will report their findings independently to the committee or by external consultants.

Employment Equity

The Group's approach has been to encourage all staff to reach their maximum potential irrespective of gender, race or creed. While this focus remains in place, the Group is committed to increasing the participation of historically disadvantaged staff in its structures as per legislative and regulatory requirements. The requisite employment equity reports have been submitted to the Department of Labour. In terms of the latest report the staff profile is currently as follows:

Occupations levels	Designated							Non-designated			Total
	Male			Female				White Male	Foreign nationals		
	A	C	I	A	C	I	W		Male	Female	
Senior Management	0	0	0	0	0	0	1	6	1	0	8
Skilled technical and academic qualified workers, junior management , supervisors, foremen and superintendents	1	1	0	1	1	0	5	6	0	0	15
Semi-skilled and discretionary decision making	6	1	1	9	3	0	7	7	0	0	34
Unskilled and defined decision making	2	0	0	2	0	0	0	0	0	0	4
Total Permanent	**9**	**2**	**1**	**12**	**4**	**0**	**13**	**19**	**1**	**0**	61
Non-Permanent	6	2	0	8	4	0	2	0	0	0	22
Grand Total	**15**	**4**	**1**	**20**	**8**	**0**	**15**	**19**	**1**	**0**	83

The employment equity and skills retention function falls within the mandate of nominated individuals who are responsible for monitoring the progress made in these areas and reporting to the Board thereon.

Broad Based Black Economic Empowerment

FoneWorx is committed to complying with the Department of Trade and Industry's Black Economic Empowerment Codes of Good Practice. It is diligently seeking to increase its shareholding by Historically Disadvantaged Individuals even though similar efforts in the past have been fruitless. The Group is a Level 6 Contributor in terms of the Broad Based Black Economic Empowerment Act.

King III Compliance
Y = Compliant
N = Non-compliant
P = Partial

Chapter 1 – Ethical Leadership and Corporate Citizenship	
1. Effective leadership based on ethical foundation	Y
2. Responsible corporate citizenship	Y
3. Effective management of Group's ethics	Y
Chapter 2 – Boards and Directors	
1. The Board comprises a balance of power, with a majority of non-executive directors	Y As at report date
2. Majority of non-executive directors to be independent	N
3. Are the position of Chairman and CEO held by different persons	Y
4. Is the Chairman of the Board an independent non-executive director	Y
5. Was the CEO appointed by the Board	Y
6. Are directors appointed through a formal process	Y
7. Is a succession plan in place for both the CEO and executives	Y
8. Formal induction and ongoing training of directors is conducted	Y
9. Is the Board assisted by a competent, qualified and experienced Company Secretary	Y
10. The Company Secretary is not a director and maintains an arm's-length relationshipwith the Board of directors	Y As at report date
11. Appointment of well-structured committees and oversight of key functions	Y
12. The Board is the focal point of governance and the Board and committees have formal charters	Y
13. Formal delegation of authority setting out powers and authority	Y
14. Does the Board take responsibility for risk and IT governance	Y
15. Compliance with relevant laws, rules, codes and standards	Y
16. Is there an effective risk-based internal audit function	Not required
17. Is a formal evaluation of the Board and directors done annually	Done internally
18. Remuneration policy for remuneration of directors and executives	Y
19. Is the remuneration policy approved by the shareholders	Y
20. Disclosure of individual director remuneration	Y
21. Board responsible for effective stakeholder management	Y
22. A governance framework is agreed between the Group and its subsidiary boards	Y

Corporate Governance Report

Chapter 3 – Audit Committee	
1. Audit Committee chair is an independent non-executive director	Y As at report date
2. Audit Committee members skilled, effective and independent	Y
3. Committee consists of two independent non-executive directors and a non-executive director	P Majority is Independent Non-Executive
4. Chairman appointed by the Board, set the agenda and present at the annual general meeting	Y
5. Does the committee oversee the internal audit function	P
6. Committee an integral component of the risk management process	Y
7. Satisfies itself of the expertise, resources and experience of the Group's finance function	Y
8. Committee recommends appointment of the external auditor and oversees the external audit process	Y
9. Committee reports to the Board and shareholders on discharge of its duties	Y
10. Committee oversight of integrated reporting	Y
11. A combined assurance model is applied to improve efficiency in assurance activities	Y
Chapter 4 – The Governance of Risk	
1. Does the Board take overall responsibility for the governance of risk	Y
2. Does the Board determine the levels of risk tolerance	Y
3. Board assisted by committees in carrying out its risk responsibilities	Y
4. The Board delegates to management the responsibility for its risk management plan	Y
5. Does the Board ensure that risk assessments are performed on a regular basis	Y
6. Board ensures implementation of an appropriate framework and methodologies to increase the probability of anticipating unpredictable risks	Y
7. Board ensures implementation of appropriate risk responses	Y
8. Board receives assurance regarding effectiveness of risk management process	Y
9. Board ensures risk disclosure to stakeholders	Y
10. Board ensures continual risk monitoring by management	Y
Chapter 5 – The Governance of Information Technology (IT)	
1. Board ensures proper IT governance	Y
2. IT is aligned with the performance and sustainability objectives of the Group	Y
3. Board delegates to management the responsibility for the implementation of an IT governance framework	Y
4. Board monitors and evaluates significant IT investments and expenditure	Y
5. IT forms an integral part of the Group's risk management	Y
6. Board ensures the effective management of the Group's information assets	Y
7. Does the Audit and Risk Committee assist the Board in carrying out its IT responsibilities	Y

Chapter 6 – Compliance with Laws, Codes, Rules and Standards	
1. Board ensures compliance with applicable laws and considers adherence to non-binding rules, codes and standards	Y
2. Board and directors have working understanding of the effect of applicable laws, rules, codes and standards on the Group and its business	Y
3. Compliance risk forms an integral part of the Group's risk management process	Y
4. Board delegates to management the responsibility for the implementation of an effective compliance framework and processes	Y
Chapter 7 – Internal Audit	
1. Board ensures an effective risk-based internal audit	P
2. Internal audit to provide written assessment of the effectiveness of the Group's system of internal controls and risk management	P
3. Internal audit positioned to understand the strategy of the Group, and that it can achieve its objectives	P
Chapter 8 – Governing Stakeholder Relationships	
1. Board appreciates that stakeholder perceptions affect the Group's reputation	Y
2. Board delegates to management the responsibility to deal proactively with stakeholder relationships	Y
3. Board strives to achieve an appropriate balance between its various stakeholder Groupings	Y
4. Board ensures equitable treatment of stakeholders	Y
5. Board ensures transparent and effective communication with stakeholders	Y
6. Board ensures effective, efficient and expeditious resolution of disputes with stakeholders	Y
Chapter 9 – Integrated Reporting and Disclosure	
1. Board ensure integrity of integrated reporting	Y
2. Board sets the tone/culture with respect to sustainability	Y
3. Board ensures the integration of strategy and sustainability	Y
4. Board to have a formal mandate/stated objective to ensure sustainability	In process
5. Group to have mechanisms in place to measure sustainability	In process
6. Sustainability reporting and disclosure integrated with the Group's financial reporting	Y
7. Are sustainability reporting and disclosure independently assured	Not required
8. Does the Board have a formal climate change strategy	P

Sustainability Report

FoneWorx believes that in order to create sustainable value it needs to build long term relationships with all of its stakeholders. Accordingly FoneWorx recognises that its relationships with its various stakeholders, being its employees, dealers, customers, suppliers, the community and government and regulators, are all interlinked and interdependent and are key to creating sustainable value for the Group.

The material issues table provided below reflects the relationship between the financial and non-financial issues.

Scope Of Report

Our approach to the issues and the policies that govern them is more fully elaborated on in the relevant sections of this report. Our approach is structured around the principles and guidelines contained in King III and the Global Reporting Initiative ("GRI") and considers the Group's economic, social and environmental performance for the financial year under review.

Sustainable Business Strategy

CORE OBJECTIVE/MATERIAL ISSUE	FOCUS AREA	STRATEGY GOING FORWARD
Employees	Source, train and retain high calibre entrepreneurial staff, development of existing staff on an ongoing basis	Entrench value system, ensure that staff align themselves with goals and value systems of the Group
Financial	Enhance turnover, improve margins and manage expenses, improve shareholder value	Set strategic targets at Board level, with key performance indicators
Services and products	Constantly innovate and keep ahead of the digital curve, research international best practice	Develop intellectual property framework and increase depth of programming resources.
External relations	Establish, build and maintain key partnerships and strategic alliances.	Create clear focus on key stakeholders to the Group.
Sourcing suitable acquisitions	Businesses and human capital that complement the Groups strategy	Continue to identify business that will complement the Group
Customers	Anticipate needs of customer, meet expectations	Understand market, trends and new customer orientated technologies

Stakeholder Engagement

Our approach to stakeholder engagement is aimed at:

- identifying who our stakeholders are and engaging with them at an operational and strategic level.
- managing reputational risk in dealing with the various stakeholder groups that have been identified.
- reporting on stakeholder engagement in the Annual Report
- achieving a balance between the expectations of the various stakeholders and doing so in the best interest of the Group as a whole.

STAKEHOLDER	STAKEHOLDER EXPECTATIONS	MATERIAL FOCUS AREAS AND INTERACTION
Employees	• Clear understanding of deliverables and Group strategy • Career and personal development • Compliance with Occupational Health and Safety Act, Labour Relations Act and Basic Conditions of Employment Act • Market related remuneration • Personal upliftment • Business news and performance • Exposure to diverse aspects of the business	• Clear job descriptions, convey Group strategy. • Individual performance reviews annually in August. • Regular formal and informal interaction with staff to expose staff to Group strategy, results, performance, opportunities and threats. • Promotion preference from within Group. • Staff bursary scheme. • Internal staff training and access to external education through accredited institutions

STAKEHOLDER	STAKEHOLDER EXPECTATIONS	MATERIAL FOCUS AREAS AND INTERACTION
Customers	• High level of service and product/ service experience. • Competitive pricing • Problem resolution	• Comply with contractual obligations as minimum standards and ensure customer care is at highest possible levels. Evaluate customer service with focus groups. • Maintain professional relationships through clear and understandable customer agreements. • Ongoing evaluation of market and cost structure of services to ensure best price relative to the service offered. • Experienced and professional call centre that is able to escalate any problems to required internal skills senior staff (directors) to be available to customers. • Ensure sharing of knowledge across all divisions in the Group
Suppliers	• Clarity around agreed levels of service and deliverables • Meetings • Timeous payments • Fair business and ethical practices • Communications	• Ensure that SLA's are reviewed annually and, where necessary, updated. Ensure maintenance of agreed service levels. • Ensure relationships are kept professional and impartial. • Zero tolerance toward corruption. • Regular meetings to ensure maximization of mutual benefits. • Access to information and website. • Access to senior management.
Shareholders/ Investors	• Access to senior management and Board members • Integrated reporting • Sustainable growth and returns • Capital and dividend distribution • Reputation of the Group • Business continuity	• Enhance level of information annually. • Ensure business remains competitive. • Grow organically. • Continue to seek acquisitions/investments aligned to Group strategy. • Attractive distributions/dividends that do not prejudice sustainability of business or impede growth. • Ensure succession planning is in place. • Annual and interim reports. • SENS announcements. • General meetings. • JSE showcases. • Comprehensive website. • Immediate availability of executive management team. • Engage with financial media. • Transparent strategy.
Community	• Ethical conduct • Create job opportunities	• Maintain healthy external relations. • Ensure all deadlines are met.

Sustainability Report

STAKEHOLDER	STAKEHOLDER EXPECTATIONS	MATERIAL FOCUS AREAS AND INTERACTION
Government and Regulators	• Compliant and regular tax payments	In place.
	• Understand and compliance to statutory requirements.	• Monitor legislation and regulations and ensure that the Group understands impact of changes and implements changes in accordance with changes. • Communication with regulatory authorities • Communication to staff.

Human Capital And Wellness

Staff remains the Group's biggest asset. As an innovative company that designs and hosts most of our own products and services, the Group relies on the commitment, innovation and passion of our staff. South Africa faces a skills shortage, especially in the IT and telecommunications sectors. The Group accordingly employs junior programmers who are then up-skilled through an internal internship programme.

The Group strives to provide all staff with the most appropriate working conditions. Staff have access to a Legal and Human Resource Manager to assist them should the need arise. The Company culture and structure allows staff members unfettered access to senior management and directors.

The Group's permanent staff qualify for:

- Group cover (funeral, life, disability)
- Leave (annual, ill health, maternity, compassionate and study)
- Employee training / bursaries
- Annual bonus based on performance

Employee Relations

The Group is fortunate in that due to the low staff numbers (83) senior management and other levels of staff interact on a daily basis. 95% of the Group's staff are employed at Head Office with the result that communications between senior management and staff is enhanced.

The Group's senior management has adopted an open door policy which has allowed for constructive dialogue on a continuous basis.

Employee Safety

The Group's staff work in an office environment and there is accordingly limited exposure to machinery. Where necessary, precautions are taken to avoid injuries. Staff are also made aware of general occupational health and safety risks.

CONTEXT	DESCRIPTION / COMMENT / IMPACT	RESPONSE
General economic conditions	The unprecedented strikes seen in the mining sector and the resultant unemployment and decline in disposable income impacts indirectly on the Group's revenue as the Group's business is focused more on businesses than on consumers.	The impact of economic downturns is mitigated by the fact that the Group's services are spread across LSM1-10. The Group's services are spread across various sectors some of which are "defensive" to the economic downturn.
Reliance on network supply and WASPA	The Group's revenue is primarily generated through service provider agreements with the mobile and fixed line networks that may, from time to time, amend gross revenues payable to the Group.	The Group continues to build relationships with the network service providers and the industry association. The Group continues to create new revenue streams to minimize its dependence on network providers. New business opportunities are being developed outside the Telecoms and ICT environment.

CONTEXT	DESCRIPTION / COMMENT / IMPACT	RESPONSE
Growth • Acquisitions • Organic	The Group has acquired equity in two companies that are strategically aligned to the Group's vision. Huge potential within MediaWorx for development of digital services and loyalty opportunities.	Management continues to evaluate possible acquisitions that are in line with its strategy. Constant critical evaluation of "strategic extension" opportunities.
Human resource	The future of the Group's performance is dependent on achieving the right mix between human capital and technology.	In order to meet the technology demands of the Group, the Group is constantly upskilling its human capital and ensuring that appropriate succession planning is in place. Key management is subject to both incentive / bonus policies and restraints of trade. Management aims to instill an entrepreneurial approach within the business.
Business interruption	The Group's proprietary technical platform is regarded as the "backbone" of the Group's services. Any disruption of the platform would negatively affect the Group's profitability and reputation.	• To minimize the risk of technical disruption the Group has established two live sites that operate together with our main site situated at Head Office in Randburg. This redundancy and diversity caters for approximately sixty five percent of the Group's turnover. • In addition, a full off-site back-up has been established for the entire business. • The evaluation of risks to mitigate downtime and enhance live "off-site" opportunities is ongoing.
Systems, business and IT management	Technology remains at the core of the Group's business. This is evidenced both in innovation and deployment. If the business offering and technology is not properly aligned this could result in the loss of sales and revenue opportunities.	• All technical processes and business objectives are evaluated on an ongoing basis to ensure priorities, service delivery and customer care. • Appropriate IT infrastructure (people, hardware, software systems) is updated to ensure that its meets best of class standards.
Legislation, regulation and governing bodies	The Group is cognizant of the need to comply with all applicable and relevant legislation and codes that have an impact on the business in particular the Consumer Protection Act, Protection of Personal Information Act and WASPA Code of Conduct.	The Group's internal legal executives monitor all legislation and regulations on an ongoing basis to ensure compliance within the Group. All products and services are scrutinized to ensure compliance.

CONTEXT	DESCRIPTION / COMMENT / IMPACT	RESPONSE
Risk management	Understanding the nature of risks faced by the Group, both internally and externally.	• Risk and Audit Committee provide direction. Formal and informal evaluation at all levels of operation. • External consultant evaluation.
Product responsibility	The growth of the Group is dependent on the correct and ethical marketing and hosting of its services.	• The Group constantly monitors and enhances customer feedback and satisfaction. This is done in accordance with the Consumer Protection Act. • In accordance with the Protection of Personal Information Act, the protection of customer privacy is a priority.
Financial management	Working capital management is crucial to the success of the Group. Reporting, early warning systems, credit control and targets remain paramount. Cash management is an imperative "key dial"	• Exco has implemented and evaluates a number of key dials on a weekly and monthly basis. • Appropriate internal controls with integrity and promptness are in place.

Transformation

The evaluation of all the elements that make up the BEE scorecard receives the ongoing attention of management.

Key areas on which management focuses include skills development and training to ensure the Group has a relevant supply of talent.

The Group has committed itself to the "transformation of the workplace" and to ensuring that all our employees are afforded an equal opportunity within the Group. Management is conscious of the fact that certain issues such as management control, employment equity, skills development, preferential procurement and socio-economic investment requires ongoing monitoring and evaluation

Purpose, Values And Decision-Making

Purpose:

To develop and host cutting-edge and innovative products and services in line with the exponential growth of new digital technologies and channels to market.

Values:

- Accountability
- Transparency
- Teamwork
- Flexibility
- Integrity
- Learning
- Adapting
- Transferring skills

Flow Of Decision Making

Board of Directors

Executive Committee ("Exco") ↑

Team Leaders ↑

Staff ↑

Environment
The Group acknowledges it has an important role to play in climate management and responsibility in association with the sustainability of the business. The Executive Committee, under the leadership of the Chief Executive Officer, oversees this process.

The Group recognizes that it has both a social and moral obligation to look after the environment within which it operates.

The need to constantly improve its governance and management of sustainability within the Group is recognised. Legislators, regulators and other stakeholders demand increasing attention to environmental issues. It is clear that South Africa in general and business in particular will have to adapt to the unavoidable impacts of climate change through the management of risk and the reduction of vulnerability by taking greater responsibility for the management of the climate and environment.

The focus of the Group remains the delivery of a range of digital services primarily within the domain of information communication and technology ("ICT") and services linked to sustainability (CarbonWorx).

The Group will maintain and grow the business in a way that is both environmentally and socially responsible. The Group's business is conducted on sound and ethical business practices and incorporates positive governance and social and environmental objectives. The Group operates primarily from an office environment and by its nature has a limited negative impact on the greater environment. The business does not operate heavy machinery or equipment that would result in the emission of greenhouse gases ("GHG's").

The Group's Social and Ethics Committee ensures greater integration between economic risk and opportunity assessment and the social and environmental impact of the business within the guidelines of King III.

Reporting And Boundaries
This is the Group's third report in this format and we see the report as a continuous journey which will be supplemented and enhanced year on year.

The Executive Committee engaged with key internal role players and staff with a view to developing this journey. The underlying intention is to ensure that the Group continues to develop and prosper within an increasingly volatile and uncertain external environment by developing, refining and adding the appropriate governance and competencies within the environment in which it operates.

