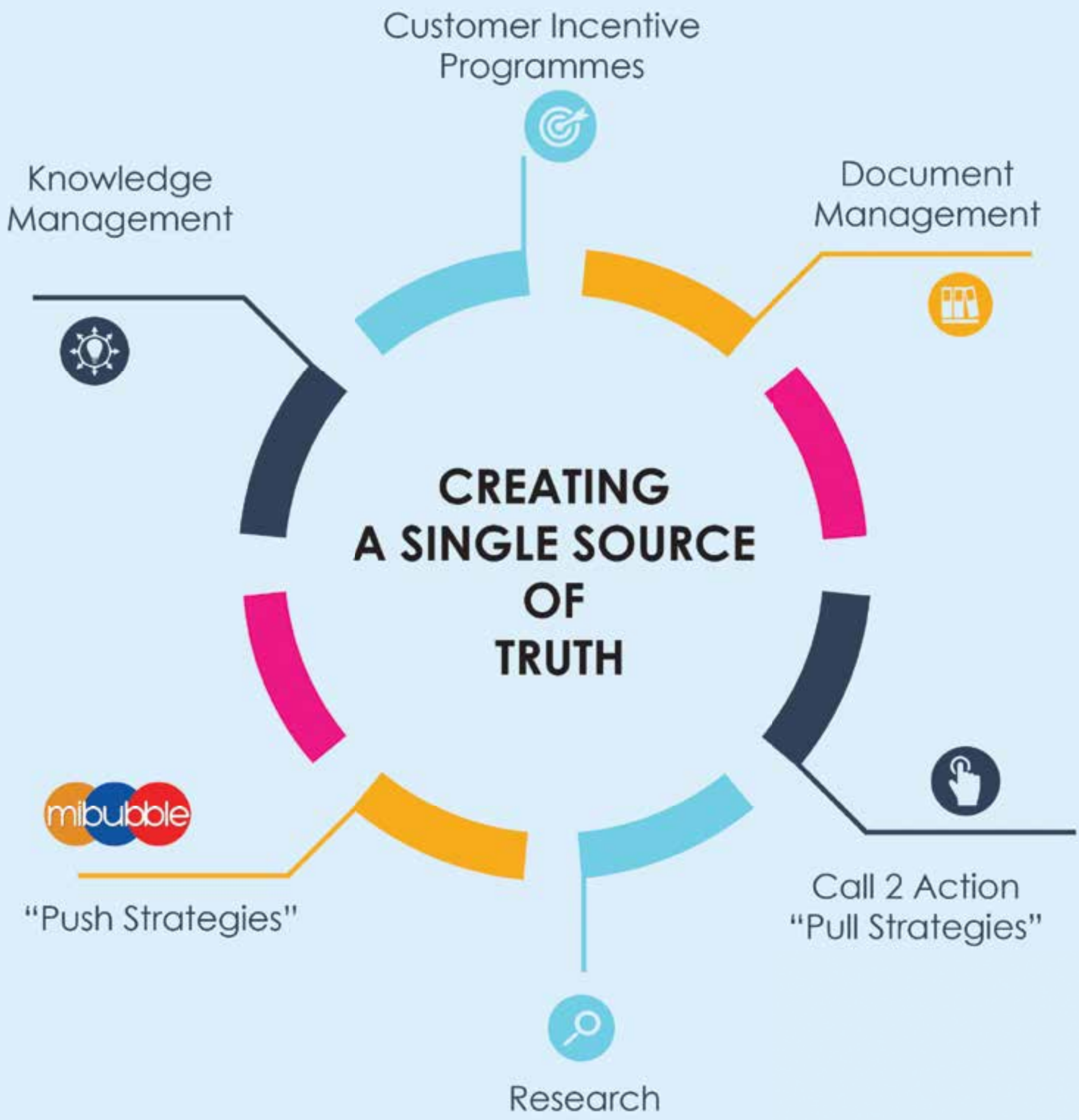

COGNITION HOLDINGS LTD

ANNUAL REPORT 2016

"Cognition provides its clients with a platform to host "pull" and "push" strategies to collect demographic, psychographic and ethnographic data to create a single source of truth database with deep granularity around each customer."

Cognition provides a broad range of services throughout South Africa, co-ordinated and hosted via its offices in Johannesburg and Cape Town.

Cognition has a presence in 32 countries in Africa and representative offices in Dubai, Portugal, London and Kenya.

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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 2016.

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 Financial Statements which were independently audited by the Group's Auditor.

In compiling this Annual Report, Cognition has given consideration to:

- The JSE Listings Requirements;
- The South African Companies Act, 2008 (Act 71 of 2008), as amended ("the Companies Act");
- The King Report on Governance (King III);
- The Global Reporting Initiative ("GRI") Framework; and
- 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 information, communication and technology company ("ICT") that specialises in providing its clients with insights about their customers in order for the client to provide enhanced services and products.

Our strength and intellectual property vests in our capacity to provide both "pull" and "push" data strategies to collect granular details of each of our clients' customers, in line with prevailing privacy regulations.

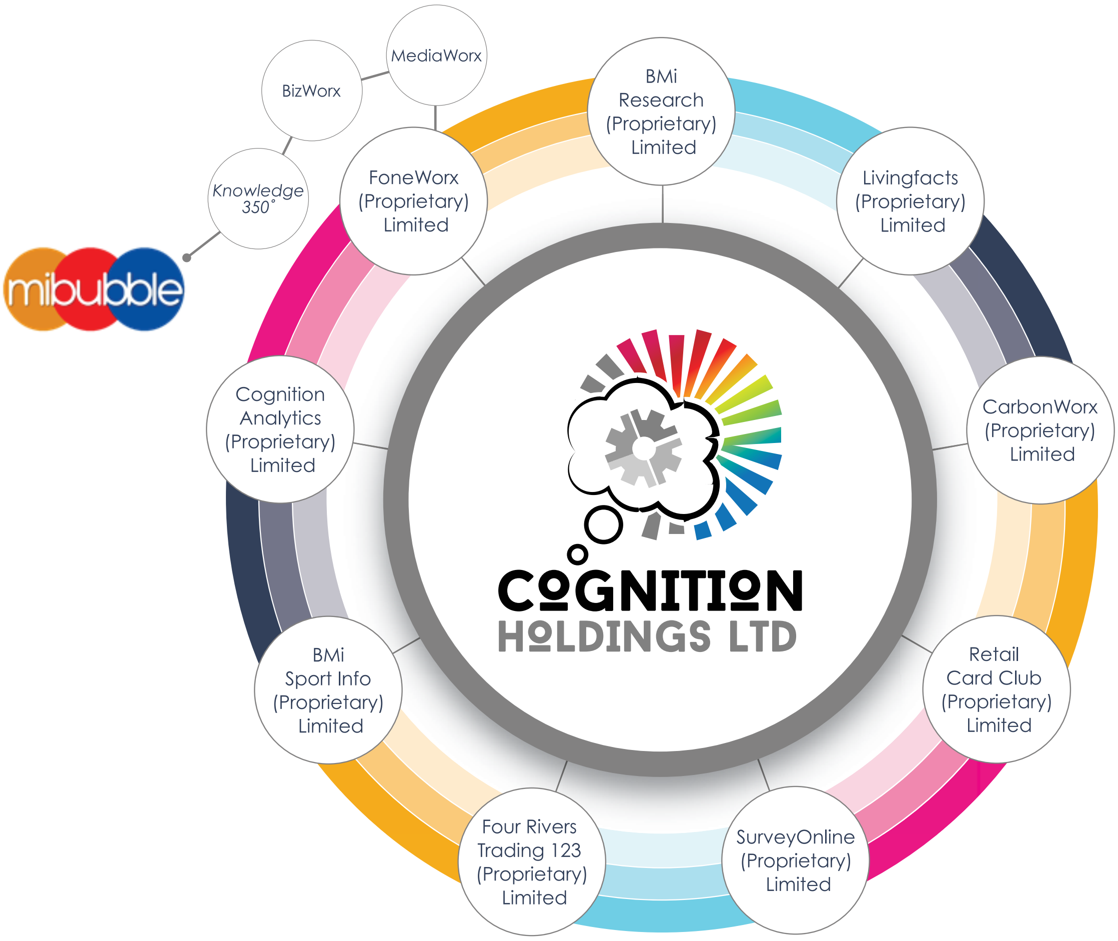
To achieve these objectives our service offerings are orientated around:

- Active Data Exchange Services (SMS, USSD, IVR, email, IM); and
- Knowledge Creation and Management (K350° and mibubble)

This Annual 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 with its primary hosting facilities at its Head Office in Randburg. Certain services are provided on a virtual or software basis throughout Africa. The Group has long-term relationships with mobile networks in 32 countries throughout Africa.

The scope of this Integrated Report encompasses 9 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

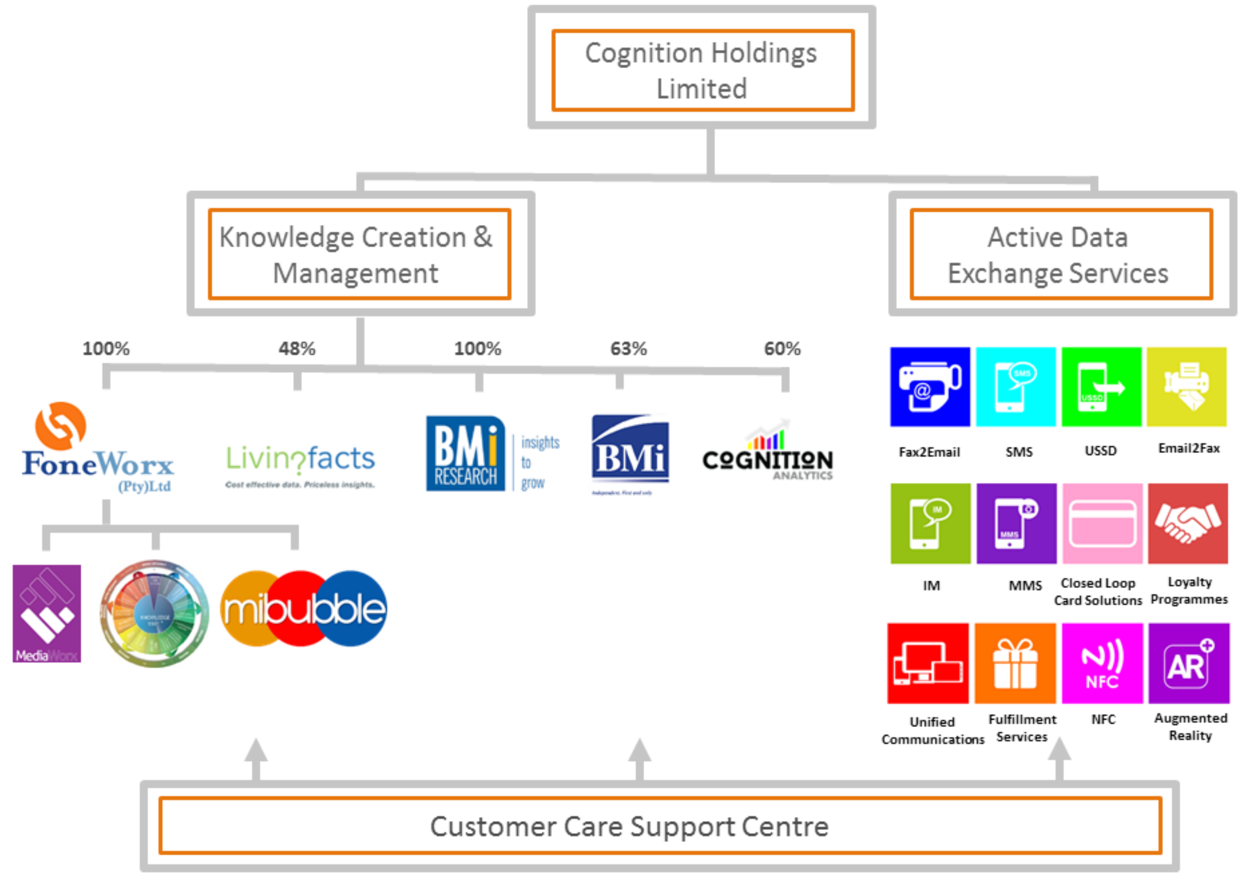
The Audit & Risk Committee acknowledges its responsibility on behalf of the Board to ensure the integrity of this Integrated Report and has accordingly applied its mind to the report and believes that it appropriately and sufficiently addresses all material issues, and fairly presents the integrated performance of Cognition and its subsidiaries for the year. The Audit and Risk Committee recommends this Integrated Annual Report 2016 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 2016. 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 review 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 Structure



Cognition is an information, communication and technology company ("ICT") that provides a broad range of 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 stratgic objectives being:

- Active data exchange services; and
- Knowledge creation and management.

These objectives are underpinned by a six pillar strategy.

Cognition operates from its head office in Randburg and satellite offices in Cape Town and Durban. The Group strategy is underpinned by a high value system 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.

Cognition has recognised the growing international trend of consumers realising:

- their right to have their privacy respected;
- the value of their personal data (an "asset class"); and
- the need to be in control when sharing data.

Directors' Profiles

EXECUTIVE DIRECTORS:

Mark A Smith
CEO

Pieter A Scholtz
Financial Director

Graham Groenewaldt
Sales Director

Mark A Smith – Chief Executive Officer

BA LLB (Admitted Attorney) | Age: 58

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 Proprietary Limited which operated telephony services in the premium rate service industry where he gained experience in the audiotex telephony platform. In 1991, Mark was appointed joint managing director of Shield. In 1992, Massmart Holdings Proprietary Limited, a subsidiary of Wooltru Limited, acquired 66% of Shield and Mark was appointed the managing director of Shield. In May 1995, Mark was also appointed a director of Massmart Holdings Proprietary Limited, the holding company of Shield, Makro and Dion. As managing director of Shield, Mark was responsible for 450 franchised outlets and responsible for sales of R1.3 billion. The total market share of Shield's outlets totalled (collectively) approximately R6 billion. In February 1997, Mark phased out of Shield to start 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: 40

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

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

Graham Groenewaldt – Sales Director

Age: 58

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.

Directors' Profiles

NON-EXECUTIVE DIRECTORS

Ashvin G Mancha

Gaurang Mooney

Piet G Greyling

Ashvin G Mancha

(Chairman) (Independent Non-Executive Director) | B.Proc | Age: 59

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

Gaurang Mooney

(Non-Executive Director) | BA (Economics & Finance) | Age: 46

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

Piet G Greyling

(Non-Executive Director) | BCom, BCompt (Hons) | Age: 59

Piet is Deputy Group Managing Director of the Caxton and CTP Publishing and Printing Limited group and CEO of its Newspaper Publishing and Printing division.

Paul M Jenkins

Roger Pitt

Marc du Plessis

Paul M Jenkins

(Independent Non-Executive Director) | B.Com, LLB | Age: 57

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.

Roger Pitt

CA(SA) (Independent Non-Executive Director) | B.Com (Hons)(Acc) | Age: 35

Roger is a chartered accountant, with B.Com (Hons) (Accounting) degree from Rand Afrikaans University. After completing his articles he moved into corporate finance where he gained broad experience in the full scope of corporate actions and also attended board and audit committee meetings of Main Board and AltX listed clients in order to advise them on statutory and regulatory requirements. Roger owns and runs an import and distribution business in the medical industry. He also holds the following independent non-executive board positions:

- Various specialised finance structuring special purpose vehicles in the banking industry;
- ISA Holdings Limited;
- Merchantec Proprietary Limited; and
- FedGroup.

Marc du Plessis

(Non-Executive Director) | B.Com (Commercial Accounting) | Age: 36

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 2006, he joined Caxton as a key account manager and has since progressed through the ranks and currently occupies the position of Joint CEO of Spark Media, a Division of Caxton & CTP Publishers and Printers

The Business – About Us

The Group's products and services are all orientated around customer-centricity and assisting our clients, who are typically large corporations, to achieve a paradigm shift by forming long-term partnerships with their customers to achieve enhanced benefits for both parties.

