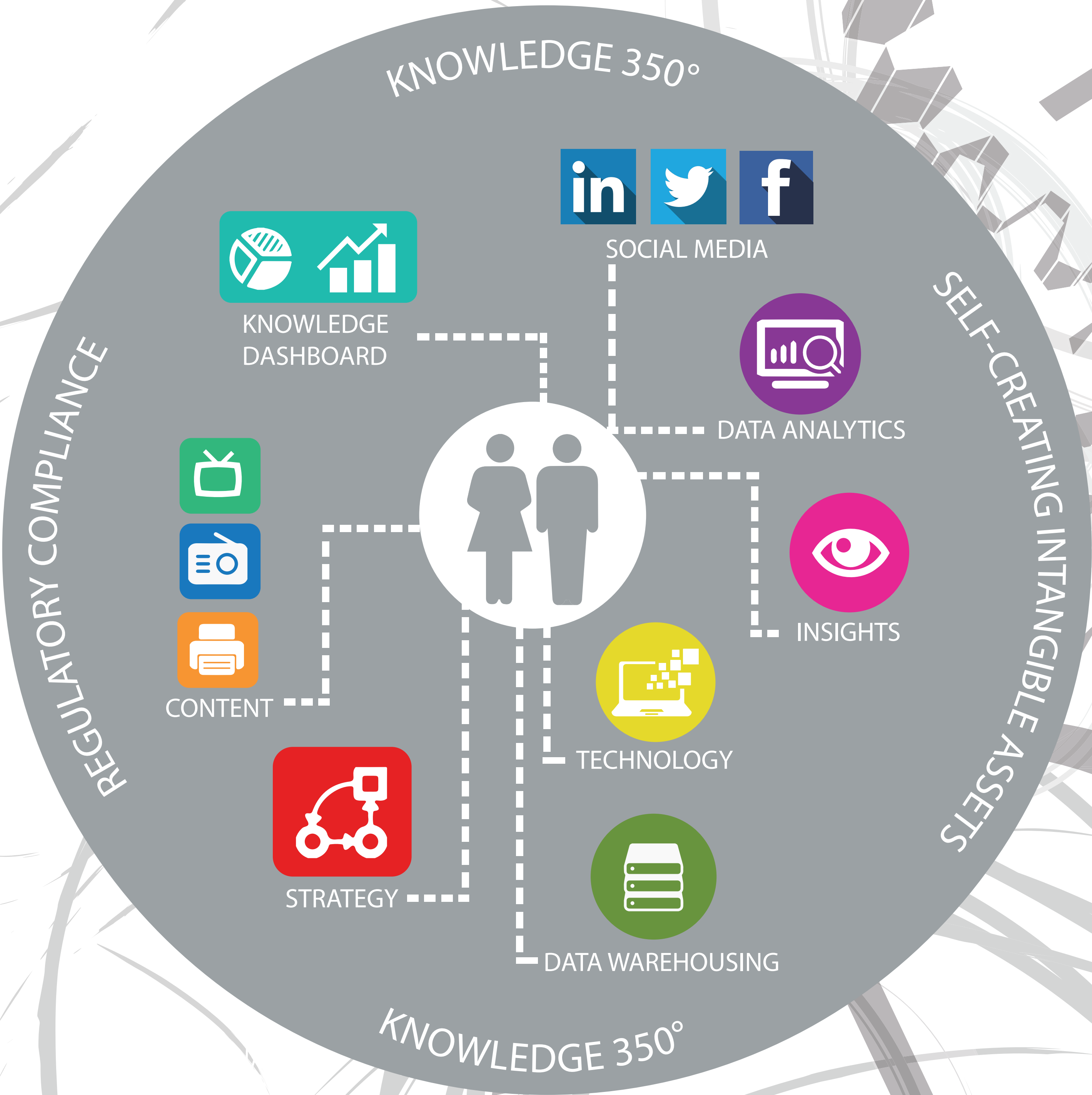
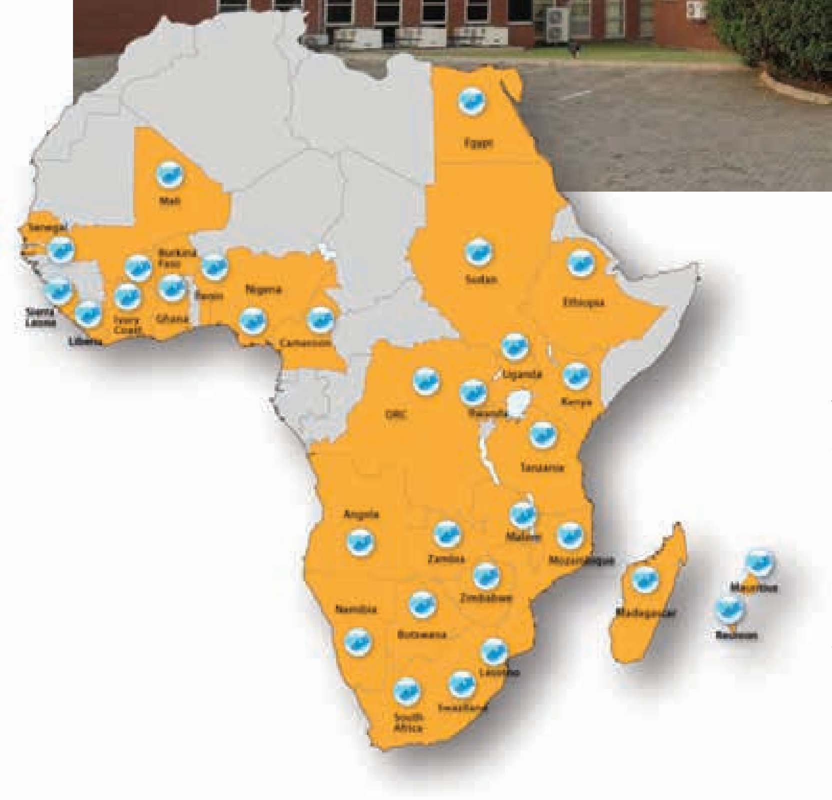


COGNITION HOLDINGS LTD

ANNUAL REPORT 2015

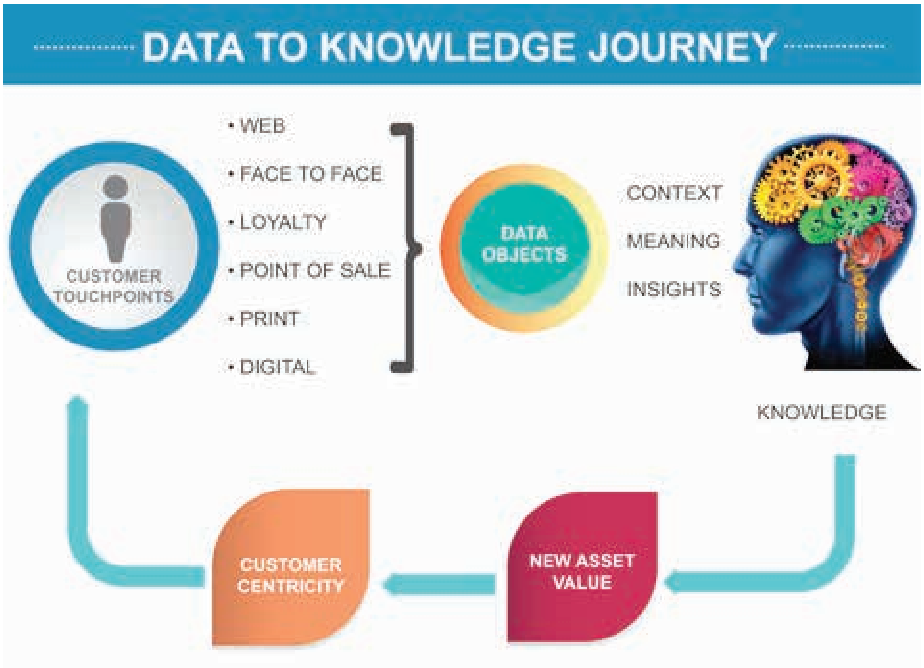
"Cognition is an information, communication and technology ("ICT") company, which provides a broad range of products and services to over 450 clients, primarily within media, Fast Moving Consumer Goods ("FMCG"), digital agencies, telecommunications and publishing sectors mainly within South Africa and 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 ("the Board") of Cognition Holdings Limited ("Cognition" or " the Group") proudly present the Group's Integrated Annual Report ("the Annual Report" or "the Integrated Report") for the financial year ended 30 June 2015.

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, Cognition has given consideration to:

- The JSE Listing Requirements;
- The South African Companies Act, 2008 (Act 71 of 2008), as amended ("The Companies Act);
- The King Report on Governance (King III);
- Global Reporting Initiative ("GRI") Framework;
- Guidelines for Sustainability Reporting; and
- International Financial Reporting Standards.

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.

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

The services provided are orientated around:

- Active data exchange services (SMS, IVR, USSD, IM)
- Knowledge creation and management

Knowledge Creation and Management

The 15 Step Knowledge 350˚ journey, offered to a broad range of clients across all sectors of the economy, enables Cognition to introduce its clients to the knowledge economy.

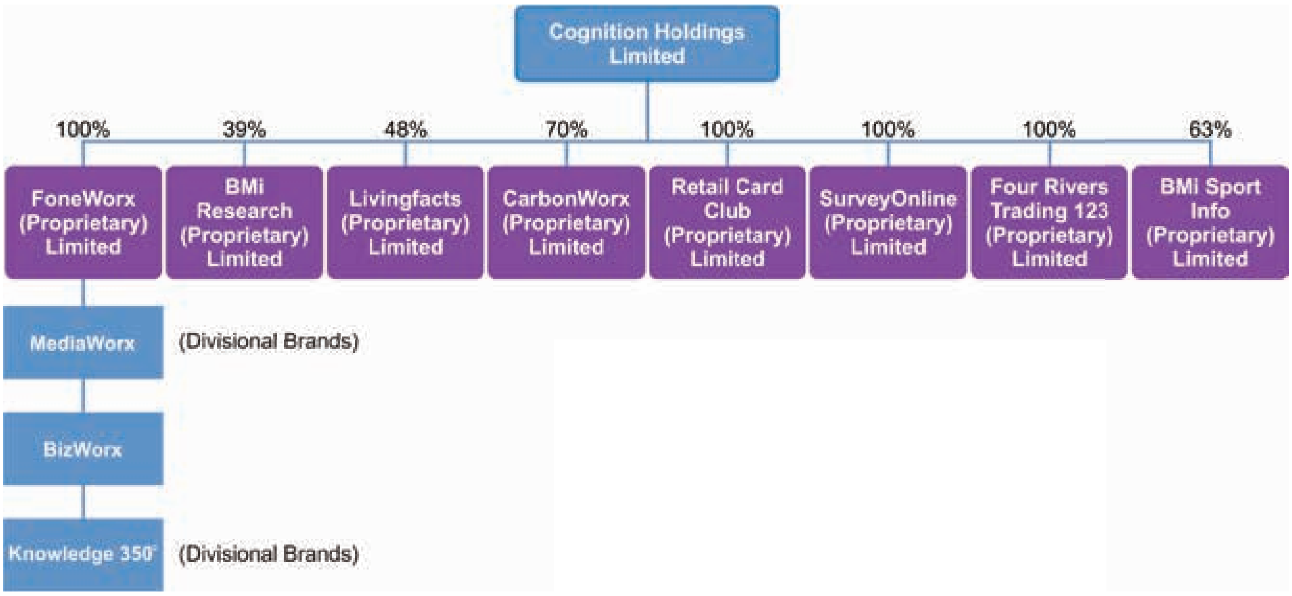
The capability of companies to create value (i.e. customer value, shareholder value and stakeholder value) is increasingly dependent on the new digital knowledge economy where meaningful data is becoming the "new asset class".

Knowledge 350˚ unlocks these new opportunities and provides the Group's clients with the ability to strategically adapt them for a new competitive advantage. This Integrated Report represents a holistic overview of the Group's performance for the year under review and covers the financial, economic, social and governance aspects of the Group.

This Integrated Report report seeks to communicate the Group's business strategy as well as related issues under the scope of the Directors.

The Group's operational activities are based in South Africa, however certain services are provided on a virtual or software basis throughout Africa.

The scope of this Integrated Report encompasses 8 operating companies as per the organogram below. The two primary segments reported on are: active data exchange services (SMS, IVR, USSD, IM, MMS, fulfilment) and knowledge creation and management.



Statement of Responsibility

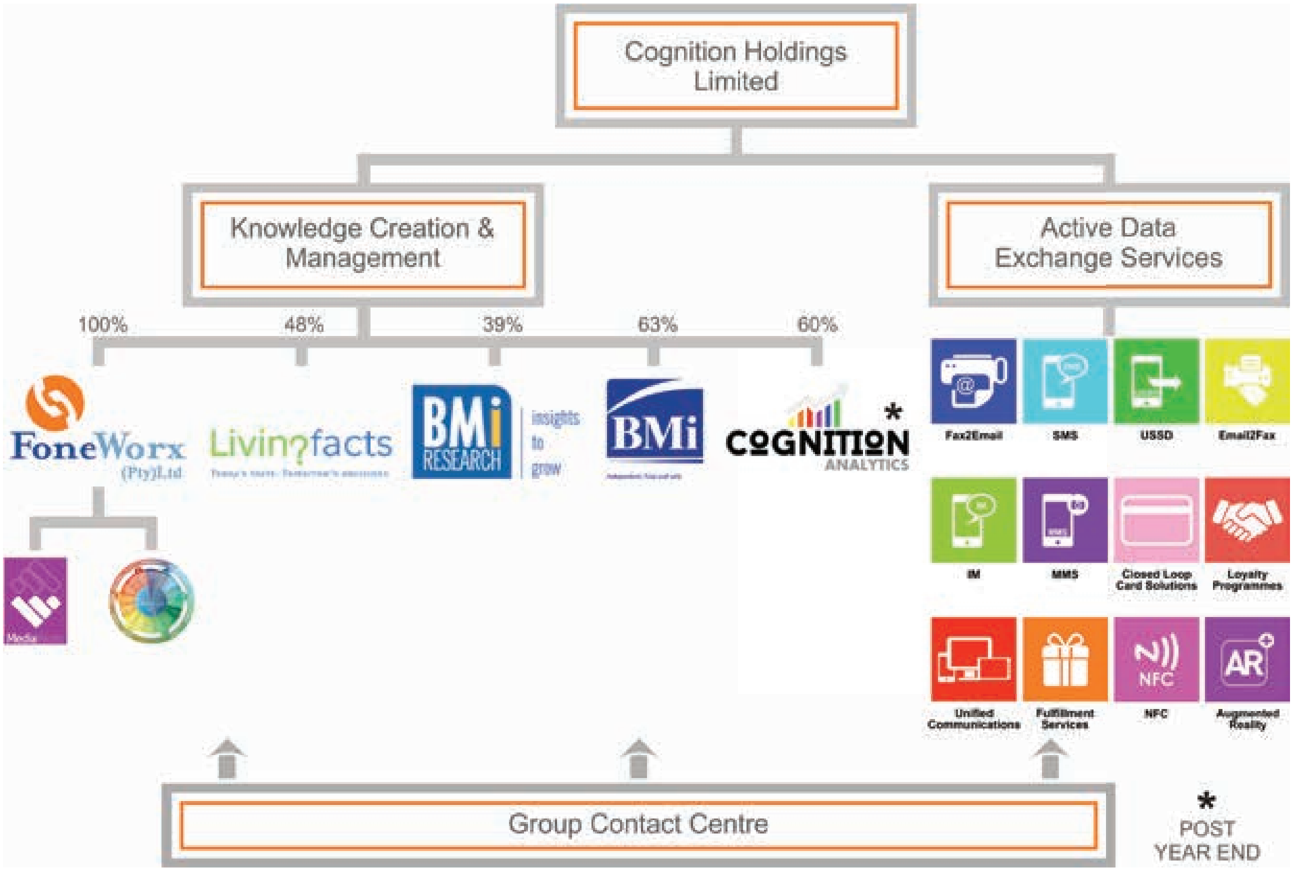
The Audit & Risk Committee acknowledges its responsibility on behalf of the Board to ensure the integrity of this Integrated Report and has accordingly applied its mind to the report and believes that it appropriately and sufficiently addresses all material issues, and fairly presents the integrated performance of Cognition and its subsidiaries for the year within the scope and boundary above. The Audit and Risk Committee recommends this Integrated Annual Report 2015 to the Board for approval. This Integrated Report is available in hard copy on request from the registered office of the company and is also posted on the Group's website, www.cgn.co.za. For further information, please contact the company secretary.

Forward-Looking Statements

This Integrated Report contains forward-looking statements that, unless otherwise indicated, reflect the Group's expectations as at 30 June 2015. Actual results may differ materially from the Group's expectations if known or unknown risks or uncertainties affect its business, or if estimates or assumptions prove inaccurate.

The Group cannot guarantee that any forward-looking statement will materialise and, accordingly, readers are cautioned not to place undue reliance on these forward-looking statements. The Group disclaims any intention and assumes no obligation to update or revise any forward-looking statement even if new information or conditions manifest as a result of future events, or for any other reason, as is required by legislation or regulation.

Group Profile



Group Profile

Cognition is an information, communication and technology company ("ICT") that provides a broad range of bespoke services to media companies, fast moving consumer goods organisations and above, below and through the line digital agencies. In addition, the Group provides consulting, research, data management and knowledge creation and management.

Cognition is committed to fair and sustainable business practices and strict adherence to regulatory and legislative requirements and frameworks.

Cognition operates via two distinct strategic objectives being:

- Active data exchange services
- Knowledge creation and management

Cognition operates from its head office in Randburg and satellite offices in Cape Town and Durban. The Group strategy is underpinned by high values which encourages innovation, performance and a strong client-centric philosophy. The Group prides itself in being able to develop bespoke services to meet the client's specific needs.

The Business – About Us

Active data exchange services have been offered by the Group for the last 19 years via our brand MediaWorx. MediaWorx has developed a proprietary technical platform which hosts a range of multi-channel or unified communication services to over 600 clients annually.

The technical platform is connected to the fixed and mobile networks of: Telkom, Vodacom, MTN, Cell C and Telkom Mobile. The platform has two remote nodes for redundancy and diversity.

Clients are serviced by professionally trained account executives, who provide clients with the full service offering, including consulting and promotional architecture and design.

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

Fulfilment of rewards or prizes is an important element of promotions and is part of the solutions offered by MediaWorx. Fulfilment includes coupons, products, airtime and cash to ATMs.

Group Profile

The development of MediaWorx's services is underpinned by 30 full-time employed software developers who develop in C, CH, Java, Php, .net, Linux and related code.

Knowledge creation and management is a logical extension of the Group's active data exchange services. For 19 years the Group has acted for over 600 well-known brands and collected millions of bits of data, albeit in a non-structured or strategic roadmap. Knowledge creation and management, via Knowledge 350˚, is a natural extension of collecting the data in a structured manner and building an ecosystem specifically for each client, whereby context and meaning is added to create information and then deep insight is provided to create knowledge that can be monetised.