The Group is committed to develop its business in line with three basic tenets which are:

Sustainable Economic Value:
We will strive to create economic value to all our stakeholders in a positive manner that is responsive to social-economic and environmental concerns.

As an ICT company we provide a host of unified or converged digital services that assist individuals and business at large in an environmentally friendly manner.

Our services are designed to be innovative and are aimed at transforming emerging markets and, in particular, small, medium and micro enterprises ("SMME's"), by offering value for money, easy access and cutting-edge technology.

We have developed and offer a number of our services using cloud-based computing solutions through the use of the Internet. This approach resulted in the reduction of operational costs not only for the Group but for all our clients, in particular our SMMEs.

By providing cloud-based services we have also deployed new innovations such as server virtualization and converged ICT solutions. This has reduced the amount of server space required and limited power consumption which in turn has improved cost efficiencies, greener functionality and provided enhanced service.

Eco-Responsibility:
Although the Group is small, it still needs to have a positive impact on the climate in the short, medium and particularly long term. In achieving this we address all issues of environmental impacts in a consistent manner.

The review of the Group's energy consumption and carbon-related impacts is ongoing and includes dealing with water, waste and recycling in an environmentally friendly way

Advancing Sustainable Societies:
Anti-corruption
The Group strongly believes that corrupt and fraudulent activities are a threat to the sustainability of business. We have a holistic approach to proactive fraud prevention which is embedded in our Audit and Risk Committee. We encourage the concept of 'whistle-blowers' and follow up on tip-offs and any activity that deviates from our standards.

Employee Safety
Occupational health and safety is key to our operations. The business is primarily an office environment. Fire and safety equipment is regularly maintained and all computer hosting environments are well maintained and regularly serviced.

Sustainability Report

Human Rights
The Group upholds the concepts of freedom of association and the basic tenets of non-discrimination. In doing business, we work within the laws of the countries within which we operate. The Group strongly disagrees with any form of child labour and will not associate itself with any supplier making use of such labour.

The Social and Ethics Committee provides guidance on sensitive issues and gives the Board general direction. The Group believes in fostering value-driven and ethical behaviour and sound business practices whilst acknowledging the basic principles of human rights.

The Group complies with the Bill of Rights, Basic Conditions of Employment Act and Child Protection Act.

Advancing SMMEs
During the year a number of courses relating to the Protection of Personal Information Act ("POPI") were presented to SMMEs. These courses were aimed at equipping these businesses with an understanding of POPI so that these businesses can become POPI compliant.

Environmental Sustainability
CarbonWorx is a seventy percent owned subsidiary company of the Group and has, as its primary strategy, the restoration of eco systems and the creation of 'green jobs' as defined in Government Gazette 28 April 2011, No. 34247.

The afforestation project, in association with the Department of Environmental Affairs and The Hegebe Trust in Mqanduli, ended on 31 March 2014. This project created 76 "green" jobs over the last three 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 by six staff members for the next six months.

The CarbonWorx project was in line with the parameters set out in the National Climate Change Response Green Paper 2010 which is aimed at ensuring, inter alia:

"that forest planning tools take into account carbon sequestration in a way that it could provide necessary planning information, so as to aid in obtaining incentives from carbon trading.

Encourage agro-forestry and indigenous tree production as a potential socio-economic benefit of environmentally integral planting regimes, and tree breeding as an adaptive response to changing landscape conditions."

Governance, Commitments and Engagements
Governance, commitments and engagements of the Group are set out under the Audit and Risk Report. This committee is responsible for overseeing the identification of risks, opportunities and adherence to sound codes of conduct and principles.

The Social and Ethics Committee will ensure greater integration between economic risk and opportunity assessment and social and environmental issues affecting the Group.

Stakeholder Relations and Engagements
The Group is conscious of the need to build long-term relationships with its key stakeholders on a transparent basis. Stakeholders include: employees, shareholders, investors, analysts, media, customers, dealers, business partners, communities and government.

The nature of engagement with such stakeholders includes face-to-face meetings, formal meetings, workshops, press announcements and the release on SENS of the Group's interim and year end results. Meetings are held on either set dates or on an ongoing basis, the frequency being determined by the relevant stakeholder.

Carbon Footprint
The Group completed its first Carbon Footprint assessment for its baseline year 2011.

This process was, once again, done internally using the guidelines established by the Greenhouse Gas Protocols ("GHG") in line with ISO 14064. This process has not been independently verified due to the small footprint of the Group (primarily electricity) and the materiality of the value.

The 2014 Carbon Footprint is 920 tonnes of CO_2 with 98% of carbon emissions.

Directors' Responsibility and Approval

The directors are responsible for the maintenance of adequate accounting records and the preparation and integrity of the annual financial statements and related information. The auditors are responsible for reporting on the fair presentation of the annual financial statements. The financial statements have been prepared in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 2008 (Act 71 of 2008), as amended.

The directors are also responsible for the Group's systems of internal financial control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability for the Group's assets, and to prevent and detect misstatement and loss. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The annual financial statements have been prepared on the going concern basis since the directors believe that the Group and the Company have adequate resources in place to continue in operation for the foreseeable future.

The annual financial statements for the year ended 30 June 2014 set out on pages 46 to 79 were approved by the Board of Directors on 18 September 2014 and are signed on their behalf by:

Mark Smith
Chief Executive Officer

Pieter Scholtz
Financial Director

Declaration by Company Secretary

In terms of the Companies Act, 2008 (Act 71 of 2008) as amended ("Companies Act"), I declare that, to the best of my knowledge, the Company has lodged with the Companies and Intellectual Property Commission all such returns as are required of a public company in terms of the Companies Act and that all such returns are true, correct and up to date in respect of the financial year reported upon.

Stefan Kleynhans BA BIuris LLB LLM (Banking Law)
Company Secretary
18 September 2014

Audit and Risk Committee Report

Members of the Audit and Risk Committee
The Audit and Risk Committee ("the Audit Committee") comprises two independent non-executive directors and one non-executive director. The members of the committee for the year under review were:

Mr. Roger Pitt
Mr. Ashvin Mancha
Mr. Gaurang Mooney

The Board is satisfied that the members have the required knowledge and experience as set out in section 94(5) of the Companies Act and Regulation 42 of the Companies Regulations.

Meetings
The Audit Committee had its fifth full year of operations and met four times during the year under review.

The Audit Committee currently comprises of two independent non-executive directors and one non-executive director, Messrs. R Pitt, A Mancha and G Mooney respectively. A representative from the Company's Designated Adviser, the Chief Executive Officer and Financial Director are invited to attend Audit Committee meetings. The Group Auditor is invited from time to time.

Roles and Responsibilities
In the conduct of its duties, the Audit Committee has performed the following statutory duties:

- Reviewed and recommended for approval the annual financial statements;
- Considered and has satisfied itself of the appropriateness of the expertise and experience of the Financial Director;
- Confirmed the going concern basis of preparation of the annual financial statements;
- Assessed the effectiveness of internal financial controls systems and formed the opinion that there were no material breakdowns in internal control;
- Nominated, for reappointment as external auditor of the Company, Grant Thornton, a registered auditor which, in the opinion of the committee, is independent of the Company;
- Determined the fees to be paid to the external auditor and their terms of engagement;
- Ensured that the appointment of the external auditor complies with the Companies Act, and any other legislation relating to the appointment of auditors;
- Determined the nature and extent of those non-audited services that the external auditor may provide to the Company;
- Pre-approved any proposed agreement with the external auditor for the provision of non-audit services to the Company;
- Considered whether there were any concerns or complaints whether from within or outside the Company relating to the accounting practices of the Company, the content or auditing of the Company's financial statements, the internal financial controls of the Company or any related matter; and
- Made submissions to the Board on matters concerning the Company's accounting policies, financial controls, records and reporting.

External auditor
Grant Thornton served as the Company's external auditor for the period under review.

The auditor's terms of engagement were approved prior to the audit. The Audit Committee satisfied themselves that the external auditor's appointment complies with the Companies Act of South Africa and the Auditing Professions Act.

The Audit Committee satisfied itself through enquiry that both Grant Thornton and the audit partner are independent as defined by the Companies Act of South Africa and as per the standards stipulated by the auditing profession. Requisite assurance and guidance was sought and provided by the Companies Act of South Africa that internal governance processes within the firm support and demonstrate the claim to independence.

The Audit Committee in consultation with executive management, agreed to the terms of the engagement. The audit fee for the external audit has been considered and approved taking into consideration such factors as the timing of the audit, the extent of the work required and the scope.

Internal audit
Due to its size the Group does not have an internal audit function. However the Committee undertakes to do an annual review on the feasibility of establishing an internal audit function. In undertaking the review, the Audit Committee will consider:

- The operational necessity of having an internal audit function that can operate and report independently to the Committee;
- The possible risk that the Company may incur by not having an internal audit function, taking into account all compensating controls that management has put in place;
- The findings contained in the management report prepared by the external auditors during their annual financial audit; and
- The cost of having an internal audit function that can report independently to the Committee.

In the absence of an internal audit function the Committee may, from time to time, require management to review and report on key operational controls. These reviews can be performed either by internal staff that will report their findings independently to the Committee or by external consultants.

Going concern
The Audit Committee reviewed a documented assessment by management of the going concern premise of the Company before recommending to the Board that the Company will be a going concern in the foreseeable future.

Annual financial statements
The Audit Committee reviewed the financial statements of the Group and is satisfied that they comply in all material respects with the International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Following the review of the annual financial statements the Audit Committee recommend the Board's approval thereof.

On behalf of the Audit Committee.

Mr. R Pitt
Audit Committee Chairman
18 September 2014

Remuneration Report

The following policies were applied during the period under review and will be submitted to the Annual General Meeting as a non-binding advisory note:

- Remuneration and other benefits relating to employees of the Group are set by the Executive Committee of the Group and submitted to the Remuneration Committee annually for review and consideration.

  Salary

  - The division's performance within the Group;
  - The individual's performance within his/her division; and
  - The individual's overall contribution to the Group.

  Performance bonus

  - The overall performance of the Group;
  - The division's performance within the Group;
  - The individual's performance within his/her division; and
  - The individual's overall contribution to the Group;

  Therefore bonuses are accordingly not guaranteed.

- Remuneration and other benefits of Executive Directors are set by the Remuneration Committee at their discretion but are based on the following:

  Salary

  - The division's performance for which the Director is responsible; and
  - The Director's overall contribution to the Group.

  Performance bonus

  - The overall performance of the Group;
  - The Board sets annual targets that have to be achieved by the Group before any bonus provision is made for Directors;
  - Bonuses are therefore included as an expense provision in the year to which they relate, even though the actual payment only takes place and is disclosed in the following year's financial results;
  - The division's performance for which the Director is responsible; and
  - The Director's overall contribution to the Group.

  Therefore bonuses are accordingly not guaranteed.

- Remuneration and other benefits of Non-Executive Directors are set by the Remuneration Committee at their discretion. Only the Chairman of the Board and the Chairman of the Audit and Risk Committee received remuneration. For the year under review the Chairman of the Board and the Chairman of the Audit and Risk Committee were remunerated as follows:

Board Member Remuneration

Position	Monthly retainer	Fee per meeting
Chairman (Mr. Ashvin Mancha)	R5 000.00	R10 000.00
Chairman of the Audit Committee (Mr. Roger Pitt)	R5 000.00	R10 000.00

Directors' Report

The Directors have pleasure in submitting their report for the year ended 30 June 2014.

Nature of business
FoneWorx Holdings Limited is an investment holding company whose subsidiaries provide interactive telecommunication, switching and business services, orientated around fixed and mobile networks. These include a broad range of services to the FMCG market, business and financial community as well as media groups.

Authorised share capital
The authorised share capital of the Company is unchanged and is made up of R250,000, divided into 250,000,000 ordinary shares of R0,001 each.

Issued share capital
At 30 June 2014 the issued share capital stood at R136,002, divided into 136,002,041 ordinary shares of R0,001 each.

Directors
The directors of the Company for the year ended 30 June 2014 and up to the date of this report were:

Director	Role	Age	Other significant board memberships	Length of service
Ashvin Mancha*	Non-Executive Chairman	57	None	10 Years
Gaurang Mooney (Botswana)	Non-Executive Director	44	Trans Africa Proprietary Limited, Jumbo Botswana Proprietary Limited, Overseas Development Enterprises (Botswana) Proprietary Limited, Trans Cash and Carry Proprietary Limited and Unitrade Management Services Proprietary Limited	14 Years
Roger Pitt* (appointed 17 September 2013)	Non-Executive Director	33	FedGroup and Merchantec Proprietary Limited	1 year
Paul Jenkins* (appointed 17 September 2013)	Non-Executive Director	55	Caxton, CTP Publishers and Printers, and Moneyweb Holdings Limited	1 year
Marc du Plessis (appointed 17 September 2013)	Non-Executive Director	34	None	1 year
Piet Greyling (appointed 18 September 2013)	Non-Executive Director	57	Caxton and CTP Publishers and Printers Limited, Newspaper Group	1 Year
Mark Smith	Chief Executive Officer	56	None	17 Years
Pieter Scholtz	Financial Director	38	None	6 Years
Graham Groenewaldt	Executive Director	56	None	14 Years

*Independent

The Board reviewed the impact of Mr. Mancha's and Mr. Mooney's independence due to their long service and found that they are still independent and can apply exceptional judgement in their duties as non-executive Directors.

Loans to Directors and Senior Staff

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 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 Late Ronald Graver. The shares were purchased at a value of R2.28.

Directors' Report

Name	Job title	Loan provided R	No Shares purchased
Director's and Officers			
Mark Smith	Chief Executive Officer	684 556	300 244
Pieter Scholtz	Financial Director	1 083 556	475 244
Graham Groenewaldt	Sales Director	1 083 556	475 244
Stefan Kleynhans	Company Secretary	140 000	319 200
Total for Directors and Officers		2 991 668	1 569 932
Senior Staff		1 592 800	440 800
Total Shares Acquired		4 584 468	2 010 732

The shares acquired in terms of this transaction did not reflect on the share register as at 30 June 2014.

Dividend

The Company has declared and paid a dividend during the year under review of R16 320 244 (12 cents per share) (2013: R9 520 143 (7 cents per share)). In line with the requirements of the Memorandum of Incorporation of the Company, the Directors recommended and approved a dividend of R16 513 896.00 (12 cents per share) at their Board meeting on 4 September 2014.

Directors' Shareholding as at 30 June 2014

	30 June 2014		**30 June 2013**	
	Direct Beneficial '000	**Indirect Beneficial '000**	Direct Beneficial '000	Indirect Beneficial '000
A G Mancha				54
G Mooney		15 219		15 219
M A Smith	11 081		11 002	
G Groenewaldt	1 008			
Total	12 089	15 219	11 002	15 273

In compliance with the JSE Listings Requirements the disclosure of Directors' shareholding has been amended and no longer reflects indirect non-beneficial shareholding of directors.

Shareholder spread as at 30 June 2014

	Number of shareholders	%	Number of shares '000	%
1 - 100 000	676	91.0	9 340	6.9
100 001 – 500 000	47	6.3	12 144	8.9
500 001 – 10 000 000	16	2.2	30 413	22.4
10 000 001 +	4	0.5	84 105	61.8
	743	**100**	**136 002**	**100**

Shareholding of ordinary shares at 30 June 2014

	Number of Shareholders	%	Number of shares '000	%
Public	738	99.3	53 736	39.5
Non - Public				
- Directors	3	0.4	27 332	20.1
- Non-Directors	2	0.3	54 934	40.4
	743	**100**	**136 002**	**100**

Major shareholders

* Shareholders other than directors who, insofar as is known, were directly or indirectly interested in 5% or more of the Company's issued share capital as at 30 June 2014 were as follows:

	Number of shares ('000)	%
CAXTON & CTP PUBLISHERS & PRINTERS	47 498	34.9
NAVSUR LIMITED	10 463	7.7

Special resolutions

Four Special Resolutions were passed at the Annual General Meeting held on 21 November 2013

Special Resolution Number 1 - General approval to acquire shares

"Resolved, by way of a general approval that FoneWorx Holdings Limited ("the Company") and/or any of its subsidiaries from time to time be and are hereby authorised to acquire ordinary shares in the Company in terms of sections 46 and 48 of the Companies Act, 2008 (Act 71 of 2008), as amended, the Memorandum of Incorporation of the Company and its subsidiaries and the Listings Requirements of JSE Limited ("the JSE"), as amended from time to time.

Special Resolution Number 2 - Financial assistance for subscription of securities

"Resolved that, as a special resolution, in terms of section 44 of the Companies Act, 2008 (Act 71 of 2008) ("Companies Act"), the shareholders of FoneWorx Holdings Limited ("the Company") hereby approve of the Company providing, at any time and from time to time during the period of two years commencing on the date of this special resolution number 2, financial assistance by way of a loan, guarantee, the provision of security or otherwise, as contemplated in section 44 of the Companies Act, to any person for the purpose of, or in connection with, the subscription for any option, or any securities, issued or to be issued by the Company or a related or inter-related Company, or for the purchase of any securities of the Company or a related or inter-related Company, provided that –

(a) the Board of Directors of the Company ("the Board"), from time to time, determines (i) the specific recipient or general category of potential recipients of such financial assistance; (ii) the form, nature and extent of such financial assistance; (iii) the terms and conditions under which such financial assistance is provided, and

(b) the Board may not authorise the Company to provide any financial assistance pursuant to this special resolution number 2 unless the Board meets all those requirements of section 44 of the Companies Act which it is required to meet in order to authorise the Company to provide such financial assistance."

Special Resolution Number 3 - Loans or other financial assistance to directors

"Resolved that, as a special resolution, in terms of section 45 of the Companies Act, 2008 (Act 71 of 2008) ("Companies Act"), the shareholders of FoneWorx Holdings Limited ("the Company") hereby approve of the Company providing, at any time and from time to time during the period of two years commencing on the date of this special resolution number 3, any direct or indirect financial assistance (which includes lending money, guaranteeing a loan or other obligation, and securing any debt or obligation) as contemplated in section 45 of the Companies Act to a director or prescribed officer of the Company, or to a related or inter-related company or corporation or to a member of any such related or inter-related corporation or to a person related to any such company, corporation, director, prescribed officer or member provided that –

(a) the Board of Directors of the Company ("the Board"), from time to time, determines (i) the specific recipient or general category of potential recipients of such financial assistance; (ii) the form, nature and extent of such financial assistance; (iii) the terms and conditions under which such financial assistance is provided, and

(b) the Board may not authorise the Company to provide any financial assistance pursuant to this special resolution number 3 unless the Board meets all those requirements of section 45 of the Companies Act which it is required to meet in order to authorise the Company to provide such financial assistance."