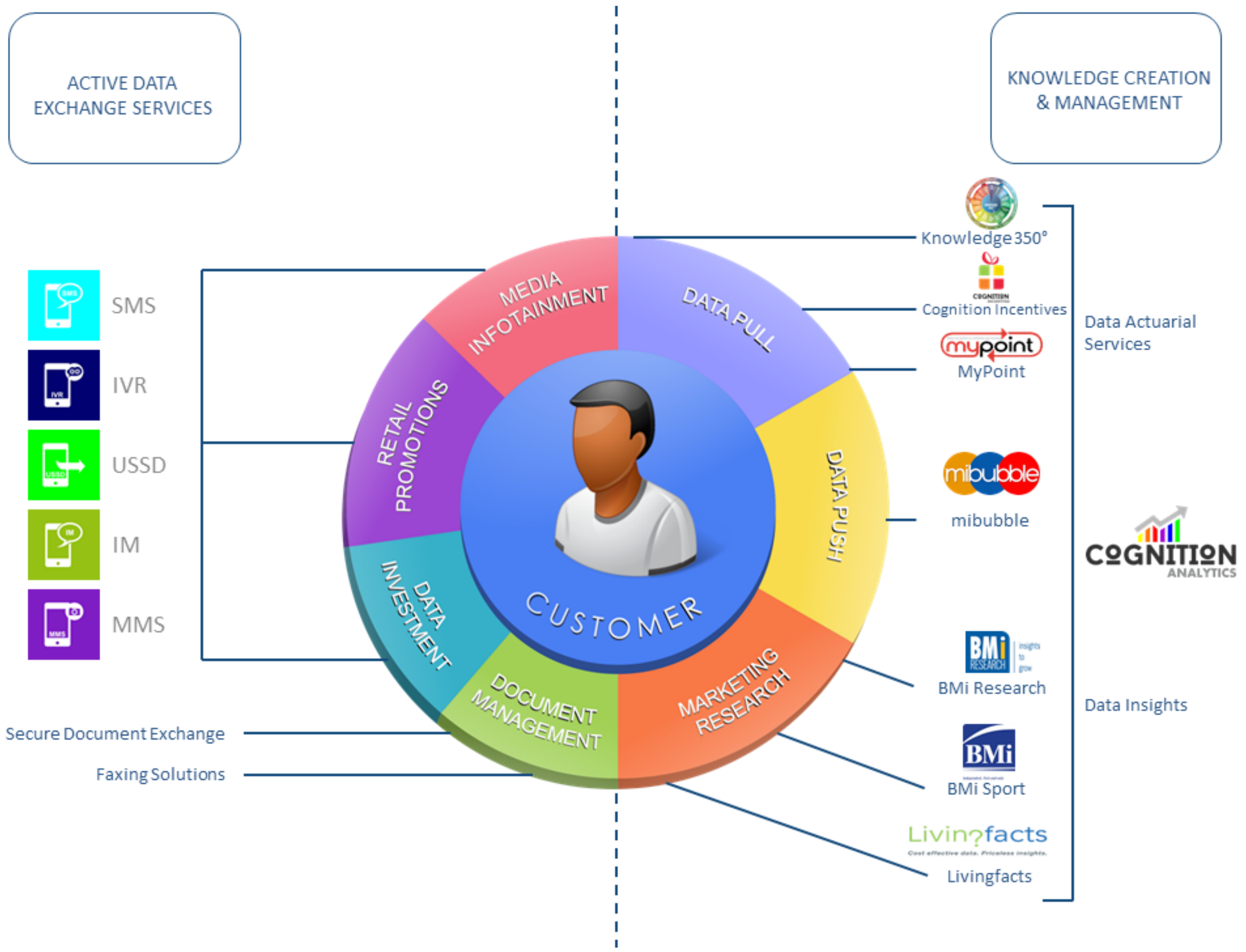
The Group recognises that there are a number of factors causing consumer frustration and push-back against businesses that abuse their personal data to the detriment of the consumer.

These factors include:

- Privacy concerns
- Tension between suppliers and retailers
- Retailers requiring differentiation
- Ad blocking
- Customers demanding relevance
- Customers realising the value of their data

The Group has, during the last 24 months, developed new and innovative products to provide the necessary platforms for both businesses and consumers to achieve a true partnership and to overcome the above factors. These initiatives are achieved via the Group's two operating divisions:

Active Data Exchange Services	**Knowledge Creation and Management**
• Media Infotainment (Pull) • Retail Promotions (Pull) • Data Investment (Pull)	• Knowledge 350° (Pull) • mibubble (Push)

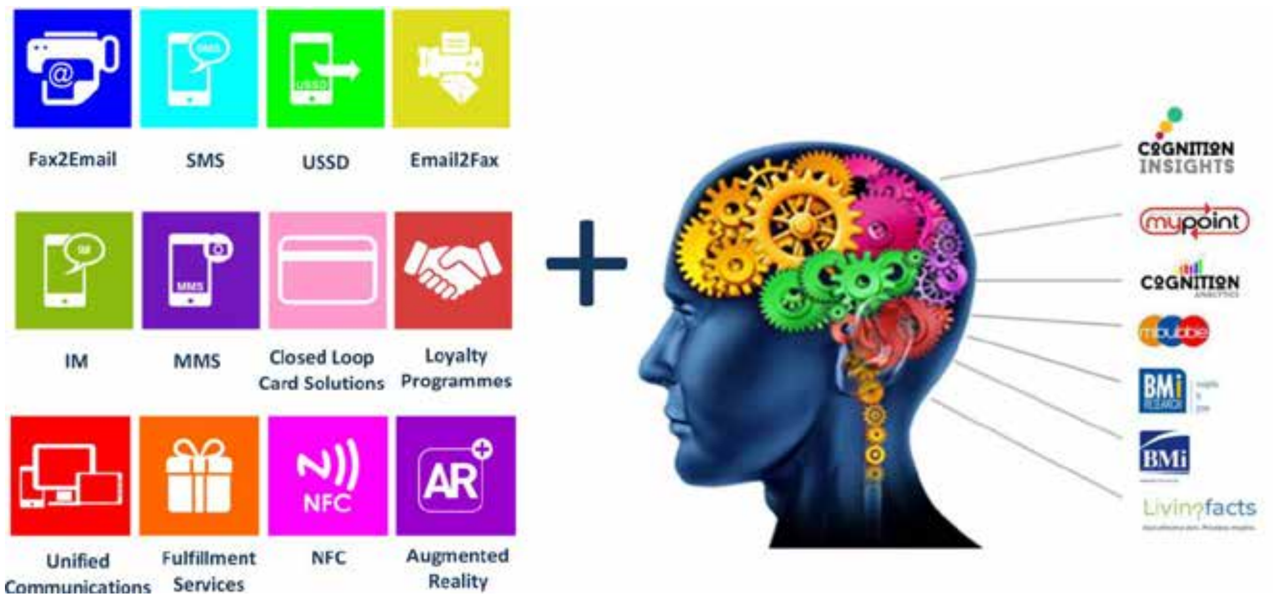


Our Values

Integrity	Transparency
Innovation	Integrity
Customer Centricity	Sound Corporate Governance

"Our values enable us to provide ethical and best of class services to our clients in a transparent and innovative manner based on our passion to achieve customer centricity."

Our Services



"Our corporate philosophy is to constantly grow through learning, by embracing change and doing more for both our clients and stakeholders with less."

Corporate Philosophy

- Preserve growth and learning
- Key performance indicators
- Embrace and drive change
- Do more with less

We are aligning the organisation for its digital future. This new digital culture requires rapid experimentation, heavy investment in talent, agility and collaboration.

Our objective is to get our culture, people, structure and tasks firing in sync. This entails the fostering of a new corporate culture that looks at technology as the way to enable people to constantly adapt and learn, continually create new solutions, drive relentless change and disrupt the status quo.

Group Profile

100%

- Category Quantifications
- Commissioned
- Consumer
- Eye Tracking
- In-Store Observations
- Mystery Shopping
- Shopper Insights
- Print Ads

BMi Research is a research house specialising in consumer and industrial 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.

Gareth Pearson
CEO

Leanne Freeman
Research Manager

Sandra Steenkamp
Mystery Shoping and Quality Assurance Manager

63%

- Sports tracking & sponsorship evaluation
- Strategic advertising evaluation
- Socio-economic & sporting impact valuation
- PR & clippings (Radio / TV / Print / Digital)

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 clients receive an unrivalled service offering.

BMi Sport's clients include nearly all of South Africa's major sponsoring companies, television channels, sports good companies, sport controlling bodies and sponsorship management companies involved in sport, music and other sponsored causes.

Wayne Deary
Sales Director

David Sidenberg
Managing Directo

Livingfacts 48%

Cost effective data. Priceless insights.

- Qualitative Research
- Quantitative Research
- Customer differentiation strategies
- Desk research / web and digital
- Secondary Data Analysis

Livingfacts offers specialist analytics, data processing and statistical data.

The company develops customised market research solutions to enable companies to implement intelligent strategies.

The company assists clients in understanding the needs, perceptions and realities of their customers, stakeholders, employees and suppliers.

Marylou Kneale
Managing Director

Heidi Clowes
Director of Research

COGNITION ANALYTICS 60%

- BI Consulting Services
- Analytics
- Data Warehousing
- Web Reporting Services
- Actuarial Services

Cognition Analytics is a venture between Cognition Holdings Ltd and Point of Care Technologies (Pty) Ltd. The main purpose of this venture is to combine the wealth of marketing and campaign management experience of Cognition in the Fast Moving Consumer Goods ("FMCG") and related industries with the analytical and financial modelling expertise of the Point of Care team.

Customers need to make sense of the ever-increasing volume of data available in order to turn data into information and information to knowledge. Insight can then be extracted into rapid and sound business decisions.

Through a practical approach, Cognition Analytics will help customers cut through the hype and demystify emerging technologies by focusing on delivering real business value. The objective is to create a single source of truth to enable evidence-based decision making.

Cognition Analytics considers its role as supporting and advising customers to formulate a Business Intelligence strategy, making the most of the data available and providing pertinent insight based on past experience to help solve business problems.

Anton Gerber
Managing Director

Gerrit Marais
Senior Manager

CEO Report For 2016

Dear Stakeholders

During the year under review, with the exception of faxing services, the Group performed well in difficult trading conditions. We maintained a very healthy financial position and cash on hand of R79.5 million.

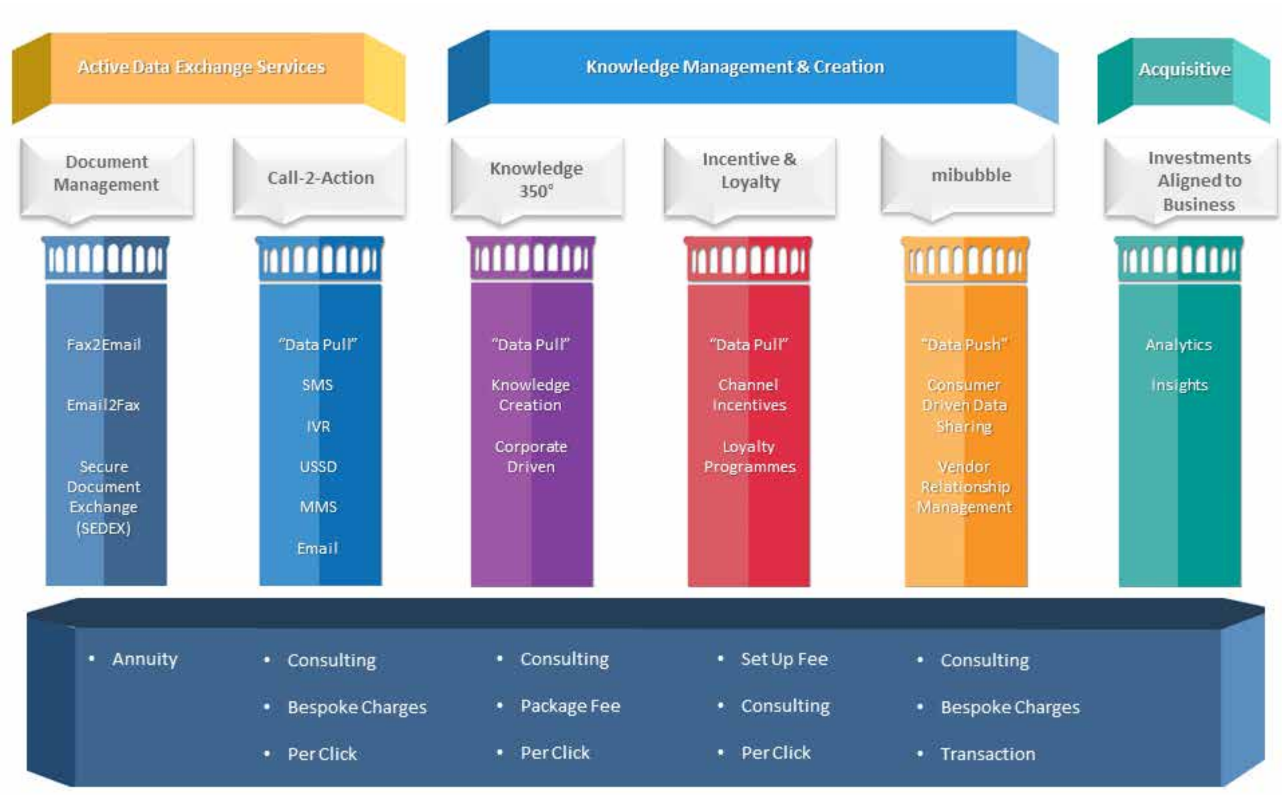
The Group achieved a total comprehensive income for the year of R18.6 million. This was down on the previous year (R26.4 million) primarily due to the decline in faxing revenue. Net cash and equivalents amounted to R79.5 million after we had acquired the remaining 60.30% of BMi Research Proprietary Limited and paid a dividend of 12 cents per share. The Group remains ungeared and has the capacity to take on significant debt should we entertain further acquisitions.

We have previously notified shareholders that faxing services have been in decline, however the rate of decline during the period under review, was higher than anticipated. As a Group, we are conscious of the need to identify new concepts, ideas and technologies so that they can be commercialised and put into a business context, particularly as previous technologies age.

New technologies constantly disrupt older technologies, (in our context, faxing services), and accordingly our approach is to ensure that we have a culture of learning and innovation to introduce emerging future technologies to realise our, as well as our clients', business goals and objectives. In line with this, the Group has developed and launched its Knowledge 350° service offering which is beginning to gain momentum in the marketplace. In the period under review we have conceptualised, designed and are developing two new innovative, future-orientated services called Secure Document Exchange ("SecurDox") and mibubble, a personal Information Management System ("PIMS") for data sharing.

The Group's service offering falls into two channels: Active Data Exchange Services and Knowledge Creation and Management. Through these two channels the Group's mission is to provide all our clients the ability to gain greater insights about their customers. We achieve this by using two data collection strategies, being "Pull" and "Push" methodologies. Both these strategies are built into the fabric of our Six Pillar strategy

To execute our strategic objectives around these two categories and methodologies, we have adopted a Six Pillar strategy set out hereunder:



Active Data Exchange Services

Document Management ("DM")

DM incorporates Fax2Email and Email2Fax. The former has shown a consistent decline in the last 24 months as the technology, as a methodology of document exchange, ages. Despite this there are still over 300,000 subscribers to the service; however the average rate per user ("ARPU") has declined which indicates that the size of documents being transmitted is smaller. Although this trend will no doubt continue, it still remains good annuity income and a fully automated service requiring minimal human resource.

In contrast with Fax2Email, Email2Fax (which allows a user to send a document from a PC to a fax machine) continues to show positive growth of around 6% year on year, albeit off a smaller base.

Being cognisant of the decline in faxing, the Group has been developing an exciting new generation document exchange service using Blockchain encryption and secure UMA transfer standards. This service, anticipated to launch around the last quarter of 2016, will be marketed to our current and historical faxing database of potential subscribers. It will operate as a business-to-business ("B2B") and business-to-consumer ("B2C") offering and it will operate on a pre-paid annuity model. This service will target industries that require secure and authenticated transfer of documents such as: legal, financial, medical and brokerage industries.

We anticipate that this offering will negate the decline in our current faxing services and in time, exceed historical faxing revenues.

Call2Action

These services incorporate the traditional services offered by the Group over the last 20 years. They include: SMS, IVR, IM, USSD and email services. We have three clearly defined service offerings and markets:

Media Infotainment

This incorporates well-known campaigns such as Big Brother Africa, The Voice, Strictly Come Dancing and the like. Our objective in this environment is to provide a technical gateway to enable viewers to vote or enter promotional activities. Although we collect huge amounts of data, it is typically limited in depth and used mainly for observational purposes.

Retail Promotions

This entails the use of collecting limited demographic and psychographic data on behalf of our clients using promotional services. This is a classic Pull strategy to build a database over an extended period of time. Whilst the primary focus is still brand awareness and exposure, data is collected, analyzed and basic insights given to clients. Retail promotions offer the early stages of building brand-specific ecosystems. .

Data Investment

This strategy has a deliberate objective of collecting specific consumer data with a view to building large databases. Whilst competitions or promotions are still used as the consumer "Call2Action", the end game is to build a granular profile of individual customers with significant depth

We have made very positive inroads in all three of these service offerings. Media Infotainment is offered throughout Africa in 32 countries and with 90 mobile networks. We have become the service provider of first choice for a number of big brands that wish to offer services in Africa.

To enhance our Call2Action services, we will be increasing our sales force in 2016/2017 to grow our client base, as we have found our existing sales capacity is spending more time on existing clients with repeat business being the order of the day. Our strategy going forward is to increase the base of clients and to diversify into different sectors beyond our traditional FMCG environment.

Knowledge Creation and Management

Knowledge 350° ("K350")

K350° is a fifteen step proprietary process that provides our clients with a roadmap in: understanding their customers, collecting data in compliance with POPI and building consumer-centric services. K350° also embraces classic pull data methodologies, yet provides for a focused and procedural approach to data collection, storage and management.

Whilst the concept of "big data" has become a challenge for business, particularly due to the digital economy and the Internet of Things ("IoT"), K350° is focused on the quality of data rather than the volume of data. By focusing on the quality of data we enable clients to effectively use their data to:

- better understand the customers' demographics, psychographics and ethnographics;
- self-create intangible assets. Personal data is becoming an important asset class;
- minimise costs;
- become compliant with privacy regulation; and
- monetise data.

During the year under review the Group has successfully completed the building of a K350° data warehouse, which is overlaid with a business evaluation tool ("BI tool") using Microstrategy software.

This software enables our clients who have collected personal consumer data via the K350° process, to:

- Build insightful dashboards;
- Get the most from the data with visualisation; and
- Generate meaningful reports.

K350° encourages clients to build a 'single source of truth' database by consolidating disparate sources of data into one manageable environment for analysis.

CEO Report For 2016

Incentive & Loyalty

Incentive and loyalty services are part of the Group's pull strategy for data collection. This division provides services to reward agents/employees, customers or business owners.