The salient elements of Knowledge 350˚ are:

- Providing a sound 15-step roadmap
- Getting the client to understand what their customers value
- Building a database which complies with all regulation and legislation such as: Consumer Protection Act (CPA) and the Protection of Personal Information Act (POPI)
- Developing meaningful one-to-one marketing capabilities which provide customers with marketing material, benefits and communications which are anticipated, relevant and meaningful
- Providing a sounding board. Many companies assume that their products and services meet the needs of their customers. But surprisingly few actually test this assumption.

BMi Sport Info Proprietary Limited

BMi Sport Info Proprietary Limited ("BMi Sport") was formally established in 1990 as the first and only independent research company in South Africa to focus exclusively on the sport and sponsorship market. Over the past 16 years BMi Sport has been at the forefront of this industry, and through its ongoing commitment to the development of unique sponsorship evaluation research products, the company is recognised as a leader of this science, not only in South Africa, but internationally as well. All of the company's actions are aimed at making clients for life by providing them with top quality products and professional service at all times.

BMi Sport offers niche market research and information relating to the sport and sponsorship market in South Africa. Its vast experience, combined with 16 years of historical research data on the sponsorship market, ensures that its clients receive an unrivalled service offering. A testament to this is the clients themselves, which include nearly all of South Africa's major sponsoring companies, television channels, sports goods companies, sport controlling bodies and sponsorship management companies involved in sport, music and other sponsored causes.

BMi Sport's service offering is orientated around answering the following questions:

- What should we ideally sponsor to best reach our target market?
- How can we better focus our sponsorship strategy? How can we consolidate the vast number of properties we sponsor into a more focussed approach?
- How can we be sure our sponsorships are working for us?
- Are we associated with the sport, team or event we sponsor? Why is our association not growing?
- Is our media strategy working for us? Where and what are the weaknesses?
- What is a fair price to pay for that sponsorship property? Does the contract guarantee all the rights that are important to us?
- Do digital signboards provide better value than the more traditional alternatives?
- What are our sponsorships doing for our brand image? How has it impacted on consumer attitudes towards our brand?

Livingfacts Proprietary Limited

Cognition acquired 44% of Livingfacts Proprietary Limited ("Livingfacts") and subsequent to the year end acquired an additional 4% from a minority shareholder. 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 Cognition Knowledge 350˚ consultancy by assisting clients in better understanding customer needs, perceptions and realities. Cognition 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 Cognition to introduce Knowledge 350˚ as well as its existing well-established range of technical services to these clients.

BMi Research Proprietary Limited

Cognition acquired 35% of BMi Research Proprietary Limited ("BMi Research") with effect from 1 July 2014. Subsequent to the year end an additional 4% was acquired from a minority shareholder. BMi Research is a research house specialising in consumer and industrial research in various sectors, including the retail sector/ market. BMi Research has experience across a wide range of methodologies and markets.

BMi Research 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 Research 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 Research 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 Cognition and will contribute tremendous value to the Company's Knowledge 350˚ consultancy by assisting clients in better understanding customer needs, perceptions and realities.

Directors' Profiles

Mark A Smith – CEO
BA LLB (Admitted Attorney)
Age: 57

EXECUTIVE DIRECTOR

Mark completed his articles and practised as an attorney for a few months before joining Shield Trading Corporation Ltd ("Shield") as legal advisor. Mark was also the managing director of Infophone (Pty) Ltd 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 (Pty) Ltd, a subsidiary of Wooltru Ltd, 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 (Pty) Ltd, 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 Cognition.

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 Cognition 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: 39

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 (Pty) Ltd, a government held entity focusing on infrastructure development throughout the Gauteng province. In February 2008 he was appointed as the Financial Director of Cognition.

Graham Groenewaldt
Sales Director
Age: 57

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 Ltd, now Cognition Holdings Limited, in 2003.

Piet G Greyling
(Non-Executive Director)
BCom, BCompt (Hons)
Age: 58

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.

Ashvin G Mancha (Chairman)
(Independent Non-Executive Director)
B.Proc
Age: 58

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 practising 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

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 (Pty) Ltd. 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.

NON-EXECUTIVE DIRECTOR

Paul qualified at Rand Afrikaans University 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.

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.

NON-EXECUTIVE DIRECTOR

Roger is a chartered accountant, with a 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.

Cape Town Office

Chief Executive Officer's Review

The year under review was a difficult trading year primarily due to:

- delays in finalising expected large contracts which never materialised in the year under review. A number of these large contracts are expected to be finalised in the next financial year. In fact we have a healthy pipeline for the first quarter of the year.
- a decline in Fax2Email volumes which was an anticipated industry phenomenon. The Group has, for the last 10 years, enjoyed very good annuity income from this virtual data exchange service and whilst it is expected to continue generating good revenue, it will be at a declining rate as newer technologies supersede faxing, being a natural evolution of technology changes.

Despite these two factors, the Group still achieved a total comprehensive income for the year of R26.4 million. Net cash and cash equivalents amounted to R95 million after the Group made two investments totalling R20.5 million and paid its dividend of R16.5 million, a total of R37 million.

The Group has a very clear and precise strategy which can be summarised as follows:

- Maintaining and supporting faxing solutions with the knowledge that it is declining in favour of newer technologies. The impact of this on costs and human resources is minimal as the service is fully automated. We still anticipate good annuity income from this service albeit at a lower rate.
- Increasing the growth of our call-to-action campaigns (*Figure 1 on page 14*) in line with historical trends.
- Introducing our community builds and knowledge creation and management solutions as a natural extension of our call-to-action campaigns (SMS, IVR, USSD, MMS, IM, and loyalty) based on an annuity formula to supplement and then, over time, exceed our faxing annuity income (*Figure 1 on page 14*).
- Acquisitions that support the development of knowledge creation and management. Our initial investments being: Livingfacts, BMi Research and BMi Sport.

The results under review can be summarised as follows:

Revenue was lower at R102 million (R118 million: 2014) primarily due to the reduced faxing average rate per user (ARPU). Profit before tax was R36 million which was also down on the prior year (R38.5 million: 2014) similarly due to the decline in faxing revenue for inbound faxes. Faxing out (PC2Fax) increased by 5% although off a lower base.

On a positive note, revenue from knowledge creation and management increased by 273% from R3.7 million to R13.8 million. Gross profit on knowledge creation was up 214% to R11 million from R3.5 million the previous year. We are very encouraged by this growth as the future of Cognition is based on knowledge creation and management and our anticipated annuity revenue from this growth is intended to supplement (in the short term) the decline in faxing ARPU and, in the long term, surpass historical faxing revenue.

Despite our decline in total comprehensive income, our financial ratios are solid with: EBITDA margin at 32.59%, operating profit margin at 28.57% and ROE at 18.34%. Our liquidity ratio is 5.6 times.

The Group has two main operating divisions: Active Data Exchange Services and Knowledge Creation and Management.

This division reaches the market via MediaWorx. The raison d'être of MediaWorx is to provide clients with the technology and capability to interact with the customers of their brands by using single or multiple bearer services developed and hosted on the Group's proprietary technical platform.

Given the Group's second purpose of "Knowledge Creation and Management", this division has renewed vigour in managing the data collected via the technology with a more longitudinal purpose, enabling the structured collation of data into communities which creates observational capabilities over defined periods.

MediaWorx accordingly plays a fundamental role as the catalyst to initiate data collection whilst at the same time enabling the client to achieve its objectives of brand salience, brand building and brand identity.

MediaWorx has three core focusses:

- **Media Infotainment ("MI")**

  MI focusses on providing clients with the technology platform for consumer interaction enabling voting services, competitions and comment lines using services such as: SMS, USSD and IVR. These services are provided to well-known television and game shows such as: Idols, Big Brother, Strictly Come Dancing, X Factor, SA's Got Talent and similar shows.

  These services are offered in South Africa and 38 countries throughout Africa via 95 mobile networks. By their very nature these television and game shows initiate huge amounts of demographic data which can be used for observational purposes.

- **Retail Promotion ("RP")**

  RP provides our clients with the technology to market the identity of their brands via competitions or promotions. These include: SMS, IVR, NFC, augmented reality and fulfilment services. These are offered above-the-line (TV and radio), below-the-line (print and on pack) and via social media. Clients serviced during the period under review include:

Caxton	Robertsons
Huletts	SAB
Kellogg's	Pick n Pay
Imana	Spier
Pep	Amka
Golden Cloud	Bokomo

  Whilst the primary purpose of these campaigns is promotional in nature, they stimulate huge amounts of demographic and geospatial data and create the foundations for database development and community building.

- **Data Investment ("DI")**

  DI strategically adopts call-to-action campaigns using services such as: SMS, IVR, NFC, augmented reality and USSD, to collect demographic and psychographic data to enhance the building of databases for long-term strategic purposes. DI is a strategic and operational tool for knowledge creation and management.

  These services are offered to clients with the specific intention of using a promotion or competition to collect defined demographic or psychographic data to enhance the client's data warehouse as part of a long-term strategy to build a knowledge dashboard.

  Clients that made use of this service during the period under review included:

SAB	Flash
Pep	DSTV
Ackermans	Samsung

MediaWorx Africa

Our footprint in Africa remains strong with relationships established in 38 countries via 95 mobile networks. This is primarily for the purpose of SMS interactions, voting and media infotainment services like Big Brother.

We see huge upside growth in Africa not only for media infotainment services but also research on behalf of BMi Sport and accordingly intend to grow our footprint, presence and capacity for the rest of Africa.

Faxing Services

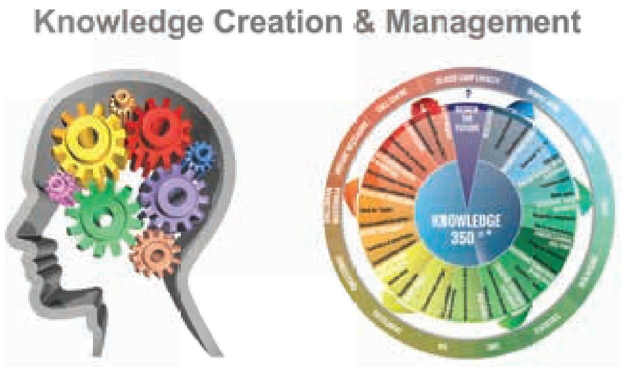
Over the last 12 years faxing solutions have provided solid annuity revenue for the Group. We have stated in previous reports that faxing has and will continue to decline as newer technologies emerge and become more prevalent.

Fax2Email revenue for the period under review declined by 28%, primarily due to lower volumes.

Despite this we still increased our subscriber base by an average of 2 611 new subscribers per week or 146 246 new subscribers in the year, taking our total user base to 409 000. Our internal review however shows that against the increase in subscribers, frequency of use has declined, thus resulting in lesser revenue.

Email2Fax (the reverse of Fax2Email) has, however, grown by 5.07% year on year. We therefore believe that although we may encounter an increase in subscribers, the frequency of subscribers using faxes will decrease over time, yet will continue to provide good annuity income with very little resources required. We anticipate seeing a moderate growth in Email2Fax.

Chief Executive Officer's Review



Knowledge Creation and Management

Cognition, prior to its name change from FoneWorx, successfully developed and hosted thousands of call-to-action campaigns (SMS, IVR, USSD, MMS and IM) for hundreds of blue chip brands and agencies over the last 19 years.

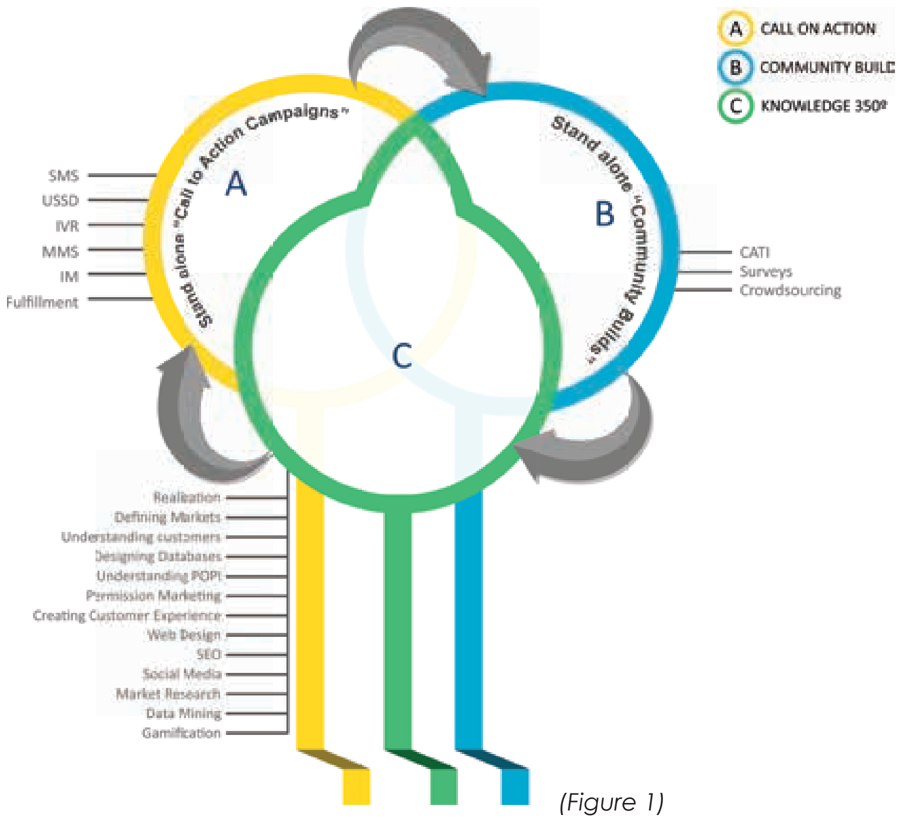
Whilst these yielded fantastic results for their purpose and objectives, primarily orientated around brand awareness (salience) and promotions, huge data (albeit limited in scope) was collected for very little strategic or secondary purpose.

Over the last few years the whole world, and in particular the media industry which forms the core of many of the Group's clients, struggled with the concept of Big Data, analytics and fusing data sources. Most companies knew they needed to get into data management, but weren't sure how and what to do.

For the Group the move from call-to-action campaigns or simply just collecting Big Data, to adding value to the data in a structured and strategic way, was a natural progression and the Group's Sigmoid Curve of taking the data to a new strategic level, was a natural growth path.

To ease our clients into the often daunting arena of 'Big Data', we created a transitioning process of taking our clients from call-to-action data (A) to building what we call 'communities' or defined 'eco systems' (B). In simple terms, adding 'layers' or 'objects' of more information around the already collected minimalistic data and finally into our full-blown strategic knowledge build called "Knowledge 350°" (C) as reflected in *Figure 1* below.)

The transition and progression through these three steps is measured and strategic. We conceptualised, designed and built a model that would enable us to provide clients with a roadmap of: understanding their customers, collecting data from multiple touch points (with the intention of data fusion), adding context and meaning to layer the raw data with information and finally by creating meaningful knowledge with great and deep insights.



(Figure 1)

The Knowledge 350˚ model is a 15-step roadmap comprising multiple operational and strategic questions, to ultimately build a meaningful knowledge dashboard that clients can use to effectively communicate with their customers and to monetise the exchange of communication.

To support the 15-step Knowledge 350˚ roadmap, we have been building a knowledge database and Business Intelligence (BI) dashboard and marketing interface. This tool will be launched in the 3rd quarter of 2015 and will enable clients to manage their data to achieve the objectives of:

- better understanding customers (demographic / psychographic);
- enhancing marketing and sales initiatives via effective one-to-one marketing initiatives;
- self-creating intangible assets;
- minimising costs; and
- monetising data.

Our intention with Knowledge 350˚ is to create multiple solution-driven packages which provide clients with different layers of services.

The packages will provide annuity income to the Group which will complement our existing annuity generated from faxing solutions.

Great Progress Bodes Well For The Ensuing Year

During the period under review our technical team has been developing a very robust and scalable engine for panels and surveys which will enable the Group to build a large group of respondents who are representative of the population and provide clients with frequent and rapid response to mobile and web surveys.

In addition, the team has been developing our new Knowledge 350˚ Data Warehouse ("DW") which is overlaid with a flexible Business Intelligence ("BI") tool using Micro Strategy software which was developed in Washington DC. This application will be deployed "on-premises" or via secure cloud services.

Our Knowledge 350˚ engine and BI tool will be interfaced to our own proprietary marketing dashboard, enabling our clients to seamlessly send communications to individuals in the database.

Good progress has been made in the testing and early life cycle of this product with a number of our existing clients using the community build phase. We expect the product to be completed and ready for launch during September 2015 which will then enable us to approach a number of our existing clients that we currently provide call-to-action campaigns, and also to look at new clients and sectors of the market.

'ADOPTING EVIDENCE-BASED DECISION MAKING BASED ON A SINGLE SOURCE OF TRUTH'

The desired objectives of the Knowledge 350˚ solution are to create the technology and methodology to:

- provide the right data at the right time to the correct people so that the most appropriate decisions can be made;
- ensure a blend between data, technology and content achieves operational excellence;
- enable organisational alignment and a common measure of key performance indicators; and
- visualise data in a way that promotes insights and understanding.

Investment Updates

BMi Sport Group ("BMi Sport")

During March 2015 the Group acquired 63% of the BMi Sport. The business, in its entirety, was relocated to our head office in Randburg. We provided BMi Sport with state-of-the-art hosting facilities, an improved working environment as well as an enhanced technical infrastructure and services.

BMi Sport provides research and media monitoring of South African sports in general and the South African sports sponsorship market in particular, to most of South Africa's major sponsors, television channels, sporting goods companies, sport controlling bodies and sponsorship management companies.

Chief Executive Officer's Review

We are extremely excited about the opportunities and growth potential of BMi Sport. In particular we see:

- the opportunity to integrate our Knowledge 350˚ dashboard and database solution to a number of their clients. We have already identified three sporting bodies where we will deploy this solution, which offers over one million individuals;
- the opportunity to replicate the suite of services offered by them throughout Africa. This will complement our Africa MediaWorx footprint; and
- the opportunity to deploy the services in Asia and in particular China.

We are currently investigating and trialling new software and hardware that will increase the speed of radio, television and print monitoring so as to enhance output and enable our replication of services outside South Africa to be a lot quicker.

During the period under review Telkom, being a significant account for BMi Sport, renewed its supplier status for an additional three years.

BMi Sport's sponsorship rights, packaging and evaluation services, known as "BMi Pre Value" has once again shown excellent promise as the industry benchmarking tool for many major sponsorship rights fees. To this end BMi Sport will be involved in: Super Rugby Naming Rights, Cricket SA – Protea's naming rights valuation, Currie Cup naming rights, stadium naming rights, Netball SA and SAFA rights, to mention a few.

BMi Sport's socio-economic and sporting impact valuations on the benefits of hosting events in South Africa continues to expand and has been recognised by government and events holders alike as the most comprehensive and accurate impact analysis in the industry.