Special Resolution Number 4 – Non-executive directors' remuneration

"Resolved that, in terms of the provisions of sections 66(9) of the Companies Act, 2008 (Act 71 of 2008), as amended the annual remuneration payable to the non-executive directors of FoneWorx Holdings Limited ("the Company") for their services as Directors of the Company for the financial year ending 2014, be and is hereby approved as follows:

Directors' Report

Type of fee	Proposed retainer fee per month in ZAR for the year ending 2014	Proposed per meeting fee in ZAR for the year ending 2014	Expected total fee in ZAR for the year ending 2014
Board Chairman	R5 000	R10 000	R100 000
Audit and Risk Committee Chairman	R5 000	R10 000	R100 000

Events subsequent to the financial year end
Subsequent to the end of the reporting period of 30 June 2014, the Company acquired 35% of BMi Research Proprietary Limited.

Litigation statement
The Directors, whose names are on pages 8 to 11 and 41 are not aware of any legal or arbitration proceedings that are pending or threatened, that may have or have had in the recent past, being at least 12 months, a material effect on the Group's financial position.

Material change
Other than the facts and developments reported on in this annual report, there have been no material changes in the affairs or financial position of the Company and its subsidiaries since the date of the audit report and the date of notice of the Annual General Meeting.

Independent Auditor's Report
To The Shareholders of FoneWorx Holdings Limited

We have audited the consolidated and separate financial statements of FoneWorx Holdings Limited set out on pages 46 to 79, which comprise the statements of financial position as at 30 June 2014, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

The Company's directors are responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated and separate financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of FoneWorx Holdings Limited as at 30 June 2014, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, and the requirements of the Companies Act of South Africa.

Other reports required by the Companies Act

As part of our audit of the consolidated and separate financial statements for the year ended 30 June 2014, we have read the Directors' Report, Audit Committee's Report and Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

Grant Thornton (Jhb) Inc

GRANT THORNTON (JHB) INC.
Registration No.: 1994/001166/21
Chartered Accountants (SA)
Registered Auditors
B Frey
Director
Chartered Accountant (SA)
Registered Auditor
18 September 2014
42 Wierda Road West
Wierda Valley
2196

Group Statements of Financial Position
As at 30 June 2014

Figures in Rand	Note(s)	Group 2014	Group 2013	Company 2014	Company 2013
Assets					
Non-Current Assets					
Property, plant and equipment	2	15 847 284	15 893 812	-	-
Intangible assets	3	9 911 690	8 822 532	-	-
Deferred tax asset	6	-	180 983		
Investments in subsidiaries	32	-	-	2 311 200	2 311 200
Investment in associate	4	3 080 993	-	3 080 993	-
		29 020 950	**24 716 344**	**5 392 193**	**2 311 200**
Current Assets					
Inventories	7	460 095	347 953	-	-
Loans to Group companies	32	-	-	4 832 484	9 495 693
Current tax receivable		-	39 145	-	-
Trade and other receivables	8	18 943 686	25 244 238	18 495	229 955
Cash and cash equivalents	9	119 142 094	109 334 359	27 202 018	25 988 096
		138 545 875	**134 965 695**	**32 052 997**	**35 713 744**
Total Assets		**167 566 825**	**159 682 039**	**37 445 190**	**38 024 944**
Equity and Liabilities					
Equity					
Share capital	10	52 624 736	52 624 736	52 624 736	52 624 736
Retained Income/(Accumulated loss)		85 107 940	73 946 903	(15 721 877)	(15 990 508)
		137 732 676	**126 571 639**	**36 902 859**	**36 634 228**
Liabilities					
Non-Current Liabilities					
Interest bearing liabilities	12	3 478 698	4 574 026	-	-
Deferred tax Liability	6	946 222	334 918	-	-
		4 424 920	**4 908 944**	**-**	**-**
Current Liabilities					
Loan from Group company	32	-	-	133 377	134 127
Current tax payable		720 268	-	169 297	176 776
Interest bearing liabilities	12	1 432 559	1 808 614	-	-
Trade and other payables	14	16 826 921	20 020 167	133 100	1 010 527
Provisions	13	6 322 924	6 303 389	-	-
Unclaimed dividends		106 557	69 286	106 557	69 286
		25 409 229	**28 201 456**	**542 331**	**1 390 716**
Total Liabilities		**29 834 149**	**33 110 400**	**542 331**	**1 390 716**
Total Equity and Liabilities		**167 566 875**	**159 682 039**	**37 445 190**	**38 024 944**
Net asset value per share (cents)		101.3	93.1		
Net tangible asset value per share (cents)		94.0	86.6		

Group Statements of Comprehensive Income
for the year ended 30 June 2014

Figures in Rand	Note(s)	Group 2014	Group 2013	Company 2014	Company 2013
Revenue	16	118 197 594	107 367 235	-	-
Cost of services		(48 122 518)	(41 179 935)	-	-
Gross profit		**70 075 076**	**66 187 300**	**-**	**-**
Other income		587 419	659 989	-	-
Operating expenses		(9 670 789)	(10 487 865)	(666 341)	(1 934 113)
Legal fees		-	(1 387 617)	-	-
Staff costs		(23 063 331)	(19 101 804)	(165 000)	-
Depreciation and amortisation expense		(4 577 825)	(4 519 642)	-	-
Operating profit (loss)	17	**33 350 550**	**31 350 361**	**(831 341)**	**(1 934 113)**
Investment income	20	5 669 212	4 833 110	17 754 999	10 784 123
Finance costs	21	(440 329)	(547 838)	-	-
Profit before taxation		**38 579 433**	**35 635 633**	**16 923 658**	**8 850 010**
Taxation	22	(11 098 151)	(10 704 177)	(334 782)	(330 460)
Profit for the year		**27 481 282**	**24 931 456**	**16 588 876**	**8 519 550**
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		**27 481 282**	**24 931 456**	**16 588 876**	**8 519 550**
Basic earnings per share (cents)	28	20.21	18.33		
Diluted earnings per share (cents)	28	20.21	18.33		

Group Statements of Changes in Equity
for the year ended 30 June 2014

Figures in Rand	Share capital	Share premium	Total share capital	Retained Income	Total equity
Group					
Balance at 1 July 2012	**136 002**	**36 373 027**	**36 509 029**	**75 597 691**	**112 106 720**
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**
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**
Note(s)	10	10	10		
Company					
Balance at 1 July 2012	**136 002**	**36 373 027**	**36 509 029**	**2 072 186**	**38 581 215**
Total comprehensive income for the year	-	-	-	8 519 550	8 519 550
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**	**(18 062 694)**	**(1 946 987)**
Balance at 1 July 2013	**136 002**	**52 488 734**	**52 624 736**	**(15 990 508)**	**36 634 228**
Total comprehensive income for the year	-	-	-	16 588 876	16 588 876
Dividends	-	-	-	(16 320 245)	(16 320 245)
Total changes	**-**	**-**	**-**	**268 631**	**268 631**
Balance at 30 June 2014	**136 002**	**52 488 734**	**52 624 736**	**(15 721 877)**	**36 902 859**
Note(s)	10	10	10		

Group Statements of Cash Flows
for the year ended 30 June 2014

Figures in Rand	Note(s)	Group 2014	Group 2013	Company 2014	Company 2013
Cash flows from operating activities					
Cash generated from (used in) operations	23	40 932 689	33 890 090	(1 673 803)	(1 030 719)
Interest income		5 669 212	4 833 110	1 434 754	1 263 980
Dividends received		-	-	16 320 245	9 520 143
Finance costs		(440 329)	(547 838)	-	-
Tax paid	24	(9 908 418)	(10 153 573)	(342 261)	(282 980)
Net cash from operating activities		**36 253 154**	**28 021 789**	**15 738 935**	**9 470 424**
Cash flows from investing activities					
Purchase of property, plant and equipment	2	(2 180 238)	(890 400)	-	-
Proceeds on disposal of property, plant and equipment	2	252 839	-	-	-
Purchase of intangible assets	3	(3 682 670)	(3 957 027)	-	-
Proceeds from loans to Group companies		-	-	4 838 954	2 809 508
Investment - Livingfacts Proprietary Limited		(3 080 993)	-	(3 080 993)	-
Net cash from investing activities		**(8 691 062)**	**(4 847 427)**	**1 757 961**	**2 809 508**
Cash flows from financing activities					
Cost to issue equity	10	-	(946 394)	-	(946 394)
Share repurchase	10	-	(53 475 929)	-	(53 475 929)
Share issue	10	-	53 475 929	-	53 475 929
Repayment of interest bearing liabilities		(1 471 383)	(1 718 121)	-	-
Dividends paid	25	(16 282 974)	(9 497 807)	(16 282 974)	(9 497 807)
Net cash from financing activities		**(17 754 357)**	**(12 162 322)**	**(16 282 974)**	**(10 444 201)**
Total cash and cash equivalents movement for the year		**9 807 735**	**11 012 040**	**1 213 922**	**1 835 731**
Cash and cash equivalents at the beginning of the year		109 334 359	98 322 319	25 988 096	24 152 365
Total cash and cash equivalents at end of the year	9	**119 142 094**	**109 334 359**	**27 202 018**	**25 988 096**

Group Accounting Policies

1. Presentation of Financial Statements

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), and the requirements of the Companies Act of South Africa, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, as well as the JSE Listings Requirements. The financial statements have been prepared on the historical cost basis, except for the measurement of financial instruments measured in terms of IAS 39, and incorporate the principal accounting policies set out below. These financial statements are presented in South African Rand, since that is the currency in which the majority of Group's transactions are denominated.

These accounting policies are consistent with the previous period, refer to note 1.2 for the new and revised standards reflective for annual periods beginning on or after 1 January 2013.

1.1 New standards and interpretations

Standards in issue at the date of authorisation of the financial statements that have not been early adopted:

Standard	Details of Amendment	Annual periods beginning on or after
IFRS 2: Share Based Payments	Annual Improvements 2010 – 2012 Cycle: amendments added the definitions of performance conditions and service conditions and amended the definitions of vesting conditions and market conditions.	1 July 2014
IFRS 3: Business Combinations	Annual Improvements 2010 – 2012 Cycle: amendments to the measurement requirements for all contingent consideration assets and liabilities including those accounted for under IFRS 9.	1 July 2014
	Annual Improvements 2011 – 2013 Cycle: amendments to the scope paragraph for the formation of a joint arrangement.	1 July 2014
IFRS 8: Operating Segments	Annual Improvements 2010 – 2012 Cycle: amendments to some disclosure requirements regarding the judgements made by management in applying the aggregation criteria, as well as those to certain reconciliations.	1 July 2014
IFRS 9: Financial Instruments	New standard that forms the first part of a three part project to replace IAS 39 Financial Instruments: Recognition and Measurement.	1 January 2015
	The IASB aims to replace IAS 39 'Financial Instruments: Recognition and Measurement' (IAS 39) in its entirety with IFRS 9. To date, the chapters dealing with recognition, classification, measurement, de-recognition of financial assets and liabilities and hedge accounting have been issued. Chapters dealing with impairment methodology are still being developed. Further, in November 2011, the IASB tentatively decided to consider making limited modifications to IFRS 9's financial asset classification model to address application issues.	1 January 2018

Standard	Details of Amendment	Annual periods beginning on or after
IFRS 10: Consolidated Financial Statements	IFRS 10 exception to the principle that all subsidiaries must be consolidated. Entities meeting the definition of Ínvestment Entities' must be accounted for at fair value under IFRS 9, Financial Instruments, or IAS 39, Financial Instruments: Recognition and Measurement.	1 January 2014
IFRS 11: Joint Arrangements	Amendments to provide guidance on the accounting for the acquisition of an interest in a joint operation in which the activity of the joint operation constitutes a business.	1 January 2016
IFRS 12: Disclosure of Interests in Other Entities	New disclosures required for Investment Entities (as defined in IFRS 10).	1 January 2014
IFRS 13: Fair Value Measurement	Annual Improvements 2010 – 2012 Cycle: amendments to clarify the measurement requirements for those short-term receivables and payables.	1 July 2014
	Annual Improvements 2011 – 2013 Cycle: amendments to clarify that the portfolio exception applies to all contracts within the scope of, and accounted for in accordance with, IAS 39 or IFRS 9.	1 July 2014
IFRS 15: Revenue from Contracts with Customers	New guidance on recognition of revenue that requires recognition of revenue in a manner that depicts the transfer of goods or services to customers at an amount that reflects the consideration the entity expects to be entitled to in exchange for those goods or services.	1 January 2017
IAS 16: Property, Plant and Equipment	Annual Improvements 2010 – 2012 Cycle: amendments to the revaluation method – proportionate restatement of accumulated depreciation.	1 July 2014
	Amendments to prohibit the use of a revenue-based depreciation method for property, plant and equipment, as well as guidance in the application of the diminishing balance method for property, plant and equipment.	1 January 2016
IAS 24: Related Party Disclosures	Clarification of the definition of a related party.	1 July 2014
IAS 27: Consolidated and separate financial statements	Requirement to account for interests in Investment Entities' at fair value under IFRS 9, Financial Instruments, or IAS 39, Financial Instruments: Recognition and Measurement, in the separate financial statements of a parent.	1 January 2014

Standard	Details of Amendment	Annual periods beginning on or after
IAS 36: Impairment of Assets	The amendment of IAS 36 clarifies the required disclosures of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.	1 January 2014
IAS 38: Intangible Assets	Annual Improvements 2010 – 2012 Cycle: Amendments to the revaluation method - proportionate restatement of accumulated depreciation.	1 July 2014
	Amendments present a rebuttable presumption that a revenue-based amortisation method for intangible assets is inappropriate except in two limited circumstances, as well as provide guidance in the application of the diminishing balance method for intangible assets.	1 January 2016
IAS 40: Investment Properties	Annual Improvements 2011 – 2013 Cycle: amendments to clarify the interrelationship between IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property.	1 July 2014

Interpretations	Annual periods beginning on or after
IFRIC Interpretation 21 Levies	1 January 2014

Management anticipates that all of the above standards and interpretations will be adopted in the Group's financial statements in the effective period and that the adoption of these standards and interpretations will have no material impact on the financial statements of the Group in the period of initial application.

1.2 Changes in accounting policies:

A number of new and revised standards are effective for annual periods beginning on or after 1 January 2013. Information on these new standards is presented below.

IFRS 10 'Consolidated Financial Statements' (IFRS 10)

IFRS 10 supersedes IAS 27 'Consolidated and Separate Financial Statements' (IAS 27) and SIC 12 'Consolidation - Special Purpose Entities'. IFRS 10 revises the definition of control and provides extensive new guidance on its application. These new requirements have the potential to affect which of the Group's investees are considered to be subsidiaries and therefore to change the scope of consolidation. The requirements on consolidation procedures, accounting for changes in non-controlling interests and accounting for loss of control of a subsidiary are unchanged.

Management has reviewed its control assessments in accordance with IFRS 10 and has concluded that there is no effect on the classification (as subsidiaries or otherwise) of any of the Group's investees held during the period or comparative periods covered by these financial statements.

IFRS 12 'Disclosure of Interests in Other Entities' (IFRS 12)

IFRS 12 integrates and makes consistent the disclosure requirements for various types of investments, including unconsolidated structured entities. It introduces new disclosure requirements about the risks to which an entity is exposed from its involvement with structured entities. Notes 4 illustrates the application of IFRS 12 in the current year.

1.2 Changes in accounting policies: (continued)

Management has reviewed the impact of the following new and revised standards effective for annual periods beginning on or after 1 January 2013 and is of the view that the adoption of these standards and interpretations has no material impact on the financial statements of the Group:

- IFRS 11 'Joint Arrangements' (IFRS 11).
- IFRS 13 'Fair Value Measurement' (IFRS 13).
- Consequential amendments to IAS 27 'Separate Financial Statements' (IAS 27) and IAS 28 'Investments in Associates and Joint Ventures' (IAS 28).
- Amendments to IAS 19 'Employee Benefits' (IAS 19).

1.3 Significant judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Impairment

The recoverable amount of intangible assets that are not yet available for use is estimated annually. The recoverable amount of an asset is calculated as the higher of its fair value less costs to sell and its value in use.

In assessing the value in use, the expected future cashflows from the asset are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the assets.

The discount rate applied is based on estimates and judgements made by management and is subject to change. An impairment loss is recognised in profit or loss whenever the carrying amount of the assets exceeds its recoverable amount.

Residual value and useful life

Property, plant and equipment and intangible assets are depreciated or amortised over their estimated useful lives taking into account residual values following the requirements of International Accounting Standards (IAS 16) Property, plant and equipment as well as (IAS 38) Intangible Assets. Estimated useful lives and the residual values are re-assessed at each financial year end. The actual lives and residual values of those assets can vary depending on a variety of factors.

Technological innovation, product life cycles and maintenance programmes all impact the useful lives and residual values of the assets. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Deferred tax assets

The Group recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future.

Assessing the recoverability of deferred tax requires the Group to make significant estimates related to expectations of future taxable income.

Recoverability of deferred tax assets requires estimates of future taxable income based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. The extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets recorded at the reporting date could be impacted.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in the Provisions note.

1.4 Basis of consolidation

The Group financial statements consolidate those of the parent company and all of its subsidiaries as of 30 June 2014. The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 30 June.

1.4 Basis of consolidation (continued)

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-Group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a Group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

Business combinations

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of a) fair value of consideration transferred; b) the recognised amount of any non-controlling interest in the acquiree; and c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (ie gain on a bargain purchase) is recognised in profit or loss immediately.

1.5 Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the Group; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimation of the cost of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Depreciation is provided on all property, plant and equipment other than freehold land, to write down the cost, less residual value, on a straight line basis over their useful lives as follows:

Item	Average useful life
Buildings	20 years
Leasehold improvements	5 years
Plant and machinery	5 years
Furniture and fixtures	6 years
Motor vehicles	5 years
Office equipment	5 years
IT equipment	3 - 4 years on average
Call centre equipment	5 years

1.5 Property, plant and equipment (continued)

The residual value, useful life and depreciation method of each asset are reviewed at the end of each financial year.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately.

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.6 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

All other expenditure that does not meet all of these requirements are expensed to profit or loss when incurred.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

1.6 Intangible assets (continued)

The amortisation period and the amortisation method for intangible assets are reviewed every year-end. Reassessing the useful life of an intangible asset with a definite useful life after it was classified as indefinite is an indication that the asset may be impaired.

As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Intangible assets consist of the following:

- Computer Software, and
- Internally developed assets

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Computer software	6,67 years
Internally developed asset	5 years

1.7 Investments in subsidiaries

Company financial statements

In the company's separate financial statements, investments in subsidiaries are carried at cost less any accumulated impairment.

The cost of an investment in a subsidiary is the aggregate of:

- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the company; plus
- any costs directly attributable to the purchase of the subsidiary.

An adjustment to the cost of a business combination contingent on future events is included in the cost of the combination if the adjustment is probable and can be measured reliably.

1.8 Investments in associates

Associates are those entities over which the Group is able to exert significant influence but which are not subsidiaries.

Investments in associates are accounted for using the equity method.

Any goodwill or fair value adjustment attributable to the Group's share in the associate is not recognised separately and is included in the amount recognised as investment.

The carrying amount of the investment in associates is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate, adjusted where necessary to ensure consistency with the accounting policies of the Group.