Agents / Employees

The Group has developed its own proprietary platform for agent/employee channel incentives. Our first client, being a large mobile phone supplier, used the platform to reward agents selling its products at the retail level. We successfully deployed over 7 000 cards into the retail channel and within 10 months paid rewards to the cardholders in excess of R30 million. The Group's strategy going forward is to deploy similar channel incentives to different sectors wanting to drive sales and incentivise agents or employees.

Customers / Businesses

The Group offers card-based or app-driven loyalty programmes for retailers to reward consumers for loyal shopping patterns. The underlying technology enables us to collect transactional data and align this date to our K350° database, providing our clients with more insights about their customers' shopping behaviour.

Other customer incentives include the provision of Instant Messaging ("IM") platforms to enable customers of a client to communicate with each other. The Group currently hosts the largest IM community in South Africa for a large retail chain comprising over 4.8 million users.

The strategy is to increase the number of clients using our proprietary channel incentive programmes.

mibubble

Local and international trends and research indicate that consumers are becoming increasingly concerned about the amount and depth of personal information that businesses collect about them and they are simultaneously becoming aware their personal information has value and is becoming an "asset class". Historically the balance of power rested with businesses, however this is now progressively tipping in favour of consumers.

Businesses need to undergo a paradigm shift and manage partnerships with their customers to ensure continuing access to rich information and embrace new mechanisms for engagement.

mibubble provides the Group's clients with such a mechanism in the form of a Personal Information Management System ("PIMS").

mibubble is positioned to become an infomediary or "fourth party" and will act as a custodian for consumers' data, enabling them to securely push their personal data to businesses of their choice in exchange for value.

The Group has conceptualised, designed and is building a multi-faceted PIMS platform for launch during the fourth quarter of 2016. mibubble will launch with thirteen modules offering benefits for every demographic and psychographic segment in South Africa and abroad.

The PIMS platform is designed for deployment in any country and to this end we have opened a branch office in Dubai for opportunities in the region. In addition, we have formed partnership agreements and have physical presences in Portugal, the United Kingdom and Kenya for the deployment of mibubble platforms.

Privacy legislation and regulation is one of the factors driving consumers' desire to have more control in the management of their personal data.

We accordingly believe the mibubble PIMS platform will provide excellent scope in the European Union, particularly as the General Data Protection Regulation ("GDPR") was adopted by the European Parliament in early 2016 and will come into full force in May 2018.

South African privacy legislation, driven primarily by POPI, will be influenced by the GDPR and we are positioning mibubble to take advantage of these opportunities.

mibubble will place Cognition as an intermediary between the supply chain (suppliers / retailers) and consumers and will open up a new revenue channel for the Group.

mibubble is at the cutting edge of the new sharing economy and will offer both businesses and consumers a platform (mibubble) to establish true partnerships, beneficial to both parties.

The mibubble platform will also enable the Group to engage in new disciplines such as: Gamification and Beacons.

mibubble will offer what we refer to as a "triple play", comprising a virtual database ("PIMS"), a gamification module for interaction with various brands and their products and beacon interaction at a physical level within stores, all interacting with the PIMS platform.

All of these interactions open up new and exciting revenue streams for the Group.

BMi Research Proprietary Limited

During the year under review, the Group acquired the remaining 60.30% of BMi Research Proprietary Limited ("BMi Research"). BMi Research continues to operate from its offices in Bedfordview under the leadership of Gareth Pearson, the Chief Executive Officer. Gareth and his well-focussed team have continued to build an exceptionally strong research and insights business that offers multi-disciplinary solutions beyond the traditional research company.

BMi Research is producing stellar growth, particularly in the areas of annual quantification, commissioned and consumer behaviour and insights.

Livingfacts Proprietary Limited

During the same period, the Group acquired an additional 4% in Livingfacts Proprietary Limited ("Livingfacts") from a shareholder who exited the business, thus taking the Group's shareholding in Livingfacts to 48%.

Livingfacts performed well during the review period under the professional leadership of the CEO, Marylou Kneale and her team. A new and innovative website was re-launched, reflecting the depth of services offered via their research platforms incorporating: qualitative, quantitative, desk research and secondary data analysis.

BMi Sport Info Proprietary Limited

In March 2016 Johan Grobler, the original founder and CEO of BMI Sport Info Proprietary Limited ("BMi Sport"), retired and he was succeeded by Dave Sidenberg as the CEO. Walter Grobler, the IT director, also left to pursue personal interests. We would like to thank Johan and Walter Grobler for their contribution and loyalty to BMi Sport. Dave has been with BMi Sport for the last twelve years.

BMi Sport Group offers a range of innovative products all aimed at maximising clients' strategic insights, which include: Sporttrack, Sportscope, Music, Arts and Culture Track, Sponsortrack, Mediatrack, Eventtrack and X-track. BMi Sport Group has moved into Cognition's premises and the Group is in the process of evaluating synergies, efficiencies and the streamlining of operations, to extract better value and enhance earnings.

Future Prospects

With the decline in faxing revenue, we are re-shaping the Group by:

- introducing SecurDox to restore the revenue lost and introduce an additional annuity channel for the Group. Based on our research conducted with a representative sample of our target market, we believe the uptake should be positive. In addition, early interest has been shown for SecurDox in a number of African countries.
- launching mibubble, our PIMS platform, which is at the cutting edge of innovation, both in South Africa and the rest of the world. We believe our timing for the launch of this product is in line with the introduction of increasing privacy regulations such as POPI and the GDPR, coupled with the consumers' demands to be more in control of their personal data details and to receive an exchange of value for sharing data. We are very excited that mibubble, being the Group's proprietary platform, can be deployed across the globe and for the first time enables the Group to externalise a product to earn foreign currency.

Our Six Pillar Strategy will be the Group's focus over the next few years with clear and defined objectives. Cognition prides itself with a history of innovation and the capacity to adapt to changing markets especially in the digital age, which requires rapid experimentation, investment in talent, agility and collaboration.

BMi Research, BMi Sport and Livingfacts continue to perform and make positive inroads in their respective markets, each of which have positive growth opportunities.

Investment Opportunities

We continue to evaluate a number of possible investments that will complement the five operational pillars in our Six Pillar Strategy. Two possible opportunities have been shortlisted for further evaluation in the current financial year and shareholders will be kept updated with progress in this regard via press and SENS announcements.

My Appreciation

On behalf of Cognition, I remain thankful to the members of the Board 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 BMi Research, Livingfacts 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

Financial Performance

The Group's revenue has grown to a record high of R173.9 million representing a 69.5% increase in earnings compared to R102.6 million last year. The increase can be attributed to the growth within the Knowledge Creation and Management division primarily as a result of the Group expanding its product offering to include the channel incentive programmes, data analytics and improved research skills from the acquisitions made during the past 18 months. These acquisitions contributed to 31.2% (R54 million) of the Group's revenue during the year under review.

Active data exchange services had a 17% decline in sales from R88.7 million to 73.6 million. This decline can be attributed to the reduced revenue earned from Fax2Email services. We are in the process of introducing new products within this division that will hopefully offset any future declines. Despite this decline, the division is still extremely cash generative as the earnings are achieved with minimal direct operational costs and minimal human resources.

Gross profit across the Group increased from R61.9 million in the previous year to R82.6 million for the year under review. Gross profit margin decreased from 60.3% to 46.8% this year due to the introduction of new product offerings and the acquisitions made.

The Group's strategy to develop new innovative product offerings and to grow through acquisitions has resulted in increased staff costs from R18.9 million in the previous year to R43.2 million in this year, a 128.6% increase. The bulk of this cost is due to the additional headcount via our acquisitions made. Staff cost is by the far the Group's biggest expenditure and accounts for 65.3% of expenditure compared to the prior year where it only accounted for 56.75% of operating expenditure. The Group's average head count for the year under review increased by 83% from 88 staff to 161 staff. As at 30 June 2016 the Group employed 166 staff. Operating expenditure increased from R10.3milion to R16.5 million, a 60.2% increase again due to the acquisitions made.

The resulting earnings before interest, taxation, depreciation and amortisation ("EBITDA") decreased by 29.6% to R23.5 million (2015: R33.4 million). Based on the weighted average number of shares in issue, earnings per share ("EPS") decreased by 28.9% to 13.25 cents from 18.63 cents in relation to the previous corresponding period. Headline earning per share ("HEPS") decreased by 29.1% to 13.20 cents from 18.63 cents.

Profit before tax decreased by 36.8% to R22.8 million (2015: R36.1 million) and net profit for the year under review decreased to R18.6. million (2015: R26.4 million) reflecting a 29.5% decrease.

Statement of Financial Position

In the past the Group always reported on the strategic importance to build up the necessary cash reserves. During the year under review these reserves have enabled the Group to make value-enhancing acquisitions, invest in internal projects, have adequate working capital to expand organically and, have the ability to weather tough economic conditions while maintaining a good dividend flow to shareholders.

The Group acquired the remaining 65% shareholding in BMi Research Proprietary Limited and furthermore invested in internal projects to the value of R3.8 million for the past year (2015: R4.3 million) as well as a R3.4 million investment in assets (2015: R1.6million)

The net asset value of the Group remained stable despite distributing a significant dividend to shareholders of R16.5 million during the year under review. The net result is that the net asset value of the Group decreased slightly by 3.5% from 109.2 cents per share to 105.4 cents per share.

The Group's working capital requirements increased during the year under review due to the acquisitions made as well as the channel incentive reward programmes launched. Despite this increase in working capital requirements, the Group still has a very healthy statement of financial position with a debt equity ratio of 28.6% (2015: 20.1%) and liquidity ratio of 4.5 times (2015: 5.8 times).

Cash movements

Net cash generated from operations increased by 32% from R17.2 million to R22.7 million. This is again testimony of the cash generative nature of the Group's business. Cash deployed in investing activities amounted to R16.2 million during the year under review compared to R24 million in the previous year. The bulk of this was used in acquisitions, investing in infrastructure assets and internally generated assets.

Further to this, the Group declared and paid a cash dividend of R16.6 million (12 cents per share) to its shareholders. The net effect of this is that the Group's cash holdings reduced from R95 million to R79 million during the year under review.

Equity movements

During the year under review the Group acquired 88 139 treasury shares. The Group also acquired additional shares in one of its subsidiaries resulting in a change of ownership charge of R6.1 million accounted for in the statement of equity. There were no share issues or share premium movements.

Going Concern

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

Conclusion

The Group made key investments during the period under review while maintaining a healthy financial position even in tough economic times. It is the view of the executives that the Group will benefit tremendously during the forthcoming years from these investments.

5 Year Analysis

	Movement 2015/2016	30 June 2016	30 June 2015	30 June 2014	30 June 2013	30 June 2012
Financial position		**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
Total equity	-3,5%	144 979	150 311	137 732	126 543	112 107
Total assets	3,0%	188 490	183 084	167 385	159 557	140 659
Total Cash	-16,4%	79 522	95 139	119 142	109 334	98 322
Total current assets	-5,0%	120 322	126 712	138 545	134 840	116 152
Total liabilities	32,8%	41 582	31 306	29 653	33 014	28 552
Total current liabilities	25,9%	29 312	23 289	25 381	28 116	22 156
Operating results		**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
Revenue	69,5%	173 893	102 604	118 197	107 367	98 617
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	-28,2%	24 003	33 436	37 955	34 442	32 852
Operating profit	-40,2%	17 518	29 318	33 350	29 923	28 599
Profit for the year/period	-29,6%	18 582	26 409	27 481	24 903	22 462
Profit for the year attributed to owners of the parent	-28,8%	18 227	25 607	27 481	24 903	22 462
Net cash generated from operations	32,3%	22 705	17 162	36 225	28 021	29 261
Depreciation & Amortisation	57,5%	6 486	4 118	4 605	4 520	4 253
Staff Cost	128,3%	43 155	18 903	23 063	19 102	20 583
Operating Expenditure	59,9%	16 524	10 333	9 670	10 527	11 130
Financial ratios						
EBITDA margin	-57,6%	13,80%	32,59%	32,11%	32,08%	33,31%
Operating profit margin	-64,7%	10,07%	28,57%	28,22%	27,87%	29,00%
Return on equity	-31,4%	12,59%	18,34%	20,80%	20,87%	21,47%
Return on assets	-33,6%	10,00%	15,07%	16,81%	16,59%	16,75%
Debt Equity Ratio	37,7%	28,68%	20,83%	21,53%	26,09%	25,47%
Average debtors' days	-25,7%	62 days	83 days	78 days	96 days	82 days
Liquidity ratio	-22,5%	4,5 times	5,8 times	5,6 times	4,8 times	4,9 times
Share performance						
Number of shares in issue at year-end	-0,1%	137 527 659	137 615 798	136 002 041	136 002 041	136 002 041
Weighed average number of shares at year end	0,0%	137 448 249	137 448 249	136 002 041	136 002 041	136 002 041
Basic earnings per share	-28,9%	13,25 cents	18,63 cents	20,21 cents	18,35 cents	16,52 cents
Headline earnings per share	-28,9%	13,20 cents	18,56 cents	20,21 cents	18,35 cents	16,52 cents
Net asset value per share	-3,5%	105,42 cents	109,23 cents	101,30 cents	93,10 cents	82,40 cents
Tangible net asset value per share	-18,0%	72,76 cents	88,68 cents	94,01 cents	86,60 cents	77,60 cents
Closing share price at year-end	-28,9%	135 cents	190 cents	225 cents	197 cents	110 cents
Dividend per share	0,0%	12,00 cents	12,00 cents	12,00 cents	7,00 cents	5,50 cents

Cape Town Office

Corporate Governance Report

This report sets out the governance principles and practices of Cognition.

The Board adheres to and applies the highest levels of corporate governance. All Board members are aware of their responsibility to ensure that the financial statements fairly represent the state of affairs of the Group. The Board reviews its performance and core governance principles regularly.

Compliance

The Company complied with the Companies Act, King III and the provisions of the Listings Requirements of the JSE Limited ("JSE Listings Requirements").

Ethics and values

While the Board has not adopted a written code of ethics, the Board endorses the Code of Corporate Practices and Conduct ("the code") as set out in King III and substantially follows the recommendations and principles of the Code. The Board has, by applying the principles enshrined in King III, committed itself to

- Acting with integrity and adopting best practice in its dealings with stakeholders and society at large;
- Doing business with customers and stakeholders 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 Board continually assesses its governance practices and procedures against King III and, where necessary, makes adjustments to ensure compliance.

In conducting Cognition's business and in dealing with stakeholders all directors and employees are required to maintain the highest levels of ethics, professionalism and integrity.

Cognition values open communication, the sharing of knowledge and the empowerment of individuals. Cognition is committed to excellence and integrity in everything that it does.

Board of Directors

The focal point for, and custodian of, corporate governance for the Group is the Board. As such the Board is responsible for managing its relationship with management, the shareholders and other stakeholders of the Group along sound corporate governance principles.

It is the Boards responsibility to direct the Group's sustainable growth by exercising sound leadership and judgement. This is achieved by having due regard to a balanced financial, social and environmental performance and by taking into account the legitimate expectations of all stakeholders when making decisions that are in the best interests of the Group. The Board has adopted a Board charter which articulates the Board's objectives and responsibilities. Written terms of reference have also been adopted by each of the Board's sub-committees.

The Group has a unitary Board structure. At the date of the Annual Report, the Board comprised three executive directors, four independent non-executive directors (of which one is the Chairman) and two non-executive directors. In the opinion of the Board this structure is effective. The Board 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. Biographical details of all the directors appear on pages 5 to 7.

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

During the year under review, the Board considered the capacity of Mr Gaurang Mooney as non-executive director of Cognition and based on information provided by Mr Mooney to the Board it was deemed that Mr Mooney is to be regarded as an independent non-executive director.

Because of the size of the Group, the Board has decided not to form a Nominations Committee to co-ordinate and evaluate appointments to the Board. However, if and when vacancies arise on the Board, the Board itself sets the criteria that a candidate would be required to meet.

All proposals for the appointment of a candidate to the Board are required to be accompanied by the candidate's consent to act as a director and a detailed CV, including the candidate's relevant expertise, experience and qualifications. The candidates will be assessed on their CV, background checks and after the candidate has been interviewed. The Board will then determine and agree on the candidates who will be put forward for election.

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

As stated, the basis of the Board's responsibilities and functions are derived from King III which provides the broad areas of evaluating and identifying key financial and non-financial risk areas of the Group.

The Board 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.

Corporate Governance Report

Board charter:

The Board acts in accordance with an approved board charter. The charter regulates the composition, scope of authority, responsibility and function of the Board. A balance of authority is ensured through an agreed division of responsibility. No individual has unrestricted decision-making powers.

Resignations during the year under review:

There were no resignations during the year under review.

Board meetings:

Four Board meetings are scheduled per financial year. Should specific business issues arise between scheduled meetings additional meetings, may be convened to consider such issues. Although no additional meetings were scheduled for the year under review, certain Board decisions were taken during the year by way of telephone communications.

Board meetings provide an opportunity for executive management to appraise Board members of Company strategy. The Company's strategic plans are regularly discussed and reviewed at Board meetings.

