



Mark Smith Press one for results

concluded a similar deal with the SABC.

Don't expect the growth to slow. Smith says FoneWorx, along with the rest of the telecom industry, is set to grow rapidly over the next 10 years. His confidence in the sector is based on SA playing catch-up in building telecom infrastructure and providing related services.

Even when SA finally catches up, Smith says, "the good news will not end there". He sees the sector growing even larger on the back of an array of emerging services, like television over the Internet.

Smith sees no end to the product innovation coming out of FoneWorx. It has also launched a research service that allows companies to extrapolate information from the competitions they run.

"We are able to spot problems in a supply chain based on where the bar codes of products are entered from," he says.

Larry Claasen

FONEWORX

Gets the market's vote

FoneWorx was one of those obscure telecom companies. It specialises in telephone-based automated voting — if you chose to support a contestant in the TV show *Idols*, you used FoneWorx.

Since listing as Interconnective Solutions in 1999, FoneWorx has gone out of its way not to attract attention. "Ja, we've been quiet," acknowledges CEO Mark Smith.

But FoneWorx came out of the shadows when it released a trading update on

February 20, announcing that it expected earnings per share to be up by between 530% and 550% for the half-year to end-December.

Even before the announcement, something was happening to FoneWorx's shares. They went up steadily from trading at a 12-month low of 10c in September to a record high of 99c just before the update was released.

The success of its new venture — which focuses on telecom products for small businesses — boosted its figures, along with winning over new customers for its bread-and-butter voting system.

Smith admits the vast improvement came as a shock. FoneWorx created its business products, like fax-to-e-mail and PC-to-fax, because it was getting stiff competition from large telecom operators in the voting system business.

Not only did the new products take off, a deal with MultiChoice sees FoneWorx handling the broadcaster's interactive voting campaign in Africa, and it has

No cold call

TELECOMS

FONEWORX

Ord price 74c
Div yield n/a
PE ratio 13,31 Sector PE n/a

Market cap R85,6m
12-month high 99c
Low n/a

BUY

Six months to	Turnover Rm	Operating profit Rm	Pretax profit RM	Headline earnings per share (c)	Dividend per share (c)
Dec 05	13,6	0,58	0,65	0,73	n/a
Jun 06	33,1	2,4	2,5	2,50	n/a
Dec 06	29,2	4,7	4,8	3,79	n/a
% chge	115	710	544	437	n/a

Trading vol 12-month average: 528 000/month