Unrealised gains and losses on transactions between the Group and its associates are eliminated to the extent of the Group's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.

1.9 Financial instruments

Initial recognition and measurement

The Group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or equity instrument in accordance with the substance of the contractual arrangement.

Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes party to the contractual provision of the instrument.

Financial assets and liabilities are offset and disclosed on a net basis in the consolidated statement of financial position when there is a legal right to set off and there is an intention either to settle on a net basis or to release the asset and settle the liability simultaneously.

Loans to (from) Group companies

These instruments are initially measured at fair value including transaction costs.

Subsequently these loans are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts.

On loans receivable an impairment loss is recognised in profit or loss when there is objective evidence that it is impaired. The impairment is measured as the difference between the instrument's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Impairment losses are reversed in subsequent periods when an increase in the instrument's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the instrument at the date of impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

1.9 Financial instruments (continued)

Trade and other receivables

Trade receivables are measured at initial recognition at fair value including transaction costs, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at the effective interest rate computed at initial recognition.

Trade and other receivables is presented net of the allowance account. Any movement in the allowance account is recognised in profit or loss. Uncollectable amounts are written off against the allowance account. Subsequent reversals of amounts previously written off are credited to profit or loss.

Trade and other payables

Trade payables are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments arrangements entered into. Cash and cash equivalents are initially recognised at fair value including transaction costs and subsequently measured at amortised cost using the effective interest rate method.

Equity instruments

Financial liabilities and equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting its liabilities.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cashflows from the assets expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and the associated liability for amounts it may have to pay.

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asst and also recognises a collateralised borrowing for the proceeds received.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

Other financial liabilities

Other financial liabilities, including interest bearing borrowings that are reflected on the face of the Statement of financial position, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield method.

When the effect of discounting is not considered to be material, discounting is not applied as the nominal value approximates the amortised cost value.

Liabilities payable within the next year are classified as current liabilities. Liabilities payable after one year are classified as non-current liabilities.

1.9 Financial instruments (continued)

Financial assets and liabilities are offset and disclosed on a net basis in the consolidated statement of financial position when there is a legal right to set off and there is an intention either to settle on a net basis or to release the asset and settle the liability simultaneously.

Financial instruments in general

When the effect of discounting of financial instruments as a whole is not material, discounting is not applied as the nominal values approximate the amortised cost value.

Financial instruments as a whole that are receivable or payable within the next year are classified as current assets. Financial instruments as a whole that are receivable or payable after one year are classified as non-current assets.

1.10 Tax

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of comprehensive income where it includes items of income and expenses that are accounted for in other periods and it further excludes items that are not taxable or deductible. The Group liability for current tax is calculated using rates currently enacted and substantially enacted at financial year end.

Where the estimated current tax payable exceeds the tax already paid, the difference is recognised as a current liability. However if the estimated current tax payable is less than the current tax already paid, the difference is recognised as a current asset.

Deferred tax

Deferred tax is recognised on difference between the carrying amounts of assets and liabilities in the financial statements and corresponding tax bases used in the computation of taxable profit or loss, and are accounted for using the comprehensive liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from goodwill or from the initial recognition (other than a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit or loss nor the accounting profit or loss. Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and its probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantially enacted by the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are off-set when there is a legally enforceable right to set off current tax against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current assets and liabilities on a net basis.

1.10 Tax (continued)

Current and deferred tax for the year

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited to profit or loss, in which case the tax is also recognised directly in profit or loss, or where they arise from the initial accounting for a business combination.

In the case of a business combination, the effect is taken into account in calculating goodwill or in determining the gain or bargain purchase.

1.11 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership to the lessee

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability. This asset or liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

1.12 Inventories

Inventories are measured at the lower of cost and net realisable value on the first-in-first-out (FIFO) basis. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised.

The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period of the write off or when the loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs. The reversal of a write-down or loss is limited to that initial write-down or loss.

1.13 Impairment of assets

At each reporting date, the Group reviews the carrying amount of its tangible and intangible assets to determine whether there is an indication that those assets may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount for an individual asset, the recoverable amount is determined for the cash-generating unit to which it belongs.

For the purposes of impairment testing, goodwill acquired in a business combination is allocated to the cash generating units or groups of cash generating units that are expected to benefit from the synergies of the combination. Impairments to goodwill are never subsequently reversed.

Recoverable amount is the higher of fair values less cost to sell and value in use. In assessing value in use, the estimated future cashflows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit for which the estimates of future cashflows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years.

Group Accounting Policies

1.14 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

If the Group re-acquires its own equity instruments, those instruments are deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Consideration paid or received shall be recognised directly in equity.

Transaction costs incurred on such transactions are netted off or deducted from equity.

1.15 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

1.16 Provisions and contingencies

Provisions are recognised when:

- the Group has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

A provision is the present value of expenditure expected to be required to settle an obligation.

If the effect of the time value of money is not considered to be material, the expenditure expected to be required to settle the obligation is not present valued as the carrying amount approximates the present valued amount.

The rate applied to present value the expenditure would be a market related pre-tax rate that incorporates the risk associated with the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation.

The reimbursement shall be treated as a seperate asset. The amount recognised for the reimbursement shall not exceed the amount nof the provision.

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

Contingent assets and contingent liabilities are not recognised, other than contingent liabilities assumed in a business combination which are recognised at acquisition date at fair value.

1.17 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs.

1.18 Cost of services

The related cost of providing services recognised as revenue in the current period is included in cost of sales when incurred.

1.19 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At each reporting date:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised directly in equity, any exchange component of that gain or loss is recognised directly in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

Notes to the Financial Statements

2. Property, plant and equipment

Group	2014			2013		
Figures in Rand	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Land	2 200 000	-	2 200 000	2 200 000	-	2 200 000
Buildings	10 967 113	(948 519)	10 018 594	10 572 974	(892 041)	9 680 933
Plant and machinery	231 810	(221 992)	9 818	228 436	(214 863)	13 573
Furniture and fixtures	870 697	(679 077)	191 620	821 459	(569 978)	251 481
Motor vehicles	1 166 301	(943 077)	223 224	1 656 369	(917 286)	739 083
Office equipment	989 436	(733 090)	256 346	932 143	(599 580)	332 563
IT equipment	10 588 874	(9 436 865)	1 152 009	10 104 201	(8 158 942)	1 945 259
Leasehold improvements	1 057 199	(379 139)	678 060	1 057 199	(326 279)	730 920
Call centre equipment	1 197 442	(79 829)	1 117 613	-	-	-
Total	**29 268 872**	**(13 421 588)**	**15 847 284**	**27 572 781**	**(11 678 969)**	**15 893 812**

Reconciliation of property, plant and equipment - Group - 2014

	Opening balance	Additions	Disposals	Depreciation	Total
Land	2 200 000	-	-	-	2 200 000
Buildings	9 680 933	394 140	-	(56 479)	10 018 594
Plant and machinery	13 573	-	-	(3 755)	9 818
Furniture and fixtures	251 481	36 602	-	(96 463)	191 620
Motor vehicles	739 083	-	(240 577)	(275 282)	223 224
Office equipment	332 563	56 242	-	(132 459)	256 346
IT equipment	1 945 259	495 812	(1 876)	(1 287 186)	1 152 009
Leasehold improvements	730 920	-	-	(52 860)	678 060
Call centre equipment	-	1 197 442	-	(79 829)	1 117 613
	15 893 812	**2 180 238**	**(242 453)**	**(1 984 313)**	**15 847 284**

Reconciliation of property, plant and equipment - Group - 2013

	Opening balance	Additions	Depreciation	Total
Land	2 200 000	-	-	2 200 000
Buildings	9 658 516	66 841	(44 424)	9 680 933
Plant and machinery	19 730	-	(6 157)	13 573
Furniture and fixtures	369 830	-	(118 349)	251 481
Motor vehicles	1 054 871	-	(315 788)	739 083
Office equipment	462 125	15 575	(145 137)	332 563
IT equipment	3 211 537	807 984	(2 074 262)	1 945 259
Leasehold improvements	783 780	-	(52 860)	730 920
	17 760 389	**890 400**	**(2 756 977)**	**15 893 812**

	Group		Company	
	2014	2013	2014	2013
Details of properties (at cost)				
Erf 1636 Ferndale, Randburg				
Terms and conditions				
- Land at cost	2 200 000	2 200 000	-	-
- Buildings at cost	7 479 575	7 479 575	-	-
- Improvements to building	3 487 538	3 093 399	-	-
	13 167 113	**12 772 974**	**-**	**-**

Land and buildings comprise ERF 1636, Ferndale, Randburg situated in the province of Gauteng measuring 7 658 square metres in extent and includes an office block that is occupied by the Group's head office. This property was acquired by Four Rivers Trading 123 Proprietary Limited for R9.68 million on 8 August 2007.

2. Property, plant and equipment (continued)

Land and buildings with a carrying value of R12 218 594 (2013: R11 880 933) are mortgaged as stated in note 12.

Certain plant and equipment with a carrying amount of R570 894 (2013: R739 083) have been encumbered as per note 12.

A detailed register of assets is available for inspection at the registered office of the Group.

3. Intangible assets

Group	2014			2013		
Figures in Rand	**Cost**	**Accumulated amortisation**	**Carrying value**	**Cost**	**Accumulated amortisation**	**Carrying value**
Fax2Email Platform - Africa	2 383 605	(754 808)	1 628 797	2 383 605	(278 087)	2 105 518
Stockbroker Identification Management System	276 369	(225 701)	50 668	276 369	(170 428)	105 941
Email2Fax and Fax2Email System	7 929 183	(1 364 971)	6 564 212	5 554 839	(317 702)	5 237 137
Identity access management software	2 086 591	(2 086 591)	-	2 086 591	(1 669 273)	417 318
Computer software	1 828 904	(1 746 248)	82 656	1 823 484	(1 530 425)	293 059
CarbonWorx cards	932 812	(746 250)	186 562	932 812	(559 687)	373 125
Virtual Business Centre	437 984	(437 984)	-	437 984	(350 387)	87 597
Bespoke services	1 441 880	(113 991)	1 327 889	138 974	(60 222)	78 752
Fax2Email non-premium Rated System	265 897	(194 991)	70 906	265 897	(141 812)	124 085
Total	**17 583 225**	**(7 671 535)**	**9 911 690**	**13 900 555**	**(5 078 023)**	**8 822 532**

Individual intangible assets which are considered to be material are set out below:

Description - Group - 2014	Carrying amount	Remaining amortisation period
Email2Fax and Fax2Email system		
This system was engineered to ensure that the Group's inbound and outbound faxing system adheres to all modern telecommunication protocols and standards. The system includes an end user interface that is now providing significantly more functionality than ever before.	6 564 212	3.5 years
Fax2Email platform - Africa		
This platform was developed for deployment of Fax2Email and Web2Fax services that can function independently from the South African operation and can be deployed within any country that has a basic communication infrastructure. It can be managed remotely, provides for customer care via Voice Over IP ("VOIP"), has additional business continuity features and can adapt easily to accommodate any unique business model.	1 628 797	3 years
	8 193 009	

Notes to the Financial Statements

3. Intangible assets (continued)

Reconciliation of intangible assets - Group - 2014

	Opening balance	Additions	Amortisation	Total
Fax2Email Platform - Africa	2 105 518	-	(476 721)	1 628 797
Stockbroker Identification Management System	105 941	-	(55 273)	50 668
Email2Fax and Fax2Email System	5 237 137	2 374 344	(1 047 269)	6 564 212
Identity access management software	417 318	-	(417 318)	-
Computer software	293 059	5 420	(215 823)	82 656
CarbonWorx software	373 125	-	(186 563)	186 562
Virtual Business Centre software	87 597	-	(87 597)	-
Gateway Verification System	78 752	1 302 906	(53 769)	1 327 889
Fax2Email Non Premium Rated System	124 085	-	(53 179)	70 906
	8 822 532	**3 682 670**	**(2 593 512)**	**9 911 690**

Reconciliation of intangible assets - Group - 2013

	Opening balance	Additions	Amortisation	Total
Fax2Email Platform - Africa	2 383 605	-	(278 087)	2 105 518
Stockbroker Identification Management System	161 215	-	(55 274)	105 941
Licenses and franchises	1 732 920	3 821 919	(317 702)	5 237 137
Identity access management software	834 616	-	(417 298)	417 318
Computer software	497 102	135 108	(339 151)	293 059
CarbonWorx software	559 687	-	(186 562)	373 125
Virtual Business Centre software	175 193	-	(87 596)	87 597
Gateway Verification System	106 547	-	(27 795)	78 752
Fax2Email non Premium Rated System	177 285	-	(53 200)	124 085
	6 628 170	**3 957 027**	**(1 762 665)**	**8 822 532**

Impairment of intangible assets

At reporting date there were no indications that these intangible assets should be impaired.

Other information

Internally generated assets consist of a Virtual Business Centre (VBC), FICA/RICA card system, CarbonWorx cards, Gateway verification system, Fax2Email non-premium system, StockBroker System, Email2Fax system, Fax2Email system South Africa and an Africa Fax2Email system.

4. Investment in associate

The following table lists the associate in the Group:

Group Name of company	% ownership interest 2014	% ownership interest 2013	Carrying amount 2014	Carrying amount 2013
Livingfacts Proprietary Limited	44.00%	-%	3 080 993	-
Company				
Livingfacts Proprietary Limited	44.00%	-%	3 080 993	-

4. Investment in associate

The summarised financial infomation in respect of the Group's principal associate is set out below.

Figures in Rand	Livingfacts Proprietary Limited 1 March 2014 - 30 June 2014
Revenue	1 122 296
Profit after taxation from continuing operations	31 189
Total comprehensive income	**31 189**

Summarised Statement of Financial Position

	Livingfacts Proprietary Limited 2014
Assets	
Non-current assets	426 069
Current assets	476 349
Liabilities	
Current liabilities	(92 406)
Total net assets	**810 012**
Reconciliation to carrying amounts:	
Opening net assets 1 March 2014	778 823
Profit after tax for the period	31 189
Closing net assets 30 June 2014	810 012
Group Share in %	44%
Group share in R	356 405
Goodwill	2 724 588
Carrying amount	**3 080 993**

The end of the reporting year of FoneWorx Holdings Limited is 30 June 2014. The year end of Livingfacts Proprietary Limited is 28 February 2014. The information above was obtained from the management accounts of Livingfacts Proprietary Limited

Livingfacts Proprietary Limited was acquired on 1 March 2014.

5. Financial assets by category

The accounting policies for financial instruments have been applied to the line items below:

Figures in Rand Group - 2014	Loans and receivables	Non-financial assets	Total
Trade and other receivables	18 104 956	838 730	18 943 686
Cash and cash equivalents	119 142 094	-	119 142 094
	137 247 050	**838 730**	**138 085 780**

Group - 2013			
Trade and other receivables	24 523 292	720 946	25 244 238
Cash and cash equivalents	109 334 359	-	109 334 359
	133 857 651	**720 946**	**134 578 597**

Notes to the Financial Statements

5. **Financial assets by category (continued)**

Company - 2014	**Loans and receivables**	**Non-financial assets**	**Total**
Loans to Group companies	4 832 484	-	4 832 484
Trade and other receivables	-	18 495	18 495
Cash and cash equivalents	27 202 018	-	27 202 018
	32 034 502	**18 495**	**32 052 997**
Company - 2013			
Loans to Group companies	9 495 693	-	9 495 693
Trade and other receivables	104 630	125 325	229 955
Cash and cash equivalents	25 988 096	-	25 988 096
	35 588 419	**125 325**	**35 713 744**

6. **Deferred tax asset (liability)**

	Group		**Company**	
Figures in Rand	**2014**	**2013**	**2014**	**2013**
Deferred tax asset	**180 983**	**-**	**-**	**-**
Deferred tax liability	**(946 222)**	**(334 918)**	**-**	**-**
Reconciliation of deferred tax asset / (liability)				
At beginning of year	(334 918)	118 414	-	-
Property, plant and equipment	22 264	(301 020)	-	-
Intangible assets	(363 190)	(671 834)	-	-
Provisions	5 470	199 384	-	-
Revenue accrual	(38 917)	6 650	-	-
Tax losses available for set off against future taxable income	(55 948)	313 488	-	-
	(765 239)	**(334 918)**	**-**	**-**
Categories of temporary differences				
Property, plant and equipment	(11 102)	(330 941)	-	-
Intangible assets	(2 752 129)	(2 389 211)	-	-
Provisions	1 770 419	1 764 949	-	-
Revenue accrual	60 590	99 507	-	-
Prepaid expenses	(14 000)	(14 000)	-	-
Taxable losses available for set off against future taxable income	180 983	534 778	-	-
	(765 239)	**(334 918)**	**-**	**-**

7. **Inventories**

Finished goods	1 198 352	1 086 210	-	-
Allowance for obsolete inventory	(738 257)	(738 257)	-	-
	460 095	**347 953**	**-**	**-**

Inventory amounting to R170 166 (2013: R19 950) is carried at net realisable value.

8. Trade and other receivables

Figures in Rand	Group 2014	Group 2013	Company 2014	Company 2013
Trade receivables	17 873 546	22 654 905	-	104 630
VAT	-	125 325	18 495	125 325
Other receivables	231 410	1 868 387	-	-
Prepayments	838 730	595 621	-	-
	18 943 686	**25 244 238**	**18 495**	**229 955**

The directors consider that the carrying amount of trade and other receivables approximates their fair values.

The total trade receivables (gross of allowances) held by the Group as at 30 June 2014 amounted to R17 873 546 (2013 - R22 654 905).

Included in the Company's trade receivables balance are debtors with a carrying amount of R324 854 (2013 - R474 506), which are past due at the reporting date for which the Company has not provided, as there has not been significant changes in the credit quality and the amounts are still considered recoverable. The Company does not hold any collateral over these balances. The credit terms of the past due trade receivables have not been renegotiated.

In determining the recoverability of trade receivables, the Company considers any change in credit quality of the trade receivables, from the date the credit was initially granted up to the reporting date.

Due to the fact that more than 90% of the Group's revenue is generated through transactions with the 3 local cellular service providers and one large fixed local telecoms provider there is a concentration of credit exposure.

Trade receivables that are less than 60 days past due are not considered impaired, except if there is a specific indication that it may be impaired. Trade receivables that are more than 60 days past due are individually assessed. Customers with no history of default and from whom the full amounts are expected to be recovered are not provided for.

The average credit period on sales is 30 days from statement. No interest was charged on trade receivables for the period under review.

