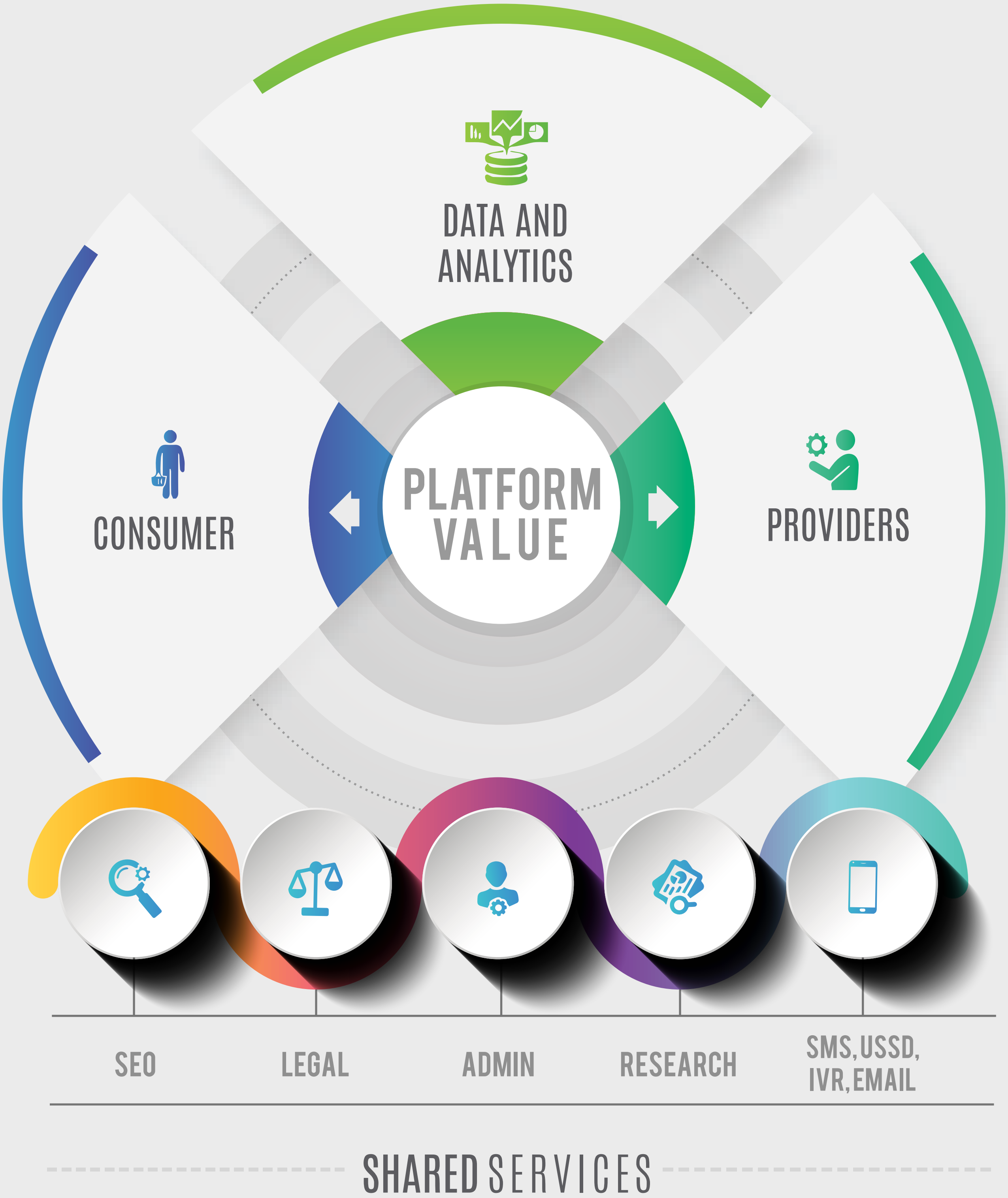