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	4	4	4	1	1	3	3
G Mooney	4	4	4		1	1	3	3
M Smith	4	4	4*	4*			3*	3*
P Scholtz	4	4	4*	4*			3*	3*
Mr Graham Groenewaldt	4	4						
R Pitt	4	4	4	4				
P Jenkins	4	4						
M du Plessis	4	4						
PG Greyling	4	4						

(* By invitation)

The directors: Their roles and responsibilities

The Board is responsible for the Group's overall good corporate governance. The duties and responsibilities of directors are prescribed by law. In the interests of good governance, the Board discharges the following duties (but is not limited thereto):

The Board:

- acts as focal point for and custodian of corporate governance in line with the board charter which sets out their responsibilities and monitors the relationship between management and the stakeholders of the Company
- seeks the optimum balance for the Group between conformance with the dictates of good governance and performance
- appreciates that strategy, risk, performance and sustainability are inseparable
- informs and approves the strategy
- ensures that the Group's strategic direction is in line with the Company's purpose, the value drivers of its business and legitimate interests and expectations of its shareholders
- provides effective leadership based on an ethical foundation and by doing so, actively promotes an ethical culture within the Group
- ensures that the Group is and is seen to be a responsible corporate citizen
- ensures that the Group's ethics are managed effectively
- monitors the implementation of the strategy by management
- ensures full, timely and transparent disclosure of all material matters

- ensures that the Group has an effective and independent Audit and Risk Committee
- reviews the size and composition of the Board in terms of the mix of skills diversity and the requirements for the appropriate constitution of board committees
- agrees on the procedure to allow directors to obtain independent professional advice where necessary
- always acts in the best interests of the Group
- delegates the necessary authority to management for the day-to-day operations of the Group
- is responsible for the governance of risk
- ensures that the Group complies with applicable laws and considers adherence to non-binding rules, codes and standards

The chairman

Ashvin Mancha remained the independent non-executive chairman of the Board. The roles of the chairman and chief executive officer remain separate. The chairman's performance is evaluated annually.

Non-executive directors

Non-executive directors are not involved in the day-to-day business of the Group, neither are they full-time, salaried employees of the Company, or its subsidiaries. The non-executive directors have unhindered access to management and the Group's Company Secretary; they are further entitled to seek independent and professional advice about the affairs of the Group, at the Group's expense.

The non-executive directors enjoy no benefits from the Group for their service (as directors).

Independence of directors

The independent non-executive directors are independent in terms of both the King III and the JSE Listings Requirements.

It was confirmed that the independent non-executive directors:

- were not representatives of any shareholder with the ability to control or materially influence management or the Board
- were not employed by the Company or the Group in any executive capacity in the last three financial years
- were not members of the immediate family or of an individual who is, or has been in any of the past three financial years, employed by the Company or the Group in an executive capacity were not professional advisers to the Company or the Group, other than in the capacity as directors
- were not suppliers to the Company or Group, or to clients of the Group
- did not have any material contractual relationship with the Company or Group
- did not have any business or other relationship which could be seen to materially interfere with their capacity to act in an independent manner

Executive directors

The executive directors of Cognition are responsible for the day-to-day management of the Group. The Group currently has three executive directors: Mark Smith, Pieter Scholtz and Graham Groenewaldt.

The remuneration of the executive directors is determined by the Remuneration Committee.

The executive directors are mandated and held accountable for:

- the implementation of strategies and key policies determined by the Board
- managing and monitoring the business and affairs of the Company in accordance with approved business plans and budgets
- prioritising the allocation of capital and other resources
- establishing the best managerial and operational practices

Chief Executive Officer (CEO)

The CEO, Mark Smith, is tasked with the running of the business and the implementation of policies and strategies approved and adopted by the Board. The governance and management function of the CEO is aligned with that of the Board.

Board rotation and retirement

In terms of the Memorandum of Incorporation at each Annual General Meeting of the Company, one third of the non-executive directors are required to retire from office. The names of the directors eligible for re-election are submitted at the Annual General Meeting, accompanied by appropriate biographical details, as set out in the Integrated Report. The Company has not adopted a retirement age for directors.

Empowering of directors

Directors are provided with the information necessary to discharge their responsibilities, individually and as a Board - and in certain instances as Board committee members.

All directors have unhindered access to management, the Company Secretary and to any company information (records, documents and property) which may, in any way, assist them in the responsible fulfilment of their duties. Directors are entitled to seek independent and professional advice relating to the affairs of the Group.

Corporate Governance Report

The Company Secretary is responsible for providing the chairman and directors, both individually and collectively, with advice on corporate governance and compliance with legislation and the JSE Listings Requirements.

Company Secretary

All directors have access to the advice and services of the Company Secretary. The Company Secretary is Advocate Stefan Kleynhans.

The Company Secretary assists the Board in meeting its fiduciary obligation to the shareholders and is responsible for the functions specified in the Companies Act.

All meetings of shareholders, directors and Board sub-committees are properly recorded, as per the requirements of the Companies Act. The Company Secretary also monitors the directors' dealings in securities and ensures adherence to closed periods when trading in Cognition shares.

A formal evaluation of the Company Secretary was conducted by the chief executive officer on behalf of the Board. The evaluation was in line with key legislative and governance principles and practices (Companies Act and King III). The evaluation included a consideration on the competence, knowledge, experience and qualifications of the Company Secretary, Advocate Stefan Kleynhans.

In line with the provisions of paragraph 3.84(i) of the JSE Listings Requirements, it is confirmed that the Company Secretary has combined qualifications that include BA (Law) B.Iuris, LLB, LLM (Banking Law) and LLM (Corporate Law). It is further confirmed that the Company Secretary has the requisite combined competence, knowledge and experience to carry out the duties of a secretary of a public company. Considering the statutory duties imposed by the Companies Act, it is confirmed that the Company Secretary fulfilled the statutory duties in line with the statutes.

Considering the best practice recommendations in King III with regard to the Company Secretary, it is confirmed that the Company Secretary acted in accordance with the best practice recommendations. In line with the provisions of paragraph 3.84 (j) of the JSE Listings Requirements, the Board is satisfied that its relationship with the Company Secretary is independent and at an arm's length relationship, due to the following;

- the Company Secretary is not a director of the Company
- the Company Secretary does not represent a material shareholder
- the Company Secretary attends all directors and committee meetings by invitation; and
- open lines of communication are maintained between the Board and the Company Secretary at all times.

Share dealings

A formal policy exists whereby directors, employees, consultants and agents are prohibited from trading in the Group's securities during closed periods.

These closed periods run from the end of the interim and annual reporting periods, until the financial results are disseminated on the Stock Exchange News Service (SENS)or at any other time if the aforementioned have access to price sensitive information, which is not in the public domain and whilst Cognition is trading under cautionary.

Directors are required to obtain written clearance from the chairman prior to dealing in the Company's shares. The chairman is required to obtain approval from the chairman of the Audit and Risk Committee before undertaking any share dealings. It is also mandatory for directors to notify the Company Secretary of any dealings in the Company's shares.

This information is then disclosed on SENS within 48 hours of the trade being effected. Continuous reminders of closed periods are sent to the board of directors, the employees privy to price sensitive information, consultants and agents.

The director dealings during the year were as follows:

Mr Mark Smith, purchased 32 209 ordinary shares in Cognition on 30 September 2015. Mr Smith obtained the necessary clearance and the information was disclosed within the 48 hour time limit.

Committee structure

The directors have delegated specific functions to committees, to assist the Board in meeting their governance responsibilities. The Board committees are constituted with sufficient non-executive representation. The Board committees are subject to regular evaluation by the Board, so as to ascertain their level of performance and effectiveness.

The committees act in accordance with approved terms of reference, which are reviewed annually – allowing the directors to confirm whether or not the committees have functioned in accordance with these (written terms of reference) during the financial year.

Executive committee:

The executive committee meets weekly and is responsible for the day to day management of the Group.

Executive management and the Board work closely together in determining the strategic objectives of the Group. Authority has been delegated to the chief executive officer and the EXCO by the Board for the implementation of strategy and the ongoing management of the business. The Board is apprised of progress through reporting at Board meetings and regular communication with management.

The responsibilities of the executive committee include:

- monitoring and managing risk
- developing and implementing the Group's strategic plan
- determining human resources policies and practices
- preparing budgets and monitoring expenditure
- monitoring operational performance against agreed targets
- adhering to financial and capital management policies

Audit and Risk Committee

Members

- Mr Roger Pitt (chairman)
- Mr A Mancha
- Mr G Mooney

All three members of the Audit and Risk Committee are independent non-executive directors.

The independent external auditor attend the meetings as standing invitees. The chief executive officer and financial director attend the meetings by invitation.

The Audit and Risk Committee report can be found in the Annual Financial Statements on pages 38 to 39.

The Audit and Risk Committee acts in accordance with approved terms of reference.

The Audit and Risk Committee met four times in the financial year. Attendance of committee meetings is available on page 20

Social and Ethics Committee

Members

- Mr A Mancha (Independent non-executive director and chairman)
- Mr G Mooney (Independent non-executive director and member)

The chief executive officer and financial director attend the meetings by invitation.

The Social and Ethics Committee met three times in the financial year.

The Social and Ethics Committee acts in accordance with approved terms of reference. The chairman of the Social and Ethics Committee reports to the Board after every meeting held. The chairman of the committee attends Annual General Meetings to answer shareholder questions.

Role of the Social and Ethics Committee

The Social and Ethics Committee's roles and responsibilities include, but are not limited to:

- monitoring the Group's activities, having regard to any relevant legislation, other legal requirements or prevailing codes of best practice, with regard to matters relating to:
  - social and economic development, including the Group's standing in terms of the goals and purposes of:
    - the 10 principles set out in the United Global Compact Principles
    - the OECD recommendations regarding corruption
    - the Employment Equity Act
    - the Broad-Based Black Economic Empowerment Act
  - Good Corporate Citizenship, including the Company's:
    - promotion of equality, prevention of unfair discrimination and reduction of corruption
    - contribution to development of the communities in which its activities are predominantly conducted or within which its products and services are predominantly conducted
    - record of sponsorship, donation and charitable giving
  - the environment, health and public safety, including the impact of the Company's activities and of its products or services
  - consumer relationships, including the Group's advertising, public relations and compliance with consumer protection laws
  - Labour and Employment, including:
    - the Group's standing in terms of the International Labour Organisation Protocol on decent work and working conditions
    - the Group's employment relationships, and its contribution towards the educational development of its employees
    - drawing matters within its mandate to the attention of the Board as the occasion requires
    - reporting, through one of its members, to the shareholders of the Company at the Annual General Meeting on the matters within its mandate

Corporate Governance Report

Remuneration Committee

Members

- Mr Roger Pitt (chairman)
- Mr A Mancha
- Mr G Mooney

All the members of the Remuneration Committee are independent non-executive directors.

The Remuneration Committee met once in the financial year. No executive directors participate in discussions regarding their own remuneration and benefits; neither do they have a vote at meetings. Details on the attendance of the Remuneration Committee meetings are available on page 20.

The Remuneration Committee acts in accordance with the approved terms of reference.

Role of the Remuneration Committee

The Remuneration Committee's roles and responsibilities, as set out in the terms of reference, include but are not limited to:

- Overseeing the setting and administering of remuneration at all levels in the Group. This is done on the recommendation of the CEO and Financial Director
- Overseeing the establishment of a remuneration policy that will promote the achievement of strategic objectives and encourage individual performance
- Reviewing the outcomes of the implementation of the remuneration policy for whether the set objectives are being achieved
- Ensuring that the mix of fixed and variable pay, in cash and other elements, meet the Group's needs and strategic objectives and is fair and reasonable
- Considering the results of the evaluation of the performance of the chief executive officer and other executive directors, both as a directors and as executives in determining remuneration
- Selecting an appropriate comparative group when comparing remuneration levels
- Overseeing the preparation and recommendation of the remuneration report to the Board for inclusion in the Integrated Report as to whether it:
    - is accurate, complete and transparent; and
    - provides a clear explanation of how the remuneration policy has been implemented

Remuneration structure

The remuneration structure is delegated as follows:

- the Remuneration Committee approves executive director remuneration
- the Remuneration Committee approves senior management and staff remuneration, as proposed by the CEO and Financial Director
- Management approves employees' remuneration

The Group's remuneration philosophy complements its business strategy. The Group employs high-calibre individuals with integrity, intellect and a sense of innovation. It is fundamental to our business culture that all employees subscribe to the values, ethics and philosophy of Cognition.

The remuneration of the Board, executive members and employees is fair and market related. The Board, with the assistance of the Remuneration Committee, will maintain this approach, so as to attract and retain suitable employees and Board members to the benefit of the stakeholders. The Board acknowledges the importance of motivating individual and team performance and therefore applies its remuneration philosophy equitably, fairly and consistently in relation to job responsibilities, the markets in which the Group operates and personal performance.

A going concern

The Board is satisfied that the Group has adequate resources to continue operating for the next twelve months and into the foreseeable future. The financial statements presented have been prepared on a going concern basis. The Board is appraised of the Group's going concern status at each Board meeting.

Investor relations and communication with stakeholders

The Group believes that communication with its stakeholders is vital. Investor relations activities include interim and final results presentations to investors available on the Cognition website: www.cgn.co.za

The Group will continue to have an interactive relationship with shareholders, investors, analysts, investors and regulators.

Sponsor

Merchantec Capital is the Group's JSE Sponsor.

Transfer secretary

Computershare Investor Services Proprietary Limited is the appointed transfer secretary to the Group. They assist with enquiries pertaining to shareholdings. Shareholders can address shareholding related queries to PO Box 61051, Marshalltown, South Africa, 2107.

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 Corporate 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. Boards 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	**Y**	All members of the Audit and Risk Committee are Independent Non-Executive Directors
10.		**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**	

Corporate Governance Report

No.	Area	Requirement	Status	Comments
	2. Boards and directors			
13.	**Role and Function of the Board**	**2.10** The Board should ensure that there is an effective risk-based internal audit	**N**	The Board has found that an internal audit function is not required having regard to the size of the Group and the nature of the Group's operations. The necessity and requirement of an internal audit function will continue to be monitored by the Board. This requirement will be revisted 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.	**Composition of the Board**	**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	**Y**	The Board comprises four independent non-executive and two non-executive directors.
22.	**Board appointment process**	**2.19** Directors must be appointed through a formal process	**Y**	

No.	Area	Requirement	Status	Comments
	2. Boards and directors			
23.	**Director developments**	**2.20** The induction of and on-going training and development of directors should be conducted through formal processes	**N**	This requirement only applies to companies listed on the AltX
24.	**Company secretary**	**2.21** The Board should be assisted by a competent, suitably qualified and experienced company secretary	**Y**	
25.	**Performance assessment**	**2.22** The evaluation of the Board, its committees and the individual directors should be performed every year	**Y**	An assessment was undertaken in September 2016. The assessment was done internally
26.	**Board committees**	**2.23** The Board should delegate certain functions to well-structured committees but without abdicating its own responsibilities	**Y**	The Board has appointed an Audit and Risk Committee, Social and Ethics Committee and Remuneration Committee
27.	**Group Boards**	**2.24** A governance framework should be agreed between the group and its subsidiary Boards	**N**	Common directors across all Boards ensure common governance framework is applied
28.	**Remuneration of directors and senior executives**	**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**	See page 76
30.		**2.27** Shareholders should approve the company's remuneration policy	**Y**	

No.	Area	Requirement	Status	Comments
	3. Audit committees			
31.		**3.1** The Board should ensure that the company has an effective and independent audit committee	Y	All three members of the Group Audit and Risk Committee are independent non-executive directors.
32.	Membership and resources of the audit committee	**3.2** Audit committee members should be suitably skilled and experienced independent non-executive directors	Y	All three members of the Group Audit and Risk Committee are independent non-executive directors.
33.		**3.3** The audit committee should be chaired by an independent non-executive director	Y	
34.	Responsibilities of the audit committee	**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	
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	The Board has found that an internal audit function is not required having regard to the size of the Group and the nature of the Group's operations. The necessity and requirement of an internal audit function will be revisited by the Board 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 providers	**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	

No.	Area	Requirement	Status	Comments
	4. The governance of risk			
41.	**Board's 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 assessment**	**4.5** The Board should ensure that risk assessments are performed on a continual basis	**Y**	
46.		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**	
48.	**Risk monitoring**	**7.8** 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 disclosure**	**4.10** The Board should ensure that there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosure to stakeholders	**Y**	

Corporate Governance Report

No.	Area	Requirement	Status	Comments
	5. The governance of information technology			
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.	**The 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**	The Board has found that an internal audit function is not required having regard to the size of the Group and the nature of the Group's operations. The necessity and requirement of an internal audit function will be revisited by the Board 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**	

Corporate Governance Report

No.	Area	Requirement	Status	Comments
	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**	
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.	**Dispute resolution**	**8.6** The Board should ensure disputes are resolved as effectively, efficiently and expeditiously as possible	**Y**	
	9. Integrated reporting and disclosure			
73.	**Transparency and accountability**	**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.		Sustainability reporting and disclosure should be independently assured	**N**	There was no external assurance on the Integrated Report. The Board will consider the benefits of obtaining external assurance on the Integrated Report relative to the cost implications thereof

Sustainability Report

Introduction

In pursuit of its sustainability objective, the Group embraces the philosophy of the King III Report in all areas. The Board has approved and mandated the Social and Ethics Committee to take responsibility for the key sustainability issues contained in this report. The Group's Audit Committee has final oversight of the integrated annual report.

The Group's sustainability strategy is based on the acknowledgement of its responsibility to all stakeholders in order to ensure its long term viability. In pursuing this strategy, the Group has to continuously identify and consider the impact of its business on its stakeholders.