9. Cash and cash equivalents

Figures in Rand	Group 2014	Group 2013	Company 2014	Company 2013
Cash and cash equivalents consist of:				
Cash on hand	14 500	12 665	-	-
Bank balances	119 127 594	109 321 694	27 202 018	25 988 096
	119 142 094	**109 334 359**	**27 202 018**	**25 988 096**

10. Share capital

	Group 2014	Group 2013	Company 2014	Company 2013
Authorised				
250 000 000 Ordinary shares of R0,001 each	250 000	250 000	250 000	250 000
Issued				
136 002 041 (2013: 136 002 041) shares of R0.001 each	136 002	136 002	136 002	136 002
Share premium	52 488 734	52 488 734	52 488 734	52 488 734
	52 624 736	**52 624 736**	**52 624 736**	**52 624 736**

The 113 997 959 (2013 - 113 997 959) unissued shares are under the control of the directors, subject to Section 36 of the Companies Act and the Listings Requirements of the JSE Limited, in terms of a resolution passed at the Annual General Meeting in November 2013. The authority is valid until the forthcoming Annual General Meeting.

Notes to the Financial Statements

11. Share Premium

Figures in Rand	Group 2014	Group 2013	Company 2014	Company 2013
Balance at beginning of period	52 448 734	36 373 027	52 448 734	36 373 027
Share repurchased 1 October 2012	-	(36 373 027)	-	(36 373 027)
Share issue 1 October 2012	-	53 435 128	-	53 435 128
Cost to issue shares	-	(946 394)	-	(946 394)
	52 448 734	**52 488 734**	**52 448 734**	**52 488 734**

12. Interest bearing liabilities

	Group 2014	Group 2013	Company 2014	Company 2013
Minimum instalment payments due				
- within one year	1 471 864	1 841 367	-	-
- in second to fifth year inclusive	3 497 528	4 651 194	-	-
less: future finance charges	(58 135)	(109 921)	-	-
Present value of minimum instalment payments	**4 911 257**	**6 382 640**	**-**	**-**
Present value of minimum instalment payments due				
- within one year	3 478 698	1 808 614	-	-
- in second to fifth year inclusive	1 432 559	4 574 026	-	-
	4 911 257	**6 382 640**	**-**	**-**
Non-current liabilities	3 478 698	4 574 026	-	-
Current liabilities	1 432 559	1 808 614	-	-
	4 911 257	**6 382 640**	**-**	**-**

It is the Group's policy to purchase certain equipment and motor vehicles under instalment sale agreements. The average agreement term is three to five years and the instalment sale agreements bear interest at various rates linked to the prime bank rate and are repayable in monthly instalments of R39 392 (2013: R59 901) inclusive of interest. The Group's obligations under instalment sale agreements are secured by certain equipment and motor vehicles with a carrying amount of R223 224 (2013: R739 083). The current portion relating to the instalment sale agreements amount to R163 839 (2013: R636 569) and the non-current portion relating to the instalment sale agreements amounts to R250 444 (2013: R73 140).

Included in the interest bearing liabilities is the long-term loan which is secured by a bond registered over ERF 1636, Ferndale. The bond is repayable over 10 years at an interest rate of prime minus 1% and repayable in monthly instalments of R131 372 (2013: R131 717). The carrying amount of property as reflected in the accounting records of the subsidiary is R10 018 594 (2013: R 9 680 933). The current portion relating to the long-term loan amounts to R1 268 728 (2013: R1 172 044) and the non-current portion relating to the long-term loan amounts to R3 228 720 (2013: R4 500 886).

13. Provisions

Figures in Rand **Reconciliation of provisions - Group - 2014**	Opening balance	Additions	Utilised during the year	Total
Leave pay	913 349	472 930	(199 745)	1 186 534
Performance bonus	5 390 040	5 200 000	(5 453 650)	5 136 390
	6 303 389	**5 672 930**	**(5 653 395)**	**6 322 924**
Reconciliation of provisions - Group - 2013				
Leave pay	860 283	254 653	(201 587)	913 349
Performance bonus	4 731 020	5 160 000	(4 500 980)	5 390 040
	5 591 303	**5 414 653**	**(4 702 567)**	**6 303 389**

Bonuses for the financial year are paid only upon approval of the financial statements by the Board.

The timing of the leave pay provision is uncertain as leave pay is only payable when an employee leaves the employment of the Group or is utilised when an employee takes leave.

14. Trade and other payables

Figures in Rand	Group 2014	Group 2013	Company 2014	Company 2013
Trade payables	9 113 769	11 282 981	-	-
Amounts received in advance	1 810 238	2 211 700	-	-
VAT	916 548	1 139 165	-	-
Third party prize money	2 843 660	1 489 393	-	-
Accruals	2 142 706	3 896 928	133 100	1 010 527
	16 826 921	**20 020 167**	**133 100**	**1 010 527**

The directors consider that the carrying amount of trade and other payables approximate their fair values.

The average credit period on purchases is 60 days. No interest is paid on trade payables.

15. Financial liabilities by category

The accounting policies for financial instruments have been applied to the line items below:

Figures in Rand Group - 2014	Financial liabilities at amortised cost	Non-financial instruments	Total
Interest bearing liabilities	4 911 257	-	4 911 257
Trade and other payables	14 100 135	2 726 786	16 826 921
Unclaimed dividends	106 557	-	106 557
	19 350 555	**2 726 786**	**22 077 341**
Group - 2013			
Interest bearing liabilities	6 382 640	-	6 382 640
Trade and other payables	16 669 302	3 350 865	20 020 167
Unclaimed dividends	69 286	-	69 286
	23 121 228	**3 350 865**	**26 472 093**

Company - 2014	Financial liabilities at amortised cost	Total
Loan from Group company	133 377	133 377
Trade and other payables	133 100	133 100
Unclaimed dividends	106 557	106 557
	373 034	**373 034**
Company - 2013		
Loan from Group company	134 127	134 127
Trade and other payables	1 010 527	1 010 527
Unclaimed dividends	69 286	69 286
	1 213 940	**1 213 940**

Notes to the Financial Statements

16. Revenue

Figures in Rand	Group 2014	Group 2013	Company 2014	Company 2013
Rendering of services	118 071 026	107 367 235	-	-
Rental income	126 568	-	-	-
	118 197 594	**107 367 235**	**-**	**-**

17. Operating profit (loss)

Operating profit (loss) for the year is stated after accounting for the following:

Figures in Rand	Group 2014	Group 2013	Company 2014	Company 2013
Operating lease charges				
Premises				
• Contractual amounts	-	26 310	-	-
Depreciation and amortisation	4 577 825	4 519 642	-	-
Employee costs	23 063 331	19 101 804	165 000	-
Amount expensed in respect of defined contribution plan	-	19 263	-	-
Reversal of impairments on intercompany loan	-	-	(176 065)	(132 481)
Insurance	388 386	385 217	-	-
Fees relating to listing on JSE	339 759	358 976	-	-
Legal Fees	360 709	1 390 617	-	1 387 617
Telecommunication charges	2 806 196	4 252 732	-	-

18. Auditor's remuneration

Figures in Rand	Group 2014	Group 2013	Company 2014	Company 2013
Fees	615 000	454 140	122 400	122 400

19. Directors' emoluments

2014	Emoluments	Bonus	Total
R Graver	-	400 000	400 000
G Groenewaldt	1 326 000	950 000	2 276 000
M A Smith	2 570 000	2 000 000	4 570 000
P A Scholtz^	1 464 000	1 100 000	2 564 000
AG Mancha*	75 000	-	75 000
R Pitt	90 000	-	90 000
	5 525 000	**4 450 000**	**9 975 000**

2013	Emoluments	Provident Fund	Leave pay	Bonus	Total
R Graver	961 371	14 829	165 415	900 000	2 041 615
G Groenewaldt	1 216 600	-	-	680 000	1 896 600
M A Smith	2 151 780	9 000	-	1 400 000	3 560 780
P A Scholtz	1 260 960	-	-	900 000	2 160 960
	5 590 711	**23 829**	**165 415**	**3 880 000**	**9 659 955**

* Independent Non-Executive Directors

^ Prescribed Officer

These salaries are an expense of FoneWorx Proprietary Limited, except for R Pitt and AG Mancha who are paid from FoneWorx Holdings Limited.

20. Investment income

Figures in Rand	Group 2014	Group 2013	Company 2014	Company 2013
Dividend revenue				
Subsidiaries - Local	-	-	16 320 245	9 520 143
Interest received				
Bank	5 669 212	4 833 110	1 434 754	1 263 980
	5 669 212	**4 833 110**	**17 754 999**	**10 784 123**

21. Finance costs

Bank	440 329	547 838	-	-

22. Taxation

Major components of the tax expense				
Current				
Local income tax - current period	10 667 831	10 250 845	334 782	330 460
Deferred				
Originating and reversing temporary differences	430 320	453 332	-	-
	11 098 151	**10 704 177**	**334 782**	**330 460**
Reconciliation of the tax expense				
Reconciliation between accounting profit and tax expense.				
Accounting profit	38 579 433	35 635 633	16 923 658	8 850 010
Tax at the applicable tax rate of 28% (2013: 28%)	10 802 241	9 977 977	4 738 624	2 478 003
Tax effect of adjustments on taxable income				
Reversal of impairment of intercompany loans	-	-	(49 298)	(37 095)
Permanent differences	239 961	741 841	(4 354 544)	(2 110 448)
Tax losses available for set off against future taxable income	55 949	(15 641)	-	-
	11 098 151	**10 704 177**	**334 782**	**330 460**

Gross estimated tax losses of certain subsidiaries at 30 June 2014, available for offset against future taxable income amounted to R 1,3 million (2013 - R 1,3 million). A deferred tax asset has not been raised in respect of these losses due to the uncertainty around those subsidiaries' ability to generate future taxable profits against which the deferred tax asset may be utilised. Had a deferred tax asset been raised it would have amounted to R360 000 (2013 - R360 000).

Notes to the Financial Statements

23. Cash generated from (used in) operations

Figures in Rand	Group 2014	Group 2013	Company 2014	Company 2013
Profit before taxation	38 579 433	35 635 633	16 923 658	8 850 010
Adjustments for:				
Depreciation and amortisation	4 577 825	4 519 642	-	-
Profit on sale of assets	(37 778)	-	-	-
Dividends received	-	-	(16 320 245)	(9 520 143)
Interest received - investment	(5 669 212)	(4 833 110)	(1 434 754)	(1 263 980)
Finance costs	440 329	547 838	-	-
Reversal of intercompany loan impairments	-	-	(176 065)	(132 482)
Movements in provisions	19 535	712 086	-	-
Changes in working capital:				
Inventories	(112 142)	209 340	-	-
Trade and other receivables	6 327 945	(8 105 186)	211 460	209 300
Trade and other payables	(3 193 246)	5 203 847	(877 857)	826 575
	40 932 687	**33 890 090**	**(1 673 803)**	**(1 030 720)**

24. Tax paid

	Group 2014	Group 2013	Company 2014	Company 2013
Balance at beginning of the year	39 145	136 417	(176 776)	(129 296)
Current tax for the year recognised in profit or loss	(10 667 831)	(10 250 845)	(334 782)	(330 460)
Balance at end of the year	720 268	(39 145)	169 297	176 776
	(9 908 418)	**(10 153 573)**	**(342 261)**	**(282 980)**

25. Dividends paid

	Group 2014	Group 2013	Company 2014	Company 2013
Balance at beginning of the year	(69 286)	(46 950)	(69 286)	(46 950)
Dividends	(16 320 245)	(9 520 143)	(16 320 245)	(9 520 143)
Balance at end of the year	106 557	69 286	106 557	69 286
	(16 282 974)	**(9 497 807)**	**(16 282 974)**	**(9 497 807)**

26. Borrowing powers

In terms of the Memorandum of Incorporation, the borrowing powers of the directors are unlimited.

27. Related parties

Related parties are those that control or have significant influence over the Group and Company, including major investors and key management personnel and parties that are significantly controlled or influenced by the Group or Company, including subsidiaries.

Related-party relationships where control exists are:

Related party	Nature of relationship
Companies	
FoneWorx Proprietary Limited	Subsidiary
Four Rivers Trading 123 Proprietary Limited	Subsidiary
Interconnective Solutions Management Services Proprietary Limited	Subsidiary
Retail Card Club Proprietary Limited	Subsidiary
SurveyOnline Proprietary Limited	Subsidiary
Valutronics Proprietary Limited	Subsidiary
CarbonWorx Proprietary Limited	Subsidiary
VM Advertising Proprietary Limited	Subsidiary
FoneWorx Kenya Limited	Subsidiary
FoneWorx Global Communications Limited	Subsidiary
FoneWorx Zambia Limited	Subsidiary
FoneWorx Namibia Proprietary Limited	Subsidiary
Livingfacts Proprietary Limited	Associate
Afrifocus Securities Proprietary Limited	Company in which AG Mancha has an interest

Directors of FoneWorx Holdings Limited
Mark Allan Smith
Pieter Albertus Scholtz
Graham Groenewaldt
Ashvin Mancha
Gaurang Mooney
Paul Jenkins
Roger Pitt
Marc du Plessis
Piet Greyling

Related party balances and transactions
Directors
Directors' emoluments are set out in note19.

There are no other key management personnel.

Investments and loans
Related party investments and loans of the holding company are reflected in note 32

Dividends
Dividends were received from FoneWorx Proprietary Limited amounting to R16 320 245 (2013: R9 520 143).

Revenue and debtors
Transactional revenue received from Afrifocus Securities Proprietary Limited amounting to R358 514 (2013: R401 352).
Trade receivables balances at year end R34 059 (2013: R34 059).

Notes to the Financial Statements

28. Earnings per share

Figures in Rand	Company 2014	2013
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: R 24 931 456) 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 between earnings and head line earnings		
Headline earnings	27 481 282	24 931 456
The calculation of diluted earnings per share is based on profits of R27 481 282 (2013: R 24 931 456) and a weighted average of 136 002 041 (2013: 136 002 041) ordinary shares issued during the year	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 year that have a dilutive impact.		

29. Dividends per share

	2014	2013
The calculation of dividends per share is based on dividends of R16 320 245 attributable to equity holders of the parent (2013: R9 520 143) and a weighted average of 136 002 041 (2013: 136 002 041) ordinary shares in issue during the year	12.00 cents	7.00 cents

30. Risk management

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. Debt is managed on a project by project basis by the Board, and is only used to acquire high value, long term assets.

The capital structure of the Group consists of debt, which includes borrowings disclosed in note 12, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital and premium, reserves and retained income as disclosed in notes 9, 10 and 11, respectively.

Currently the Group's cash and cash equivalents of R119.1 million (2013: R109.3 million) exceed its interest bearing debt of R4.9 million (2013: R6.4 million) as set out in note 12 by 24.31 times (2013: 17.08 times).

Significant accounting policies

Details of significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial assets, financial liabilities and equity instruments are disclosed in note 1 to the financial statements.

Fair values

Figures in R'000	2014 Fair value	2014 Carrying amount	2013 Fair value	2013 Carrying amount
Group				
Trade and other receivables	18 105	18 105	24 523	24 523
Cash and cash equivalents	119 142	119 142	109 334	109 334
Trade and other payables	14 100	14 100	16 669	16 669
Unclaimed dividends	107	107	69	69
Interest bearing liabilities	4 911	4 911	6 383	6 383
Company				
Carrying amount				
Trade and other receivables	-	-	104	104
Loans to/from Group companies	4 699	4 699	9 362	9 362
Cash and cash equivalents	27 202	27 202	29 888	29 888
Trade and other payables	133	133	1 011	10 111
Unclaimed dividends	107	107	69	69

The fair value of trade and other receivables, as well as trade and other payables, is estimated as the present value of future cashflows, discounted at the effective interest rate at the reporting date. The fair value of the interest bearing liabilities approximates the carrying value, the carrying value is calculated as the present value of the future cash flows discounted at a market related rate.

Concentration of risk

The Group's financial instruments do not represent a concentration of credit risk because it deals with a variety of major banks and its debtors and loans are regularly monitored. An adequate level of provision is maintained.

Foreign currency risk

In the past and in the normal course of business, the Group has entered into transactions denominated in foreign currencies. The Group currently does not hedge its exposure to foreign currency exchange rates. However, all sales during the current year have been denominated in South African Rands. The foreign currency risk the Group was exposed to at year end was not material and therefore no sensitivity analysis is performed.

30. Risk management (continued)

Interest rate risk

Fluctuating interest rates impact on the value of short-term cash investments and financing activities, giving rise to interest rate risk. In the ordinary course of business the Group receives cash from its operations and is required to fund working capital and capital expenditure requirements. The cash is managed to ensure surplus funds are invested in a manner to achieve returns while minimising risks.

The Group's exposure to interest rates on financial assets is R119.1 million (2013: R109.3 million) and financial liabilities are R4.9 million (2013: R6.4 million).

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on exposure to interest rates at the reporting date.

If interest rates has been 100 basis points higher and all other variables were held constant, the Group's profit for the year under review would have increased by R913 458 (2013: R835 547).

If interest rate had been 100 basis points lower and all other variables were held constant, the Group's profit for the year under review would have decreased by R913 458 (2013: R835 547).

The Group's sensitivity to interest rates has increased during the current period mainly due to the increase in cash and cash equivalents reserves.

Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties. More than 90% of the Group's revenue is generated through transactions with the three local cellular phone service providers and one large fixed line local telecoms provider. The directors believe that these companies are all able to finance their debt adequately.

The total loans to Group companies amounts to R4 832 484 (2013: R9 495 693). These amounts are intercompany and the directors believe these will be recoverable.

Financial assets exposed to credit risk at year end were as follows:

Figures in Rand Financial instrument	Group 2014	Group 2013	Company 2014	Company 2013
Loans to Group companies	-	-	4 832 484	9 495 693
Trade and other receivables	18 104 956	24 523 292	-	104 630
Cash and cash equivalents	119 142 094	109 334 359	27 202 018	25 988 096

Liquidity risk

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

30. Risk management (continued)

Figures in Rands Group	Carrying amount	Contractual payments	Less than 1 year	Between 2 and 5 years
At 30 June 2014				
Interest bearing liabilities	4 911 257	4 969 392	1 471 864	3 497 528
Unclaimed dividends	106 557	106 557	106 557	-
Trade and other payables	14 100 135	14 100 135	14 100 135	-
At 30 June 2013				
Interest bearing liabilities	6 382 640	6 492 561	1 841 367	4 651 194
Unclaimed dividends	69 286	69 286	69 286	-
Trade and other payables	16 669 304	1 669 304	16 669 304	-
Company				
At 30 June 2014				
Loans from Group companies	133 377	133 377	133 377	-
Unclaimed dividends	106 557	106 557	106 557	-
Trade and other payables	133 100	133 100	133 100	-
At 30 June 2013				
Loans from Group companies	134 127	134 127	134 127	-
Unclaimed dividends	69 286	69 286	69 286	-
Trade and other payables	1 010 527	1 010 527	1 010 527	-

31. 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 segments:

- BizWorx: the segment focusing on business related products;
- MediaWorx: the segment focusing on information and entertainment services; and
- Development: consists of the three brands that are still within the development and piloting phase being CarbonWorx, DRWorx and IDWorx

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 36 African countries ("Africa sales"). Within the period under review 5.75% (2013: 7.5%) of MediaWorx 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 be reviewed on a Group basis as well.