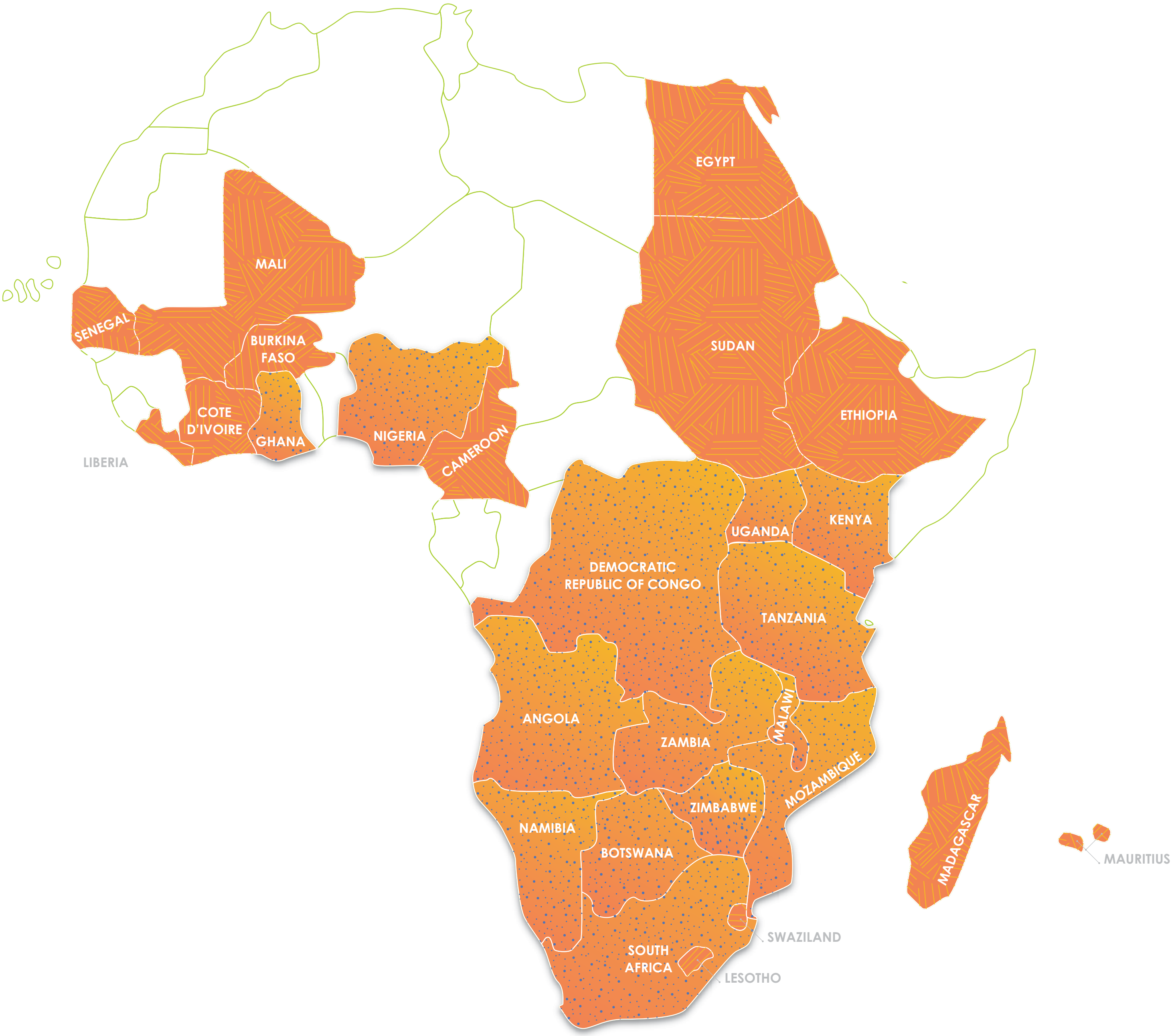