Cognition aims to provide a balanced assessment of the Group's strategic position and performance to enable all stakeholders to properly assess its ability to continue creating value sustainability into the future. As part of this, the Board has embraced integrated reporting, seeking to provide financial and non-financial information applicable to a range of stakeholders. The Board has mandated the Company's management to ensure implementation of sustainability principles and periodically report on progress and the reasons for non-compliance, where applicable.

Whilst King III also requires that sustainability reporting should be independently assured, the Committee is of the opinion that it would be premature to obtain external assurance until the Group's recording systems to achieve its sustainability reporting are formalised. It is, however, the Group's intention to expand on the qualitative and quantitative information as systems are developed and put in place.

Scope of sustainability report

This report covers the economic, social and environmental performance of the Group for the year from 1 July 2015 to 30 June 2016 and is intended to provide this information to a wide range of stakeholders with an interest in its performance. These include existing and prospective shareholders and investment analysts, government (local, provincial and national), industry organisations, trade unions, employees and their families, communities in the vicinity of our operations, contractors, suppliers, customers, business partners and the media.

Cognition's commitment to all employees

Employees are the cornerstone of the Group and employee wellness and development are recognised as key factors that contribute to maintaining and building a sustainable business.

Staff are provided with the appropriate working conditions. Should the need arise, staff have open access to a Legal and Human Resource Manager to assist them.

Permanent staff members qualify for:

- Group cover (funeral, life, disability);
- Leave (annual, ill health, maternity, compassionate and study);
- Employee training / bursaries; and
- A performance based bonus provided certain agreed targets have been achieved.

The employee/employer relationship is governed by the customary human resource policies, which are reviewed on a regular basis, i.e. safety, health, training and development.

Management aims to create an environment where people are encouraged to act in a responsible way, work hard, build friendships and be part of a working family. The Group employs individuals with passion, who are skilled in their fields, can contribute in meaningful ways to the Group and can identify with the Group's values.

The Group encourages all its employees to undergo appropriate training and development in order to enable them to give of their best and also to realise their full potential in the work situation.

To ensure that the Group has a ready pool of talent, management focuses on the key areas of skills development and training. 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. The Group relies on the commitment, innovation and passion of its staff to design and host most of its products and services.

Broad-based black economic empowerment (B-BBEE)

Cognition endorses the B-BBEE strategy of the Department of Trade and Industry which supports the policy of the South African government towards an "integrated and coherent socio-economic process that directly contributes to the economic transformation of South Africa and brings about significant increases in the numbers of previously disadvantaged individuals that manage, own and control the country's economy, and significant decreases in income inequalities".

Cognition will continue with B-BBEE activities as and when appropriate, to ensure that the changes made and initiatives taken are sustainable, viable and will be beneficial to our shareholders. Transformation involves a systematic process and is not considered a short-term event.

Employment equity

The Group has committed itself to non-discrimination and employment equity within the workplace. Accordingly the Group is committed to increasing the participation of historically disadvantaged staff in its structures. The Group's recruitment policy is aligned with current legislative and regulatory requirements to address employment equity.

Approximately 57% of the Group's employees are from historically disadvantaged backgrounds. As an information and communications technology company, Cognition employs graduates with the necessary information technology skills. The ICT sector faces a skills shortage making the sourcing of appropriately qualified and experienced persons with the requisite skills difficult. The Group is however pleased that there is an increase in the levels of suitably qualified people from historically disadvantaged backgrounds having the required skills.

For the year under review the Group employed a total of 166 staff of which 162 were permanent and 4 were non-permanent. All staff are encouraged to reach their maximum potential irrespective of gender, race or creed.

In terms of the latest report the staff profile for the year under review was as follows:

	Designated							Non-designated			
Occupations levels	Male			Female				White Male	Foreign nationals		
	A	**C**	**I**	**A**	**C**	**I**	**W**		**Male**	**Female**	**Total**
Senior Management	0	0	0	0	0	0	6	13	1	0	20
Skilled technical and academic qualified workers, junior management, supervisors, foremen and superintendents	17	1	2	10	3	0	17	20	1	0	71
Semi-skilled and discretionary decision making	9	3	1	17	7	0	8	2	1	1	49
Unskilled and defined decision making	2	0	0	43	4	0	0	0	0	0	2
Total Permanent	**28**	**4**	**3**	**43**	**14**	**0**	**31**	**35**	**3**	**1**	162
Non-Permanent	0	1	0	1	1	0	0	1	0	0	4
Grand Total	**28**	**5**	**3**	**44**	**15**	**0**	**31**	**36**	**3**	**1**	166

The skills shortage, especially in the IT sector, has an impact on the Group's ability to achieve the required 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.

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.

The Group believes in the policy of promotion from within, in accordance with selection procedures and criteria, and such promotion is non-discriminatory and based on merit.

Ownership

Ownership represents the greatest challenge to the Group.

Management has been mandated by the Board to pursue and negotiate with various parties in an attempt to find suitable partners that would be of benefit to all stakeholders.

Management control

The Board is committed to increasing representation at Board level. The Boards of directors of BMi Research Proprietary Limited and BMi Sport Info Proprietary Limited include at least one female director. The Board of directors of Livingfacts Proprietary Limited comprises at least two female directors.

The Board will continue the process of identifying suitable individuals for appointment as directors. Such appointments will be made where candidates can add value to the Board and increase representation.

Skills development

Skills development is viewed as a strategic and business imperative. The Group recognises that diversity will enable management to use differing skills, expertise and cultures to enhance our ability to provide proper employee succession and deliver sustained growth of the Group into the future.

Skills development is considered of key importance and initiatives are in place to formalise both internal and external training and development programs.

In addition, Cognition encourages its staff to continually better themselves either through self-learning or through formal external education programs.

The Group continues to identify the critical skills required to meet the Group's future demands with the aim of ensuring that its staff have the necessary skills to meet this demand.

Preferential procurement

Because of the nature of the services provided, the Group procures most of its services from the mobile and fixed line networks. These companies are mainly black empowered or black owned. The remainder of the Group's spend is placed with qualifying SMMEs.

Enterprise development

Cognition has participated successfully in enterprise development through its network of dealers that continue to market the Group's Fax2Email service. The Group continues to identify new enterprise development opportunities.

Environment

The Group acknowledges the importance of the communities who may be affected by its operations and the safe-guarding of the environment is considered in the business decision making processes.

The Group is conscious of the fact that in carrying out its activities there may be a potential risk of environmental damage.

Legislators, regulators and other stakeholders demand increasing attention to environmental issues. As a responsible corporate citizen, 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 gasses ("GHGs") are emitted primarily as a result of the consumption of electricity and diesel used for the back-up generators.

The process of managing the Group's environmental issues is overseen by the Executive Committee, under the leadership of the chief executive officer.

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.

Carbon Footprint

The Group completed its first Carbon Footprint assessment for it baseline year in 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 value.

The 2016 Carbon Footprint is approximately 880 tonnes of CO^2 with 98% of carbon emissions.

Social investment

During the year under review the Group provided support to a number of programs and organisations whose purpose is socio-economic upliftment of their communities. These included:

Lighthouse Baby Shelter - provides shelter for abandoned, abused and neglected children as well as HIV orphans.

Ubuhle Care and Development - a grassroots organisation established in July 2008 to make a difference in the lives of orphans and vulnerable children of farm-worker households, living in severe poverty on farmland.

Lambano - a care and Paediatric Medical Step-down Facility/Hospice facility for children with life limiting and life threatening illnesses.

Occupational health and safety

Employees of the Group work predominantly in an office environment with very limited exposure to machinery. The necessary precautions are taken to avoid injuries. General health and safety risks are also communicated to employees

The Group has a substance abuse policy to address and manage the potential impact that substance abuse may have on the individuals and Group's activities.

Employees who may have a substance abuse problem are encouraged to undergo appropriate therapy.

Remuneration Report

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

- Remuneration and other benefits relating to employees of the Group are set by the Executive Committee of the Group and submitted to the Remuneration Committee annually for review and consideration.
- Salary
  - The division's performance within the Group;
  - The individual's performance within his/her division; and
  - The individual's overall contribution to the Group.
- Performance bonus
  - The overall performance of the Group;
  - The division's performance within the Group;
  - The individual's performance within his/her division; and
  - The individual's overall contribution to the Group.

  Therefore bonuses are accordingly not guaranteed.
- Remuneration and other benefits of Executive Directors are set by the Remuneration Committee at their discretion but are based on the following:
- Salary
  - The division's performance for which the Director is responsible; and
  - The Director's overall contribution to the Group.
- Performance bonus
  - The overall performance of the Group;
  - The Board sets annual targets that have to be achieved by the Group before any bonus provision is made for Directors;
  - Bonuses are therefore included as an expense provision in the year to which they relate, even though the actual payment only takes place and is disclosed in the following year's financial results;
  - The division's performance for which the Director is responsible; and
  - The Director's overall contribution to the Group.

  Therefore bonuses are accordingly not guaranteed.

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

  Up to 31 December 2015

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

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

The Remuneration Committee proposes the following remuneration for the Chairman of the Board and the Chairman of the Audit Committee from 1 January 2017

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	R12 000.00

Audit and Risk Committee Report

Members of the Audit and Risk Committee

For the year under review the members of the Audit and Risk Committee were:

Mr. Roger Pitt (Chairman)
Mr. Ashvin Mancha
Mr. Gaurang Mooney

All three members of the Committee are independent non-executive directors

The Board is satisfied that the members have the required knowledge and experience as set out in section 94(5) of the Companies Act, (Act 71 of 2008) ("the Companies Act") and Regulation 42 of the Companies Regulations.

Meetings

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

The Chief Executive Officer and Financial Director were invited to attend meetings of the Audit and Risk Committee. In addition to the Chief Executive Officer and Financial Director, the Group Auditor was 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 control;
- Nominated, for reappointment as external auditor of the Company, Grant Thornton Johannesburg Partnership, 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 Johannesburg Partnership 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 and the Auditing Professions Act.

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

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

Internal audit

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 auditor during their annual financial audit; and
- The cost of having an internal audit function that can report independently to the Committee;

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

Going concern

The 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 in 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.

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

On behalf of the Audit Committee.

Mr. R Pitt
Audit Committee Chairman

27 September 2016

Directors Report

The Directors have pleasure in submitting their report for the year ended 30 June 2016.

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 and consumer research. 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 2016, the issued share capital stood at R137 616 divided into 137 615 198 ordinary shares of R0,001 each.

Directors

The Directors of the Company for the year ended 30 June 2016 and up to the date of this report were:

Director	Role	Age	Other significant board memberships	Length of service
Ashvin Mancha*	Non-Executive Chairman	59	None	12 Years
Gaurang Mooney (Botswana)*	Non-Executive Director	46	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	16 Years
Roger Pitt*	Non-Executive Director	35	FedGroup Limited, ISA Holding Limited and Merchantec Proprietary Limited	3 Years
Paul Jenkins*	Non-Executive Director	57	Caxton, CTP Publishers and Printers, and Moneyweb Holdings Limited	3 Years
Marc du Plessis	Non-Executive Director	36	None	3 Years
Piet Greyling	Non-Executive Director	59	Caxton and CTP Publishers and Printers Limited, Newspaper Group	3 Years
Mark Smith	Chief Executive Officer	58	None	19 Years
Pieter Scholtz	Financial Director	40	None	8 Years
Graham Groenewaldt	Executive Director	58	None	15 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 unbiased judgement in their duties as independent non-executive Directors.

Dividend

The Company has declared and paid a dividend during the year under review of R16 493 790 (12 cents per share) (2014: R16 513 896 (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 R10 995 860 (8 cents per share) at their Board meeting of 15 September 2016.

Treasury Shares

During the year under review FoneWorx Proprietary Limited acquired a net amount of 88 139 shares in the Company.

Directors' Shareholding as at 30 June 2016

	30 June 2016	30 June 2015
	Direct Beneficial '000	Direct Beneficial '000
M A Smith	11 337	11 306
G Groenewaldt	1 484	1 484
G Pearson	1 362	0
P Scholtz	485	485
Total	14 668	13 275

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.

M A Smith acquired 32 209 ordinary shares in Cognition on 20 September 2015. Mr. Smith obtained the necessary clearance and the information was disclosed within the 48 hour time limit.

Shareholder spread as at 30 June 2016

	Number of shareholders	%	Number of shares	%
1 - 100 000	654	89.6	9 061	6.6
100 001 – 500 000	53	7.3	12 251	8.9
500 001 – 10 000 000	19	2.6	32 005	23.3
10 000 001 +	4	0.5	84 210	61.2
	730	100	137 527	100

Shareholding of ordinary shares at 30 June 2016

	Number of shareholders	%	Number of shares	%
Public	724	99.2	65 050	47.3
Non - Public				
- Directors	4	0.5	14 668	10.7
- Non-Directors	2	0.3	57 809	42.0
	730	100%	137 527	100

Major shareholders

* Shareholders other than Directors who, insofar as is known, were directly or indirectly interested in 5% or more of the Company's issued share capital as at 30 June 2016 were as follows:

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

Directors Report

Business combinations and other acquisitions

On 1 August 2015 the Group acquired an additional 4.68% of the shares in BMi Proprietary Limited. This resulted in Cognition being the largest shareholder of BMi Proprietary Limited and enabled Cognition to control the Board of BMi Proprietary Limited.

The combined purchase price at the time of obtaining control was R8 670 000. Should the business achieve certain targets, an additional purchase consideration will be payable of no more than R9 623 680.

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

Three Special Resolutions were passed at the Annual General Meeting held on 3 December 2015.

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.

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, determines (i) the specific recipient, or general category of potential recipients of such financial assistance; (ii) the form, nature and extent of such financial assistance; (iii) the terms and conditions under which such financial assistance is provided; and

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

SPECIAL RESOLUTION NUMBER 3 – Loans or other financial assistance to directors

"Resolved that, as a special resolution, in terms of section 45 of the Companies Act, 2008 (Act 71 of 2008) ("Companies Act"), the shareholders of 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 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 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."

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 5 and 7, 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 the requirements of the Companies Act, 2008 (Act 71 of 2008), as amended and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates..

The external auditor is engaged to express an independent opinion on the annual financial statements.

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 Directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the Annual Financial Statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

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 Directors have reviewed the company's cash flow forecast for the year to 30 June 2017 and, in light of this review and the current financial position, they are satisfied that the company has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditor is responsible for independently auditing and reporting on the company's Annual Financial Statements. The Annual Financial Statements have been examined by the company's external auditors and their report is presented on page 45.

The Annual Financial Statements for the year ended 30 June 2016 set out on pages 46 to 86 were approved by the Board on 27 September 2016 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
27 September 2016

INDEPENDENT AUDITOR'S 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 46 to 86, which comprise the statements of financial position as at 30 June 2016, the statements of comprehensive income, statements of changes in equity, 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 2016, 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 2016, 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.

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette 39475 dated 04 December 2015, we report that Grant Thornton Johannesburg Partnership has been the auditor of Cognition Holdings Limited for 6 years.

Grant Thornton.