Livingfacts Proprietary Limited ("Livingfacts")

Livingfacts develops bespoke research that enables their clients to implement their strategies and achieving their goals.

These specialised capabilities help clients understand stakeholders' and customers' needs, perceptions and realities.

Despite a very competitive market Livingfacts was able to increase its operating margin by 29% year on year. This was achieved through a greater focus on utilising technology-based research collection methods and increasing productivity of people-based resources.

Livingfacts continues to entrench itself with its core blue chip clients, by achieving a 90% average satisfaction rating. This is as a result of consistent and specialised services. This is particularly within selected consumer segments including: financial, health, retail and logistics.

We are very proud that, during the period under review, Livingfacts was selected as the research partner for Old Mutual Corporate's first SME employee benefits monitor, which evaluates the status of employee benefits and retirement provision in the SME Segment.

BMi Research Proprietary Limited ("BMi Research")

BMi Research is a full service house, specialising in qualitative and quantitative research solutions. With multi-sector experience which understands industrial and manufacturing research, wholesale to retail intelligence and shopper insights.

During the period under review, BMi Research invested in third generation mobile data collection terminals to deliver fast and accurate competitor pricing data. BMi Research is a pricing data specialist.

BMi Research has also invested in mobile tablets for use in the consumer research division.

An exciting development for BMi Research is the internal capacity built to create dashboards for clients which includes Predictive Analytics Solutions.

BMi Research's analytics team has built unique client dashboards in QlikView which provides trended data from executive dashboards down to granular views in a user-friendly real-time basis.

Re-branding

During the period under review we moved to the main board of the JSE and changed the name of the holding company from FoneWorx Holdings Limited to Cognition Holdings Limited. The name change aligns with our new strategy in the knowledge economy as we move away from a pure telecommunications environment to data analytics and insights.

Future Prospects

Our strategic positioning will be to enhance our performance in our two distinct, yet complementary, operating divisions:

- Active Data Exchange Services
- Knowledge Creation and Management

Active Data Exchange Services

We will constantly add new technologies to our profile of services to ensure greater choice, reach and response for our clients. New technologies will, for example, include mobile augmented reality, mobile beacons and near field communication (NFC).

Our strategy is to use Active Data Exchange Services as the methodology to collect data as the forerunner to our Knowledge 350˚ data building.

Our strategy is also to increase our reach into Africa and to expand beyond our current reach of 95 networks in 38 countries. This will be achieved by further collaborations with international players or via investments.

Knowledge Creation and Management

We see great potential with our Knowledge 350° (K350°) strategy, which includes our DW and BI software solution which will benefit our clients by:

- reducing reporting effort;
- reducing information bottlenecks; and
- providing a "single source of truth" with actionable data to enable evidence-based decision making.

We have a number of existing clients lined up to adopt the K350° software solution on its launch during September 2015.

Our K350° software solution will also open up new sectors and markets to our traditional Fast Moving Consumer Goods environment.

Investment Opportunities

We have evaluated a number of possible investments that would complement our move into the knowledge economy and this will add to our acquisition-led growth strategy. These will be short-listed in the current financial year and shareholders will be kept updated with progress in this regard.

We are very conscious of our need to enhance our Business Analytics and Business Intelligence capability and to this end we are collaborating with highly qualified actuaries and data scientists. Shareholders will be kept updated in this regard.

"Information is the oil of the 21st century and analytics is the combustion engine"
- Peter Sondergaard
Gartner Research

My Appreciation

On behalf of Cognition, I remain thankful to the members of the Board of Directors for their valuable input and contribution to the growth of the Group as well as to all our staff for their hard work, loyalty and contribution to the execution of our strategy.

I would also like to extend my thanks to the leadership of Livingfacts, BMi Research and BMi Sport for their contribution to our collective strategy, and lastly, but importantly, to all our network suppliers, dealers, partners, customers and all stakeholders.

Mark Smith
Chief Executive Officer

Financial Report

It has been the Group's strategy over the past few years to build up a cash reserve for the purpose of making value enhancing acquisitions and to invest in internal projects. In the year under review the Group has made investments in associate companies to the value of R8 million, acquired a significant portion in the BMi Sport Group to the value of R16 million and have internally developed key assets to the value of R3.6 million. We believe that these assets will enhance and grow the revenue base of the Group over the next financial year.

Even though the Group has made the bulk of these investments in cash, we have been able to maintain a healthy cash reserve that we intend to use for the purposes of making further investments, acquisitions and fund the anticipated working capital that will be required during the next financial year.

The assets held by the Group increased by 9.6% from R167 million to R183 million with total liabilities of R31.3 million, up by 5.4% when compared to the prior year's balance of R29.7 million. The bulk of this increase relates to the creation of a deferred tax liability that arose with the acquisition of the BMi Sport Group.

With a debt to equity ratio of 20.1% (2014: 21.5%) the Group is not highly geared and has the capacity to take on a significant amount of debt for the purpose of making further acquisitions within the next few years.

The net asset value per share has increased to 109.2 cents from 101.3 cents over the past year, an increase of 7.8%.

Financial Performance

During the year under review the Group maintained an operating profit margin of 28% with a slight decrease (3.7%) in its bottom line profitability from R27.4 million last year to R26.4 million this year. This was achieved even though revenue decreased by 13.2% from R118.2 to R102.6million.

Earnings before interest, taxation, depreciation and amortisation ("EBITDA") decreased by 16.3% down to R33.4 million (2014: R39.9 million) and, based on the weighted average number of shares in issue, earnings per share ("EPS") decreased by 8.16% from 20.21 cents in the prior year to 18.56 cents this year. Headline earnings per share ("HEPS") decreased by 8.2% to 18.56 cents from 20.21 cents in the previous corresponding period.

During the year the executive of the Group changed the way in which the Group organises the internal operations of the Company. The Group accordingly no longer reports in terms of the MediaWorx division and BizWorx divisions but now reports on:

- Active Data Exchange Services – A unified messaging system that integrates and delivers a suite of messaging services through a single hosted platform. This is a combination of our BizWorx and MediaWorx divisions excluding specific projects previously included in MediaWorx that has evolved into Knowledge Creation and Management.
- Knowledge Creation and Management - Building permission-based marketing strategies to enhance singular customer profiles, with deep granularity in line with privacy legislation.

Gross profit on Active Data Exchange Service reduced from R66.4 million to R50.8 million during the period under review. This is mostly attributable to a decline in revenue generated by the Group's Fax2email service. Despite the decline the division remains very profitable and has an outstanding operating margin.

The Knowledge Creation and Management Division has recorded a 272% increase in revenue from R3.7 million to R13.7 million. Of this 44% has been achieved through internal sales and the expansion of our product offering with the remaining 56% coming through the Group's acquisition of the equity in the BMi Sport Group with effect from 1 March 2015.

Management attempts to keep operating costs down to a minimum as far as possible and during the year under review was able to keep the increase in operating expenditure to 7.3% for the year from R9.6 million to R10.3 million which includes the additional operating expenditure from BMi Sport from 1 March 2015.

The Group has reduced its staff expenditure cost by 17.8% from R23 million to R18.9 million in the year under review.

Cash movements

The Group used R24 million of its cash resources to:

- invest in various associate companies;
- acquire 63% of the equity in the BMi Sport Group; and
- declare and pay a dividend to shareholders in the amount of R16 481 521.

The impact of this is that the Group's cash reserves reduced from R119 million to R95 million, a reduction of 20.1%.

Equity movements

During the year under review the Group issued 1 613 757 shares as part compensation for the investment in BMi Research.

Going Concern

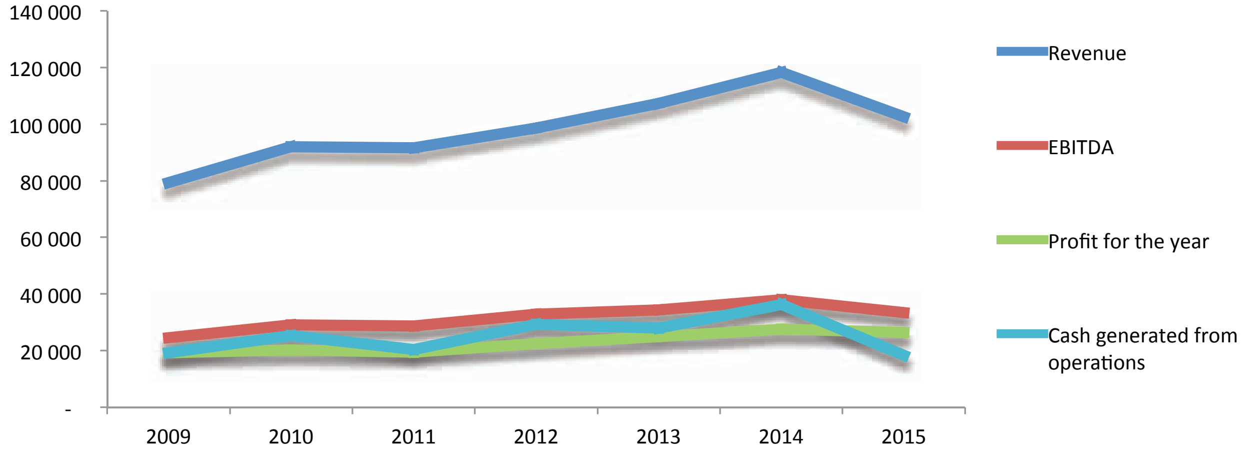
The Board has formally considered the going concern assertion for the year going forward and is of the opinion that it is appropriate.

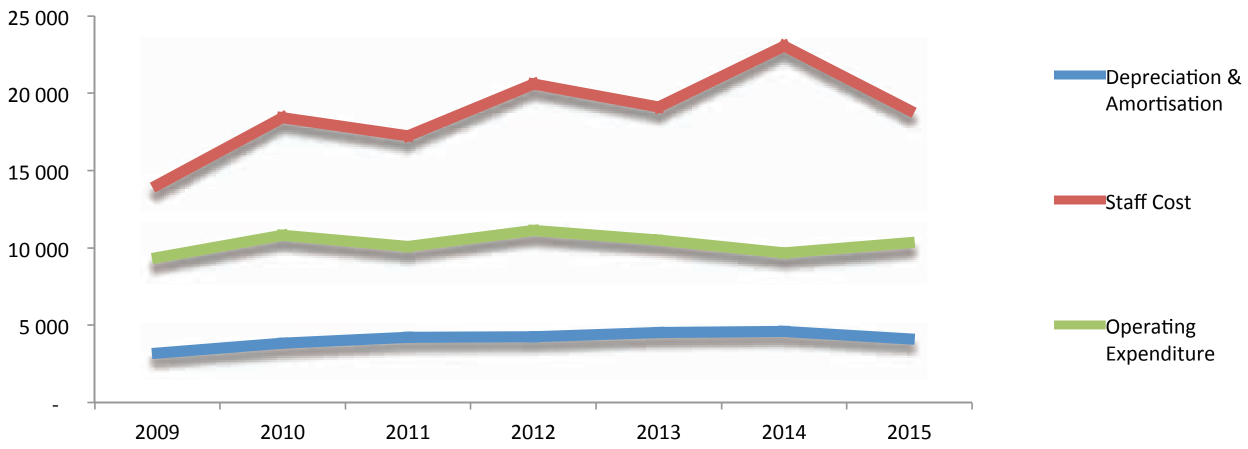
Conclusion

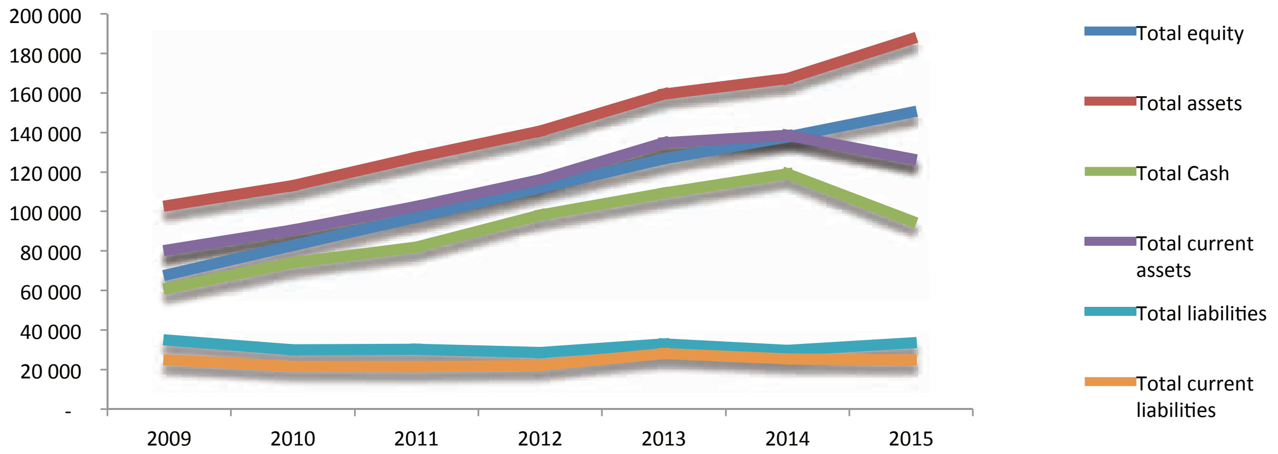
The Group is in a remarkably strong financial position and has made key strategic investments in the past year that will enable the Group to become a significant player within the data and knowledge economy.

	30 June 2015	30 June 2014	30 June 2013	30 June 2012
Financial position	**R'000**	**R'000**	**R'000**	**R'000**
Total equity	150 311	137 732	126,543	112,107
Total assets	183 084	167 385	159,557	140,659
Total Cash	95 139	119 142	109,334	98,322
Total current assets	126 712	138 545	134,840	116,152
Total liabilities	31 306	29 653	33,014	28,552
Total current liabilities	23 289	25 381	28,116	22,156
Operating results				
Revenue	102 604	118 197	107 367	98 617
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	33 436	37 955	34 442	32 852
Operating profit	**29 318**	**33 350**	**29 923**	**28 599**
Profit for the year/period	26 409	27 481	24 903	22 462
Profit for the year attributed to owners of the parent	25 607	27 481	24 903	22 462
Depreciation & Amortisation	4 118	4 605	4 520	4 253
Staff Cost	18 903	23 063	19 102	20 583
Operating Expendure	10 333	9 670	10 527	11 130
Financial ratios				
EBITDA margin	32.59%	32.11%	32.08%	33.31%
Operating profit margin	28.57%	28.22%	27.87%	29.00%
Return on equity	18.34%	20.80%	20.87%	21.47%
Return on assets	15.07%	16.81%	16.59%	16.75%
Debt Equity Ratio	20.83%	21.53%	26.09%	25.47%
Average debtors' days	83 days	78 days	96 days	82 days
Liquidity ratio	5.8 times	5.6 times	4.8 times	4.9 times
Share performance				
Number of shares in issue at year-end	137,615,798	136,002,041	136,002,041	136,002,041
Weighed average number of shares at year end	137,448,249	136,002,041	136,002,041	136,002,041
Basic and diluted earnings per share	18.63 cents	20.21 cents	18.35 cents	16.52 cents
Headline and diluted headline earnings per share	18.56 cents	20.21 cents	18.35 cents	16.52 cents
Net asset value per share	109.23 cents	101.30 cents	93.10 cents	82.40 cents
Tangible net asset value per share	88.68 cents	94.01 cents	86.60 cents	77.60 cents
Closing share price at year-end	190 cents	225 cents	197 cents	110 cents
Dividend per share	12.00 cents	12.00 cents	7.00 cents	5.50 cents

Financial Report



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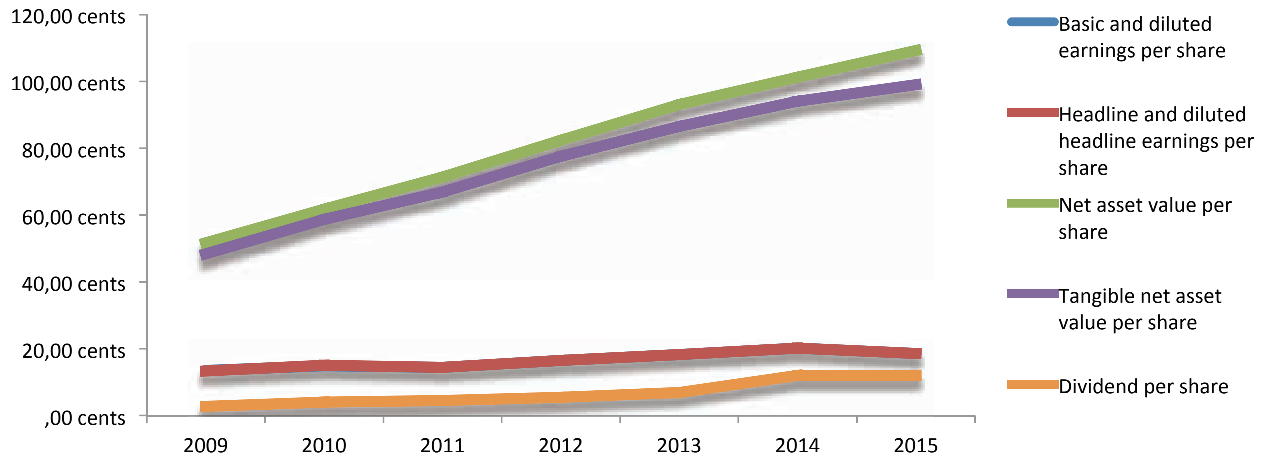
120,00 cents
100,00 cents
80,00 cents
60,00 cents
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2009
2010
2011
2012
2013
2014
2015
Basic and diluted earnings per share
Headline and diluted headline earnings per share
Net asset value per share
Tangible net asset value per share
Dividend per share


SUCCESS
IDEA

Corporate Governance Report

The Board supports the importance of sound corporate governance and the principles set out in the King III Report ("King III"). Accordingly 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 Company's Memorandum of Incorporation also addresses certain of the directors' duties and responsibilities.

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

- acting with integrity and adopting 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 34 to 43 (sustainability report).

Board of Directors

The Board is the focal point for, and custodian of, corporate governance for the Group. It is responsible for managing its relationship with management, the shareholders and other stakeholders of the Group along sound corporate governance principles. The Board is responsible for directing the Group's sustainable growth by exercising sound leadership and judgement. The Board does this by having due regard to a balanced financial, social and environmental performance and by taking into account the legitimate expectations of all of its stakeholders when making decisions that are in the best interests of the Group. The Board is guided by the Board charter which articulates the Board's objectives and responsibilities. Each of the Board's sub-committees have also adopted written terms of reference.

The Group has a unitary Board. For the year under review the Board comprised three executive directors, three independent non-executive directors (of which one is the Chairman) and three non-executive directors. While there is not a majority of independent non-executive directors the Board is nevertheless of the opinion that this structure is effective and believes 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. Details of the directors appear on pages 8 to 10 of the report.