Notes to the Financial Statements

31. Segment reporting

Figures in Rand	2014	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**

32. Subsidiaries

2014	Issued share capital R	Group effective interest %	Cost of investment R	Indebtedness by subsidiary R	Provision for doubtful loans R
The holding Company's investment in subsidiaries is as follows:					
FoneWorx Proprietary Limited	100	100%	100	425 101	-
Four Rivers Trading 123 Proprietary Limited	100	100%	2 310 100	856 260	-
Interconnective Solutions Management Services Proprietary Limited	100	100%	100	(133 575)	-
Retail Card Club Proprietary Limited*	100	100%	100	623 658	(623 658)
SuveyOnline Proprietary Limited*	100	100%	100	910 331	(910 331)
Valutronics Proprietary Limited*	100	100%	100	103 194	(103 194)
CarbonWorx Proprietary Limited	100	70%	100	266 950	-
VM Advertising Proprietary Limited*	100	100%	100	823 984	(823 984)
FoneWorx Kenya Limited	5 000 000	60%	100	1 488 177	-
FoneWorx Global Communications Limited (Nigeria)	10 000 000	70%	100	1 761 956	-
FoneWorx Zambia Limited	5 000 000	60%	100	59 108	-
FoneWorx Namibia Proprietary Limited	100	100%	100	14 931	-
			2 311 200	7 200 075	(2 461 167)

32. Subsidiaries (continued)

2013	Issued share capital R	Group effective interest %	Cost of investment R	Indebted-ness by subsidiary R	Provision for doubtful loans R
The holding company's investment in subsidiaries is as follows:					
FoneWorx Proprietary Limited	100	100%	100	3 897 560	-
Four Rivers Trading 123 Proprietary Limited	100	100%	2 310 100	439 194	-
Interconnective Solutions Management Services Proprietary Limited*	100	100%	100	(134 127)	-
Retail Card Club Proprietary Limited*	100	100%	100	618 385	(618 385)
SuveyOnLine Proprietary Limited*	100	100%	100	1 092 417	(1 092 417)
Valutronics Proprietary Limited*	100	100%	100	102 444	(102 444)
CarbonWorx Proprietary Limited	100	100%	100	2 247 030	-
VM Advertising Proprietary Limited*	100	100%	100	823 984	(823 984)
FoneWorx Kenya Limited	5 000 000	60%	100	1 082 211	-
FoneWorx Global Communications Limited	10 000 000	70%	100	1 761 956	-
FoneWorx Zambia Limited	5 000 000	60%	100	59 108	-
FoneWorx Namibia Proprietary Limited	100	100%	100	8 634	-
			2 311 200	11 998 796	(2 637 230)

All the above entities are private companies and incorporated in South Africa. The loans are recorded in South African Rands as this is the currency in which the transactions are concluded.

All of the above loans are unsecured, interest free and have no fixed repayment terms.

* The loans to these companies have been subordinated and the impairment was calculated based on the value of the deficit in the company. All exposure based on the guarantee given has therefore been provided for.

The reversal of impairment recognised in the current period relating to the provision against the loan amounts to R176 055 (2013: R132 482 expense).

33. Securities and guarantees

The Group's banking facilities are secured as follows:

- Suretyship limited to R5 000 000 issued by FoneWorx Holdings Limited in favour of BOE Private Bank as security for the facility granted to Four Rivers Trading 123 Proprietary Limited.

First Rand Bank has issued the following guarantees on behalf of the Group:

- Virtual Payment Solutions Proprietary Limited - R50 000 (2013: R50 000).

34. Commitments

BMi Reasearch Proprietary Limited

At the end of the financial reporting period of 30 June 2014 the Group was committed to acquire 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.

35. Subsequent Events

BMi Research Proprietary Limited

Subsequent to the end of the financial period of 30 June 2014 the Group a 35% interest in BMi Research Proprietary Limited for a purchase price of R8 000 000. The acquisition occurred on 21 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 shares. During the Annual General Meeting held on 21 November 2013 the members of FoneWorx Holdings voted in favor of a resolution that provided that Financial assistance may be provided for subscription of securitiies 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 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 Event after the reporting period.

Notice of Annual General Meeting

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

If you are in any doubt as to what action you should take in respect of the following resolutions, please consult your Central Securities Depository Participant ("CSDP"), broker, banker, attorney, accountant or other professional adviser immediately.

Notice is hereby given that the 16th Annual General Meeting ("Annual General Meeting") of shareholders of FoneWorx will be held at 10:00 on Thursday, 27 November 2014 at FoneWorx House, Corner Bram Fischer Drive and Will Scarlet Road, Ferndale Randburg (entrance on Will Scarlet Road), Ferndale, Randburg, for the purpose of considering, and, if deemed fit, passing, with or without modification, the resolutions set out hereafter.

The board of directors of the Company ("the Board") has determined that, in terms of section 62(3)(a), as read with section 59 of the Companies Act, 2008 (Act 71 of 2008), as amended, the record date for the purposes of determining which shareholders of the Company are entitled to participate in and vote at the Annual General Meeting is Friday, 21 November 2014. Accordingly, the last day to trade FoneWorx shares in order to be recorded in the Register to be entitled to vote will be Friday, 14 November 2014.

1. To receive, consider and adopt the annual financial statements of the Company and the Group for the financial year ended 30 June 2014, including the reports of the auditors, directors and the Audit and Risk Committee.

   Note: A copy of the annual financial statements appears on pages 46 to 79 of the Annual Report to which this notice is attached.

2. To re-elect Ashvin Mancha who, in terms of article 25 of the Company's Memorandum of Incorporation, retires by rotation at the Annual General Meeting but, being eligible to do so, offers himself for re-election.

3. To re-elect Paul Jenkins who, in terms of article 25 of the Company's Memorandum of Incorporation, retires by rotation at the Annual General Meeting but, being eligible to do so, offers himself for re-election.

4. To re-elect Roger Pitt who, in terms of article 25 of the Company's Memorandum of Incorporation, retires by rotation at the Annual General Meeting but, being eligible to do so, offers himself for re-election.

   An abbreviated curriculum vitae in respect of each director offering himself for re-election appears on pages 9 to 11 of the Annual Report to which this notice is attached.

5. To re-appoint Roger Pitt as a member and chairman of the Company's Audit and Risk Committee.

6. To re-appoint Gaurang Mooney as a member of the Company's Audit and Risk Committee.

7. To re-appoint Ashvin Mancha as a member of the Company's Audit and Risk Committee.

   An abbreviated curriculum vitae in respect of each member of the Audit and Risk Committee appears on pages 8 to 11 of the Annual Report to which this notice is attached.

8. To confirm the re-appointment of Grant Thornton (Jhb) Inc. as independent auditor of the Company with Mr Ben Frey being the individual registered auditor who has undertaken the audit of the Company for the ensuing financial year and to authorise the directors to determine the auditor's remuneration.

   The minimum percentage of voting rights required for each of the resolutions set out in item numbers 1 to 8 above to be adopted is more than 50% (fifty percent) of the voting rights exercised on each of the resolutions by shareholders present or represented by proxy at the Annual General Meeting.

   As special business, to consider and, if deemed fit, to pass, with or without modification, the following resolutions:

9. **ORDINARY RESOLUTION NUMBER 1**

Approval of remuneration policy

"Resolved that the remuneration policy of the directors of FoneWorx Holdings Limited ("the Company"), as set out on page 40 of the Annual Report to which this notice is attached to, be and is hereby approved as a non-binding advisory vote of shareholders of the Company in terms of the King III Report on Corporate Governance."

Ordinary resolutions to be adopted at this Annual General Meeting require approval from a simple majority, which is more than 50% of the votes exercised on such resolutions by shareholders present or represented by proxy at the meeting.

10. **ORDINARY RESOLUTION NUMBER 2**

Control of authorised but unissued ordinary shares

"Resolved that the authorised but unissued ordinary shares in the capital of FoneWorx Holdings Limited ("the Company") be and are hereby placed under the control and authority of the directors of the Company ("directors") and that the directors be and are hereby authorised and empowered to allot and issue all or any of such ordinary shares, or to issue any options in respect of all or any of such ordinary shares, to such person/s on such terms and conditions and at such times as the directors may from time to time and in their discretion deem fit, subject to the provisions of sections 38 and 41 of the Companies Act, 2008 (Act 71 of 2008), as amended, the Memorandum of Incorporation of the Company and the Listings Requirements of JSE Limited, as amended from time to time."

Ordinary resolutions to be adopted at this Annual General Meeting require approval from a simple majority, which is more than 50% of the votes exercised on such resolutions by shareholders present or represented by proxy at the meeting.

11. **ORDINARY RESOLUTION NUMBER 3**

Approval to issue ordinary shares, and to sell treasury shares, for cash

"Resolved that the directors of FoneWorx Holdings Limited ("the Company") and/or any of its subsidiaries from time to time be and are hereby authorised, by way of a general authority, to –

- allot and issue, or to issue any options in respect of, all or any of the authorised but unissued ordinary shares in the capital of the Company; and/or
- sell or otherwise dispose of or transfer, or issue any options in respect of, ordinary shares in the capital of the Company purchased by subsidiaries of the Company, for cash, to such person/s on such terms and conditions and at such times as the directors may from time to time in their discretion deem fit, subject to the Companies Act, 2008 (Act 71 of 2008), the Memorandum of Incorporation of the Company and its subsidiaries and the Listings Requirements of JSE Limited ("the JSE Listings Requirements") from time to time.

The JSE Listings Requirements currently provide, *inter alia*, that:

- this general authority will be valid until the earlier of the Company's next Annual General Meeting or the expiry of a period of 15 (fifteen) months from the date that this authority is given;
- the securities which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such securities or rights that are convertible into a class already in issue;
- any such issue may only be made to "public shareholders" as defined in the JSE Listings Requirements and not to related parties;
- the securities which are the subject of a general issue for cash may not exceed 15% (fifteen percent) of the number of listed securities, excluding treasury shares, as at the date of this notice, being 20 400 306 securities. Any securities issued under this authorisation will be deducted from the aforementioned 20 400 306 listed securities. In the event of a sub-division or a consolidation the authority will be adjusted to represent the same allocation ratio;

11. ORDINARY RESOLUTION NUMBER 3 (continued)

- in determining the price at which securities may be issued in terms of this authority, the maximum discount permitted will be 10% (ten percent) of the weighted average traded price of such securities measured over the 30 (thirty) business days prior to the date that the price of the issue is agreed in writing between the issuer and the party/ies subscribing for the securities;
- an announcement giving full details, including the number of securities issued, the average discount to the weighted average traded price of the securities over 30 (thirty) business days prior to the date that the issue is agreed in writing being the issue and the parties subscribing for the securities and the impact on net asset value per share, net tangible asset value per share, earnings per share and headline earnings per share and, if applicable, diluted earnings and headline earnings per share, will be published when the Company has issued securities representing, on a cumulative basis within the earlier of the Company's next Annual General Meeting or the expiry of a period of 15 (fifteen) months from the date that this authority is given, 5% (five percent) or more of the number of securities in issue prior to the issue; and
- whenever the Company wishes to use repurchased shares, held as treasury stock by a subsidiary of the Company, such use must comply with the JSE Listings Requirements as if such use was a fresh issue of ordinary shares."

Under the JSE Listings Requirements, ordinary resolution number 3 must be passed by a 75% (seventy five percent) majority of the votes cast in favour of the resolution by all members present or represented by proxy at the Annual General Meeting.

12. SPECIAL RESOLUTION NUMBER 1

Changing of company's name from FoneWorx Holdings Limited to Cognition Holdings Limited

To approve the change of the Company's name from FoneWorx Holdings Limited to Cognition Holdings Limited.

"RESOLVED THAT, in accordance with section 16(1)(c) of the Companies Act, the Company's MOI be and hereby is amended to give effect to the change of the Company's name from FoneWorx Holdings Limited to Cognition Holdings Limited."

Reason for and effect of Special Resolution 1

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

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

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, a name change would be opportune to better describe the new strategic direction of the Group.

IMPLEMENTATION OF THE CHANGE OF NAME

The proposed new name has been reserved by the Companies and Intellectual Property Commission ("CIPC"). The abbreviated name of the Company for the purposes of the JSE trading system will be "COGNITION", the JSE alpha code will to be "CGN" and the new ISIN will be ZAE 000197042

For a period of not less than one year, the Company will reflect the former name "FoneWorx Holdings Limited" in brackets beneath the new name of "Cognition Holdings Limited" on all documents of title.

The change of name will result in the certificated shareholders of the Company having to exchange their existing share certificates for new share certificates reflecting the new name of the Company. The procedure in respect of the surrender of share certificates is set out below.

PERCENTAGE VOTING RIGHTS

The minimum percentage of voting rights that is required for this resolution to be adopted is 75% of the voting rights to be cast on the resolution.

SALIENT DATES

See the section titled NAME CHANGE SALIENT DATES AND TIMES situated in Annexure A.

SURRENDER OF SHARE CERTIFICATES

1. Procedure for surrendering existing documents of title

1.1 Dematerialised shareholders need not take any action with regard to the name change as their accounts at the CSDP or broker will be automatically updated with the name change by the CSDP or broker.

1.2 It is strongly recommended that certificated shareholders take this opportunity to dematerialise their shares. To do this shareholders should approach a CSD Participant or their banker or broker as soon as possible to arrange for the dematerialisation of their shares. In the event that shareholders wish to retain their shares in certificated form then the following procedures should be followed.

1.2.1 Following the approval of the change of name of the Company at the AGM, it will be necessary to recall share certificates from certificated shareholders in order to replace them with new share certificates reflecting the change of name which new share certificates will be sent to certificated shareholders, by registered post, at the risk of such shareholders.

1.2.2 To facilitate the timely receipt by certificated shareholders of replacement share certificates, certificated shareholders who wish to anticipate the name change and who do not wish to deal in their existing shares prior to the name change are required to surrender their share certificates to the Transfer Secretaries by completing the attached form of surrender (blue) in accordance with the instructions and return it to the

Transfer Secretaries.

1.2.3 Share certificates so received will be held in trust by the Transfer Secretaries pending the name change being approved by shareholders at the AGM. In the event that the name change is not approved at the AGM, the Transfer Secretaries will, within five business days thereafter, return the share certificates to the certificated shareholders concerned, by registered post, at the risk of such shareholders.

1.2.4 Those shareholders who surrender their existing share certificates by 12:00 on Friday, 13 March 2015 will have their new share certificates posted to them within five business days of the later of the record date and the date of receipt by the Transfer Secretaries of their existing share certificates.

1.2.5 No receipt will be issued for the certificates lodged, except that lodging agents for any certificated shareholders who require special transaction receipts are requested to prepare such receipts and submit them for stamping together with the documents/s lodged.

1.2.6 Should the name change be approved and implemented shareholders who have not already surrendered their certificates will be required to do so under the cover of the attached form of surrender.

1.2.7 If any existing documents of title have been lost or destroyed and the certificated shareholder provides evidence to this effect to the satisfaction of the directors then Pinnacle may dispense with the surrender of such documents of title against provision of acceptable indemnity.

1.2.8 Certificated shareholders whose registered addresses in the Company's share register are outside the common monetary area or where the relevant share certificates are restrictively endorsed are referred to paragraph 2 below.

1.2.9 In the event that certificated shareholders do not complete the attached form of surrender (blue) and who later wish to obtain a share certificate in the new name of the Company such shareholders will be required to return their share certificates to the Transfer Secretaries together with certified copies of identity documents, if in own name, or if otherwise, certified copies of company/ trust documents.

1.3 The results of the AGM approving the change of name will be released on SENS on Thursday, 27 November 2014 and published in the press on Friday, 28 November 2014. Additional forms of surrender will be available on request from the office of the transfer secretaries of the Company.

2. Instructions for non-residents

In the case of certificated shareholders whose registered addresses in the Company's share register in South Africa are outside the common monetary area, or where the relevant certificates are restrictively endorsed in terms of the South African Exchange Control Regulations, the following will apply in the case of shareholders who have not dematerialised their shares with Strate:

2.1 Non-residents who are emigrants from the common monetary area.

The replacement share certificate reflecting the change of name will be restrictively endorsed in terms of the South African Exchange Control Regulations and will be sent to the shareholder's authorised dealer in foreign exchange in South Africa controlling their blocked assets.

2.2 All other non-residents

The replacement share certificate reflecting the change of name will be restrictively endorsed "non-resident" in terms of the South African Exchange Control Regulations.

Shareholders who have dematerialised their shares through a CSDP or broker must not complete the form of surrender as the surrender of the relevant documents of title will be handled by their CSDP or broker in terms of the custody agreement entered into between the shareholder and the CSDP or broker on their behalf.

VOTING AND PROXIES

Certificated shareholders and dematerialised shareholders who hold shares in "own name" registration who are unable to attend the AGM and who wish to be represented thereat, must complete the form of proxy as attached to this Notice of AGM, in accordance with the instructions contained therein and return it to the transfer secretaries to be received by no later than 10:00 on last day for lodging forms of proxy specified in the Salient Dates and Times section below.

Completion of the relevant form of proxy will not preclude such shareholder from attending and voting (in preference to those shareholders' proxies) at the AGM.

Every person present and entitled to vote at the general meeting shall, on a show of hands, have one vote only, and on a poll, shall have one vote for every ordinary share held or represented.

Shareholders' rights regarding proxies in terms of section 58 of the Companies Act are as follows:

1. At any time, a shareholder of a Company may appoint any individual, including an individual who is not a shareholder of that Company, as a proxy to:

   (a) participate in, and speak and vote at, a shareholders meeting on behalf of the shareholder; or

   (b) give or withhold written consent on behalf of the shareholder to a decision contemplated in section.

2. A proxy appointment:

   (a) must be in writing, dated and signed by the shareholder; and

   (b) remains valid for:

      (i) two months after the date on which it was signed in terms of article 33.6 of the MOI; or

      (ii) any longer or shorter period expressly set out in the appointment, unless it is revoked in a manner contemplated in section 58(4)(c) of the Companies Act, or expires earlier as contemplated in section 58(8)(d) of the Companies Act.

3. Other:

   (a) a shareholder of the Company may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by the shareholder;

   (b) a proxy may delegate the proxy's authority to act on behalf of the shareholder to another person, subject to any restriction set out in the instrument appointing the proxy; and

   (c) a copy of the instrument appointing a proxy must be delivered to the company, or to another person on behalf of the Company, before the proxy exercises any rights of the shareholder at a shareholders meeting.

4. Irrespective of the form of instrument used to appoint a proxy:

   (a) the appointment is suspended at any time and to the extent that the shareholder chooses to act directly and in person in the exercise of any rights as a shareholder;

   (b) the appointment is revocable unless the proxy appointment expressly states otherwise; and

   (c) if the appointment is revocable, a shareholder may revoke the proxy appointment by:

      (i) cancelling it in writing, or making a later inconsistent appointment of a proxy; and

      (ii) delivering a copy of the revocation instrument to the proxy, and to the Company.