GRANT THORNTON JOHANNESBURG PARTNERSHIP
Registered Auditors

Jacques Barradas
Partner
Registered Auditor
Chartered Accountant (SA)

27 September 2016

@Grant Thornton
Wanderers Office Park
52 Corlett Drive
Illovo, 2196

Consolidated Statements of Financial Position

as at 30 June 2016

Figures in Rand	Notes	Group 2016	Group 2015	Company 2016	Company 2015
Assets					
Non-Current Assets					
Property, plant and equipment	2	18 035 465	15 715 013	-	-
Goodwill	3	30 331 527	16 534 881	-	-
Intangible assets	4	14 740 982	11 734 951	-	-
Investments in subsidiaries	5	-	-	46 688 919	19 977 111
Investments in associates	7	4 220 733	12 180 379	3 817 440	11 080 994
Deferred tax	9	840 329	206 485	-	-
		68 169 036	**56 371 709**	**50 506 359**	**31 058 105**
Current Assets					
Inventories	10	299 862	410 401	-	-
Loans to group companies	5	-	-	5 102 042	4 737 733
Trade and other receivables	11	40 500 311	31 163 376	10 722 726	4 162 640
Cash and cash equivalents	12	79 521 643	95 138 781	43 697	21 180 948
		120 321 816	**126 712 558**	**15 868 465**	**30 081 321**
Total Assets		**188 490 852**	**183 084 267**	**66 374 824**	**61 139 426**
Equity and Liabilities					
Equity					
Equity Attributable to Equity Holders of Parent					
Share capital	13	55 943 920	56 110 451	56 110 451	56 110 451
Equity due to change in ownership	30	(6 135 464)	-	-	-
Accumulated loss		95 171 136	94 200 852	(12 964 307)	(14 952 340)
		144 979 592	150 311 303	43 146 144	41 158 111
Non-controlling interest		1 929 129	1 466 421	-	-
		146 908 721	**151 777 724**	**43 146 144**	**41 158 111**
Liabilities					
Non-Current Liabilities					
Deferred tax	9	3 434 554	3 851 644	-	-
Other financial liabilities	15	7 022 630	1 666 341	7 022 630	1 666 341
Interest bearing liabilities	16	1 812 530	2 499 293	-	-
		12 269 714	**8 017 278**	**7 022 630**	**1 666 341**
Current Liabilities					
Current tax payable		154 178	950 677	48 958	189 340
Interest bearing liabilities	16	2 655 183	1 732 963	-	-
Loans from group companies	5	-	-	14 258 051	17 849 400
Provisions	17	1 996 872	1 320 094	-	-
Trade and other payables	18	24 356 488	19 146 599	1 749 345	137 302
Unclaimed dividends		149 696	138 932	149 696	138 932
		29 312 417	**23 289 265**	**16 206 050**	**18 314 974**
Total Liabilities		**41 582 131**	**31 306 543**	**23 228 680**	**19 981 315**
Total Equity and Liabilities		**188 490 852**	**183 084 267**	**66 374 824**	**61 139 426**

Statements of Profit or Loss and Other Comprehensive Income

Figures in Rand	Notes	Group 2016	Group 2015	Company 2016	Company 2015
Revenue	20	173 892 818	102 604 772	33 058 829	-
Cost of services		(92 439 342)	(40 706 759)	(33 058 829)	-
Gross profit		**81 453 476**	**61 898 013**	-	-
Other income		2 228 428	774 609	1 666 341	-
Operating expenses		(16 524 151)	(10 333 581)	(620 612)	(586 360)
Staff costs		(43 154 405)	(18 902 705)	-	-
Depreciation and amortisation expense		(6 485 545)	(4 118 013)	-	-
Operating profit (loss)	21	**17 517 803**	**29 318 323**	**1 045 729**	**(586 360)**
Investment income	24	5 158 033	6 158 722	17 483 700	18 367 680
Income from equity accounted investments		631 405	1 099 386	-	-
Finance costs	25	(517 897)	(390 087)	-	-
Profit before taxation		**22 789 344**	**36 186 344**	**18 529 429**	**17 781 320**
Taxation	26	(4 207 383)	(9 777 623)	(27 500)	(497 887)
Profit for the year		**18 581 961**	**26 408 721**	**18 501 929**	**17 283 433**
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		**18 581 961**	**26 408 721**	**18 501 929**	**17 283 433**
Profit for the year attributable to:					
Owners of the parent		18 226 680	25 606 808	18 501 929	17 283 433
Non-controlling interest		355 281	801 913	-	-
		18 581 961	**26 408 721**	**18 501 929**	**17 283 433**
Total comprehensive income attributable to:					
Owners of the parent		18 226 680	25 606 808	18 501 929	17 283 433
Non-controlling interest		355 281	801 913	-	-
		18 581 961	**26 408 721**	**18 501 929**	**17 283 433**
Earnings per share					
Per share information					
Basic earnings per share (cents)	33	13.25	18.63	-	-
Diluted earnings per share (cents)	33	13.25	18.63	-	-

Statements of Changes in Equity
as at 30 June 2016

Figures in Rand	Share capital	Share premium	Total share capital	Equity due to change in ownership	Retained Income	Total attributable to equity holders of the parent	Non-controlling interest	Total equity
Group								
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)**	**664 508**	**(12 363 673)**
Balance at 01 July 2015	**137 616**	**55 972 835**	**56 110 451**	-	**94 200 852**	**150 311 303**	**1 466 421**	**151 777 724**
Profit for the year	-	-	-	-	18 226 680	18 226 680	355 281	18 581 961
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	**18 226 680**	**18 226 680**	**355 281**	**18 581 961**
Purchase of own / treasury shares	(88)	(166 443)	(166 531)	-	-	(166 531)	-	(166 531)
Non-controlling interest as a result of an acquisition	-	-	-	-	-	-	4 584 089	4 584 089
Non-controlling interest as a result of purchase price allocation	-	-	-	-	-	-	407 051	407 051
Dividends	-	-	-	-	(17 256 396)	(17 256 396)	-	(17 256 396)
Change in ownership in subsidiary	-	-	-	(6 135 464)	-	(6 135 464)	(4 883 713)	(11 019 177)
Total changes	**(88)**	**(166 443)**	**(166 531)**	**(6 135 464)**	**(17 256 396)**	**(23 558 391)**	**107 427**	**(23 450 964)**
Balance at 30 June 2016	**137 528**	**55 806 392**	**55 943 920**	**(6 135 464)**	**95 171 136**	**144 979 592**	**1 929 129**	**146 908 721**
Notes	13	13&14	13	30				

	Share capital	Share premium	Total share capital	Retained Income	Total attributable to equity holders of the parent	Total equity
Company						
Balance at 01 July 2014	**136 002**	**52 488 734**	**52 624 736**	**(15 721 877)**	**36 902 859**	**36 902 859**
Profit for the year	-	-	-	17 283 433	17 283 433	17 283 433
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	**17 283 433**	**17 283 433**	**17 283 433**
Issue of shares	1 614	3 484 101	3 485 715	-	3 485 715	3 485 715
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)**	**(13 028 181)**
Balance at 01 July 2015	**137 616**	**55 972 835**	**56 110 451**	**(14 952 340)**	**41 158 111**	**41 158 111**
Profit for the year	-	-	-	18 501 929	18 501 929	18 501 929
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	**18 501 929**	**18 501 929**	**18 501 929**
Dividends	-	-	-	(16 513 896)	(16 513 896)	(16 513 896)
Total changes	-	-	-	**(16 513 896)**	**(16 513 896)**	**(16 513 896)**
Balance at 30 June 2016	**137 616**	**55 972 835**	**56 110 451**	**(12 964 307)**	**43 146 144**	**43 146 144**
Notes	13	13	13			

Statements of Cash Flows
as at 30 June 2016

Figures in Rand	Notes	Group 2016	Group 2015	Company 2016	Company 2015
Cash flows from operating activities					
Cash generated from (used in) operations	27	22 704 965	18 609 103	(5 568 655)	(4 725 873)
Interest income		5 158 033	6 158 722	516 519	1 661 276
Dividends received		-	-	16 967 181	16 706 404
Finance costs		(260 455)	(390 087)	-	-
Tax paid	28	(6 495 502)	(7 214 970)	(167 883)	(477 845)
Net cash from operating activities		**21 107 041**	**17 162 768**	**11 747 162**	**13 163 962**
Cash flows from investing activities					
Purchase of property, plant and equipment	2	(3 659 355)	(1 618 115)	-	-
Sale of property, plant and equipment	2	527	335 166	-	-
Purchase of intangible assets	4	(733 548)	-	-	-
Expenditure on product development	4	(3 897 297)	(4 383 709)	-	-
Business combinations	30	898 839	(13 824 616)	-	-
Loans repaid		-	-	(15 644 834)	(16 331 849)
Loan advanced		-	-	-	18 142 623
Investments in subsidiary		(11 019 176)	-	-	-
Investments in associates		(880 021)	(4 514 285)	(736 447)	(4 514 285)
Net cash from investing activities		**(19 290 031)**	**(24 005 559)**	**(16 381 281)**	**(2 703 511)**
Cash flows from financing activities					
Reduction of share capital or buy back of shares	13	(166 531)	-	-	-
Interest bearing liability		(21 985)	(679 001)	-	-
Dividends paid	29	(17 245 632)	(16 481 521)	(16 503 132)	(16 481 521)
Net cash from financing activities		**(17 434 148)**	**(17 160 522)**	**(16 503 132)**	**(16 481 521)**
Total cash movement for the year		**(15 617 138)**	**(24 003 313)**	**(21 137 251)**	**(6 021 070)**
Cash at the beginning of the year		95 138 781	119 142 094	21 180 948	27 202 018
Total cash at end of the year	12	**79 521 643**	**95 138 781**	**43 697**	**21 180 948**

1. Presentation of annual 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, the financial reporting pronouncements as issued by the Financial Reporting Standards Council, as well as the JSE Listings Requirements. The financial statements have been prepared on the historical cost basis, except for the measurement of financial instruments measured in terms of IAS 39, and incorporate the principal accounting policies set out below. These financial statements are presented in South African Rand, since that is the currency in which the majority of Group's transactions are denominated.

These accounting policies are consistent with the previous period, refer to note 1.1 for the new and revised standards issued for up 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. 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 1 July 2016

Standard	Details of Amendmend	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
IFRS 10: Consolidated Financial Statements	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
IFRS 16: Leases	IFRS 16 will require lessees to account for leases 'on-balance sheet' by recognising a 'right-of-use' asset and a lease liability. IFRS 16 also: -Changes the definition of a lease -Sets requirements on how to account for the asset and liability, including complexities such as non-lease elements, variable lease payments and option periods -Provides exemptions for short-term leases and leases of low value assets -Changes the accounting for sale and leaseback arrangements -Largely retains IAS 17's approach to lessor accountingIntroduces new disclosure requirements.	1 January 2019

Standard	Details of Amendment	Annual periods beginning on or after
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
	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 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

Standard	Details of Amendment	Annual periods beginning on or after
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 anticiates that all of the above standards and interpretations will be adopted in the Group's financial statements in the effective period and that the adoption of these standards and interpretations will have no material impact on the financial statements of the Group in the period of initial application.

1.2 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 2016. 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.

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. Goodwill is measured at cost less accumulated impairment losses. Goodwill is tested for impairment annually.

1.4 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 center equipment	5 years

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

1.5 Intangible assets

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.

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 annual financial statements

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

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.

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.

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.

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.

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.

Derecognition of financial liabilities

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

Derecognition of financial assets

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

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

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

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.

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.

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 may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount for an individual 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 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.

1.14 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.

1.15 Cost of services

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

1.16 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.

2. Property, plant and equipment

Group	2016			2015		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Land	2 200 000	-	2 200 000	2 200 000	-	2 200 000
Buildings	10 979 632	(1 080 451)	9 899 181	10 979 632	(1 014 303)	9 965 329
Plant and machinery	599 563	(333 728)	265 835	595 735	(254 281)	341 454
Furniture and fixtures	1 431 716	(1 215 630)	216 086	879 606	(771 088)	108 518
Motor vehicles	183 730	(183 730)	-	183 730	(182 427)	1 303
Office equipment	1 232 317	(1 022 567)	209 750	1 006 478	(849 625)	156 853
IT equipment	17 591 510	(13 557 874)	4 033 636	11 813 366	(10 375 134)	1 438 232
Leasehold improvements	1 205 946	(633 605)	572 341	1 057 199	(431 999)	625 200
Call centre equipment	1 197 442	(558 806)	638 636	1 197 442	(319 318)	878 124
Total	**36 621 856**	**(18 586 391)**	**18 035 465**	**29 913 188**	**(14 198 175)**	**15 715 013**

Reconciliation of property, plant and equipment - Group - 2016

	Opening balance	Additions	Additions through business combinations	Depreciation	Total
Land	2 200 000	-	-	-	2 200 000
Buildings	9 965 329	-	-	(66 148)	9 899 181
Plant and machinery	341 454	894	-	(76 513)	265 835
Furniture and fixtures	108 518	116 303	91 902	(100 637)	216 086
Motor vehicles	1 303	-	-	(1 303)	-
Office equipment	156 853	109 017	18 346	(74 466)	209 750
IT equipment	1 438 232	3 433 141	1 086 639	(1 924 376)	4 033 636
Leasehold improvements	625 200	-	-	(52 859)	572 341
Call centre equipment	878 124	-	-	(239 488)	638 636
	15 715 013	**3 659 355**	**1 196 887**	**(2 535 790)**	**18 035 465**

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**

Land and buildings with a carrying value of R12 099 181 (2015: R12 165 329) are mortgaged as stated in note 16.

Certain plant and equipment with a carrying amount of R2 584 133 (2015: R948 587) have been encumbered as per note 16.

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

3. Goodwill

Group	2016 Cost	2016 Accumulated impairment	2016 Carrying value	2015 Cost	2015 Accumulated impairment	2015 Carrying value
Goodwill - BMi Sport Group	15 841 796	-	15 841 796	16 534 881	-	16 534 881
Goodwill - BMi Research	14 489 731	-	14 489 731	-	-	-
Total	**30 331 527**	-	**30 331 527**	**16 534 881**	-	**16 534 881**

Reconciliation of goodwill - Group - 2016

	Opening balance	Additions through business combinations	Purchase price allocation to other assets	Total
Goodwill - BMi Sport Group	16 534 881	-	(693 085)	15 841 796
Goodwill - BMi Research	-	14 489 731	-	14 489 731
	16 534 881	**14 489 731**	**(693 085)**	**30 331 527**

Reconciliation of goodwill - Group - 2015

	Opening balance	Additions through business combinations	Purchase price allocation to other assets	Total
Goodwill - Acquisitions - BMi Sport Group	-	16 534 881	-	16 534 881

For the purpose of annual impairment testing the goodwill was matched with the related asset that gave rise to the goodwill. All assets that gave rise to goodwill are within the market research industry.

Each asset was then valued by determining the current value of the future projected cashflows. The growth rates of 10.20% (2015: 9.60%) used within these cashflow projections are in line with the normal rates achieved by these assets and within the norm achieved by similar assets within the group. Improved cost efficiencies have been taken into account where applicable.

The discount rates of 13.73% (2015: 12.31%) used reflect the appropriate cost of capital and risks associated with each asset. Management's key assumptions include gradual improvement in profit margins, based on the normal margins achieved within similar business in the Group.

The recoverable amount of both assets were determined based on value-in-use calculations, covering a detailed five-year forecast, followed by an extrapolation of expected cash flows for the remaining useful lives using a declining growth rate determined by management. The recoverable amount of both assets are R50 879 608 (2015:R21 355 235).

4. Intangible assets

Group	2016 Cost	2016 Accumulated amortisation	2016 Carrying value	2015 Cost	2015 Accumulated amortisation	2015 Carrying value
Fax2Email Platform - Africa*	2 383 605	(1 708 250)	675 355	2 383 605	(1 231 529)	1 152 076
Knowledge 350*	3 205 136	(590 111)	2 615 025	3 205 136	(45 393)	3 159 743
Email2Fax and Fax2Email System*	8 836 311	(4 912 589)	3 923 722	8 836 311	(3 180 780)	5 655 531
Incentive Programme*	1 674 084	-	1 674 084	-	-	-
Computer software	4 540 405	(3 308 803)	1 231 602	1 913 989	(1 798 054)	115 935
Carbonworx software*	932 812	(932 812)	-	932 812	(932 812)	-
MediaWorx platform*	1 539 217	-	1 539 217	-	-	-
Bespoke services*	4 013 530	(3 121 739)	891 791	3 329 532	(3 020 652)	308 880
Research panel*	1 365 545	(295 868)	1 069 677	1 365 545	(22 759)	1 342 786
SportTrack	1 527 967	(407 458)	1 120 509	-	-	-
Total	**30 018 612**	**(15 277 630)**	**14 740 982**	**21 966 930**	**(10 231 979)**	**11 734 951**

Reconciliation of intangible assets - Group - 2016

	Opening balance	Additions	Additions through business combinations	Internally generated	Amortisation	Total
Fax2Email Platform - Africa*	1 152 076	-	-	-	(476 721)	675 355
Knowledge 350*	3 159 742	-	-	-	(544 717)	2 615 025
Email2Fax and Fax2Email System*	5 655 533	-	-	-	(1 731 811)	3 923 722
Incentive Programme*	-	-	-	1 674 084	-	1 674 084
Computer software	115 935	733 548	796 973	-	(414 854)	1 231 602
MediaWorx platform*	-	-	-	1 539 217	-	1 539 217
Bespoke services*	308 880	-	-	683 996	(101 085)	891 791
Research panel*	1 342 786	-	-	-	(273 109)	1 069 677
SportTrack	-	-	1 527 967	-	(407 458)	1 120 509
	11 734 952	**733 548**	**2 324 940**	**3 897 297**	**(3 949 755)**	**14 740 982**

Reconciliation of intangible assets - Group - 2015

	Opening balance	Internally generated	Amortisation	Total
Fax2Email Platform - Africa*	1 628 797	-	(476 721)	1 152 076
Knowledge 350*	913 290	2 291 846	(45 393)	3 159 743
Email2Fax and Fax2Email System*	6 635 119	641 230	(1 620 818)	5 655 531
Computer software	82 656	85 086	(51 807)	115 935
CarbonWorx software*	186 562	-	(186 562)	-
Bespoke services*	465 265	-	(156 385)	308 880
Research panel*	-	1 365 545	(22 759)	1 342 786
	9 911 689	**4 383 707**	**(2 560 445)**	**11 734 951**

4. Intangible assets

Impairment of intangible assets

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

* - Internally generated assets.

Average remaining useful life

	Average remaining useful life 2016	2015
Fax2Email Platform - Africa	1.42 years	2.42 years
Knowledge 350*	4.08 years	4.93 years
Email2Fax and Fax2Email System*	2.22 years	3.20 years
Incentive Programme*	5.00 years	0.00 years
Computer software	0.82 years	0.18 years
CarbonWorx software*	0.00 years	0.00 years
MediaWorx Platform*	5.00 years	0.00 years
Bespoke services*	1.11 years	0.46 years
Research panel*	3.92 years	4.92 years
SportTrack	3.66 years	0.00 years

Other information

The following intangible assets have not been taken into use in the current financial year end, this will happen in the next financial year end:

- Incentive Programme
- MediaWorx Platform

5. Investments in subsidiaries

The following table lists the entities which are controlled by the group, either directly or indirectly through subsidiaries.