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 Group does not have a Nominations Committee to co-ordinate and evaluate appointments to the Board. If and when vacancies arise on the Board, the Board itself sets the criteria that a candidate would be required to meet, for the position.

Board members are required to disclose any interests in material contracts that involve the Group. This accords with the disclosure requirements contained in section 75 of the Companies Act. During the year under review, no Director or officer of the Group had an interest in any material contracts involving the Group. In addition the Group has a formal policy of restricting share dealing by directors, officers and staff during closed periods, and when information which is of a price sensitive nature is being dealt with.

The King III principles form the basis of the Board's responsibilities and functions and provide the broad areas of evaluating and identifying key financial and non-financial risk areas of the Group. The Board accordingly identifies principal performance and risk indicators which reflect resource planning, products, service and human resource.

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

The Board meets a minimum of four times a year. Additional meetings are constituted when required. During the year under review the Board met on four occasions.

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 09:00 to 12:00 to cover key areas of the business.

Directors' attendance at board and committee 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	3	4	3	1	1	1	1
G Mooney	4	4	4	4	1	1		
M Smith	4	4	4*	4*			1	1
P Scholtz	4	4	4*	4*			1	1
G Groenewaldt	4	4						
R Pitt	4	3	4	3				
P Jenkins	4	4						
M du Plessis	4	4						
PG Greyling	4	3						

(* By invitation)

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.

Performance Monitoring

The Board carried out a self-evaluation of itself and its committees. The evaluation found 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.

Mr Mancha, the chairman of the Board and an independent non-executive director, has served a term exceeding nine years. The Board is satisfied that there are no relationships or circumstances that are likely to affect or appear to affect the judgement of Mr Mancha. The Board further ascertained that Mr Mancha's independence of character and judgement was not in any way affected or impaired by his length of service.

Mr Mooney is a non-executive director of the Board. The Board is satisfied that Mr Mooney is neither unduly influenced nor is he biased and that he is independent in character and judgement.

Company Secretary

All the directors have unrestricted access to the Company Secretary for advice. 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.

Advocate Stefan Kleynhans (BA, Bluris, LLB, LLM (Banking Law)) has held the position of Company Secretary since February 2014. Advocate Kleynhans previously practised as an advocate at the Johannesburg Bar.

The Board has assessed his qualifications, experience and competence as required by the Companies Act 71 of 2008, read with the JSE Listings Requirements, and is satisfied that he meets the requirements as stipulated. The Board further confirms that he is not a director of the company and has an arm's-length relationship with the Board.

Rotation and Retirement from the Board

To facilitate continuity on the Board and in accordance with the Memorandum of Incorporation, one third of the non-executive directors are required to retire from office at each AGM. The reappointment of the retiring directors is subject to approval by the shareholders. The directors retiring by rotation at the forthcoming AGM are Gaurang Mooney, Piet Greyling and Marc du Plessis.

Remuneration

The details relating to directors fees and remuneration are disclosed in note 21 of the financial statements. The fees that are, subject to approval by the shareholders by way of special resolution, proposed to be paid to the independent non-executive directors, are set out in the AGM notice which forms part of this Report. The remuneration of the executives, as approved by the remuneration Committee, are disclosed fully in note 21 of the financial statements.

BOARD COMMITTEES

Audit and Risk Committee

During the year under review the Audit and Risk Committee comprised of the following members:

- Roger Pitt (Chairman - Independent non-executive director);
- Gaurang Mooney (Non-executive director); and
- Ashvin Mancha (Independent non-executive director).

Mr Mooney has an indirect beneficial interest in the Group as noted under the section director's shareholding on page 48 of this report. These shares are owned by a family owned company of which Mr Mooney is only a minority shareholder. The Board is accordingly satisfied that Mr Mooney is neither unduly influenced nor is he biased and that he is independent in character and judgement.

Two executive directors attended the meeting by invitation. 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. If deemed necessary further meetings were convened on an *ad hoc* basis. The Board is of the view that, due to the size of the Group, the number of meetings is sufficient.

As required by the Companies Act the resolution for the appointment of the Audit and Risk Committee is set out in the Notice of Annual General Meeting which forms part of this Report. The Board is satisfied that the members that are proposed for approval by the shareholders meet the requirements of the Companies Act pertaining to members of the Audit and Risk Committee.

The Committee fulfills its functions in accordance with the formally approved terms of reference. The role of the Committee is to assist the Board in ensuring that the Company has implemented an effective policy and plan for risk management that will enhance the Company's ability to achieve its strategic objectives and that disclosure regarding risk is comprehensive, timely and relevant. The Board is satisfied that the Committee has carried out its duties in accordance with its terms of reference as well as with any legal and regulatory requirements set out in the Companies Act, King III and the JSE Listing Requirements.

In addition to that, the Group has an effective policy and plan for risk management. Pursuant to the provisions of the Companies Act it was also the duty of the Committee to:

- nominate, for appointment as auditor of the Company under section 90, the registered auditor who, in the opinion of the audit committee, is independent of the Company;
- determine the fees to be paid to the auditor and the auditor's terms of engagement;
- to ensure that the appointment of the auditor complies with the provisions of the Act and any other legislation relating to the appointment of auditors;
- determine, subject to the provisions of the Companies Act, the nature and extent of any non-audit services that the auditor may provide to the company, or that the auditor must not provide to the Company, or a related company;
- pre-approve any proposed agreement with the auditor for the provision of non-audit services to the Company;
- prepare a report, to be included in the annual financial statements for that financial year—
    - describing how it carried out its functions;
    - stating whether it is satisfied that the auditor was independent of the Company; and
    - commenting in any way it considers appropriate on the financial statements, the accounting practices and the internal financial control of the Company;
- receive and deal appropriately with any concerns or complaints, whether from within or outside the Company, or on its own initiative, 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
- make submissions to the Board on any matter concerning the Company's accounting policies, financial control, records and reporting; and
- perform such other oversight functions as may be determined by the Board.

The Committee amongst others, evaluated:

- the interim and year-end results;
- regulatory and accounting standards compliance;
- the independence of the external auditors and whether 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.

In order to effectively discharge their duties the members of the Committee have access to all information, documents and explanations.

Internal Controls and Audit

The Group does not have a dedicated internal audit function but the Audit and Risk Committee is mandated from time to time to require management to review and report on key operational controls. These reviews can be performed by internal staff that will report their findings independently to the Committee or by external consultants.

The internal controls and systems that are maintained by the Group are designed to provide a reasonable degree of assurance regarding the integrity and reliability of the financial statements and are aimed at adequately safeguarding, verifying and maintaining accountability for the assets of the Group and its stakeholders.

Based on the tests carried out on the internal controls, nothing material has come to the attention of the Board or the external auditors to indicate that there has been any material breakdown in the functioning of the abovementioned internal controls and systems during the year under review.

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 as to the appropriateness of the expertise and experience of the Financial Director, Mr Pieter Scholtz.

IT Governance

The role of IT Operations is to ensure that IT is aligned with business operations and translate the requirements of the business into efficient and effective IT solutions. It is regarded as critical to the sustainability of the Group.

The Group has an IT Security Policy that covers access to information, information integrity and business support. In addition, 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 responsibility for reporting on IT Security falls on the two IT Managers who report on a weekly basis to Exco and by invitation to the Board. It is the duty of the IT Managers to ensure that IT Security controls are in place and all risks associated with the IT Department and the Group's products and services are identified and, where appropriate, mitigated.

To provide for the risk associated with any possible disasters that may affect the Group's IT capacity, three distinct and diverse hosting environments are in operation. These sites operate as live sites for approximately sixty percent of its revenue. In addition, one of these sites provides a full back-up and stores all facets of services managed by the Group, remotely.

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.

The Company has, in addition to the Group's external auditors, contracted with B E Rees & Company to audit certain software programs and ensure that these comply with the requirements of the Consumer Protection Act, 2008 (Act 68 of 2008) and WASPA Code of Conduct.

Social and Ethics Committee

For the period under review the Committee comprised of the following members: Mr Ashvin Mancha (Chairman), Mr Mark Smith, Mr Pieter Scholtz, and Mr Stefan Kleynhans.

The mandate of the Committee is to monitor the Group's business in accordance with regulations and legislation including the Companies Act, King III and international best practice.

More specifically, and in terms of the Charter, the Committee is required 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

For the period under review the Remuneration Committee comprised of Mr Ashvin Mancha and Mr Gaurang Mooney (Chairman). Mr Mark Smith and Mr Pieter Scholtz attended meetings by invitation. The Committee met once during the year under review.

Corporate Governance Report

The salaries of the executive directors (CEO, Financial Director and Sales Director) are determined by Mr Ashvin Mancha and Mr Gaurang Mooney. The three executive directors are not included in the deliberations regarding their own remuneration.

The CEO and Financial Director recommend the salaries of senior management and staff and these recommendations are then tabled before the Remuneration Committee for discussion and approval.

The fees paid to Mr Mancha and Mr Pitt for attendance at the Board and Audit and Risk Meetings are set out in the Remuneration Report on page 44

In considering appropriate remuneration packages for the executive directors, the 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. In addition, the Committee also considers industry standards, trends in the marketplace and the personal input of each individual based on annual appraisal systems.

Annual 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.

Going Concern

The "going concern" basis has been adopted in preparing the financial statements on pages 54 to 88 of this Report. The current strong financial position of the Group, strong cash flows and continued fiscal controls, give the directors reason to believe that the business of the Group will continue to function as a going concern for the foreseeable future.

Employment Equity

For the year under review the Group employed a total of 104 staff of which 92 were permanent and 12 were non-permanent. All staff are encouraged to reach their maximum potential irrespective of gender, race or creed.

The Group is committed to increasing the participation of historically disadvantaged staff in its structures and to this end the Group's recruitment policy is aligned with current 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 for the year under review was 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	3	10	1	0	14
Skilled technical and academic qualified workers, junior management, supervisors, foremen and superintendents	6	2	0	4	0	0	5	8	1	0	26
Semi-skilled and discretionary decision making	17	1	0	12	6	0	4	7	0	0	47
Unskilled and defined decision making	2	0	0	3	0	0	0	0	0	0	5
Total Permanent	**25**	**3**	**0**	**19**	**6**	**0**	**12**	**25**	**2**	**0**	92
Non-Permanent	1	2	1	3	1	0	3	1	0	0	12
Grand Total	**26**	**5**	**1**	**22**	**7**	**0**	**15**	**26**	**2**	**0**	104

The skills shortage, especially in the IT sector has an impact on the Group's ability to achieve the targeted growth rates. The Group's recruitment policy is based on:

- Recruitment being based on competency
- Using targeted selection interviewing principles
- Following a transparent process
- Fair and non-discriminatory recruitment and selection practices.

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

The Group is committed to complying with the Department of Trade and Industry's Black Economic Empowerment Codes of Good Practice. Though efforts to increase shareholding by historically disadvantaged individuals have thus far proved fruitless, the Group continues to diligently seek ways to increase shareholding by Historically Disadvantaged Individuals.

The Group is a Level 6 Contributor in terms of the Broad Based Black Economic Empowerment Act.

Analysis of the application of the 75 corporate governance principles as recommended in the King III Report

Y = Compliant

N = Non-compliant

P = Partial

No.	Area	Requirement	Status	Comments
1.	**Ethical Leadership and Corproate Citizenship**			
1.		1.1 The Board should provide effective leadership based on an ethical foundation	**Y**	
2.		1.2 The Board should ensure that the company is and is seen to be a responsible corporate citizen	**Y**	
3.		1.3 The Board should ensure that the company's ethics are managed effectively	**Y**	
2.	**Board and directors**			
4	**Role and Function of the Board**	2.1 The Board should act as the focal point for and custodian of corporate governance	**Y**	
5		2.2 The Board should appreciate that strategy, risk, performance and sustainability are inseparable	**Y**	
6		2.3 The Board should provide effective leadership based on an ethical foundation	**Y**	
7		2.4 The Board should ensure that the company is and is seen to be a responsible corporate citizen	**Y**	
8		2.5 The Board should ensure that the company's ethics are managed effectively	**Y**	
9		2.6 The Board should ensure that the company has an effective and independent audit committee	**N**	The majority of the Group's Audit and Risk Committee Members are independent non-executive directors. The Board is satisfied that the one non-executive director who is a member is not unduly influenced or biased and that he is independent in character and judgement

Corporate Governance Report

No.	Area	Requirement	Status	Comments
10	Role and Function of the Board	2.7 The Board should be responsible for the governance of risk	Y	
11		2.8 The Board should be responsible for information technology (IT) governance	Y	
12		2.9 The Board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards	Y	
13		2.10 The Board should ensure that there is an effective risk-based internal audit	N	Having reviewed the size of the Group and the nature of the Group's operations the Board has found that an internal audit function is not required. The Board will continue to monitor this requirement and reconsider the need for an internal audit function should the nature of the Group's business change
14		2.11 The Board should appreciate that stakeholders' perceptions affect the company's reputation	Y	
15		2.12 The Board should ensure the integrity of the company's integrated report	Y	
16		2.13 The Board should report on the effectiveness of the company's system of internal controls	Y	
17		2.14 The Board and its directors should act in the best interests of the company	Y	
18		2.15 The Board should consider business rescue proceedings or other turnaround mechanisms as soon as the company is financially distressed as defined in the Act	Y	
19		2.16 The Board must elect a chairman of the Board who is an independent non-executive director. The CEO of the company should not also fulfil the role of chairman of the Board	Y	
20		2.17 The Board should appoint the chief executive officer and establish a framework for the delegation of authority	Y	
21		2.18 The Board should comprise a balance of power, with a majority of non-executive directors. The majority of non-executive directors should be independent	N	The Board comprises three independent non-executive and three non-executive directors. The Board is satisfied that the non-executive director is not unduly influenced or biased and that he is independent in character and judgement
22		2.19 Directors must be appointed through a formal process	Y	
23		2.20 The induction of and on-going training and development of directors should be conducted through formal processes	Y	

No.	Area	Requirement	Status	Comments
24	Role and Function of the Board	2.21 The Board should be assisted by a competent, suitably qualified and experienced company secretary	Y	As at the date of this Report this requirement is complied with
25		2.22 The evaluation of the Board, its committees and the individual directors should be performed every year	Y	Done internally
26		2.23 The Board should delegate certain functions to well-structured committees but without abdicating its own responsibilities	Y	
27		2.24 A governance framework should be agreed between the group and its subsidiary Boards	Y	
28		2.25 Companies should remunerate directors and executives fairly and responsibly	Y	
29		2.26 Companies should disclose the remuneration of each individual director and certain senior executives	Y	
30		2.27 Shareholders should approve the company's remuneration policy	Y	
3. Audit committees				
31		3.1 The Board should ensure that the company has an effective and independent audit committee	N	The majority of the Group's Audit and Risk Committee Members are independent non-executive directors. The Board is satisfied that the non-executive director who is a member of is not unduly influenced or biased and that he is independent in character and judgement
32	Membership and resources of the audit committee	3.2 Audit committee members should be suitably skilled and experienced independent non-executive directors	N	The majority of the Group's Audit and Risk Committee Members are independent non-executive directors. The Board is satisfied that the non-executive director who is a member of is not unduly influenced or biased and that he is independent in character and judgement
33		3.3 The audit committee should be chaired by an independent non-executive director	Y	
34	Responsibilities of the audit commitee	3.4 The audit committee should oversee integrated reporting	Y	
35		3.5 The audit committee should ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities	Y	

Corporate Governance Report

No.	Area	Requirement	Status	Comments
36	Internal assurance providers	3.6 The audit committee should satisfy itself of the expertise, resources and experience of the company's finance function	Y	
37		3.7 The audit committee should be responsible for overseeing of internal audit	N	Having reviewed the size of the Group and the nature of the Group's operations the Board has found that an internal audit function is not required. The Board will continue to monitor this requirement and reconsider the need for an internal audit function should the nature of the Group's business change
38		3.8 The audit committee should be an integral component of the risk management process	Y	
39	External assurance providesrs	3.9 The audit committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process	Y	
40	Reporting	3.10 The audit committee should report to the Board and shareholders on how it has discharged its duties	Y	
4. The governance of risk				
41	Boards' responsibility for risk governance	4.1 The Board should be responsible for the governance of risk	Y	
42		4.2 The Board should determine the levels of risk tolerance	Y	
43		4.3 The risk committee or audit committee should assist the Board in carrying out its risk responsibilities	Y	
44	Managements Responsibility for risk management	4.4 The Board should delegate to management the responsibility to design, implement and monitor the risk management plan	Y	
45	Risk assesement	4.5 The Board should ensure that risk assessments are performed on a continual basis	Y	
46		4.6 The Board should ensure that frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks	Y	
47	Risk response	4.7 The Board should ensure that management considers and implements appropriate risk responses	Y	

No.	Area	Requirement	Status	Comments
48	**Risk monitoring**	4.8 The Board should ensure continual risk monitoring by management	**Y**	
49	**Risk assurance**	4.9 The Board should receive assurance regarding the effectiveness of the risk management process	**Y**	
50	**Risk disclousre**	4.10 The Board should ensure that there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosure to stakeholders	**Y**	
5.	**The governance of information today**			
51		5.1 The Board should be responsible for information technology (IT) governance	**Y**	
52		5.2 IT should be aligned with the performance and sustainability objectives of the company	**Y**	
53		5.3 The Board should delegate to management the responsibility for the implementation of an IT governance framework	**Y**	
54		5.4 The Board should monitor and evaluate significant IT investments and expenditure	**Y**	
55		5.5 IT should form an integral part of the company's risk management	**Y**	
56		5.6 The Board should ensure that information assets are managed effectively	**Y**	
57		5.7 A risk committee and audit committee should assist the Board in carrying out its IT responsibilities	**Y**	
6.	**Compliance with laws, rules, codes and standards**			
58		6.1 The Board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards	**Y**	
59		6.2 The Board and each individual director should have a working understanding of the effect of the applicable laws, rules, codes and standards on the company and its business	**Y**	
60		6.3 Compliance risk should form an integral part of the company's risk management process	**Y**	
61		6.4 The Board should delegate to management the implementation of an effective compliance framework and processes	**Y**	

No.	Area	Requirement	Status	Comments
7.	**Internal audit**			
62	Thee need for and role of internal audit	7.1 The Board should ensure that there is an effective risk based internal audit	N	
63	Internal audit's approach and plan	7.2 Internal audit should follow a risk based approach to its plan	N	
64		7.3 Internal audit should provide a written assessment of the effectiveness of the company's system of internal control and risk management	N	Having reviewed the size of the Group and the nature of the Group's operations the Board has found that an internal audit function is not required. The Board will continue to monitor this requirement and reconsider the need for an internal audit function should the nature of the Group's business change
65		7.4 The audit committee should be responsible for overseeing internal audit	N	
66	Internal audit's status in the company	7.5 Internal audit should be strategically positioned to achieve its objectives	N	
8.	**Governing stakeholder relationships**			
67		8.1 The Board should appreciate that stakeholders' perceptions affect a company's reputation	Y	
68		8.2 The Board should delegate to management to proactively deal with stakeholder relationships	Y	
69		8.3 The Board should strive to achieve the appropriate balance between its various stakeholder groupings, in the best interests of the company	Y	

No.	Area	Requirement	Status	Comments
70		8.4 Companies should ensure the equitable treatment of shareholders	**Y**	
71		8.5 Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence	**Y**	
72		8.6 The Board should ensure disputes are resolved as effectively, efficiently and expeditiously as possible	**Y**	
9. Governing stakeholder relationships				
73		9.1 The Board should ensure the integrity of the company's integrated report	**Y**	
74		9.2 Sustainability reporting and disclosure should be integrated with the company's financial reporting	**Y**	
75		9.3 Sustainability reporting and disclosure should be independently assured	**N**	Having reviewed the size of the Group and the nature of the Group's operations the Board has found that an internal audit function is not required. The Board will continue to monitor this requirement and reconsider the need for an internal audit function should the nature of the Group's business change

Sustainability Report

To create sustainable value, the Group believes that it needs to build long term relationships with all of its stakeholders. Accordingly, the Sustainability Report focuses on the relationships it has with both its internal and external stakeholders. The internal and external stakeholders comprises employees, dealers, customers, suppliers, the community, government and regulators. All stakeholders are interlinked and interdependent and are key to creating sustainable value for the Group.