5. The revocation of a proxy appointment constitutes a complete and fi nal cancellation of the proxy's authority to act on behalf of the shareholder as of the later of:

   (a) the date stated in the revocation instrument, if any; or

   (b) the date on which the revocation instrument was delivered as required in section 58(4)(c)(ii) of the Companies Act.

6. A proxy is entitled to exercise, or abstain from exercising, any voting right of the shareholder without direction, except to the extent that the instrument appointing the proxy otherwise provides.

13. SPECIAL RESOLUTION NUMBER 2

General approval to acquire shares

"Resolved, by way of a general approval that FoneWorx Holdings Limited ("the Company") and/or any of its subsidiaries from time to time be and are hereby authorised to acquire ordinary shares in the Company in terms of sections 46 and 48 of the Companies Act, 2008 (Act 71 of 2008), as amended, the Memorandum of Incorporation of the Company and its subsidiaries and the Listings Requirements of JSE Limited ("the JSE"), as amended from time to time.

The JSE Listings Requirements currently provide, *inter alia*, that:

- the acquisition of the ordinary shares must be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the Company and the counter party;
- this general authority shall only be valid until the earlier of the Company's next Annual General Meeting or the expiry of a period of 15 (fifteen) months from the date of passing of this special resolution;
- in determining the price at which the Company's ordinary shares are acquired in terms of this general authority, the maximum premium at which such ordinary shares may be acquired will be 10% (ten percent) of the weighted average of the market value at which such ordinary shares are traded on the JSE, as determined over the 5 (five) business days immediately preceding the date on which the transaction is effected;
- at any point in time, the Company may only appoint one agent to effect any acquisition/s on its behalf.
- the acquisitions of ordinary shares in the aggregate in any one financial year may not exceed 20% (twenty percent) of the Company's issued ordinary share capital;
- the Company may only effect the repurchase once a resolution has been passed by the board of directors of the Company ("the Board") confirming that the Board has authorised the repurchase, that the Company has passed the solvency and liquidity test ("test") and that since the test was done there have been no material changes to the financial position of the Group;
- the Company or its subsidiaries may not acquire ordinary shares during a prohibited period as defined in paragraph 3.67 of the JSE Listings Requirements;
- an announcement will be published once the Company has cumulatively repurchased 3% (three percent) of the number of the ordinary shares in issue at the time this general authority is granted ("initial number"), and for each 3% (three percent) in aggregate of the initial number acquired thereafter."

Explanatory note

The purpose of this special resolution number 2 is to obtain an authority for, and to authorise, the Company and the Company's subsidiaries, by way of a general authority, to acquire the Company's issued ordinary shares.

It is the intention of the directors of the Company to use such authority should prevailing circumstances (including tax dispensations and market conditions) in their opinion warrant it.

Special resolutions to be adopted at this Annual General Meeting require approval from at least 75% (seventy five percent) of the votes exercised on such resolutions by shareholders present or represented by proxy at the meeting.

13.1 Other disclosures in terms of Section 11.26 of the JSE Listings Requirements

The JSE Listings Requirements require the following disclosures, which are contained in the annual report of which this notice forms part:

- directors and management – page 8 to 11 and 41;
- major shareholders of the Company – page 43;
- directors' interests in securities – page 42;
- share capital of the Company – page 41; and
- litigation statement – page 44.

13.2 Material change

There have been no material changes in the affairs or financial position of the Company and its subsidiaries since the Company's financial year end and the date of this notice.

13.3 Directors' responsibility statement

The directors, whose names are given on page 8 to 11 and 41 of the Annual Report of which this notice forms part, collectively and individually accept full responsibility for the accuracy of the information pertaining to special resolution number 2 and certify that to the best of their knowledge and belief there are no facts in relation to special resolution number 2 that have been omitted which would make any statement in relation to special resolution number 2 false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that special resolution number 2 together with this notice contains all information required by law and the JSE Listings Requirements in relation to special resolution number 2.

13.4 Adequacy of working capital

At the time that the contemplated repurchase is to take place, the directors of the Company will ensure that, after considering the effect of the maximum repurchase and for a period of twelve months thereafter:

- the Company and its subsidiaries will be able to pay their debts as they become due in the ordinary course of business;
- the consolidated assets of the Company and its subsidiaries, fairly valued in accordance with International Financial Reporting Standards, will be in excess of the consolidated liabilities of the Company and its subsidiaries;
- the issued share capital and reserves of the Company and its subsidiaries will be adequate for the purpose of the ordinary business of the Company and its subsidiaries; and
- the working capital available to the Company and its subsidiaries will be sufficient for the Group's requirements.

The Company may not enter the market to proceed with the repurchase until its Designated Adviser, Merchantec Proprietary Limited, has discharged of all of its responsibilities in terms of the JSE Listings Requirements insofar as they apply to working capital statements for the purposes of undertaking an acquisition of its issued ordinary shares.

14. SPECIAL RESOLUTION NUMBER 3

Financial assistance for subscription of securities

"Resolved that, as a special resolution, in terms of section 44 of the Companies Act, 2008 (Act 71 of 2008) ("Companies Act"), the shareholders of FoneWorx Holdings Limited ("the Company") hereby approve of the Company providing, at any time and from time to time during the period of two years commencing on the date of this special resolution number 3, financial assistance by way of a loan, guarantee, the provision of security or otherwise, as contemplated in section 44 of the Companies Act, to any person for the purpose of, or in connection with, the subscription for any option, or any securities, issued or to be issued by the Company or a related or inter-related company, or for the purchase of any securities of the Company or a related or inter-related company, provided that –

(a) the board of directors of the Company ("the Board"), from time to time, determines (i) the specific recipient, or general category of potential recipients of such financial assistance; (ii) the form, nature and extent of such financial assistance; (iii) the terms and conditions under which such financial assistance is provided; and

(b) the Board may not authorise the Company to provide any financial assistance pursuant to this special resolution number 3 unless the Board meets all those requirements of section 44 of the Companies Act which it is required to meet in order to authorise the Company to provide such financial assistance."

Explanatory note

The purpose of this special resolution number 3 is to grant the Board the authority to authorise the Company to provide financial assistance to any person for the purpose of, or in connection with, the subscription for any option or securities issued or to be issued by the Company or a related or inter-related company.

Special resolutions to be adopted at this Annual General Meeting require approval from at least 75% (seventy five percent) of the votes exercised on such resolutions by shareholders present or represented by proxy at the meeting.

15. SPECIAL RESOLUTION NUMBER 4

Loans or other financial assistance to directors

"Resolved that, as a special resolution, in terms of section 45 of the Companies Act, 2008 (Act 71 of 2008) ("Companies Act"), the shareholders of FoneWorx Holdings Limited ("the Company") hereby approve of the Company providing, at any time and from time to time during the period of two years commencing on the date of this special resolution number 4, any direct or indirect financial assistance (which includes lending money, guaranteeing a loan or other obligation, and securing any debt or obligation) as contemplated in section 45 of the Companies Act to a director or prescribed officer of the Company, or to a related or inter-related company or corporation or to a member of any such related or inter-related corporation or to a person related to any such company, corporation, director, prescribed officer or member provided that –

(a) the board of directors of the Company ("the Board"), from time to time, determines (i) the specific recipient or general category of potential recipients of such financial assistance; (ii) the form, nature and extent of such financial assistance; (iii) the terms and conditions under which such financial assistance is provided, and

(b) the Board may not authorise the Company to provide any financial assistance pursuant to this special resolution number 4 unless the Board meets all those requirements of section 45 of the Companies Act which it is required to meet in order to authorise the Company to provide such financial assistance."

Explanatory note

The purpose of this special resolution number 4 is to grant the Board the authority to authorise the Company to provide financial assistance as contemplated in section 45 of the Companies Act to a director or prescribed officer of the Company, or to a related or inter-related company or corporation, or to a member of a related or inter-related corporation, or to a person related to any such company, corporation, director, prescribed officer or member.

Special resolutions to be adopted at this Annual General Meeting require approval from at least 75% (seventy five percent) of the votes exercised on such resolutions by shareholders present or represented by proxy at the meeting.

Notice given to shareholders of the Company in terms of section 45(5) of the Companies Act of a resolution adopted by the Board authorising the Company to provide such direct or indirect financial assistance in respect of special resolution number 4.

(a) By the time that this notice of Annual General Meeting is delivered to shareholders of the Company, the Board will have adopted a resolution ("Section 45 Board Resolution") authorising the Company to provide, at any time and from time to time during the period of two years commencing on the date on which special resolution number 4 is adopted, any direct or indirect financial assistance as contemplated in section 45 of the Companies Act (which includes lending money, guaranteeing a loan or other obligation, and securing any debt or obligation) to a director or prescribed officer of the Company or of a related or inter-related company, or to a related or inter-related Company or corporation, or to a member of any such related or inter-related corporation, or to a person related to any such Company, corporation, director, prescribed officer or a member;

(b) the Section 45 Board Resolution will be effective only if and to the extent that special resolution number 4 is adopted by the shareholders of the Company, and the provision of any such direct or indirect financial assistance by the Company, pursuant to such resolution, will always be subject to the Board being satisfied that (i) immediately after providing such financial assistance, the Company will satisfy the solvency and liquidity test as referred to in section 45(3)(b)(i) of the Companies Act, and (ii) the terms under which such financial assistance is to be given are fair and reasonable to the Company as referred to in section 45(3)(b)(ii) of the Companies Act; and

(c) in as much as the Section 45 Board Resolution contemplates that such financial assistance will in the aggregate exceed one-tenth of one percent of the Company's net worth at the date of adoption of such resolution, the Company hereby provides notice of the Section 45 Board Resolution to shareholders of the Company. Such notice will also be provided to any trade union representing any employees of the Company.

16. SPECIAL RESOLUTION NUMBER 5

"**Resolved that**, in terms of the provisions of sections 66(9) of the Companies Act, 2008 (Act 71 of 2008), as amended, the annual remuneration payable to the non-executive directors of FoneWorx Holdings Limited ("the Company") for their services as directors of the Company for the financial year ending 2015, be and is hereby approved as follows:

Type of fee	Proposed retainer fee per month in ZAR for the year ending 2015	Proposed per meeting fee in ZAR for the year ending 2015	Expected total fee in ZAR for the year ending 2015
Board Chairman			
Ashvin Mancha	R5 000	R10 000	R100 000
Audit & Risk Committee Chairman			
Roger Pitt	R5 000	R10 000	R100 000

Notice of Annual General Meeting

16. SPECIAL RESOLUTION NUMBER 5

Explanatory note

In terms of section 66(9) of the Companies Act, a company is required to pre-approve the payment of remuneration to non-executive directors for their services as directors for the ensuing financial year by means of a special resolution passed by shareholders of the Company within the previous two years.

Special resolutions to be adopted at this Annual General Meeting require approval from at least 75% (seventy five percent) of the votes exercised on such resolutions by shareholders present or represented by proxy at the meeting.

17. ORDINARY RESOLUTION NUMBER 4

Signature of documents

"Resolved that each director of FoneWorx Holdings Limited ("the Company") be and is hereby individually authorised to sign all such documents and do all such things as may be necessary for or incidental to the implementation of those resolutions to be proposed at the Annual General Meeting convened to consider the resolutions which are passed, in the case of ordinary resolutions, or are passed and registered by the Companies and Intellectual Property Commission, in the case of special resolutions."

Ordinary resolutions to be adopted at this Annual General Meeting require approval from a simple majority, which is more than 50% of the votes exercised on such resolutions by shareholders present or represented by proxy at the meeting.

18. Other business

To transact such other business as may be transacted at the Annual General Meeting of the Company.

Voting and proxies

Special resolutions to be adopted at this Annual General Meeting require approval from at least 75% (seventy five percent) of the votes exercised on such resolutions by shareholders present or represented by proxy at the meeting. Ordinary resolutions to be adopted at this Annual General Meeting require approval from a simple majority, which is more than 50% of the votes exercised on such resolutions by shareholders present or represented by proxy at the meeting.

A shareholder entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy or proxies to attend and act in his/her stead. A proxy need not be a member of the Company. For the convenience of registered members of the Company, a form of proxy is attached hereto.

The attached form of proxy is only to be completed by those ordinary shareholders who:

- hold ordinary shares in certificated form; or
- are recorded on the sub-register in "own name" dematerialised form.

Ordinary shareholders who have dematerialised their ordinary shares through a CSDP or broker without "own name" registration and who wish to attend the Annual General Meeting, must instruct their CSDP or broker to provide them with the relevant Letter of Representation to attend the meeting in person or by proxy and vote. If they do not wish to attend in person or by proxy, they must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker.

Proxy forms should be forwarded to reach the transfer secretaries, Computershare Investor Services Proprietary Limited, at least 48 hours excluding Saturdays, Sundays and public holidays, before the time of the meeting.

Kindly note that meeting participants, which includes proxies, are required to provide reasonably satisfactory identification before being entitled to attend or participate in a shareholders' meeting. Forms of identification include valid identity documents, driver's licenses and passports.

By order of the Board

Stefan Anton Kleynhans
Company Secretary

18 September 2014
Johannesburg

ANNEXURE A

IMPORTANT INFORMATION FOR SHAREHOLDERS RELATING TO THE CHANGE OF NAME OF FONEWORX HOLDINGS LIMITED TO COGNITION HOLDINGS LIMITED

1. **INTRODUCTION**

The purpose of this Annexure A is to provide shareholders with information relating to the Company's change of name, from FoneWorx Holdings Limited to Cognition Holdings Limited.

2. **PROPOSED NAME CHANGE**

The board proposes changing the name of the Company to Cognition Holdings Limited as it believes that the proposed new name better reflects the new strategic direction that the Company has embarked upon. More information on the Company's new strategic direction can be found in the Chief Executive Officer's Review on pages 14 to 16 of this Annual Report.

If approved by shareholders, it is anticipated that the name change will become effective (on the date set out in the amended registration certificate issued by the Commission as contemplated in section 16(9) of the Companies Act) on the JSE with effect from the commencement of trade on Monday, 09 March 2015. The abbreviated name of the Company for purposes of the JSE trading system will be "Cognition", the JSE alpha code will be "CGN" and the ISIN ZAE 000197042 in the "Technology – Software and Computer Services" sector of the JSE.

For a period of not less than one year, the Company will reflect the former name "FoneWorx Holdings Limited" in brackets beneath the new name "Cognition Holdings Limited" on all documents of title.

The Commission has consented to the proposed name change and has reserved the proposed new name, Cognition Holdings Limited.

3. **PROCEDURE FOR SURRENDER OF SHARE CERTIFICATES**

3.1 Holders of Certificated Shares must complete the form of surrender, which is enclosed with this Annual Report, and deliver it to the Transfer Secretaries. Holders of Dematerialised Shares do not need to take any action after the name change as their shareholding will be automatically updated by their CSDP or broker.

3.2 Share certificates reflecting the new name of the Company will be posted by registered mail to Holders of Certificated Shares, at their risk, on or about Monday, 16 March 2015 if such shareholders have surrendered their Documents of Title by 12:00 on the Record Date, or within 5 Business Days of receipt by the Transfer Secretaries of the existing Documents of Title thereafter.

3.3 If any existing Documents of Title have been lost or destroyed and the Holders of Certificated Shares provides evidence to this effect to the satisfaction of the Directors, then the Company may dispense with the surrender of such Documents of Title against provision of an acceptable indemnity.

3.4 Receipts will not be issued for the surrender of existing Documents of Title. Lodging agents who require special transaction receipts are requested to prepare such receipts and submit them for stamping together with the Documents of Title lodged.

3.5 In the case of Holders of Certificated Shares whose registered addresses are outside the Common Monetary Area or where the share certificates are restrictively endorsed in terms of the Exchange Control Regulations, the following will apply:

3.5.1 Non-residents who are emigrants from the Common Monetary Area

Share certificates bearing the new name will be restrictively endorsed "non-resident" in terms of the Exchange Control Regulations and will be sent to the Shareholder's authorised dealer in foreign exchange in South Africa controlling his blocked assets. With regard to Holders of Dematerialised Shares whose registered addresses are outside the Common Monetary Area, their shares will be annotated in the Company's relevant sub-register as non-resident and statements will be restrictively endorsed in terms of those regulations.

3.5.2 All other non-residents

Share certificates bearing the new name will be restrictively endorsed "non-resident" in terms of the Exchange

Control Regulations and will be posted to Shareholders at their addresses recorded in Metropolitan's register of members. With regard to Holders of Dematerialised Shares whose registered addresses are outside the Common Monetary Area, their shares will be annotated in the Company's relevant sub-register as non-resident and statements will be restrictively endorsed in terms of those regulations.

3.6 Additional surrender forms will be available on request from the Transfer Secretaries.

4. OPINION OF THE BOARD

The board is of the opinion that, for the reasons stipulated in paragraph 2 of this Annexure A the name change is in the best interests of the Company and that it reflects the new strategic direction on which the Company has embarked.

5. DIRECTORS' RESPONSIBILITY STATEMENT

The FoneWorx Directors whose names are on pages 8 to 11 and page 41 of this Annual Report, collectively and individually, accept full responsibility for the accuracy of the information given in this Annexure A and certify that, to the best of their knowledge and belief, no other facts have been omitted which would make any statement in this Annexure A false or misleading and that they have made all reasonable enquiries to ascertain such facts, and that this Annexure A contains all information required by law and the Listings Requirements of the JSE.

6. CONSENTS

The financial advisors, sponsors, legal advisor and Transfer Secretaries have given their written consent to their names and reports, where applicable, appearing in this document in the form and context in which they appear and have not withdrawn their consent prior to its publication.

7. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents, or copies thereof, will be available for inspection by Shareholders from the date of these Annual Financial Statements, dated 29 October 2014, up to and including 27 November 2014, during normal business hours on weekdays (excluding official South African public holidays) at the registered office of FoneWorx, being FoneWorx House, Corner Bram Fischer Drive and Will Scarlet Road, Ferndale, Randburg:

- the Memorandum of Incorporation of FoneWorx and its subsidiaries; and
- the consent letters from the advisors

NAME CHANGE SALIENT DATES AND TIMES

Record date to receive notice of AGM	Friday, 24 October 2014
Notice of AGM to be posted to shareholders on	Thursday, 30 October 2014
Last day to trade to be recorded in the register on the record date for participation in the AGM	Friday, 14 November 2014
Record date to participate in and vote at the AGM	Friday, 21 November 2014
Last day for lodging forms of proxy at 10:00 on AGM at 10:00 on	Tuesday, 25 November 2014
AGM at 10:00 on	Thursday, 27 November 2014
Results of AGM released on SENS on	Thursday, 27 November 2014
Results of AGM regarding name change published in the press on	Friday, 28 November 2014
Special resolution in respect of change of name expected to be registered by CIPC by no later than	Tuesday, 24 February 2015
Finalisation date in respect of the change of name of the Company	Friday, 27 February 2015
Last day to trade in FoneWorx shares in respect of the change of name of the Company	Friday, 6 March 2015
Listing of and trading in new shares on the JSE under JSE code [CGN] and [ISIN: ZAE 000197042] from commencement of business on or about	Monday, 9 March 2015

Record date	Friday, 13 March 2015
Date of issue of new replacement share certificates provided that the old share certificates have been lodged by 12:00 on the Record Date (share certificates received after this time will be posted within five business days of receipt) on or about	Monday, 16 March 2015
Dematerialised shareholders will have their accounts at their CSDP or broker updated on	Monday, 16 March 2015

Notes:

1. All references to times in this Annexure are to South African local times unless otherwise stated. The above dates and times are subject to change. Updates will be released on SENS and published in the South African.
2. Shareholders will not be able to dematerialise or rematerialise securities in the name of FoneWorx after Friday, 6 March 2015.
3. Share certificates and surrender forms received after 12:00 on the Record Date will have their replacement certificates posted within 5 Business Days of receipt of surrender forms.