2016

The holding Company's investment in subsidiaries is as follows:

	Issued share capital R	Group effective interest %	Cost of investment R	Indebtedness by subsidiary R	Provision for doubtful loans R
FoneWorx Proprietary Limited	100	100%	100	(14 127 174)	-
Four Rivers Trading 123 Proprietary Limited	100	100%	2 310 100	1 370 748	-
Interconnective Solutions Management Services Proprietary Limited	100	100%	100	(130 877)	-
Retail Card Club Proprietary Limited*	100	100%	100	626 057	(626 057)
Survey On Line Proprietary Limited*	100	100%	100	136 939	(136 939)
Cognition Analytics Proprietary Limited*	100	100%	100	104 944	(104 944)
CarbonWorx Proprietary Limited	100	70%	70	447 122	-
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	-	-
BMi Research	100	100%	26 711 808	-	-
FoneWorx Global Communications Limited (Nigeria)	10 000 000	70%	100	1 761 956	-
FoneWorx Zambia Limited	5 000 000	60%	100	59 108	-
FoneWorx Zambia Limited	100	100%	100	14 931	-
			46 688 919	**(7 464 085)**	**(1 691 924)**

5. Investments in subsidiaries

2015

The holding Company's investment in subsdiaries is as follows:

	Issued share capital R	Group effective interest %	Cost of investment R	Indebtedness by subsidiary R	Provision for doubful loans R
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 On Line Proprietary Limited*	100	100%	100	503 699	(503 699)
Cognition Analytics 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)**

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 directors consider the carrying amounts of the amounts owing from group companies to approximate their fair value, due to the short term nature thereof the effect of discounting is considered immaterial.

* 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.

5. Investments in subsidiaries

The reversal of impairment recognised in the current period relating to the provision against the loan amounts to R364 260 (2015: R404 982).

Non-controlling interest accross the group is consederared to be immaterial.

	Group		Company	
	2016	2015	2016	2015
Current assets	-	-	5 102 042	4 737 733
Current liabilities	-	-	(14 258 051)	(17 849 400)
	-	-	**(9 158 009)**	**(13 111 667)**

6. Joint arrangements

Joint ventures

The following table lists all of the joint ventures in the group:

2016	**Issued share capital R**	**Group effective interest %**	**Cost of investment R**	**Indebtedness by joint venture**	**Provision for doubtful loans**
Cognition Analysis Proprietary Limited*	100	100	100	104 944	(104 944)

Cognition Analytics is a venture between Cognition Holdings Limited and Point of Care Technologies Proprietary Limited. The main purpose of this venture is to combine the wealth of marketing and campaign management experience of Cognition in the Fast Moving Consumer Goods ("FMCG") and related industries with the analytical and financial modelling expertise of the Point of Care Team.

7. Investments in associates

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

Group

Name of company	Held by	% ownership interest 2016	% ownership interest 2015	Carrying amount 2016	Carrying amount 2015
LivingFacts Proprietary Limited		47.70%	44.00%	4 220 733	3 465 020
BMi Research Proprietary Limited**		- %	35.00%	-	8 715 359
				4 220 733	12 180 379

Company

Name of company	Held by	% ownership interest 2016	% ownership interest 2015	Carrying amount 2016	Carrying amount 2015
LivingFacts Proprietary Limited		47.70%	44.00%	3 817 440	3 080 993
BMi Research Proprietary Limited**		- %	35.00%	-	8 000 001
				3 817 440	11 080 994

On 1 December 2015 the group acquired the remaining shares in BMi Research Propriety Limited. Refer to note 30.

7. Investments in associates

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

Summarised Statement of Financial Position	Livingfacts Propietary Limited 2016	Livingfacts Propietary Limited 2015	BMi Research Proprietary Limited 2016	BMi Research Proprietary Limited 2015
Non current assets				
Current assets	1 989 488	2 167 110	-	6 437 110
Non-current assets	2 971	10 416	-	2 380 872
Total assets	1 992 459	2 177 526	-	8 817 982
Liabilities				
Current liabilities	402 357	540 431	-	2 828 282
Total liabilities	402 357	540 431	-	2 828 282
Total net assets	1 590 102	1 637 095	-	5 989 700

Associates with different reporting dates

The end of the reporting year of Cognition Holdings Limited is 30 June 2016. The year end of Livingfacts Proprietary Limited is 28 February 2016. The information above was obtained from the management accounts of Livingfacts Proprietary Limited.

8. Financial assets by category

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

Group - 2016	Loans and receivables	Non financial assets	Total
Trade and other receivables	39 186 080	1 314 231	40 500 311
Cash and cash equivalents	79 521 643	-	79 521 643
	118 707 723	**1 314 231**	**120 021 954**

Group - 2015	Loans and receivables	Non financial assets	Total
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**

Company - 2016	Loans and receivables	Non financial assets	Total
Loans to group companies	5 102 042	-	5 102 042
Trade and other receivables	10 717 280	5 446	10 722 726
Cash and cash equivalents	43 697	-	43 697
	15 863 019	**5 446**	**15 868 465**

Company - 2015	Loans and receivables	Non financial assets	Total
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**

9. Deferred tax asset (liability)

	Group 2016	Group 2015	Company 2016	Company 2015
Deferred tax liability	(3 434 554)	(3 851 644)	-	-
Deferred tax asset	840 329	206 485	-	-
Total net deferred tax liability	**(2 594 225)**	**(3 645 159)**	-	-
Reconciliation of deferred tax asset / (liability)				
At beginning of year	(3 645 159)	(765 239)	-	-
Property, plant and equipment	17 188	(2 061)	-	-
Intangible assets	(643 396)	(833 419)	-	-
Provisions	430 539	(1 068 563)	-	-
Revenue accrual	23 388	17 280	-	-
Work-in-progress	1 018 654	(1 018 654)	-	-
Tax losses available for set off against future taxable income	204 561	25 497	-	-
	(2 594 225)	**(3 645 159)**	-	-
Categories of temporary differences				
Property, plant and equipment	4 026	(13 162)	-	-
Intangible assets	(3 896 715)	(3 253 319)	-	-
Provisions	800 165	369 626	-	-
Revenue accrual	115 258	91 870	-	-
Prepaid expenses	(28 000)	(28 000)	-	-
Taxable losses available for set off against future taxable income	411 041	206 480	-	-
Work-in-progress	-	(1 018 654)	-	-
	(2 594 225)	**(3 645 159)**	-	-

10. Inventories

	Group 2016	Group 2015	Company 2016	Company 2015
Finished goods	1 203 292	1 251 107	-	-
	1 203 292	1 251 107	-	-
Allowance for obsolete inventory	(903 430)	(840 706)	-	-
	299 862	410 401	-	-

Inventory amounting to R26 165 (2015: R89 619) is carried at net realisable value.

11. Trade and other receivables

	Group 2016	Group 2015	Company 2016	Company 2015
Trade receivables	37 233 330	26 880 134	8 981 336	4 131 642
VAT	-	-	5 446	30 998
Sundry debtor	1 735 944	-	1 735 944	-
Work-in-progress	-	3 638 052	-	-
Other receivables	216 806	146 107	-	-
Prepayments	1 314 231	499 083	-	-
	40 500 311	**31 163 376**	**10 722 726**	**4 162 640**

The directors consider that the carrying amount of trade and other receivables approximates their fair values, due to the short term nature thereof the effect of discounting is considered immaterial.

The total trade receivables held by the Group as at 30 June 2016 amounted to R37 233 330 (2015: R26 880 134).

11. Trade and other receivables

Trade and other receivables past due but not impaired

Included in the Group's trade receivables balance are debtors with a carrying amount of R3 674 494 (2015: R402 687), 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.

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.

The ageing of amounts past due but not impaired is as follows:

30 days past due	876 826	402 687
60 days past due	1 069 290	-
90 days past due	1 728 378	-
	3 674 494	**402 687**

Due to the fact that more than 24.12% (2015: 33.14%) of the Group's revenue is generated through transactions with the 3 local cellular service providers and one large fixed local telecoms provider there is a concentration of credit exposure.

Large fixed local telecoms provider	17.44%	24.31%
Vodacom	4.69%	5.79%
MTN	1.59%	2.40%
Cell C	0.40%	0.64%
	24.12%	**33.14%**

12. Cash and cash equivalents

	Group		Company	
	2016	2015	2016	2015
Cash and cash equivalents consist of:				
Cash on hand	36 775	22 213	-	-
Bank balances	79 484 868	95 116 568	43 697	21 180 948
	79 521 643	**95 138 781**	**43 697**	**21 180 948**

13. Share capital

	Group 2016	Group 2015	Company 2016	Company 2015
Authorised				
250 000 000 Ordinary shares of R0.001 each	250 000	250 000	250 000	250 000
Reconciliation of number of shares issued:				
Reported as at 01 July 2015	137 616	137 616	137 616	137 616
Treasury shares held by FoneWorx Proprietary Limited issued shares at R0.001 each (Refer to note 36)	(88)	-	-	-
	137 528	**137 616**	**137 616**	**137 616**
Issued				
137 615 798 (2015: 137 615 798) shares of R0.001 each	137 528	137 616	137 616	137 616
Share premium (Refer to note 14)	55 806 392	55 972 835	55 972 835	55 972 835
	55 943 920	**56 110 451**	**56 110 451**	**56 110 451**

The 112 384 202 (2015: 112 384 202) unissued shares are under the control of the directors, subject to Section 36 of the Companies Act and the Listings Requirements of the JSE Limited, in terms of a resolution passed at the Annual General Meeting in November 2015. The authority is valid until the forthcoming Annual General Meeting.

14. Share Premium

	Group 2016	Group 2015	Company 2016	Company 2015
Balance at beginning of period	55 972 835	52 448 734	55 972 835	52 448 734
Share issue 8 August 2014	-	3 524 101	-	3 524 101
Less: Premium of Treasury shares held by FoneWorx Proprietary Limited purchased on 3 December 2015	(166 443)	-	-	-
	55 806 392	**55 972 835**	**55 972 835**	**55 972 835**

15. Other financial liabilities

	Group 2016	Group 2015	Company 2016	Company 2015
Contingent consideration				
BMi Research The contingent consideration reflects the Group's estimate of what would be payable in terms of the BMi Research top up purchase price. A portion of the amounts is estimated to become payable by 31 March 2017 within remainder estimated by 31 March 2018. This amounts is shown at a present value of future obligations using a post-tax rate of 6.84%	7 022 630	-	7 022 630	-
BMi Sports Group The contingent consideration reflects the Group's estimate of what would be payable in terms of the BMi Sport Group's top up purchase price shown at a present value of future obligations using a post-tax rate of 6%. Within the past financial year the Group has done a re-estimation and management has estimated that the future contingent payment is no longer probable.	-	1 666 341	-	1 666 341
	7 022 630	**1 666 341**	**7 022 630**	**1 666 341**
Non-current liabilities				
Fair value through profit or loss	7 022 630	1 666 341	7 022 630	1 666 341

16. Interest bearing liabilities

	Group 2016	Group 2015	Company 2016	Company 2015
Minimum instalment payments due				
- within one year	3 218 873	1 818 650	-	-
- in second to fifth year inclusive	1 691 547	2 637 793	-	-
	4 910 420	4 456 443	-	-
less: future finance charges	(442 707)	(224 187)	-	-
Present value of minimum instalment payments	**4 467 713**	**4 232 256**	-	-
Present value of minimum instalment payments due				
- within one year	2 655 183	1 732 963	-	-
- in second to fifth year inclusive	1 812 530	2 499 293	-	-
	4 467 713	**4 232 256**	-	-
Non-current liabilities	1 812 530	2 499 293	-	-
Current liabilities	2 655 183	1 732 963	-	-
	4 467 713	**4 232 256**	-	-

16. Interest bearing liabilities

	Group 2016	Group 2015	Company 2016	Company 2015
Instalment sale agreements				
Minimum instalment payments due				
- within one year	1 526 392	442 818	-	-
- in second to fifth year inclusive	1 417 259	704 736	-	-
	2 943 651	1 147 554	-	-
less: future finance charges	(353 580)	(152 689)	-	-
	2 590 071	**994 865**	-	-
Present value of minimum instalment payments due				
- within one year	1 171 810	357 131	-	-
- in second to fifth year inclusive	1 418 261	637 734	-	-
	2 590 071	**994 865**	-	-

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 R117 415 (2015: R36 845) inclusive of interest. The Group's obligations under instalment sale agreements are secured by certain equipment and motor vehicles with a carrying amount of R2 584 133 (2015: R948 587). The current portion relating to the instalment sales agreements amount to R1 171 810 (2015: R357 131) and the non-current portion relating to the instalment sales agreements amounts to R1 418 261 (2015: R637 734).

	Group 2016	Group 2015	Company 2016	Company 2015
Mortgage Bond				
Minimum instalment payments due				
- within one year	1 692 481	1 375 832	-	-
- in second to fifth year inclusive	274 288	1 933 057	-	-
	1 966 769	3 308 889	-	-
less: future finance charges	(89 127)	(71 498)	-	-
	1 877 642	**3 237 391**	-	-
Present value of minimum instalment payments due				
- within one year	1 483 373	1 375 832	-	-
- in second to fifth year inclusive	394 269	1 861 559	-	-
	1 877 642	**3 237 391**	-	-

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 (2015: R131 873). The carrying amount of property as reflected in the accounting records of the subsidiary is R9 922 095 (2015: R9 988 243). The current portion relating to the long-term loan amounts to R1 483 373 (2015: R1 375 832) and the non-current portion relating to the long-term loan amounts to R394 269 (2015: R1 861 559).

17. Provisions

Reconciliation of provisions - Group - 2016	Opening balance	Additions	Utilised during the year	Total
Leave pay	1 320 094	1 682 851	(1 006 073)	1 996 872

Reconciliation of provisions - Group - 2015	Opening balance	Additions	Utilised during the year	Total
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**

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.

18. Trade and other payables

	Group		Company	
	2016	2015	2016	2015
Trade payables	6 892 363	7 429 485	-	-
Amounts received in advance	6 211 777	2 785 514	-	-
VAT	1 455 408	956 364	-	-
Third party prize money	7 109 315	6 370 197	-	-
Accruals	2 687 625	1 605 039	1 749 345	137 302
	24 356 488	**19 146 599**	**1 749 345**	**137 302**

The directors consider that the carrying amount of trade and other payables approximate their fair values, due to the short term nature thereof the effect of discounting is considered to be immaterial.

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

19. Financial liabilities by category

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

Group - 2016	Financial liabilities at amortised cost	Non financial instruments	Total
Contingent consideration	7 022 630	-	7 022 630
Interest bearing liabilities	4 467 713	-	4 467 713
Trade and other payables	16 689 303	7 667 185	24 356 488
Unclaimed dividends	149 696	-	149 696
	28 329 342	**7 667 185**	**35 996 527**

Group - 2015	Financial liabilities at amortised cost	Non financial instruments	Total
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**

19. Financial liabilities by category

Company - 2016	Financial liabilities at amortised cost	Total
Loan from Group company	14 258 051	14 258 051
Contingent consideration	7 022 630	7 022 630
Trade and other payables	1 749 345	1 749 345
Unclaimed dividends	149 696	149 696
	23 179 722	**23 179 722**

Company - 2015	Financial liabilities at amortised cost	Total
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**

20. Revenue

	Group		Company	
	2016	2015	2016	2015
Rendering of services	173 892 818	102 604 772	33 058 829	-

21. Operating profit (loss)

Operating profit (loss) for the year is stated after accounting for the following:				
Operating lease charges				
Premises	460 706	154 000	-	-
Equipment	72 901	-	-	-
	533 607	**154 000**	-	-
Depreciation and amortisation	6 485 545	4 118 013	-	-
Employee costs	43 154 405	18 902 705	206 000	190 000
Insurance	672 926	435 604	-	-
Profit on disposal of fixed assets	527	141 766	-	-
Fees relating to listing on JSE	497 460	611 484	467 460	611 484
Legal Fees	162 738	6 140	-	-
Telecommunication charges	3 857 869	3 467 548	-	-

22. Auditors remuneration

Fees	917 800	665 900	71 400	122 400

Notes to the Annual Financial Statements
as at 30 June 2016

23. Directors' emoluments

2016	Emoluments	Travel allowance	Total
G Groenewaldt	1 654 000	-	1 654 000
M Smith	2 730 000	-	2 730 000
P A Scholtz^	1 758 000	48 000	1 806 000
AG Mancha*	106 000	-	106 000
R Pitt*	100 000	-	100 000
	6 348 000	**48 000**	**6 396 000**

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

* Independent Non-Executive Directors

^ Prescribed Officer

These salaries are an expense of FoneWorx Proprietary Limited, except for R Pitt and AG Mancha who are paid from Cognition Holdings Limited. These are the only prescibed officers in the group

24. Investment income

	Group		Company	
	2016	2015	2016	2015
Dividend revenue				
Subsidiaries - Local	-	-	16 513 896	16 513 896
Associates - Local	-	-	453 285	192 508
	-	-	**16 967 181**	**16 706 404**
Interest received				
Bank	5 158 033	6 158 722	516 519	1 661 276
	5 158 033	**6 158 722**	**17 483 700**	**18 367 680**

25. Finance costs

Finance leases	257 442	74 796	-	-
Bank	25 946	-	-	-
Mortgage bond	223 232	315 291	-	-
SARS	11 277	-	-	-
	517 897	**390 087**	-	-

26. Taxation

	Group 2016	Group 2015	Company 2016	Company 2015
Major components of the tax expense				
Current				
Local income tax - current period	5 163 564	6 828 328	-	428 517
Securities Tax	27 500	69 370	27 500	69 370
	5 191 064	**6 897 698**	**27 500**	**497 887**
Deferred				
Originating and reversing temporary differences	(983 681)	2 879 925	-	-
	4 207 383	**9 777 623**	**27 500**	**497 887**
Reconciliation of the tax expense				
Reconciliation between accounting profit and tax expense.				
Accounting profit	22 789 344	36 186 344	18 529 429	17 781 320
Tax at the applicable tax rate of 28% (2015: 28%)	6 381 016	10 132 176	5 188 240	4 978 770
Tax effect of adjustments on taxable income				
Reversal of impairment of intercompany loans	-	-	(101 993)	(113 395)
Over provision prior year	(571 820)	(362 920)	-	-
Permanent differences	(1 112 930)	272 316	(5 058 747)	(4 367 488)
Income from associates	(631 405)	(307 823)	-	-
Tax losses available for set off against future taxable income/(utilisation of losses)	115 022	(25 496)	-	-
Securities tax	27 500	69 370	-	-
	4 207 383	**9 777 623**	**27 500**	**497 887**

Gross estimated tax losses of certain subsidiaries at 30 June 2016, available for offset against future taxable income amounted to R1.0 million (2015: R1.1 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 R280 000(2015: R308 000).