The table below highlights the material issues which reflect the relationship between the financial and non-financial issues.

SCOPE OF REPORT

The policies that govern the material issues highlighted in the table are fully elaborated on in the relevant sections of this report.

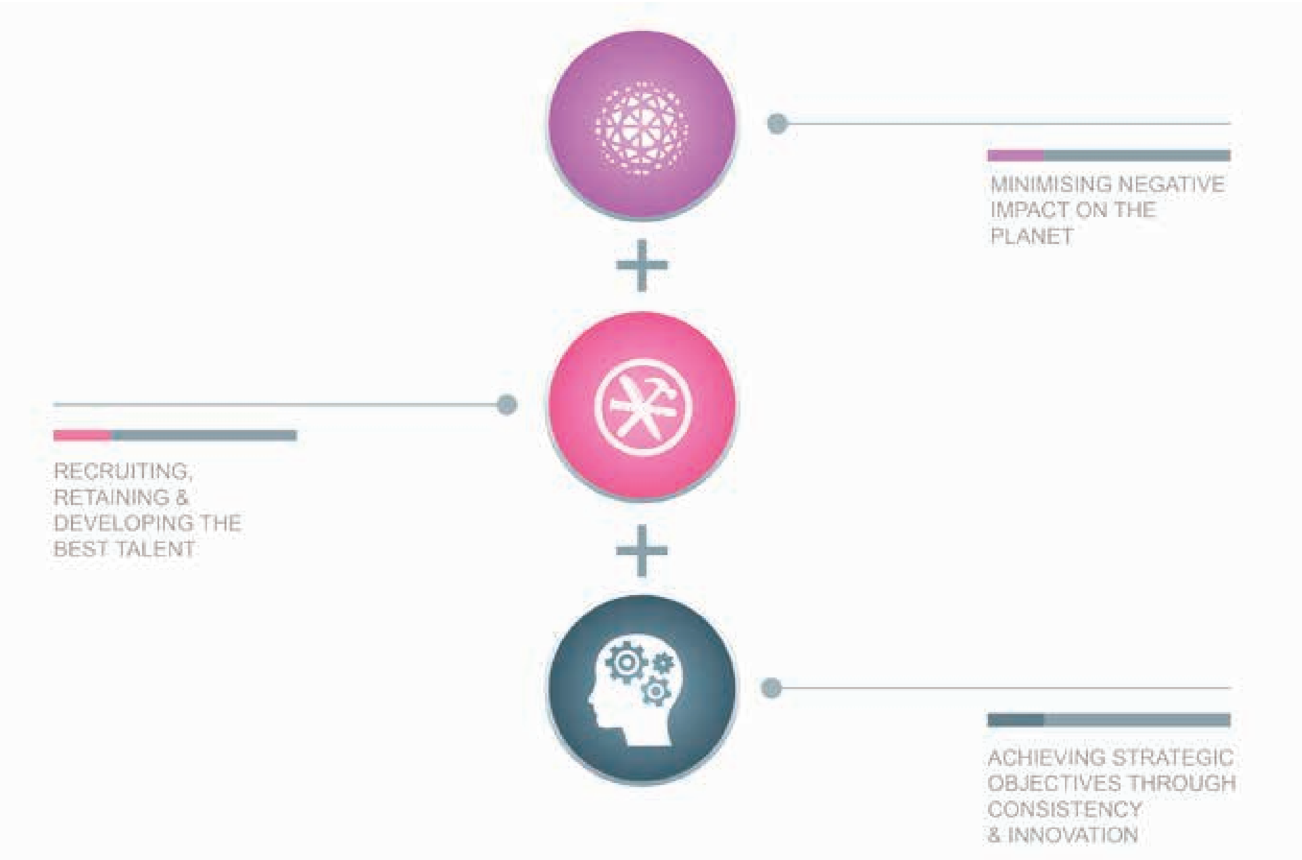
SUSTAINABLE BUSINESS STRATEGY

MATERIAL ISSUE	OBJECTIVE	FOCUS AREA
Employees	Transformation, source and retain high calibre staff, ongoing development of existing staff.	Continue to entrench value system, staff aligned with goals and value systems of the Group, diversification, increase skills and levels of professionalism.
Financial	Enhance turnover, improve margins and manage expenses, improve shareholder value.	Set strategic targets at Board level, with key performance indicators.
Services and products	To constantly innovate and develop industry-relevant products and services, keep ahead of the digital curve, implement international best practice, be the leading provider of services and products.	Enhance intellectual property framework, increase skill levels of resources, and diversify products and services into new opportunities. Realign the core business to the knowledge economy.
External relations	Establish, build and maintain partnerships aligned to the goals and objectives of the Group.	Create clear focus on key stakeholders to the Group, invest in our communities, continue to implement environmental initiatives.
Sourcing suitable acquisitions	Acquire businesses and human capital that complement the Group's strategy, in line with the knowledge economy.	Continue to identify business that will complement the Group, integrate acquired businesses and partnerships into Group structures.
Customers	Anticipate needs of customers, meet expectations, provide services that are relevant and meaningful for the customer's business.	Understand market, trends and new customer orientated technologies, identify new markets.

STAKEHOLDER ENGAGEMENT

The Group is committed to engaging all of its stakeholders by:

- identifying who its stakeholders are and engaging with them at an operational and strategic level;
- managing the Group's reputational risk when dealing with the various stakeholders that have been identified;
- reporting on the Group's engagement with its stakeholders in the Annual Report; and
- achieving a balance between the expectations of the various stakeholders that the Group engages with and doing so in the best interests of the Group as a whole.



INTEGRATED INTO THE BUSINESS PROCESS

STAKEHOLDER	STAKEHOLDER EXPECTATIONS	MATERIAL FOCUS AREAS AND INTERACTION
Employees	• Understand the Group strategy and deliverables required to achieve strategy. • Career and personal development. • Compliance with Occupational Health and Safety Act, Labour Relations Act and Basic Conditions of Employment Act. • Market related remuneration. • Business news and performance. • Expose staff to all aspects of the Group. • Improve. professionalism of core development staff.	• Clear job descriptions, convey Group strategy. • Individual performance reviews annually in September. • Regular formal and informal interaction with staff to expose staff to Group strategy, results, performance, opportunities and threats. • Preference of promoting staff from within Group. • Staff bursary scheme. • Internal staff training and access to external education through accredited institutions.
Customers	• High level of service and product/ service experience. • Competitive pricing. • Timeous problem resolution. • On time delivery of services and products. • Innovation.	• Comply with contractual obligations as minimum standards. • Ensure priority of customer care. • Easy-to-understand customer agreements. • Evaluate market and cost structure of services to ensure products and services are competitively priced. • Experienced and professional call centre staff that are able to escalate problems to required internal skilled senior staff (directors) to be available to customers. • Ensure knowledge is shared across all businesses that make up the Group. Innovation directed towards products and services that are needed in the market.
Suppliers	• Clearly defined service and deliverables. • Regular meetings. • Timeous payments. • Fair business and ethical practices. • Communications.	• SLA's reviewed and where necessary, updated to ensure relevance. • Ensure that agreed service levels are monitored and maintained. • Ensure relationships are kept professional and impartial. • Zero tolerance toward corruption. • Regular meetings to ensure benefits are maximised. • Access to information and website. • Access to senior management.

STAKEHOLDER	STAKEHOLDER EXPECTATIONS	MATERIAL FOCUS AREAS AND INTERACTION
Shareholders/ Investors	• Senior management and Board members accessible. • 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. • Acquisition of businesses that complement the business of the Group. • Enter into partnerships with businesses to enhance the products and services of the Group.
Community	• Conduct business ethically. • Create job opportunities.	• Maintain healthy external relations with community. • Ensure all deadlines are met. • Provide entry level job opportunities.
Government and Regulators	• Compliant and regular tax payments. • Understand and comply with regulatory requirements.	• Ensure compliance and maintenance of updates and amendments. Review of internal and external relations based on compliance. • Monitor legislation and regulations and ensure that the Group understands impact of changes and implements changes where required. • Communication with regulatory authorities. • Communication to staff. • Attend industry-relevant workshops and training.

HUMAN CAPITAL AND WELLNESS

The biggest asset of the Group remains its staff. The Group relies on the commitment, innovation and passion of its staff to design and host most of its products and services. To counteract the skills shortage, especially in the IT and telecommunications sectors, the Group employs junior programmers who are then up-skilled through an internal internship programme.

All staff are provided with the most appropriate working conditions. Should the need arise, staff have access to a Legal and Human Resource Manager to assist them. The culture and structure of the Group allows for staff having unfettered access to senior management and directors.

Permanent staff members qualify for:

- group cover (funeral, life, disability);
- leave (annual, ill health, maternity, compassionate and study);
- employee training / bursaries; and
- annual bonus based on performance.

EMPLOYEE RELATIONS

The Group's employees remain its most important asset, particularly as the Group is a services-based organisation.

Due to the low staff numbers (104), the Group is in the fortunate position that senior management and other levels of staff interact on an almost daily basis. The majority of staff are employed at head office which results in enhanced communications between senior management and staff.

The open door policy adopted by the Group's senior management allows for constructive dialogue on a continuous basis.

"The Group strives to provide its staff with a stimulating work environment, market related remuneration and opportunities for growth"

EMPLOYEE SAFETY

Because staff work in a predominantly office environment there is limited exposure to machinery. Precautions are taken, where necessary, to avoid injuries. Staff are also made aware of general occupational health and safety risks.

CONTEXT	DESCRIPTION / COMMENT / IMPACT	RESPONSE
General economic conditions	The economy remains under strain with some sectors of the economy facing possible job cuts and growth expected to be less than 1.5%. This impacts indirectly on the Group's revenue as the Group's business is focused more on businesses than on consumers. The strained economy will impact the Group's faxing services which includes corporates, SMME's and individuals.	Other than the Group's Faxing services, the Group is designing services to mitigate the economic downturn by providing services that cater for the full range of LSM groups from LSM1-12. The Group has diversified its service and product offering into the knowledge economy and streamlined its operations to provide more focused and meaningful solutions to its customers in the digital arena.

CONTEXT	DESCRIPTION / COMMENT / IMPACT	RESPONSE
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 services that are offered are regulated by ICASA and the networks as well as legislation such as the Consumer Protection Act.	The Group continues to build relationships with the network service providers and the industry association. The Group continues to create established revenue streams to minimise its dependence on network providers, in particular faxing services. New business opportunities are being developed outside the Telecoms and ICT environment.
Growth • Acquisitions • Organic	The Group has acquired equity in three companies that are strategically aligned to the Group's vision. The Group has identified the huge potential for development of digital services and loyalty opportunities arising from the lawful use of data.	Further acquisitions are being evaluated in line with the Group's strategy. Acquisitions will be aligned to the Group's move into the knowledge economy, data analytics and data management space.
Human resource	The future of the Group's performance is dependent on achieving the right mix between human capital and technology.	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 maintain 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 minimise 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.

Sustainability Report

CONTEXT	DESCRIPTION / COMMENT / IMPACT	RESPONSE
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 cognisant 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 scrutinised to ensure compliance.
Risk management	Understanding the internal and external risks faced by the Group.	• Risk and Audit Committee provides 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 customer feedback on its services and, where applicable, acts on suggestions to improve service. This is done in accordance with the Consumer Protection Act. • The protection of customer privacy is given priority in accordance with the Protection of Personal Information Act.
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

All the elements that make up the BBBEE scorecard are evaluated and continue to receive the ongoing attention of management.

To ensure that the Group has a ready supply of talent, management focuses on the key areas of skills development and training.

All employees are afforded equal opportunities within the Group. While management is conscious of the fact that certain issues such as management control, employment equity, skills development, preferential procurement and socio-economic investment require ongoing monitoring and evaluation, the Group has committed itself to transforming the workplace.

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, in line with the knowledge economy.

VALUES:

- Accountability
- Transparency
- Teamwork
- Flexibility
- Integrity
- Learning
- Adapting
- Skills transfer

FLOW OF DECISION MAKING

ENVIRONMENT

The sustainability of the business goes hand in hand with managing and taking responsibility for the environment. To this end the Group acknowledges the important role it plays with regard to issues affecting the environment. The process of managing the Group's environmental issues are overseen by the Executive Committee, under the leadership of the Chief Executive Officer.

The Group has a social and moral obligation to look after the environment within which it operates. The Group recognises the need to constantly improve its governance and management of sustainability within the Group.

Legislators, regulators and other stakeholders demand increasing attention to environmental issues. As a responsible corporate citizen, the Group 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 appropriate management of the climate and environment.

The Group has committed itself to maintaining and growing the business in an environmentally and socially responsible manner. The business of the Group is conducted on sound and ethical business practices and incorporates positive governance and social and environmental objectives. Greenhouse gases ("GHGs") are emitted primarily as a result of the consumption of electricity and diesel used for the back-up generators.

The Group operates primarily from an office environment. This results in limited negative impact on the greater environment. The business does not operate heavy machinery or equipment that would result in the emission of GHGs.

The Group's Social and Ethics Committee is entrusted with ensuring 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 fourth report in this format. We see the report as a continuous journey which will be supplemented and enhanced year on year.

The Executive Committee continues to engage with internal role players and staff with a view to developing this journey. The 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"), 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 virtualisation 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. The Group has a holistic approach to proactive fraud prevention which is embedded in our Audit and Risk Committee. The Group encourages the concept of 'whistle-blowers' and follows up on tip-offs and any activity that deviates from the Group's standards.

  Employee Safety

  Occupational health and safety is key to the Group's 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.

Human Rights

The Group upholds the concepts of freedom of association and the basic tenets of non-discrimination. In doing business, the Group works within the laws of the countries within which it operates. 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

A number of courses were presented to small businesses in the past year. This included a course on the Protection of Personal Information Act ("POPI") aimed at equipping small businesses with knowledge about POPI and the necessary tools to become POPI compliant. A three day KNOWLEDGE 350° workshop was also presented aimed at businesses wanting to effectively use their data in the new digital economy to create knowledge and monetize value.

ENVIRONMENTAL SUSTAINABILITY

CarbonWorx is a seventy per cent 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.

While funding for the afforestation project ended in March 2014, the legacy that the project created will remain for years to come. The legacy includes:

- The more than 10 000 trees that were planted in the designated sites.
- The boreholes that were established for the benefit of the local community.
- The transfer of knowledge and skills to members of the community in relation to the management of the environment.
- The removal of alien lantana from hundreds of acres of land.

Trees will continue to be planted at the request of corporates or individuals who wish to use this methodology to voluntarily offset carbon emissions.

GOVERNANCE COMMITTEES

The Audit and Risk Report is entrusted with overseeing the identification of risks, opportunities and adherence to sound codes of conduct and principles.

The role of the Social and Ethics Committee is to ensure that there is greater integration between economic risk and opportunity assessment and social and environmental issues affecting the Group.

STAKEHOLDER RELATIONS AND ENGAGEMENTS

The Group recognises that it needs to build long-term relationships with all of its stakeholders on a transparent basis. The key stakeholders include: employees, shareholders, investors, analysts, media, customers, dealers, business partners, communities and government.

Engagement with the key stakeholders includes, amongst others, face-to-face meetings, formal meetings, workshops, press announcements and the release on SENS of the Group's interim and year end results. In addition, meetings are held on either set dates or on an ongoing basis, the frequency of which is determined by who the stakeholder is.

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 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 2015 Carbon Footprint is approximately 860 tonnes of CO_2e with 98% of carbon emissions.

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;
    - 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;
    - 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 & Risk Committee received remuneration for the year under review. The Chairman of the Board and the Chairman of the Audit & Risk Committee were remunerated as follows:

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

From 1 January 2016 the Remuneration Committee proposes the following remuneration for the Chairman of the Board and the Chairman of the Audit Committee

Position	Monthly retainer	Fee per meeting
Chairman of the Board (Mr Ashvin Mancha)	R5 000.00	R12 000.00
Chairman of the Audit Committee (Mr Roger Pitt)	R5 000.00	R10 000.00

Audit and Risk Committee Report

Members of the Audit and Risk Committee

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

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

Roles and Responsibilities

In the conduct of its duties, the Audit and Risk 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 and systems and formed the opinion that there were no material breakdowns in internal controls and systems;
- 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 and regulations relating to the appointment of auditors;
- Determined the nature and extent of those non-audited services that the external auditor may, from time to time, 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 Committee satisfied themselves that the external auditor's appointment complies with the Companies Act of South Africa and the Auditing Professions Act.

The 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 and Risk 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 and the scope of the work required.

Internal Audit

Although the Group does not have an internal audit function the committee nevertheless undertakes an annual review on the feasibility of establishing an internal audit function. In undertaking the review, the Committee considers:

- 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 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 Committee reviewed a documented assessment by management of the going concern premise for the Group and recommended to the Board that the Company will be a going concern into the foreseeable future.

Annual Financial Statements

The 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 and Risk Committee recommend the Board's approval thereof.

On behalf of the Audit Committee.

Mr R Pitt
Audit and Risk Committee Chairman

15 September 2015

Directors' Report

The Directors have pleasure in submitting their report for the year ended 30 June 2015.

Main board listing and name change

On 27 October 2014 the Company moved its listing from the JSE AltX to the main board of the JSE.

The Companies and Intellectual Property Commission approved the company's change of name from FoneWorx Holdings Limited to Cognition Holdings Limited. The change of name was effected on 26 January 2015.

Nature of business

Cognition 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 2015 the issued share capital stood at R137 616 divided into 137 615 798 ordinary shares of R0,001 each.