DEFINITIONS

In this Annexure unless otherwise stated or the context otherwise requires, references to the singular include the plural and vice versa, words denoting one gender include the others, words denoting natural persons include legal persons and associations of persons and vice versa and the words in the first column shall have the meaning stated opposite them in the second column:

"Business Day" any day other than a Saturday, Sunday or official public holiday in South Africa;

"Certificated Shares" FoneWorx Shares which are evidenced by a certificate or other Documents of Title and which have not yet been surrendered for dematerialisation;

"Common Monetary Area" South Africa, the Republic of Namibia and the Kingdoms of Lesotho and Swaziland;

"Companies Act" the Companies Act, 2008 (Act 71 of 2008), as amended;

"CSDP" a person that holds in custody and administers securities or an interest in securities and that has been accepted by a central securities depository as a participant in such central securities depository in terms of the Securities Services Act, 2004 (Act 36 of 2004);

"Dematerialised Shares" FoneWorx Shares which are by virtue of section 91A of the Companies Act transferable without a written instrument and are not evidenced by a certificate;

"Documents of Title" share certificates and/or certified transfer deeds and/or balance receipts or any other documents of title in respect of FoneWorx Shares that are acceptable to FoneWorx;

"Exchange Control Regulations" the Exchange Control Regulations, 1961, as amended, promulgated in terms of section 9 of the Currency and Exchanges Act 1933, as amended;

"Holders of Certificated Shares" FoneWorx Shareholders who do not hold Dematerialised Shares and thus hold Documents of Title;

"Holders of Dematerialised Shares" FoneWorx Shareholders who hold Dematerialised Shares;

"JSE" the exchange, licensed under the Securities Services Act, 2004 (Act 36 of 2004), operated by JSE Limited (Registration number 2005/022939/06), a public company duly incorporated under the company laws of South Africa;

"Listings Requirements" the Listings Requirements of the JSE, as amended from time to time;

ANNEXURE A

DEFINITIONS

"FoneWorx" or "the Company" FoneWorx Holdings Limited (Registration number 1997/010640/06), a public company duly incorporated under the company laws of South Africa;

"FoneWorx Board" the board of directors of FoneWorx, as constituted from time to time;

"FoneWorx Directors" or "Directors" the directors of FoneWorx detailed on pages 8 to 11 and page 41of the AFS;

"FoneWorx Shares" any ordinary shares in the share capital of FoneWorx;

"Cognition Holdings" Cognition Holdings Limited, the new name of FoneWorx;

"Record Date" Friday, 13 March 2015;

"Registrar" the Registrar of Companies as defined in the Companies Act;

"SENS" the Stock Exchange News Service of the JSE;

"Shareholders" or "FoneWorx Shareholders" holders of FoneWorx Shares;

"South Africa" the Republic of South Africa; and

"Transfer Secretaries" Computershare Investor Services Proprietary Limited (Registration number 2004/003647/07), a private company duly incorporated under the company laws of South Africa.

Shareholders Diary

	Date
Financial year end	30 June 2014
Annual report and financial statements	18 September 2014
Annual general meeting	27 November 2014
Half-year report	February 2015

Directors and Administration

Company registration number
1997/010640/06
JSE share code
FWX
Website
www.foneworx.co.za

Directors
Executive
Mark Allan Smith (BA; LLB) – Chief Executive Officer
Pieter Albertus Scholtz (CA(SA)) – Financial Director
Graham Groenewaldt

Non-executive
Ashvin Govan Mancha* (B Proc) – Chairman
Gaurang Mooney (BA) (Botswana)
Piet Greyling (BCom, BCompt (Hons))
Paul Jenkins* (BCom, LLB)
Marc du Plessis (BCom)
Roger Pitt* (BCom (Hons)(Acc), CA(SA))

(* Independent)

Business address and registered office
FoneWorx House, Corner Bram Fischer Drive and Will Scarlet Road
Ferndale, Randburg, 2194
PO Box 3386, Pinegowrie, 2123
Telephone +27 11 293 0000
Fax 086 610 1000, +27 11 787 2137

Transfer secretaries
Computershare Investor Services Proprietary Limited
Ground Floor, 70 Marshall Street, Johannesburg, 2001
PO Box 61051, Marshalltown, 2107
Telephone +27 11 370 7700, Fax +27 11 688 7716
Website www.computershare.com

Auditors
Grant Thornton (Jhb) Inc.

Attorneys
Martini-Patlansky Attorneys

Bankers
First National Bank Limited
Investec Bank Limited

Company Secretary
S A Kleynhans (BA, Bluris, LLB, LLM (Banking Law))
PO Box 3386, Pinegowrie, 2123

Designated Adviser
Merchantec Proprietary Limited

FoneWorx

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

FORM OF SURRENDER (for use by certificated shareholders only)

Please read the instructions overleaf. Non-compliance with these instructions may result in the rejection of this form of surrender. If you are in any doubt as to how to complete this form of surrender, please consult your broker, attorney, accountant, banker or other professional advisor.

Note:

A separate form is required for each shareholder.

To:	FoneWorx Holdings Limited c/o Computershare Investor Services Proprietary Limited Ground Floor 70 Marshall Street Johannesburg, 2001 PO Box 61763, Marshalltown, 2107

PART A – To be completed by FoneWorx certificated shareholders.

I/We irrevocably and *in rem suam* authorise you to produce the signature of such documents that may be necessary to complete the replacement of the FoneWorx ordinary shares with shares in the new name of [Cognition Holdings Limited].

I/We hereby instruct you to forward the replacement share certificate(s) to me/us by registered post, at my/our own risk, to the address overleaf and confirm that, where no address is specified, the share certificate(s) will be forwarded to my/our address recorded in the share register of FoneWorx.

My/Our signature(s) on this form of surrender constitute(s) my/our execution of this instruction.

In terms of the provisions set out in the Annual Report to which this form of surrender is attached and of which it forms part, I/we surrender and enclose the undermentioned share certificate(s), conditional upon the name change being implemented:

Documents of title surrendered

Certificate number(s)	Number of FoneWorx shares covered by each certificate
Total	

Title:	Stamp and address of agent lodging this form of surrender (if any)
Surname:	
First name(s):	
Postal address to which new share certificate(s) should be sent: (if different from the address recorded in the register)	
Signature of shareholder	
Assisted by me (if applicable)	
(State full name and capacity)	
Date **2015** **Telephone number (Home) ( )**	
Telephone number (Work) ( )	
Cellphone number	
Email	

PART B – To be completed by emigrants from and non-residents of the common monetary area. Nominated authorised dealer in the case of a shareholder who is an emigrant from or a non-resident of the common monetary area (see note 2 below).

Name of authorised dealer	**Account number**
Address	
	Postal code

Notes:

1. No receipts will be issued for share certificates lodged, unless specifically requested. In compliance with the requirements of JSE Limited ("the JSE"), lodging agents are requested to prepare special transaction receipts, if required. Signatories may be called upon for evidence of their authority or capacity to sign this form of surrender.

2. Persons whose registered addresses in the share register are outside the common monetary area, or whose shares are restrictively endorsed, should nominate an authorised dealer in Part B of this form of surrender as referred to in the circular to which this form of surrender is attached and of which it forms part.

3. Any alteration to this form of surrender must be signed in full and not initialled.

4. If this form of surrender is signed under a power of attorney, then such power of attorney, or a notarially certified copy thereof, must be sent with this form of surrender for noting (unless it has already been noted by the company or its transfer secretaries).

5. Where the shareholder is a company or a close corporation, unless it has already been registered with the company or its transfer secretaries, a certified copy of the directors' or members' resolution authorising the signing of this form of surrender must be submitted if so requested by the company.

6. Note 5 does not apply in the event of this form of surrender bearing a recognised JSE broker's stamp.

7. Where there are joint holders of any shares in the Company, only that holder whose name stands first in the register in respect of such shares need sign this form of surrender.

Form of Proxy

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

For use only by ordinary shareholders who:

- hold ordinary shares in certificated form ("certificated ordinary shareholders"); or
- have dematerialised their ordinary shares ("dematerialised ordinary shareholders") and are registered with "own-name" registration,

at the 16th Annual General Meeting of shareholders of the Company to be held at the offices of the Company, FoneWorx House, Corner Bram Fischer Drive and Will Scarlet Road, Ferndale, Randburg, at 10:00 on Thursday, 27 November 2014 and any adjournment thereof.

Dematerialised ordinary shareholders holding ordinary shares other than with "own-name" registration who wish to attend the Annual General Meeting must inform their Central Securities Depository Participant ("CSDP") or broker of their intention to attend the Annual General Meeting and request their CSDP or broker to issue them with the relevant Letter of Representation to attend the Annual General Meeting in person or by proxy and vote. If they do not wish to attend the Annual General Meeting in person or by proxy, they must provide their CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker. **These ordinary shareholders must not use this form of proxy**.

Name of beneficial shareholder

Name of registered shareholder

Address

Telephone work (   )   Telephone home (   )   Cell:

being the holder/custodian of   ordinary shares in the Company, hereby appoint (see note):

1.   or failing him / her,

2.   or failing him / her,

3. the Chairperson of the meeting,

as my/our proxy to attend and act for me/us on my/our behalf at the Annual General Meeting of the Company convened for the purpose of considering and, if deemed fit, passing, with or without modification, the special and ordinary resolutions to be proposed thereat ("resolutions") and at each postponement or adjournment thereof and to vote for and/or against such resolutions, and/or abstain from voting, in respect of the ordinary shares in the issued share capital of the Company registered in my/our name/s in accordance with the following instructions:

		Number of ordinary shares		
		For	**Against**	**Abstain**
1.	To receive, consider and adopt the annual financial statements of the Company and Group for the financial year ended 30 June 2014			
2.	To re-elect Ashvin Mancha to the Board of FoneWorx Holdings Limited			
3.	To re-elect Paul Jenkins to the Board of FoneWorx Holdings Limited			
4.	To re-elect Roger Pitt to the Board of FoneWorx Holdings Limited			
5.	To re-appoint Roger Pitt as a member and chairman of the Company's Audit and Risk Committee.			
6.	To re-appoint Gaurang Mooney as a member of the Company's Audit and Risk Committee.			
7.	To re-appoint Ashvin Mancha as a member of the Company's Audit and Risk Committee.			
8.	To confirm the re-appointment of Grant Thornton (Jhb) Inc. as auditors of the Company together with Mr Ben Frey for the ensuing financial year			
9.	Ordinary resolution number 1 Approval of the remuneration policy			
10.	Ordinary resolution number 2 Control of authorised but unissued ordinary shares			
11.	Ordinary resolution number 3 Approval to issue ordinary shares, and to sell treasury shares, for cash			
12.	Special resolution number 1 Changing of company's name from FoneWorx Holdings Limited to Cognition Holdings Limited			
13.	Special resolution number 2 General approval to acquire shares			
14.	Special resolution number 3 Financial assistance for subscription of securities			
15.	Special resolution number 4 Loans or other financial assistance to directors			
16	Special resolution number 5 Approval of non-executive Director's remuneration			
17.	Ordinary resolution number 4 Signature of documents			

Please indicate instructions to proxy in the space provided above by the insertion therein of the relevant number of votes exercisable.

A member entitled to attend and vote at the Annual General Meeting may appoint one or more proxies to attend and act in his stead. A proxy so appointed need not be a member of the Company.

Signed at   on   2014

Signature

Assisted by (if applicable)

Form of Proxy

Notes to proxy

1. Summary of Rights contained in section 58 of the Companies Act, 2008 (Act 71 of 2008), as amended ("Companies Act")

   In terms of section 58 of the Companies Act:-

   - **a shareholder may, at any time and in accordance with the provisions of section 58 of the Companies Act, appoint any individual (including an individual who is not a shareholder) as a proxy to participate in, and speak and vote at, a shareholders' meeting on behalf of such shareholder;**
   - **a proxy may delegate his or her authority to act on behalf of a shareholder to another person, subject to any restriction set out in the instrument appointing such proxy;**
   - **irrespective of the form of instrument used to appoint a proxy, the appointment of a proxy is suspended at any time and to the extent that the relevant shareholder chooses to act directly and in person in the exercise of any of such shareholder's rights as a shareholder;**
   - **irrespective of the form of instrument used to appoint a proxy, any appointment by a shareholder of a proxy is revocable, unless the form of instrument used to appoint such proxy states otherwise;**
   - **if an appointment of a proxy is revocable, a shareholder may revoke the proxy appointment by: (i) cancelling it in writing, or making a later inconsistent appointment of a proxy and (ii) delivering a copy of the revocation instrument to the proxy and to the company; and**
   - **a proxy appointed by a shareholder is entitled to exercise, or abstain from exercising, any voting right of such shareholder without direction, except to the extent that the relevant company's memorandum of incorporation, or the instrument appointing the proxy, provides otherwise (see note 7).**

2. The form of proxy must only be completed by shareholders who hold shares in certificated form or who are recorded on the sub-register in electronic form in "own name".

3. Shareholders who have dematerialised their shares through a CSDP or broker without "own name" registration and wish to attend the Annual General Meeting must instruct their CSDP or broker to provide them with the relevant Letter of Representation to attend the Annual General Meeting in person or by proxy. If they do not wish to attend in person or by proxy, they must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker. Should the CSDP or broker not have provided the Company with the details of the beneficial shareholding at the specific request by the Company, such shares may be disallowed to vote at the Annual General Meeting.

4. A shareholder entitled to attend and vote at the Annual General Meeting may insert the name of a proxy or the names of two alternate proxies (none of whom need be a shareholder of the company) of the shareholder's choice in the space provided, with or without deleting "the Chairperson of the meeting". The person whose name stands first on this form of proxy and who is present at the Annual General Meeting will be entitled to act as proxy to the exclusion of those proxy(ies) whose names follow. Should this space be left blank, the proxy will be exercised by the Chairperson of the meeting.

5. A shareholder is entitled to one vote on a show of hands and, on a poll, one vote in respect of each ordinary share held. A shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that shareholder in the appropriate space provided. If an "X" has been inserted in one of the blocks to a particular resolution, it will indicate the voting of all the shares held by the shareholder concerned. Failure to comply with this will be deemed to authorise the proxy to vote or to abstain from voting at the Annual General Meeting as he/she deems fit in respect of all the shareholder's votes exercisable thereat. A shareholder or the proxy is not obliged to use all the votes exercisable by the shareholders or by the proxy, but the total of the votes cast and in respect of which abstention is recorded may not exceed the total of the votes exercisable by the shareholder or the proxy.

6. A vote given in terms of an instrument of proxy shall be valid in relation to the Annual General Meeting notwithstanding the death, insanity or other legal disability of the person granting it, or the revocation of the proxy, or the transfer of the ordinary shares in respect of which the proxy is given, unless notice as to any of the aforementioned matters shall have been received by the transfer secretaries not less than 48 (forty eight) hours before the commencement of the Annual General Meeting.

7. If a shareholder does not indicate on this form that his/her proxy is to vote in favour of or against any resolution or to abstain from voting, or gives contradictory instructions, or should any further resolution(s) or any amendment(s) which may properly be put before the Annual General Meeting be proposed, such proxy shall be entitled to vote as he/she thinks fit.

8. The Chairperson of the Annual General Meeting may reject or accept any form of proxy which is completed and/or received other than in compliance with these notes.

9. A shareholder's authorisation to the proxy including the Chairperson of the Annual General Meeting, to vote on such shareholder's behalf, shall be deemed to include the authority to vote on procedural matters at the Annual General Meeting.

10. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the Annual General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof.

11. Documentary evidence establishing the authority of a person signing the form of proxy in a representative capacity must be attached to this form of proxy, unless previously recorded by the Company's transfer secretaries or waived by the Chairperson of the Annual General Meeting.

12. A minor or any other person under legal incapacity must be assisted by his/her parent or guardian, as applicable, unless the relevant documents establishing his/her capacity are produced or have been registered by the transfer secretaries of the Company.

13. Where there are joint holders of ordinary shares:

    - any one holder may sign the form of proxy;
    - the vote(s) of the senior ordinary shareholders (for that purpose seniority will be determined by the order in which the names of ordinary shareholders appear in the Company's register of ordinary shareholders) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint shareholder(s).

14. **Forms of proxy should be lodged with or mailed to Computershare Investor Services Proprietary Limited:**

Hand deliveries to:	**Postal deliveries to:**
Computershare Investor Services Proprietary Limited	Computershare Investor Services Proprietary Limited
Ground Floor, 70 Marshall Street, Johannesburg, 2001	PO Box 61051, Marshalltown, 2107

to be received by no later than 10:00 on Tuesday, 25 November 2014 (or 48 (forty-eight) hours before any adjournment of the Annual General Meeting which date, if necessary, will be notified on SENS).

15. A deletion of any printed matter and the completion of any blank space need not be signed or initialled. Any alteration or correction must be signed and not merely initialled.

Summary of the rights of a shareholder to be represented by proxy, as set out in section 58 of the Companies Act:

A proxy appointment must be in writing, dated and signed by the shareholder appointing a proxy, and, subject to the rights of a shareholder to revoke such appointment (as set out below), remains valid only until the end of the relevant shareholders' meeting.

A proxy may delegate the proxy's authority to act on behalf of a shareholder to another person, subject to any restrictions set out in the instrument appointing the proxy.

The appointment of a proxy is suspended at any time and to the extent that the shareholder who appointed such proxy chooses to act directly and in person in the exercise of any rights as a shareholder.

The appointment of a proxy is revocable by the shareholder in question cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and to the Company. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of (a) the date stated in the revocation instrument, if any; and (b) the date on which the revocation instrument is delivered to the Company as required in the first sentence of this paragraph.

If the instrument appointing the proxy or proxies has been delivered to the Company, as long as that appointment remains in effect, any notice that is required by the Companies Act or the Company's Memorandum of Incorporation to be delivered by the Company to the shareholder, must be delivered by the Company to (a) the shareholder, or (b) the proxy or proxies, if the shareholder has (i) directed the Company to do so in writing; and (ii) paid any reasonable fee charged by the Company for doing so.

Attention is also drawn to the "Notes to proxy".

The completion of a form of proxy does not preclude any shareholder from attending the Annual General Meeting.