27. Cash generated from (used in) operations

	Group 2016	Group 2015	Company 2016	Company 2015
Profit before taxation	22 789 344	36 186 344	18 529 429	17 781 320
Adjustments for:				
Depreciation and amortisation	6 485 545	4 118 013	-	-
Net profit on disposal of property, plant and equipment	(527)	(141 766)	-	-
Income from equity accounted investments	(631 405)	(1 099 386)	-	-
Dividends received	-	-	(16 967 181)	(16 706 404)
Interest received	(5 158 033)	(6 158 722)	(516 519)	(1 661 276)
Finance costs	517 897	390 087	-	-
Movements in provisions	676 778	(5 002 830)	-	-
Reversal of impairment	10 764	-	-	(404 982)
Contingent consideration reversed to income	(1 666 341)	-	-	-
Changes in working capital:				
Inventories	110 537	49 694	-	-
Trade and other receivables	(2 712 521)	(8 944 900)	(6 560 085)	(3 738 733)
Trade and other payables	2 282 927	(787 431)	(54 299)	4 202
	22 704 965	**18 609 103**	**(5 568 655)**	**(4 725 873)**

28. Tax paid

	Group 2016	Group 2015	Company 2016	Company 2015
Balance at beginning of the year	(950 678)	(720 268)	(189 340)	(169 297)
Current tax for the year recognised in profit or loss	(5 191 064)	(6 897 698)	(27 501)	(497 888)
Acquired through business combination	(507 938)	(547 681)	-	-
Balance at end of the year	154 178	950 677	48 958	189 340
	(6 495 502)	**(7 214 970)**	**(167 883)**	**(477 845)**

29. Dividends paid

Balance at beginning of the year	(138 932)	(106 557)	(138 932)	(106 557)
Dividends	(17 256 396)	(16 513 896)	(16 513 896)	(16 513 896)
Balance at end of the year	149 696	138 932	149 696	138 932
	(17 245 632)	**(16 481 521)**	**(16 503 132)**	**(16 481 521)**

30. Business combinations

	Group		**Company**	
Aggregated Business Combinations	2016	2015	2016	2015
Non current assets	1 196 888	579	-	-
Current assets	8 895 079	5 450 174	-	-
Current liabilities	(3 430 757)	(3 654 786)	-	-
Net assets acquired	**6 661 210**	**1 795 967**	-	-
Non controlling interest	(4 584 099)	(664 507)	-	-
Goodwill	14 489 731	16 534 881	-	-
Interest held prior to acquisition	(8 874 212)	-	-	-
Contingent consideration	(7 022 630)	(1 666 341)	-	-
Cash balances acquired	(1 568 839)	(2 175 384)	-	-
Net cash (received)/paid	**(898 839)**	**13 824 616**	-	-

BMi Research Proprietary Limited

On 1 August 2015 the Group acquired an additional 4.68% of the shares in BMi Research Proprietary Limited. This resulted in Cognition being the largest shareholder of BMi Proprietary Limited and enabled Cognition to control the Board of BMi Research Proprietary Limited.

The combined purchase price at the time of obtaining control was R8 670 000. Should the business achieve certain targets, an additional purchase consideration will be payable of no more than R9 623 680.

The acquired business contributed revenues totaling R40 202 634 and net profit after tax to the value of R3 500 545. If the business was acquired on 1 July 2015, the revenue and profit after tax would have been R43 026 358 and R3 192 848 respectively.

30. Business combinations

	Group		Company	
	2016	2015	2016	2015
Non-current assets	1 196 888	-	-	-
Current assets	8 895 079	-	-	-
Current liabilities	(3 430 757)	-	-	-
Net assets acquired	**6 661 210**	-	-	-
Non-controlling interest	(4 584 099)	-	-	-
Goodwill	14 489 731	-	-	-
Interest held prior to acquisition	(8 874 212)	-	-	-
Contingent consideration	(7 022 630)	-	-	-
Cash balances acquired	(1 568 839)	-	-	-
Net cash received	**(898 839)**	**-**	-	-

Purchase of additional 60.30% of BMi Research Propriety Limited

The group purchased the remaining shares in BMi Research on 1 December 2015 for a cash consideration of R11 019 176. This transaction was accounted for as a common control acquisition in terms of IFRS 3. The excess of the consideration paid over the fair value of the assets has been recognised in equity as Equity due to change in ownership to the value of R6 135 464.

BMi Sport Group

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.

The Group acquired 63% of the BMi Sport Group on 1 March 2015. At the last reporting date the Group was still in the process to finalise the purchase price adjustment account. The Group went through an extensive process to identify all assets in liabilities in the BMi Sports Group and found that the initial provisional allocation to goodwill was accurate and no adjustments are required.

30. Business combinations

	Final Purchase Price Allocation	Provisional Purchase Price Allocation		
Property, plant and equipment	579	579	-	-
Trade and other receivables	3 274 790	3 274 790	-	-
Intangible asset	1 527 967	-	-	-
Cash and cash equivalents	2 175 384	2 175 384	-	-
	6 978 720	5 450 753	-	-
Trade and other payables	(3 107 105)	(3 107 105)	-	-
Current tax payable	(547 681)	(547 681)	-	-
Deferred tax Liability	(427 831)	-	-	-
Net Asset Value	**2 896 103**	**1 795 967**	-	-
Non- controlling interest	(1 071 558)	(664 507)	-	-
Net Fair Asset Value held by group	**1 824 545**	**1 131 460**	-	-
Goodwill	15 841 796	16 534 881	-	-
Less Purchase consideration	**17 666 341**	**17 666 341**	-	-
Initial consideration	(2 175 384)	(2 175 384)	-	-
PV of future consideration	(1 666 340)	(1 666 340)	-	-
	13 824 617	**13 824 617**	-	-

31. Contingencies

Four Rivers Trading 123 Proprietary limited, a wholly owned subsidiary of the Group, owns and operates the premises that is used by the Group as its Head Office. In June 2016, Four Rivers Trading 123 was billed for additional electricity consumption dating back 20 months, resulting in an additional charge of R1.2 million. Management believes this claim to be unjustified and no provision has been recognised. Management is in the process, with the aid of a consultant, to resolve this matter with the Municipality.

32. 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
Cognition Analytics 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 Sports Info Proprietary Limited	Subsidiary
Sponsorvalue Research Services Proprietary Limited	Subsidiary
Foneworx Namibia Proprietary Limited	Subsidiary
BMi Research Proprietary Limited	Subsidiary
Adcheck Proprietary Limited	Subsidiary
Living Facts Proprietary Limited	Associate
Caxton and CTP Publishers and Printers Limited	Significant shareholder
Directors of Cognition Holdings Limited	
Mark Allen Smith	
Pieter Albertus Scholtz	
Graham Groenewaldt	
Ashvin Mancha	
Gaurang Mooney	
Paul Jenkins	Director of Caxton and CTP Publishers and Printers Limited
Roger Pitt	
Marc du Plessis	
Piet Greyling	Director of Caxton and CTP Publishers and Printers Limited

Related party balances and transactions

Directors

Directors' emoluments are set out in note 23.

There are no other key management personnel.

Investments and loans

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

Dividends

Dividends was received from Foneworx Proprietary Limited amounting to R16 513 896 (2015: R16 513 896).

Revenue and debtors

Trade receivables balances at year end RNil (2015: R34 059)

33. Earnings per share

Earnings per share The calculation of earnings per share is based on profits of R18 226 680 attributable to equity holders of the parent (2015: R25 606 808) and a weighted average of 137 565 088 (2015: R 137 448 249) ordinary shares in issue during the year	13.25cents	18.63cents
Headline earnings per share The calculation of headline earnings per share is based on profits of R18 226 301 attributable to equity holders of the parent (2015: R25 504 736) and a weighted average of 137 565 088 (2015: 137 448 249) ordinary shares in issue during the year	13.25cents	18.56cents
Reconciliation between earnings and headline earnings		
Profit attributable to ordinary shareholders of parent	18 226 680	25 606 808
Profit on disposal of property, plant and equipment	(527)	(141 766)
Tax effect of the disposal of property, plant and equipment	148	39 694
Headline earnings	**18 226 301**	**25 504 736**
Diluted earnings per share The calculation of diluted earnings per share is based on profits of R18 223 974 (2015: R25 606 808) and a weighted average of 137 615 798 (2015: R 137 448 249) ordinary shares issued during the year	13.25cents	18.63cents
Reconciliation between earnings and diluted earnings per share:		
Weighted average number of shares used in the calculation of earnings per share	137 565 088	137 448 249

34. Dividends per share

Dividends per share The calculation of dividends per share is based on dividends of R16 513 896 attributable to equityholders of the parent (2015: R16 513 896) and of 137 615 798 (2015: 137 615 798) ordinary shares in issue during the year	12.00cents	12.00cents

35. 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 16, 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 12, 13 and 14, respectively.

Currently the Group's cash and cash equivalents of R79.5 million (2015: R95.1 million) exceeds its interest bearing debt of R4.5 million (2015: R4.2 million) as set out in note 12 by 17.67 times (2015: 22.64 times).

35. Risk management

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 R79.5 million (2015: R95.1 million) and financial liabilities are R4.5 million (2015: R4.2 million).

Interest rate sensitivity analysis

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

If interest rates 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 R967 145 (2015: R824 247).

If interest rates 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 R967 145 (2015: R824 247).

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

Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties. More than 90% of the Group's revenue is generated through transactions with the three local cellular phone service providers and 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 R5 102 041 (2015: R4 737 733). These amounts are intercompany and the directors believe these will be recoverable.

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

Financial instrument	Group - 2016	Group - 2015	Company - 2016	Company - 2015
Loans to group companies	-	-	5 102 041	4 737 733
Trade and other receivables	39 186 080	30 664 294	10 717 280	4 162 640
Cash and cash equivalents	79 521 643	95 138 781	43 697	21 180 948

Liquidity risk

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecasted 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.

35. Risk management

Group

At 30 June 2016	Carrying amount	Contractual payments	Less than 1 year	Between 2 and 5 years	Over 5 years
Interest bearing liabilities	4 467 713	4 789 879	2 655 183	1 812 530	-
Unclaimed dividends	149 696	149 696	149 696	-	-
Trade and other payables	16 689 303	16 689 303	16 689 303	-	-
Contingent consideration	7 022 630	7 022 630	-	7 022 630	-

At 30 June 2015	Carrying amount	Contractual payments	Less than 1 year	Between 2 and 5 years	Over 5 years
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	-	-
Contingent liabilities	1 666 341	1 666 341	-	1 666 341	-

Company

At 30 June 2016	Carrying amount	Contractual payments	Less than 1 year	Between 2 and 5 years	Over 5 years
Loans from group companies	14 258 051	14 258 051	14 258 051	-	-
Unclaimed dividends	149 696	149 696	149 696	-	-
Trade and other payables	1 749 345	1 749 345	1 749 345	-	-
Contingent consideration	7 022 630	7 022 630	-	7 022 630	-

At 30 June 2015	Carrying amount	Contractual payments	Less than 1 year	Between 2 and 5 years	Over 5 years
Loans from group companies	17 849 400	17 849 400	17 849 400	-	-
Unclaimed dividends	138 932	138 932	138 932	-	-
Trade and other payables	137 302	137 302	137 302	-	-
Contingent consideration	1 666 341	1 666 341	-	1 666 341	-

36. Treasury shares

The Group embarked on a share buyback program during the year under review. The shares were bought and are held by a major subsidiary of the Group and used where applicable as consideration for acquisitions.

	Number of shares	**Value of shares**
Cognition Holdings shares purchased	3 746 598	7 072 937
Shares used as purchase consideration	(3 658 459)	(6 906 406)
Balance held on 30 June 2016	**88 139**	**166 531**

37. 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 operatings 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 provide 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 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 has been reclassified and retrospectively reported below:

	2016	2015
Revenue		
Active Data Exchange Services	73 574 486	88 744 297
Knowledge Creation and Management	100 318 332	13 860 475
	173 892 818	**102 604 772**
Cost of sale		
Active Data Exchange Services	(35 073 504)	(37 861 945)
Knowledge Creation and Management	(57 365 838)	(2 844 814)
	(92 439 342)	**(40 706 759)**
Gross Profit		
Active Data Exchange Services	38 500 982	50 882 352
Knowledge Creation and Management	42 952 494	11 015 661
	81 453 476	**61 898 013**

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 36 African countries ("Africa Sales"). Within the period under review 4.78% (2015: 4.40%) 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 generates 54.92% (2015: 65.20%) 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.

Knowledge Creation and Management currently generates 33.53% (2015: Nil) of its revenue from one customer.

Both segments share the use of the Group's assets and liabilities as well as the same operating environment and therefore the Group is not in a position to report on the Assets and Liabilities of each segment nor analyse the operating expenditure separately.

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

- Virtual Payment Solutions Proprietary Limited - R50 000 (2015: 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" or "the Group")

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 18th Annual General Meeting ("Annual General Meeting") of shareholders of Cognition will be held at 10:00 on Thursday, 1 December 2016 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, 25 November 2016. Accordingly, the last day to trade Cognition shares in order to be recorded in the Register to be entitled to vote will be Tuesday 22, November 2016.

1. To receive, consider and adopt the annual financial statements of the company and the Group for the financial year ended 30 June 2016, including the reports of the auditors, directors and the Audit and Risk Committee.

   Note: A copy of the annual financial statements appears on pages 46 to 86 of the Annual Report to which this notice is attached.

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

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

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

   An abbreviated curriculum vitae in respect of each director offering himself for re-election appears on pages 5 to 7 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 5 to 7 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 pages 36 to 37 of the annual report to which this notice is attached to, be and is hereby approved as a non-binding advisory vote of shareholders of the Company in terms of the King III Report on Corporate Governance."

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

10. ORDINARY RESOLUTION NUMBER 2

Control of authorised but unissued ordinary shares

"Resolved that the authorised but unissued ordinary shares in the capital of 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 20 629 149 securities. Any securities issued under this authorisation will be deducted from the aforementioned 20 629 149 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 41; and
- share capital of the Company – page 71.

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 5 and 7 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. SPECIAL RESOLUTION NUMBER 1 (continued)

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 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.

14. SPECIAL RESOLUTION NUMBER 3 (continued)

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. SPECIAL RESOLUTION NUMBER 4

"Resolved that, in terms of the provisions of sections 66(9) of the Companies Act, 2008 (Act 71 of 2008), as amended, the annual remuneration payable to the non-executive directors of Cognition Holdings Limited ("the Company") for their services as directors of the Company for the financial year ending 2017, be and is hereby approved as follows:

Type of fee	Proposed retainer fee per month in ZAR for the year ending 2017	Proposed meeting fee in ZAR for the year ending 2017	Expected total fee in ZAR for the year ending 2017
Board Chairman			
Ashvin Mancha	**R5 000.00**	**R12 000.00**	**R108 000.00**
Audit and Risk Committee Chairman			
Roger Pitt	**R5 000.00**	**R12 000.00**	**R108 000.00**

Explanatory note

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

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

16. 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:

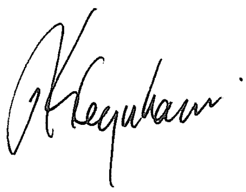
- hold ordinary shares in certificated form; or
- are recorded on the sub-register in "own name" dematerialised form.

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 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

27 September 2016

Johannesburg

FORM OF PROXY

COGNITION
HOLDINGS LTD

Cognition Holdings Limited
Incorporated in the Republic of South Africa
(Registration number 1997/010640/06)
Share code: FWX ISIN: ZAE000197042
("Cognition" or "the Company" or "the Group")

Form of Proxy

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 18th 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, 1 December 2016 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 2016			
2.	To re-elect Ashvin Mancha to the Board of Cognition Holdings Limited			
3.	To re-elect Paul Jenkins to the Board of Cognition Holdings Limited			
4.	To re-elect Roger Pitt 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.	**Special resolution number 4** Approval of non-executive Director's remuneration			
16.	**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 2016

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 (fortyeight) 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.

NOTES TO PROXY

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

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

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

13. Where there are joint holders of ordinary shares:

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

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

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

to be received by no later than 10:00 on Tuesday, 29 November 2016 (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.cgn.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* BProc – 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
Fax2Email 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 Johannesburg Partnership

Attorneys
Martini-Patlansky Attorneys

Bankers
First National Bank Limited
Investec Bank Limited

Company Secretary
S A Kleynhans BA,
B.Iuris. LLB,
LLM (Banking Law),
LLM (Corporate Law)

PO Box 3386
Pinegowrie
2123

Sponsor
Merchantec Capital

SHAREHOLDERS DIARY

Financial year end	30 June 2016
Annual report and financial statements	27 September 2016
Annual General Meeting	1 December 2016
Half-year report	February 2017

COGNITION
HOLDINGS LTD