Directors

The directors of the Company for the year ended 30 June 2015 and up to the date of this report were:

Director	Role	Age	Other significant board memberships	Length of service
Ashvin Mancha*	Non-Executive Chairman	58	None	11 Years
Gaurang Mooney (Botswana)	Non-Executive Director	45	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	15 Years
Roger Pitt*	Non-Executive Director	34	FedGroup and Merchantec Proprietary Limited	2 years
Paul Jenkins*	Non-Executive Director	56	Caxton, CTP Publishers and Printers, and Moneyweb Holdings Limited	2 years
Marc du Plessis	Non-Executive Director	35	None	2 years
Piet Greyling	Non-Executive Director	58	Caxton and CTP Publishers and Printers Limited, Newspaper Group	2 Year
Mark Smith	Chief Executive Officer	57	None	18 Years
Pieter Scholtz	Financial Director	39	None	7 Years
Graham Groenewaldt	Executive Director	57	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.

Directors' Report

Dividend

The company has declared and paid a dividend during the year under review of R16 513 896 (12 cents per share) (2014: R16 320 244 (12 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 493 790 (12 cents per share) at their Board meeting of 15 September 2015.

Directors' Shareholding as at 30 June 2015

	30 June 2015		30 June 2014	
	Direct Beneficial '000	**Indirect Beneficial '000**	**Direct Beneficial '000**	**Indirect Beneficial '000**
G Mooney	–	15 219	–	15 219
M A Smith	11 306	–	11 081	–
G Groenewaldt	1 484	–	1 008	–
P Scholtz	485	–	–	–
Total	13 275	15 219	12 089	15 219

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 2015

	Number of shareholders	%	Number of shares '000	%
1 - 100 000	691	90.2	10 120	7.4
100 001 – 500 000	52	6.8	12 356	9.0
500 001 – 10 000 000	19	2.5	30 806	22.4
10 000 001 +	4	0.5	84 334	61.2
	766	100	137 616	100

Shareholding of ordinary shares at 30 June 2015

	Number of Shareholders	%	Number of shares '000	%
Public	761	99.3	66 532	48.4
Non - Public				
- Directors	3	0.4	13 275	9.6
- Non-Directors	2	0.3	57 809	42.0
	766	100	137 616	100

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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 2015 were as follows:

	Number of shares ('000)	%
CAXTON & CTP PUBLISHERS & PRINTERS	47 346	34.4
NAVSUR LIMITED	10 463	7.6

Business combinations and other acquisitions

In July 2014 the Group acquired 35% interest in BMi Research Proprietary Limited, a research house specialising in consumer and industrial research in various sectors, including the retail sector/market. The initial purchase consideration was R8 000 000 of which R4 514 285.74. was paid in cash and the balance in the form of Cognition shares.

During March 2015 the Group acquired a controlling interest in the BMi Sport Group by acquiring 63% of BMi Sport Info Proprietary Limited and BMi Sponsorwatch Proprietary Limited. In addition Sponsor Value Research Services, a close corporation which also forms part of the BMi Sport Group, is in the process of being converted to a proprietary limited company and once this process is complete the Group will also have a 63% interest in Sponsor Value Research Services Proprietary Limited. The purchase consideration paid for the 63% interest was R16 000 000. The BMi Sport Group offers a range of innovative products all aimed at maximising clients' strategic insights, which include SportTrack, SportScope, Music and Arts Track, SponsorTrack, MediaTrack, EventTrack and X-Track

Both acquisitions will complement and enhance the Group and will contribute tremendous value to the Group's Knowledge Creation and Management strategy by assisting clients in better understanding customer needs, perceptions and realities.

Subsequent events

No material change has taken place in the affairs of the group between the end of the financial period and the date of this report that would require adjustment or disclosure in the Annual Report.

Special resolutions

Five Special Resolutions were passed at the Annual General Meeting held on 27 November 2014.

SPECIAL RESOLUTION NUMBER 1 – Changing of 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."

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.

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."

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 interrelated 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."

SPECIAL RESOLUTION NUMBER 5 – Non-executive directors' remuneration

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 and Risk Committee Chairman			
Roger Pitt	**R5 000**	**R10 000**	**R100 000**

Events subsequent to the financial year end

No events of a material nature have occurred between the accounting date and the date of this report.

Litigation statement

The Directors, whose names are on pages 8 to 10, 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.

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 2015 set out on pages 45 to 88 were approved by the Board on 15 September 2015 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
Company Secretary

15 September 2015

Independent Auditors' Report

To the shareholders of
Cognition Holdings Limited

We have audited the consolidated and separate financial statements of Cognition Holdings Limited set out on pages 54 to 88 which comprise the statements of financial position as at 30 June 2015, 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 Cognition Holdings Limited as at 30 June 2015, 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 2015, 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

GRANT THORNTON JOHANNESBURG PARTNERSHIP
Registered Auditors
B Frey
Partner
Registered Auditor
Chartered Accountant (SA)
15 September 2015
@Grant Thornton
Wanderers Office Park
52 Corlett Drive
Illovo, 2196

Statements of Financial Position
as at 30 June 2015

Figures in Rand	Note(s)	Group 2015	Group 2014	Company 2015	Company 2014
Assets					
Non-Current Assets					
Property, plant and equipment	2	15 715 013	15 847 284	-	-
Goodwill	3	16 534 881	-	-	-
Intangible assets	4	11 734 951	9 911 690	-	-
Investments in subsidiaries	35	-	-	19 977 111	2 311 200
Investments in associates	5	12 180 379	3 080 993	11 080 994	3 080 993
Deferred tax asset	7	206 485	180 983	-	-
		56 371 709	**29 020 950**	**31 058 105**	**5 392 193**
Current Assets					
Inventories	8	410 401	460 095	-	-
Loans to group companies	35	-	-	4 737 733	4 832 484
Trade and other receivables	9	31 163 376	18 943 686	4 162 640	18 495
Cash and cash equivalents	10	95 138 781	119 142 094	21 180 948	27 202 018
		126 712 558	**138 545 875**	**30 081 321**	**32 052 997**
Total Assets		**183 084 267**	**167 566 825**	**61 139 426**	**37 445 190**
Equity and Liabilities					
Equity					
Equity Attributable to Equity Holders of Parent					
Share capital and premium	11	56 110 451	52 624 736	56 110 451	52 624 736
Retained Income/(Accumulated loss)		94 200 852	85 107 940	(14 952 340)	(15 721 877)
		150 311 303	137 732 676	41 158 111	36 902 859
Non-controlling interest		1 466 421	-	-	-
		151 777 724	**137 732 676**	**41 158 111**	**36 902 859**
Liabilities					
Non-Current Liabilities					
Other financial liability	13	1 666 341	-	1 666 341	-
Interest bearing liability	14	2 499 293	3 478 698	-	-
Deferred tax liability	7	3 851 644	946 222	-	-
		8 017 278	**4 424 920**	**1 666 341**	**-**
Current Liabilities					
Loans from group companies	35	-	-	17 849 400	133 377
Current tax payable		950 677	720 268	189 340	169 297
Interest bearing liabilities	14	1 732 963	1 432 559	-	-
Trade and other payables	16	19 146 599	16 826 921	137 302	133 100
Provisions	15	1 320 094	6 322 924	-	-
Unclaimed dividends		138 932	106 557	138 932	106 557
		23 289 265	**25 409 229**	**18 314 974**	**542 331**
Total Liabilities		**31 306 543**	**29 834 149**	**19 981 315**	**542 331**
Total Equity and Liabilities		**183 084 267**	**167 566 825**	**61 139 426**	**37 445 190**
Net Asset value per share (cents)		109.23	101.30		
Net tangible asset value per share (cents)		88.68	94.01		

Statements of Profit or Loss and Other Comprehensive Income

Figures in Rand	Note(s)	Group 2015	Group 2014	Company 2015	Company 2014
Revenue	18	102 604 772	118 197 594	-	-
Cost of services		(40 706 759)	(48 122 518)	-	-
Gross profit		**61 898 013**	**70 075 076**	**-**	**-**
Other income		774 609	587 419	-	-
Operating expenses		(10 333 581)	(9 670 789)	(586 360)	(666 341)
Staff costs		(18 902 705)	(23 063 331)	-	(165 000)
Depreciation and amortisation expense		(4 118 013)	(4 577 825)	-	-
Operating profit (loss)	19	**29 318 323**	**33 350 550**	**(586 360)**	**(831 341)**
Investment income	22	6 158 722	5 669 212	18 367 680	17 754 999
Income from equity accounted investments	5	1 099 386	-	-	-
Finance costs	23	(390 087)	(440 329)	-	-
Profit before taxation		**36 186 344**	**38 579 433**	**17 781 320**	**16 923 658**
Taxation	24	(9 777 623)	(11 098 151)	(497 887)	(334 782)
Profit for the year		**26 408 721**	**27 481 282**	**17 283 433**	**16 588 876**
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		**26 408 721**	**27 481 282**	**17 283 433**	**16 588 876**
Profit for the year attributable to:					
Owners of the parent		25 606 808	27 481 282	17 283 433	16 588 876
Non-controlling interest		801 913	-	-	-
		26 408 721	**27 481 282**	**17 283 433**	**16 588 876**
Total comprehensive income attributable to:					
Owners of the parent		25 606 808	27 481 282	17 283 433	16 588 876
Non-controlling interest		801 913	-	-	-
		26 408 721	**27 481 282**	**17 283 433**	**16 588 876**
Basic earnings per share (cents)	30	18.63	20.21		
Diluted earnings per share (cents)	30	18.63	20.21		

Group Statement of Changes in Equity
as at 30 June 2015

Figures in Rand	Share capital	Share premium	Total share capital	Retained Income	Total attributable to equity holders of the parent	Non-controlling interest	Total equity
Group							
Balance at 01 July 2013	**136 002**	**52 488 734**	**52 624 736**	**73 946 903**	**126 571 639**	**-**	**126 571 639**
Profit for the year	-	-	-	27 481 282	27 481 282	-	27 481 282
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**-**	**27 481 282**	**27 481 282**	**-**	**27 481 282**
Dividends	-	-	-	(16 320 245)	(16 320 245)	-	(16 320 245)
Total changes	**-**	**-**	**-**	**(16 320 245)**	**(16 320 245)**	**-**	**(16 320 245)**
Balance at 01 July 2014	**136 002**	**52 488 734**	**52 624 736**	**85 107 940**	**137 732 676**	**-**	**137 732 676**
Profit for the year	-	-	-	25 606 808	25 606 808	801 913	26 408 721
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**-**	**25 606 808**	**25 606 808**	**801 913**	**26 408 721**
Issue of shares	1 614	3 484 101	3 485 715	-	3 485 715	-	3 485 715
Non-controlling interest as a result of an acquisition	-	-	-	-	-	664 508	664 508
Dividends	-	-	-	(16 513 896)	(16 513 896)	-	(16 513 896)
Total changes	**1 614**	**3 484 101**	**3 485 715**	**(16 513 896)**	**(13 028 181)**	**644 508**	**(12 363 673)**
Balance at 30 June 2015	**137 616**	**55 972 835**	**56 110 451**	**94 200 852**	**150 311 303**	**1 466 421**	**151 777 724**
Note(s)	11	11	11				

Figures in Rand	Share capital	Share premium	Total share capital	Retained Income	Total attributable to equity holders of the parent
Company					
Balance at 01 July 2013	**136 002**	**52 488 734**	**52 624 736**	**(15 990 508)**	**36 634 228**
Profit for the year	-	-	-	16 588 876	16 588 876
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**-**	**16 588 876**	**16 588 876**
Dividends	-	-	-	(16 320 245)	(16 320 245)
Total changes	**-**	**-**	**-**	**(16 320 245)**	**(16 320 245)**
Balance at 01 July 2014	**136 002**	**52 488 734**	**52 624 736**	**(15 721 877)**	**36 902 859**
Profit for the year	-	-	-	17 283 433	17 283 433
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**-**	**17 283 433**	**17 283 433**
Issue of shares	1 614	3 484 101	3 485 715	-	3 485 715
Dividends	-	-	-	(16 513 896)	(16 513 896)
Total changes	**1 614**	**3 484 101**	**3 485 715**	**(16 513 896)**	**(13 028 181)**
Balance at 30 June 2015	**137 616**	**55 972 835**	**56 110 451**	**(14 952 340)**	**41 158 111**
Note(s)	11	11	11		

Statements of Cash Flows

Figures in Rand	Note(s)	Group 2015	Group 2014	Company 2015	Company 2014
Cash flows from operating activities					
Cash generated from (used in) operations	25	18 609 103	40 932 689	(4 725 873)	(1 673 803)
Interest income		6 158 722	5 669 212	1 661 276	1 434 754
Dividends received		-	-	16 706 404	16 320 245
Finance costs		(390 087)	(440 329)	-	-
Tax paid	26	(7 214 970)	(9 908 418)	(477 845)	(342 261)
Net cash from operating activities		**17 162 768**	**36 253 154**	**13 163 962**	**15 738 935**
Cash flows from investing activities					
Purchase of property, plant and equipment	2	(1 618 115)	(2 180 238)	-	-
Proceeds on disposal of property, plant and equipment	2	335 166	252 839	-	-
Purchase of intangible assets	4	(4 383 709)	(3 682 670)	-	-
Business combinations	32	(13 824 616)	-	-	-
Proceeds from loans to group companies		-	-	1 810 774	4 838 954
Investments in associates		(4 514 285)	(3 080 993)	(4 514 285)	(3 080 993)
Net cash from investing activities		**(24 005 559)**	**(8 691 062)**	**(2 703 511)**	**1 757 961**
Cash flows from financing activities					
Interest bearing liability		(679 001)	(1 471 383)	-	-
Dividends paid	27	(16 481 521)	(16 282 974)	(16 481 521)	(16 282 974)
Net cash from financing activities		**(17 160 522)**	**(17 754 357)**	**(16 481 521)**	**(16 282 974)**
Total cash and cash equivalents movement for the year		**(24 003 313)**	**9 807 735**	**(6 021 070)**	**1 213 922**
Cash and cash equivalents at the beginning of the year		119 142 094	109 334 359	27 202 018	25 988 096
Total cash and cash equivalents at end of the year	10	**95 138 781**	**119 142 094**	**21 180 948**	**27 202 018**

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 Listing 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 1.1 for the new and revised standards issued until July 2015.

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 5: Non-current Assets Held for Sale and Discontinued Operations	Annual Improvements 2012 – 2014 Cycle: Amends IFRS 5 to clarify that when an entity reclassifies an asset (or disposal group) directly from being held for sale to being held for distribution (or vice-versa), the accounting guidance in paragraphs 27-29 of IFRS 5 does not apply. The amendments also state that when an entity determines that the asset (or disposal group) is no longer available for immediate distribution or that the distribution is no longer highly probable, it should cease held-for-distribution accounting and apply the guidance in paragraphs 27-29.	1 July 2016
IFRS 7: Financial Instruments: Disclosures	Annual Improvements 2012 – 2014 Cycle: The amendments provide additional guidance to help entities identify the circumstances under which a servicing contract is considered to be 'continuing involvement' for the purposes of applying the disclosure requirements in paragraphs 42E - 42H of IFRS 7. Such circumstances commonly arise when, for example, the servicing fee is dependent on the amount or turning of the cash flows collected from the transferred financial asset or when a fixed fee is not paid in full due to non-performance of that asset.	1 July 2016
	Annual Improvements 2012 – 2014 Cycle: These amendments clarify that the additional disclosure required by the recent amendments to IFRS 7 Disclosure--Offsetting Financial Assets and Financial Liabilities is not specifically required for all interim periods. However, the additional disclosure is required to be given in condensed interim financial statements that are prepared in accordance with IAS 34 Interim Financial Reporting when its inclusion would be necessary in order to meet the general principles of IAS 34.	1 July 2016

Group Accounting Policies

Standard	Details of Amendment	Annual periods beginning on or after
IFRS 9: Financial Instruments	IFRS 9 'Financial Instruments (2014)' replaces IAS 39 'Financial Instruments: Recognition and Measurement'.	1 January 2018
IFRS 10: Consolidated Financial Statements	Amendments to address an acknowledged inconsistency between the requirements in IFRS 10 'Consolidated Financial Statements' and those in IAS 28 (2011) 'Investments in Associates' in dealing with the sale or contribution of a subsidiary.	1 January 2016
	Amendments confirming that the IFRS 10.4(a) consolidation exemption is also available to parent entities which are subsidiaries of investment entities where the investment entity measures its investments at fair value in terms of IFRS 10.31.	1 January 2016
	Amendments modifying IFRS 10.32 to state that the consolidation requirement only applies to subsidiaries who are not themselves investment entities and whose main purpose is to provide services which relate to the investment entity's investment activities.	1 January 2016
	Amendments providing relief to non-investment entity investors in associates or joint ventures that are investment entities by allowing the non-investment entity investor to retain, when applying the equity method, the fair value measurement applied by the investment entity associates or joint ventures to their interests in subsidiaries.	1 January 2016
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 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 2018
IAS 1: Presentation of Financial Statements	Amendments clarifying IAS 1's specified line items on the statement(s) of profit and loss and other comprehensive income and the statement of financial position can be disaggregated.	1 January 2016
	Additional requirements of how entities should present subtotals in the statement(s) of profit or loss and other comprehensive income and the statement of financial position.	1 January 2016
	Clarification that entities have flexibility as to the order in which they present their notes to the financial statements, but also emphasising the need to consider fundamental principles of comparability and understandability in determining the order.	1 January 2016
IAS 16: Property, Plant and Equipment	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

Standard	Details of Amendment	Annual periods beginning on or after
	Amendments specifying that because the operation of bearer plants is similar in nature to manufacturing, they should be accounted for under IAS 16 rather than IAS 41. The produce growing on the bearer plants will continue to be within the scope of IAS 41.	1 January 2016
IAS 19: Employee Benefits	Annual Improvements 2012–2014 Cycle: IAS 19.83 requires that the currency and term of the corporate or government bonds used to determine the discount rate for post- employment benefit obligations must be consistent with the currency and estimated term of the obligations. The amendments clarify that the assessment of the depth of the corporate bond market shall be made at the currency-level rather than the country- level.	1 July 2016
IAS 27: Consolidated and seperate financial statements	Amendments to introducing a third option which allows entities to account for investments in subsidiaries, joint ventures and associates under the equity method in their separate financial statements.	1 January 2016
IAS 28: Investments in Associates	Amendments to address an acknowledged inconsistency between the requirements in IFRS 10 'Consolidated Financial Statements' and those in IAS 28 (2011) 'Investments in Associates' in dealing with the sale or contribution of a subsidiary. In addition IAS 28 (2011) has been amended to clarify that when determining whether assets that are sold or contributed constitute a business an entity shall consider whether the sale or contribution of those assets is part of multiple arrangements that should be accounted for as a single transaction.	1 January 2016
IAS 34: Interim Financial Reporting	Annual Improvements 2012–2014 Cycle: The amendments clarify the meaning of disclosure of information elsewhere in the interim financial report' and require the inclusion of a cross-reference from the interim financial statements to the location of this information. The amendments specify that this information must be available to users of the interim financial statements on the same terms as the interim financial statements and at the same time, or the interim financial statements will be incomplete.	1 July 2016
IAS 38: Intangible Assets	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 41: Agriculture	The amendments change the accounting for bearer plants.	1 January 2016

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.

Group Accounting Policies

1.2 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 avaliable 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 exceed 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 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.

Contingent consideration

Any contingent consideration payable is recognised at fair value at the acquisition date and initially presented in trade and other payables. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in the statement of profit and loss and other comprehensive income.

Provisions

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

1.3 Basis of consolidation

The Group financial statements consolidate those of the parent and all of its subsidiaries as of 30 June 2015. 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.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transaction 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 reporting 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 asset 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 value 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.

1.4 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 econcomic benefits associated with the item will flow to the Group; and
- the cost of the item can be measured reliably.

Property, plan 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, 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

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

1.5 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.

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

1.6 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.

1.7 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 and joint ventures are accounted for using the equity method.

Any goodwill or fair value adjustment attributable to the Group's share in the associate or joint venture 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 and joint ventures 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.

1.8 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 its 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 deate of impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

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 asset 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.

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.

1.9 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 arises 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 avaliable 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.

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.

1.10 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.

1.11 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 are 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.

1.12 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 maybe 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 assets, 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.

1.13 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.

1.14 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.

1.15 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.

1.16 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.

1.17 Cost of services

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

1.18 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.

Group	2015 Cost	2015 Accumulated depreciation	2015 Carrying value	2014 Cost	2014 Accumulated depreciation	2014 Carrying value
2. Property, plant and equipment						
Land	2 200 000	-	2 200 000	2 200 000	-	2 200 000
Buildings	10 979 632	(1 014 303)	9 965 329	10 967 113	(948 519)	10 018 594
Plant and machinery	595 735	(254 281)	341 454	231 810	(221 992)	9 818
Furniture and fixtures	879 606	(771 088)	108 518	870 697	(679 077)	191 620
Motor vehicles	183 730	(182 427)	1 303	1 166 301	(943 077)	223 224
Office equipment	1 006 478	(849 625)	156 853	989 436	(733 090)	256 346
IT equipment	11 813 366	(10 375 134)	1 438 232	10 588 874	(9 436 865)	1 152 009
Leasehold improvements	1 057 199	(431 999)	625 200	1 057 199	(379 139)	678 060
Call centre equipment	1 197 442	(319 318)	878 124	1 197 442	(79 829)	1 117 613
Total	**29 913 188**	**(14 198 175)**	**15 715 013**	**29 268 872**	**(13 421 588)**	**15 847 284**

Reconciliation of property, plant and equipment - Group - 2015

	Opening balance	Additions	Disposals	Depreciation	Total
Land	2 200 000	-	-	-	2 200 000
Buildings	10 018 594	12 519	-	(65 784)	9 965 329
Plant and machinery	9 818	362 577	-	(30 941)	341 454
Furniture and fixtures	191 620	4 826	-	(87 928)	108 518
Motor vehicles	223 224	-	(193 397)	(28 524)	1 303
Office equipment	256 346	16 721	-	(116 214)	156 853
IT equipment	1 152 009	1 222 051	-	(935 828)	1 438 232
Leasehold improvements	678 060	-	-	(52 860)	625 200
Call centre equipment	1 117 613	-	-	(239 489)	878 124
	15 847 284	**1 618 694**	**(193 397)**	**(1 557 568)**	**15 715 013**

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**

Notes to the Financial Statements

Figures in Rand	Group 2015	Group 2014	Company 2015	Company 2014
2. Property, plant and equipment (continued)				
Details of properties				
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	3 500 057	3 487 538	-	-
	13 179 632	**13 167 113**	**-**	**-**

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.

Land and buildings with a carrying value of R12 165 329 (2014: R12 218 594) are mortgaged as stated in note 14.

Certain plant and equipment with a carrying amount of R948 587 (2014: R570 894) have been encumbered as per note 14.

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

3. Goodwill

Group	2015 Cost	2015 Accumulated impairment	2015 Carrying value	2014 Cost	2014 Accumulated impairment	2014 Carrying value
Goodwill - BMi Sport Group	16 534 881	-	16 534 881	-	-	-

Reconciliation of goodwill - Group - 2015

	Opening balance	Additions through business combinations	Total
Goodwill - BMi Sport Group	-	16 534 881	16 534 881

4. Intangible assets

Group	2015 Cost	2015 Accumulated amortisation	2015 Carrying value	2014 Cost	2014 Accumulated amortisation	2014 Carrying value
Fax2Email Platform - Africa *	2 383 605	(1 231 529)	1 152 076	2 383 605	(754 808)	1 628 797
Email2Fax and Fax2Email System *	8 836 310	(3 180 779)	5 655 531	8 195 080	(1 559 962)	6 635 118
Identity access management software *	2 086 591	(2 086 591)	-	2 086 591	(2 086 591)	-
Computer software	1 913 989	(1 798 054)	115 935	1 828 904	(1 746 248)	82 656
Carbonworx software *	932 812	(932 812)	-	932 812	(746 250)	186 562
Virtual business centre *	437 984	(437 984)	-	437 984	(437 984)	-
Bespoke services *	4 010 094	(541 471)	3 468 623	1 718 249	(339 693)	1 378 556
Research Panel *	1 365 545	(22 759)	1 342 786	-	-	-
Total	**21 966 930**	**(10 231 979)**	**11 734 951**	**17 583 225**	**(7 671 536)**	**9 911 689**

4. Intangible assets (continued)

Reconciliation of intangible assets - Group - 2015

	Opening balance	Additions	Amortisation	Total
Fax2Email Platform - Africa *	1 628 797	-	(476 721)	1 152 076
Email2Fax and Fax2Email System *	6 635 118	641 231	(1 620 818)	5 655 531
Computer software	82 656	85 086	(51 807)	115 935
CarbonWorx software *	186 562	-	(186 562)	-
Bespoke services *	1 378 556	2 291 846	(201 779)	3 468 623
Research panel *	-	1 365 545	(22 759)	1 342 786
	9 911 689	**4 383 708**	**(2 560 446)**	**11 734 951**

Reconciliation of intangible assets - Group - 2014

	Opening balance	Additions	Amortisation	Total
Fax2Email Platform - Africa *	2 105 518	-	(476 721)	1 628 797
Email2Email and Fax2Email System *	5 361 222	2 374 344	(1 100 448)	6 635 118
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)	-
Bespoke services *	184 693	1 302 905	(109 042)	1 378 556
	8 822 532	**3 682 669**	**(2 593 512)**	**9 911 689**

Impairment of intangible assets

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

* - Internally generated assets.

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.

5. Investments in associates

The following table lists all of the associates in the Group:

Name of company	Held by	Ownership interest 2015	Ownership interest 2014	Carrying amount 2015	Carrying amount 2014
Group					
Livingfacts Proprietary Limited		44,00%	44,00%	3 465 020	3 080 993
BMi Research Proprietary Limited		35,00%	-%	8 715 359	-
				12 180 379	**3 080 993**
Company					
Livingfacts Proprietary Limited		44,00%	44,00%	3 080 993	3 080 993
BMi Research Proprietary Limited		35,00%	-%	8 000 001	-
				11 080 994	**3 080 993**

Notes to the Financial Statements

5. Investments in associates (continued)

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

	Livingfacts Proprietary Limited 2015	Livingfacts Proprietary Limited 2014	BMi Research Proprietary Limited 2015	BMi Research Proprietary Limited 2014
Total comprehensive income	**872 788**	**31 189**	**2 043 882**	**-**
Summarised Statements of Financial Position				
Non current assets				
Current assets	2 167 110	476 349	6 437 110	-
Non-current assets	10 416	426 069	2 380 872	-
Total assets	**2 177 526**	**902 418**	**8 817 982**	**-**
Liabilities				
Current liabilities	540 431	92 406	2 828 282	-
Total liabilities	540 431	92 406	2 828 282	-
Total net assets	**1 637 095**	**810 012**	**5 989 700**	**-**

Associates with different reporting dates

The end of the reporting year of Cognition Holdings Limited is 30 June 2015. The year end of BMi Research Proprietary Limited and Livingfacts Proprietary Limited is 28 February 2015. The above information was obtained from the management accounts of these two entities.

BMi Research Proprietary Limited was acquired on 31 July 2014.

Reconciliation to carrying amount

Investment in associate	3 080 993	3 080 993	8 000 000	-
Group Share of comprehensive income	384 027	-	715 359	-
Group share of retained income	-	-	-	-
Total	**3 465 020**	**3 080 993**	**8 715 359**	**-**
Carrying amount	**3 465 020**	**3 080 993**	**8 715 359**	**-**

Income from associates	Group 2015	Group 2014	Company 2015	Company 2014
Living Facts Proprietary Limited	384 027	-	-	-
BMi Research Proprietary Limited	715 359	-	-	-
	1 099 386	**-**	**-**	**-**

6. Financial assets by category

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

	Loans and receivables	Non financial assets	Total
Group - 2015			
Trade and other receivables	30 664 293	499 083	31 163 376
Cash and cash equivalents	95 138 781	-	95 138 781
	125 803 074	**499 083**	**126 302 157**
Group - 2014			
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**

6. Financial assets by category (continued)

	Loans and receivables	Non financial assets	Total
Company - 2015			
Loans to group companies	4 737 733	-	4 737 733
Trade and other receivables	4 131 642	30 998	4 162 640
Cash and cash equivalents	21 180 948	-	21 180 948
	30 050 323	**30 998**	**30 081 321**
Company - 2014			
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**

Figures in Rand	Group 2015	Group 2014	Company 2015	Company 2014
7. Deferred tax asset (liability)				
Deferred tax liability	(3 851 644)	(946 222)	-	-
Deferred tax asset	206 485	180 983	-	-
Total net deferred tax liability	**(3 645 159)**	**(765 239)**	**-**	**-**
Reconciliation of deferred tax asset / (liability)				
At beginning of year	(765 239)	(334 918)	-	-
Property, plant and equipment	(2 061)	22 264	-	-
Intangible assets	(833 419)	(363 190)	-	-
Provisions	(1 068 563)	5 470	-	-
Revenue accrual	17 280	(38 917)	-	-
Work-in-progress	(1 018 654)	-	-	-
Tax losses available for set off against future taxable income	25 497	(55 948)	-	-
	(3 645 159)	**(765 239)**	**-**	**-**
Categories of temporary differences				
Property, plant and equipment	(13 162)	(11 102)	-	-
Intangible assets	(3 253 319)	(2 752 129)	-	-
Provisions	369 626	1 770 419	-	-
Revenue accrual	91 870	60 590	-	-
Prepaid expenses	(28 000)	(14 000)	-	-
Taxable losses available for set off against future taxable income	206 480	180 983	-	-
Work-in-progress	(1 018 654)	-	-	-
	(3 645 159)	**(765 239)**	**-**	**-**
8. Inventories				
Finished goods	1 251 107	1 198 352	-	-
	1 251 107	1 198 352	-	-
Allowance for obsolete inventory	(840 706)	(738 257)	-	-
	410 401	**460 095**	**-**	**-**

Inventory amounting to R89 619 (2014: R176 166) is carried at net realisable value.

Figures in Rand	Group 2015	Group 2014	Company 2015	Company 2014
9. Trade and other receivables				
Trade receivables	26 880 134	17 873 546	4 131 642	-
VAT	-	-	30 998	18 495
Work-in-progress	3 638 052	-	-	-
Other receivables	146 107	231 410	-	-
Prepayments	499 083	838 730	-	-
	31 163 376	**18 943 686**	**4 162 640**	**18 495**

9. Trade and other receivables (continued)

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 2015 amounted to R26 386 545 (2014: R17 873 546).

Included in the Group's trade receivables balance are debtors with a carrying amount of R402 687 (2014: R324 854), which are past due at the reporting date for which the Group 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 Group 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 37% of the Group's revenue is generated through transactions with the three 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 amount 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.

10. Cash and cash equivalents

	Group		Company	
Figures in Rand	**2015**	**2014**	**2015**	**2014**
Cash and cash equivalents consist of:				
Cash on hand	22 213	14 500	-	-
Bank balances	95 116 568	119 127 594	21 180 948	27 202 018
	95 138 781	**119 142 094**	**21 180 948**	**27 202 018**

11. Share capital and premium

Authorised				
250 000 000 Ordinary shares of R0,001 each	250 000	250 000	250 000	250 000
Issued				
137 615 798 (2014: 136 002 041)				
shares of R0.001 each	137 616	136 002	137 616	136 002
Share premium	55 972 835	52 488 734	55 972 835	52 488 734
	56 110 451	**52 624 736**	**56 110 451**	**52 624 736**

The 112 384 202 (2014: 113 997 959) unissued shares are under the control of the directors, subject to Section 36 of the Companies Act and the Listing Requirements of the JSE Limited, in terms of a resolution passed at the Annual General Meeting in November 2014. The authority is valid until the forthcoming Annual General Meeting. On 8 August 2014 the Holding Company issued 1 613 757 shares as part of the purchase consideration for BMi Research Proprietary Limited.

Figures in Rand	Group 2015	Group 2014	Company 2015	Company 2014
12. Share Premium				
Balance at beginning of period	52 448 734	52 448 734	52 448 734	52 448 734
Share issue 8 August 2014	3 524 101	-	3 524 101	-
	55 972 835	**52 448 734**	**55 972 835**	**52 448 734**
13. Other financial liability				
Contingent consideration				
BMi Sport Group	1 666 341	-	1 666 341	-
At 1 March 2015 the contingent consideration reflects the Group's estimate of what would be payable in terms of the BMi Sports Group top up purchase price. This amount will only become payable on or after 31 December 2017 if various profit targets are achieved. This amount is show at a present value of the future obligation discounted at 6%.				
	1 666 341	**-**	**1 666 341**	**-**
14. Interest bearing liabilities				
Minimum instalment payments due				
- within one year	1 818 650	1 471 864	-	-
- in second to fifth year inclusive	2 566 295	3 497 528	-	-
	4 384 945	4 969 392	-	-
less: future finance charges	(152 689)	(58 135)	-	-
Present value of minimum instalment payments	**4 232 256**	**4 911 257**	**-**	**-**
Present value of minimum instalment payments due				
- within one year	1 732 963	1 432 559	-	-
- in second to fifth year inclusive	2 499 293	3 478 698	-	-
	4 232 256	**4 911 257**	**-**	**-**
Non-current liabilities	2 499 293	3 478 698	-	-
Current liabilities	1 732 963	1 432 559	-	-
	4 232 256	**4 911 257**	**-**	**-**

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 R36 845 (2014: R39 392) inclusive of interest. The Group's obligations under instalment sale agreements are secured by certain equipment and motor vehicles with a carrying amount of R948 587 (2014: R223 224). The current portion relating to the instalment sales agreements amount to R357 131 (2014: R163 839) and the non-current portion relating to the instalment sale agreements amounts to R637 734 (2014: R250 444).

Included in the interest bearing liabilities is the long-term loan 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 873 (2014: R131 372). The carrying amount of property as reflected in the accounting records of the subsidiary is R9 988 243 (2014: R10 018 594). The current portion relating to the long-term loan amounts to R1 375 832 (2014: R1 268 728) and the non-current portion relating to the long-term loan amounts to R1 861 559 (2014: R3 228 720).

	Opening balance	Additions	Utilised during the year	Total
15. Provisions				
Reconciliation of provisions - Group - 2015				
Leave pay	1 186 534	489 154	(355 594)	1 320 094
Performance bonus	5 136 390	-	(5 136 390)	-
	6 322 924	**489 154**	**(5 491 984)**	**1 320 094**
Reconciliation of provisions - Group - 2014				
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**

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.

16. Trade and other payables

	Group		Company	
Figures in Rand	**2015**	**2014**	**2015**	**2014**
Trade payables	7 429 485	9 113 768	-	-
Amounts received in advance	2 785 514	1 810 238	-	-
VAT	956 364	916 548	-	-
Third party prize money	6 370 197	2 843 660	-	-
Accruals	1 605 039	2 142 706	137 302	133 100
	19 146 599	**16 826 920**	**137 302**	**133 100**

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.

17. Financial liabilities by category

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

	Financial liabilities at amortised cost	Non financial instruments	Total
Group - 2015			
Contingent consideration	1 666 341	-	1 666 341
Interest bearing liabilities	4 232 256	-	4 232 256
Trade and other payables	15 404 721	3 741 878	19 146 599
Unclaimed dividends	138 932	-	138 932
	21 442 250	**3 741 878**	**25 184 128**
Group - 2014			
Interest bearing liabilities	4 911 257	-	4 911 257
Trade and other payables	14 100 134	2 726 786	16 826 920
Unclaimed dividends	106 557	-	106 557
	19 117 948	**2 726 786**	**21 844 734**

17. Financial liabilities by category (continued)

	Financial liabilities at amortised cost	Total
Company - 2015		
Loan from Group company	17 849 400	17 849 400
Contingent consideration	1 666 341	1 666 341
Trade and other payables	137 302	137 302
Unclaimed dividends	138 932	138 932
	19 791 975	**19 791 975**
Company - 2014		
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**

18. Revenue

	Group		Company	
Figures in Rand	**2015**	**2014**	**2015**	**2014**
Rendering of services	102 604 772	118 071 026	-	-
Rental income	-	126 568	-	-
	102 604 772	**118 197 594**	**-**	**-**

19. Operating profit (loss)

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

Operating lease charges				
Premises				
Contractual amounts	154 000	-	-	-
Depreciation and amortisation	4 118 013	4 577 825	-	-
Employee costs	18 902 705	23 063 331	190 000	165 000
Reversal of impairments on intercompany loan	-	-	-	(176 065)
Insurance	435 604	388 386	-	-
Profit on disposal of fixed assets	141 766	-	-	-
Fees relating to listing on JSE	611 484	339 759	-	-
Legal Fees	6 140	360 709	-	-
Telecommunication charges	3 467 548	2 806 196	-	-

20. Auditors' remuneration

Fees	665 900	615 000	122 400	122 400

21. Directors' emoluments

2015	**Emoluments**	**Bonus**	**Total**
G Groenewaldt	1 472 000	1 135 000*	2 607 000
M A Smith	2 790 000	1 575 000*	4 365 000
P A Scholtz	1 650 000	1 135 000*	2 785 000
AG Mancha*	100 000	-	100 000
R Pitt	90 000	-	90 000
	6 102 000	**3 845 000**	**9 947 000**

*Bonus allocated for 2014 financial year. No bonus paid for period under review.

Notes to the Financial Statements

21. Directors' emoluments (continued)

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
A G Mancha*	75 000	-	75 000
R Pitt*	90 000	-	90 000
	5 525 000	**4 450 000**	**9 975 000**

* Independent Non-Executive Directors
#Bonus allocated for 2013 financial year. No bonus paid for period under review.

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

22. Investment income

	Group		Company	
Figures in Rand	**2015**	**2014**	**2015**	**2014**
Dividend revenue				
Subsidiaries - Local	-	-	16 513 896	16 320 245
Associates - Local	-	-	192 508	-
	-	**-**	**16 706 404**	**16 320 245**
Interest received				
Bank	6 158 722	5 669 212	1 661 276	1 434 754
	6 158 722	**5 669 212**	**18 367 680**	**17 754 999**

23. Finance costs

	Group 2015	Group 2014	Company 2015	Company 2014
Bank	390 087	440 329	-	-

24. Taxation

	Group 2015	Group 2014	Company 2015	Company 2014
Major components of the tax expense				
Current				
Local income tax - current period	6 828 328	10 667 831	428 517	334 782
Securities Tax	69 370	-	69 370	-
	6 897 698	**10 667 831**	**497 887**	**334 782**
Deferred				
Originating and reversing temporary differences	2 879 925	430 320	-	-
	9 777 623	**11 098 151**	**497 887**	**334 782**
Reconciliation of the tax expense				
Reconciliation between accounting profit and tax expense.				
Accounting profit	36 186 344	38 579 433	17 781 320	16 923 658
Tax at the applicable tax rate of 28% (2014: 28%)	10 132 176	10 802 240	4 978 770	4 738 624
Tax effect of adjustments on taxable income				
Reveral of impairment of intercompany loans	-	-	(113 395)	(49 298)
Over provision prior year	(362 920)	-	-	-
Permanent differences	272 316	239 962	(4 367 488)	(4 354 544)
Income from associates	(307 823)	-	-	-
Tax losses available for set off against future taxable income	(25 496)	55 949	-	-
Securities tax	69 370	-	-	-
	9 777 623	**11 098 151**	**497 887**	**334 782**

24. Taxation (continued)

Gross estimated tax losses of certain subsidiaries at 30 June 2015, available for offset against future taxable income amounted to R1.1 million (2014: 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 R308 000 (2014: R360 000).

25. Cash generated from (used in) operations

Figures in Rand	Group 2015	Group 2014	Company 2015	Company 2014
Profit before taxation	36 186 344	38 579 433	17 781 320	16 923 658
Adjustments for:				
Depreciation and amortisation	4 118 013	4 577 825	-	-
Profit on disposal of property, Plant and equipment	(141 766)	(37 778)	-	-
Income from equity accounted investments	(1 099 386)	-	-	-
Dividends received	-	-	(16 706 404)	(16 320 245)
Interest received	(6 158 722)	(5 669 212)	(1 661 276)	(1 434 754)
Finance costs	390 087	440 329	-	-
Movements in provisions	(5 002 830)	19 535	-	-
Reversal of intercompany loan impairments	-	-	(404 982)	(176 065)
Changes in working capital:				
Inventories	49 694	(112 142)	-	-
Trade and other receivables	(8 944 900)	6 327 945	(3 738 733)	211 460
Trade and other payables	(787 431)	(3 193 246)	4 202	(877 857)
	18 609 103	**40 932 689**	**(4 725 873)**	**(1 673 803)**

26. Tax paid

	Group 2015	Group 2014	Company 2015	Company 2014
Balance at beginning of the year	(720 268)	39 145	(169 297)	(176 776)
Current tax for the year recognised in profit or loss	(6 897 698)	(10 667 831)	(497 888)	(334 782)
Acquired through business combination	(547 681)	-	-	-
Balance at end of the year	950 677	720 268	189 340	169 297
	(7 214 970)	**(9 908 418)**	**(477 845)**	**(342 261)**

27. Dividends paid

	Group 2015	Group 2014	Company 2015	Company 2014
Balance at beginning of the year	(106 557)	(69 286)	(106 557)	(69 286)
Dividends	(16 513 896)	(16 320 245)	(16 513 896)	(16 320 245)
Balance at end of the year	138 932	106 557	138 932	106 557
	(16 481 521)	**(16 282 974)**	**(16 481 521)**	**(16 282 974)**

28. Borrowing powers

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

29. 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
BMI Sponsorwatch Proprietary Limited	Subsidiary
BMI Sport Info Proprietary Limited	Subsidiary
Sponsorvalue Research Services CC	Subsidiary
FoneWorx Namibia Proprietary Limited	Subsidiary
BMi Research Proprietary Limited	Associate
Livingfacts Proprietary Limited	Associate
Afrifocus Securities Proprietary Limited	Company in which AG Mancha has an interest

Directors of Cognition 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 note 21.

There are no other key management personnel.

Investments and loans

Related party investments and loans of the holding company are reflected in note 35.

Dividends

Dividends were received from FoneWorx Proprietary Limited amounting to R16 513 896 (2014: R16 320 245).

Revenue and debtors

Transactional revenue received from Afrifocus Securities Proprietary Limited amounting to R385 514 (2014: R358 514).

Trade receivables balances at year end R34 059 (2014: R34 059).

30. Earnings per share

Figures in Rand	Group 2014	2013
The calculation of earnings per share is based on profits of R25 606 808 attributable to equity holders of the parent (2014: R27 481 282) and a weighted average of 137 448 249 (2014: 136 002 041) ordinary shares in issue during the year	18.63 cents	20.21 cents
The calculation of headline earnings per share is based on profits of R25 504 736 attributable to equity holders of the parent (2014: R27 481 282) and a weighted average of 137 448 249 (2014:136 002 041) ordinary shares in issue during the year	18.56 cents	20.21 cents
Reconciliation between earnings and headline earnings		
Profit attributable to ordinary shareholders of parent	25 606 808	27 481 282
Gain on bargain purchase	-	-
Profit on disposal of property, plant and equipment	(141 766)	-
Tax effect of the disposal of property, plant and equipment	39 694	-
Headline earnings	25 504 736	27 481 282
The calculation of diluted earnings per share is based on profits of R25 606 808 (2014: R27 481 282) and a weighted average of 137 448 249 (2014: 136 002 041) ordinary shares issued during the year	18.63 cents	20.21 cents
Reconciliation between earnings and diluted earnings per share:		
Weighted average number of shares used in the calculation of earnings per share	137 448 249	136 002 041

31. Dividends per share

The calculation of dividends per share is based on dividends of R16 513 896 attributable to equity holders of the parent (2014: R16 320 245) and 137 615 798 (2014: 136 002 041) ordinary shares in issue during the year	12,00 cents	12,00 cents

32. Acquisition of new business

The Group acquired 63% in the business known as the BMi Sport Group that includes BMi Sport Info Proprietary Limited, BMi Sponsor Value Research CC and BMi Sponsorwatch Proprietary Limited. The principal business of the BMi Sport Group is sport sponsorship and media monitoring and research.

The purchase price is contingent on the net profit performance of the business for the period 1 January 2015 to 31 December 2017.

At 30 June 2015 the estimated purchase price was R17 666 341. The purchase price is capped at R22 000 000 and had a floor of R16 000 000 which was paid within the period under review. The contingent consideration recognised the Group's estimate of the contingent consideration which will be payable.

The acquired business contributed revenues of R7 858 249 and net profit after tax to the value of R2 439 842 from the date of acquisition being 1 March 2015 up to 30 June 2015 of which R1 537 100 is attributable to the owners of the parent.

If the business was acquired on 1 July 2014, the revenue and profit after tax would have been R22 277 106 and R5 203 841 respectively. As the purchase price adjustment account has not yet been finalised, a detailed assessment of the identifiable assets and liabilities acquired and their respective fair value had not yet been completed at year-end. Once a detailed assessment is completed, the required adjustment will be processed. The purchase consideration has provisionally been allocated to goodwill.

32. Acquisition of new business (continued)

The assets and liabilities as at 1 March 2015 arising from the acquisition of the BMi Sport Group were:

	2015	2014
Cash and cash equivalents	2 175 384	-
Trade and other receivables	3 274 790	-
Property, plant and equipment	579	-
	5 450 753	**-**
Trade creditors	(3 107 105)	-
Taxation	(547 681)	-
Net fair value of assets	1 795 967	-
Less: Non controlling interest (37%)	(664 507)	-
Net Fair Value held by the Group	**1 131 460**	**-**
Goodwill	16 534 881	-
Purchase consideration	**17 666 341**	**-**
Cash and cash equivalent received	(2 175 384)	-
Obligation to settle	(1 666 341)	-
Cash consideration paid	**13 824 616**	**-**

33. Risk management

Capital risk management

The Group manages its capital to ensure that entities in 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 14, 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 10, 11 and 12, respectively.

Currently the Group's cash and cash equivalents of R95.1 million (2014: R119.1 million) exceeds its interest bearing debt of R4.2 million (2014: R4.9 million) as set out in note 12 by 22.64 times (2014: 24.31 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.

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 are R95.1 million (2014: R119.10 million) and financial liabilities are R4.2 million (2014: R4.9 million).

33. **Risk management (continued)**

Interest rate sensitivity analysis

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

If interest rates have 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 R824 247 (2014: R913 458).

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 decrease by R824 247 (2014: R913 458).

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 37% of the Group's revenue is generated through transactions with the three local cellular phone service providers and on 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 737 733 (2014: R4 832 484). 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	Group 2015	Group 2014	Company 2015	Company 2014
Financial instrument				
Loans to group companies	-	-	4 737 733	4 832 484
Trade and other receivables	30 664 294	18 104 956	-	-
Cash and cash equivalents	95 138 781	119 142 094	21 180 948	27 202 018

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.

	Carrying amount	Contractual payments	Less than 1 year	Between 2 and 5 years	Over 5 years
Group					
At 30 June 2015					
Contingent consideration	1 666 341	1 666 341	-	1 666 341	-
Interest bearing liabilities	4 232 256	4 384 945	1 818 650	2 566 295	-
Unclaimed dividends	138 932	138 932	138 932	-	-
Trade and other payables	15 404 721	15 404 721	15 404 721	-	-
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	-	-

33. Risk management (continued)

	Carrying amount	Contractual payments	Less than 1 year	Between 2 and 5 years	Over 5 years
Company					
At 30 June 2015					
Loans from Group companies	17 849 400	17 849 400	17 849 400	-	-
Contingent consideration	1 666 341	1 666 341	-	1 666 341	-
Unclaimed dividends	138 932	138 932	138 932	-	-
Trade and other payables	137 302	137 302	137 302	-	-
At 30 June 2014					
Loans from Group companies	133 377	133 377	133 377	-	-
Unclaimed dividends	106 557	106 557	106 577	-	-
Trade and other payables	133 100	133 100	133 100	-	-

34. Segment reporting

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

Active Data Exchange Services - a unified messaging system that integrates and delivers a suite of messaging services through a single hosted platform.

Knowledge Creation and Management - Building permission-based marketing strategies to enhance singular customer profiles, with deep granularity in line with privacy legislation. Using technology to establish a "new asset class" by collecting data, adding content and meaning to create information and providing insights, inferences and experiences to culminate in knowledge.

During the period under review the Group merged its BizWorx and MediaWorx reporting divisions and from now on will report on them together under Active Data Exchange Services. The Group also created a new division called Knowledge Creation and Management. Items reported previously under MediaWorx that specifically relate to Knowledge Creation and Management have been reclassified and retrospectively reported below:

	2015	2014 - Restated
Revenue		
Active Data Exchange Services	88 744 297	114 411 986
Knowledge Creation and Management	13 860 475	3 785 608
	102 604 772	**118 197 594**
Cost of sale		
Active Data Exchange Services	(37 861 945)	(47 934 518)
Knowledge Creation and Management	(2 844 814)	(188 000)
	(40 706 759)	**(48 122 518)**
Gross Profit		
Active Data Exchange Services	50 882 352	66 477 468
Knowledge Creation and Management	11 015 661	3 597 608
	61 898 013	**70 075 076**

34. Segment reporting (continued)

The accounting policies applied to the operating segments are the same as those described in the basis of preparation paragraph above. Active Data Exchange Services are provided within South Africa as well as in 38 African countries ("Africa Sales "). Within the period under review 4.4% (2014: 2.9%) of its revenue can be attributed to Africa Sales. The company allocates revenue to each country based on the relevant domicile of the client. All of the company's assets are located in South Africa.

Active Data Exchange Services currently generate 65.2% (2014: 72.8%) of its revenue through three large network service providers. The reconciliation of the gross profit to the 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.

35. Subsidiaries

	Issued share capital R	Group effective interest %	Cost of investment R	Indebtedness by subsidiary R	Provision for doubtful loans R
2015					
The holding Company's investment in subsdiaries is as follows:					
FoneWorx Proprietary Limited	100	100%	100	(17 717 323)	-
Four Rivers Trading 123 Proprietary Limited	100	100%	2 310 100	1 092 840	-
Interconnective Solutions Management Services Proprietary Limited	100	100%	100	(132 077)	-
Retail Card Club Proprietary Limited*	100	100%	100	624 557	(624 557)
Survey Online Proprietary Limited*	100	100%	100	503 699	(503 699)
Valutronics Proprietary Limited*	100	100%	100	103 944	(103 944)
CarbonWorx Proprietary Limited	100	70%	70	360 721	-
VM Advertising Proprietary Limited*	100	100%	100	823 984	(823 984)
FoneWorx Kenya Limited	5 000 000	60%	100	1 448 177	-
BMi Sport Group ^	300	63%	17 665 941	-	-
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	-
			19 977 111	**(11 055 483)**	**(2 056 184)**

35. Subsidiaries (continued)

	Issued share capital R	Group effective interest %	Cost of investment R	Indebtedness by subsidiary R	Provision for doubtful loans R
2014					
The holding Company's investment in subsdiaries 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)
Survey Online 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)**

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 R404 982 (2014: R176 055).

^ The BMi Sport Group consists of the following three entities, BMi Sport Info Proprietary Limited, BMi Sponsorwatch Proprietary Limited and Sponsor Value Research Services CC.

36. Securities and guarantees

The Group's banking facilities are secured as follows:

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

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

- Virtual Payment Solutions Proprietary Limited - R50 000 (2014: R50 000).

Notice of Annual General Meeting

Cognition Holdings Limited
Incorporated in the Republic of South Africa
(Registration number 1997/010640/06)
Share code: CGN ISIN: ZAE000197042
("Cognition" 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 17th Annual General Meeting ("Annual General Meeting") of shareholders of Cognition will be held at 10:00 on Thursday, 3 December 2015 at Cognition House, Corner Bram Fischer Drive and Will Scarlet Road, Ferndale Randburg (entrance on Will Scarlet Road) 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, 27 November 2015. Accordingly, the last day to trade Cognition shares in order to be recorded in the Register to be entitled to vote will be Friday, 20 November 2015.

1. To receive, consider and adopt the annual financial statements of the Company and the Group for the financial year ended 30 June 2015, including the reports of the auditors, directors and the Audit and Risk Committee.

Note: A copy of the annual financial statements appears on pages 54 to 88 of the Annual Report to which this notice is attached.

2. To re-elect Gaurang Mooney 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 Piet Greyling 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 Marc du Plessis 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 8 to 10 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 10 of the Annual Report to which this notice is attached.

8. To confirm the re-appointment of Grant Thornton (Jhb) Inc. as independent auditors of the Company with Mr Jacques Barradas 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 auditors' 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 Cognition Holdings Limited ("the Company"), as set out on page 44 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% (fifty percent) 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 Cognition 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% (fifty percent) 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 Cognition 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 20 642 370 securities. Any securities issued under this authorisation will be deducted from the aforementioned 20 642 370 listed securities. In the event of a sub-division or a consolidation the authority will be adjusted to represent the same allocation ratio;
- 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 in respect of options and convertible securities, the effects of the issue on the statement of financial position, net asset value per share, net tangible asset value per share, the statement of profit and loss and other comprehensive income, earnings per share and headline earnings per share and, if applicable, diluted earnings and headline earnings per share, or in respect of an issue of shares, an explanation, including supporting documents (if any), of the intended use of the funds 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

- **General approval to acquire shares**
- "**Resolved**, by way of a general approval that Cognition 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 1 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.

12.1 Other disclosure in terms of Section 11.26 of the JSE Listings Requirements

The JSE Listings Requirements require the following disclosure, which are contained in the Annual Report of which this notice forms part:

- major shareholders of the Company – page 49; and
- share capital of the Company – page 48.

12.2 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.

12.3 Directors' responsibility statement

The directors, whose names are given on page 8 to 10 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 1 and certify that to the best of their knowledge and belief there are no facts in relation to special resolution number 1 that have been omitted which would make any statement in relation to special resolution number 1 false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that special resolution number 1 together with this notice contains all information required by law and the JSE Listings Requirements in relation to special resolution number 1.

12.4 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 12 (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.

13. 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 Cognition 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, determine (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."

Explanatory note

The purpose of this special resolution number 2 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.

14. 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 Cognition 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, determine (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."

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 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 3:

(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 3 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 3 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.

15. ORDINARY RESOLUTION NUMBER 4

Signature of documents

"**Resolved that** each director of Cognition 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% (fifty percent) of the votes exercised on such resolutions by shareholders present or represented by proxy at the meeting.

17. 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% (fifty percent) 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 (forty eight) 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

15 September 2015
Johannesburg

Form of Proxy

Cognition Holdings Limited
Incorporated in the Republic of South Africa
(Registration number 1997/010640/06)
Share code: FWX ISIN: ZAE000197042
("Cognition" 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 17th Annual General Meeting of shareholders of the Company to be held at the offices of the Company, Cognition House, Corner Bram Fischer Drive and Will Scarlet Road, Ferndale, Randburg, at 10:00 on Thursday, 3 December 2015 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 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:

Form of Proxy

		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 2015			
2.	To re-elect Gaurang Mooney to the Board of Cognition Holdings Limited			
3.	To re-elect Piet Greyling to the Board of Cognition Holdings Limited			
4.	To re-elect Marc du Plessis to the Board of Cognition 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 Jacques Barradas 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** General approval to acquire shares			
13.	**Special resolution number 2** Financial assistance for subscription of securities			
14.	**Special resolution number 3** Loans or other financial assistance to directors			
15.	**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 ______________________ 2015

Signature ______________________

Assisted by (if applicable) ______________________

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; and
    - 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:
    Computershare Investor Services Proprietary Limited
    Ground Floor, 70 Marshall Street, Johannesburg, 2001

    Postal deliveries to:
    Computershare Investor Services Proprietary Limited
    PO Box 61051, Marshalltown, 2107

    to be received by no later than 10:00 on Tuesday, 1 December 2015 (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.

Directors and Administration

Company registration number
1997/010640/06

JSE share code
CGN

Website
http://www.cognitionholdings.co.za

Directors

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

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 (Commercial Accounting)
Roger Pitt* (BCom (Hons)(Acc), CA(SA))

(* Independent)

Business address and registered office
Cognition 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
Fluxmans Inc

Bankers
First National Bank Limited
Investec Bank Limited

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

Sponsor
Merchantec Capital

Shareholders Diary

Financial year end	30 June 2015
Annual report and financial statements	29 September 2015
Annual general meeting	3 December 2015
Half-year report	February 2016

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HOLDINGS LTD