COGNITION HOLDINGS LTD

ANNUAL REPORT 2019

Cognition and its operating subsidiaries have a presence in 36 countries in Africa.



Cognition and its operating subsidiaries provide Active Data Exchange and Knowledge Creation services throughout Africa, co-ordinated at its head office in Johannesburg with offices in Cape Town, Ekurhuleni and Umhlanga.

CONTENTS

SCOPE OF REPORT

About this Report

The board of directors ("the Board") of Cognition Holdings Limited ("Cognition" or "the Company" or "the Group") are pleased to present the Group's Integrated Annual Report ("the Annual Report" or "the Integrated Report") for the financial year ended 30 June 2019.

The Annual Report covers information from all operating divisions of the Group. An overview of the Group is available on the Group's website at www.cgn.co.za.

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

Scope and boundary

The Annual Report covers the reporting period from 1 July 2018 to 30 June 2019.

In preparing the Annual Report, Management have considered and applied the following frameworks:

The Listings Requirements of the JSE Limited ("the JSE Listing Requirements")	Throughout the Report
The South African Companies Act, 2008 (Act 71 of 2008), as amended ("the Companies Act")	Throughout the Report
The King Report on Corporate Governance for South Africa ("King IV")	Throughout the report as well as King IV register on the Cognition website: www.cgn.co.za
Global Reporting Initiative ("GRI") Framework	Throughout the Report
Guidelines for Sustainability Reporting	Throughout the Report
International Financial Reporting Standards ("IFRS")	Consolidated Annual Financial Statements on pages 54 to 100

Directors' Responsibility

The Audit and Risk Committee and the Board acknowledge their responsibility to ensure the integrity of this Integrated Report. It has been reviewed by the Audit and Risk Committee, the Board, Company Secretary and Sponsor. The Annual Financial Statements included in this Integrated Report have been audited by the external auditor, BDO South Africa Incorporated.

External Assurance

No independent assurance was sought on this Annual Report. The Annual Financial Statements were independently audited by the Group's Auditor.

Forward-Looking Statements

This Integrated Report contains forward-looking statements that, unless otherwise indicated, reflect the Group's expectations as at 30 June 2019. Actual results may differ materially from the Group's expectations if known or unknown risks or uncertainties affect its business, or if estimates or assumptions prove inaccurate.

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

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 at www.cgn.co.za. For further information, please contact the Company Secretary.

DIRECTORS AND MANAGEMENT

DIRECTORS' PROFILES

EXECUTIVE DIRECTORS:

Mark A Smith – CEO

BA LLB (Admitted Attorney)
Age: 61

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

Mark has extensively researched Identity Verification applications and has 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: 43

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: 61

Graham began his career in the technical department at Telkom 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. When Qualicom was later acquired by Teleboss Graham remained with the company 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 of the same year was appointed to the board of directors as Managing Director. In 2003, Telemessage merged with a subsidiary of Interconnective Solutions Limited, now Cognition Holdings Limited.

DIRECTORS AND MANAGEMENT (CONTINUED)

NON-EXECUTIVE DIRECTORS

Ashvin G Mancha (Chairman)
(Independent Non-Executive Director)
B.Proc
Age: 62

Ashvin obtained a B.Proc from the University of Witwatersrand in 1981, and thereafter a Diploma in Financial Management. He was admitted as an attorney in 1982 on completion of his articles. His primary responsibilities and experience were in the banking sector. In 1985 he entered the family business which ran property and retail businesses giving him direct exposure to the stockbroking community in South Africa. He 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. Ashvin was invited to join the board of directors, retaining his directorship after the firm was sold to BOE Natwest in 1995. During the period up to his departure in December 1999, he built up one of the largest independent private client stockbroking businesses in South Africa. In June 2000, he started the stockbroking firm of Afrifocus Securities and retired in 2018. Ashvin is currently involved in Construction and Warehousing.

Gaurang Mooney
(Independent Non-Executive Director)
BA (Economics & Finance)
Age: 49

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 sectors in Southern Africa. In addition, 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 in which the company has interests. 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: 62

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
(Independent Non-Executive Director)
B.Com, LLB
Age: 60

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.

Marc du Plessis
(Non-Executive Director)
B.Com (Commercial Accounting)
Age: 39

After Marc obtained his degree at the University of Stellenbosch in 2001 he attended the AAA school of Advertising and then worked abroad as a manger in the tourism and travel industry. In 2006, he joined Caxton and CTP Publishers and Printers Limited as a key account manager subsequently moving through the ranks to occupy the current position of Group Executive – Digital Investments for Caxton & CTP Publishers and Printers Limited.

NON-EXECUTIVE DIRECTORS (Continued)

Roger Pitt, CA(SA))

(Independent Non-Executive Director)
B.Com (Hons)(Acc)
Age: 38

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, also attending 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 and also holds board positions at various specialised finance structuring special purpose vehicles in the banking industry and private companies.

Trevor Ahier

(Independent Non-Executive Director)
BSc (Civil Engineering) LLB
Age: 51

Trevor obtained his degrees at the University of the Witwatersrand and University of South Africa, respectively. He is an accredited Mediator of the London School of Mediation. Trevor completed the three-year Owner President Management Program at Harvard. Trevor has an extensive entrepreneurial track record in the media, technology and construction industries where he has founded, operated and acquired numerous businesses.

Dennis Lupambo

(Independent Non-Executive Director)
BSc (Electrical Engineering)
Age: 56

Dennis received a Bachelor of Science with Honours in Electrical Engineering in 1987 from the University of Southampton, England. He has since worked in various industries including Mining (Zambia Consolidated Copper Mines), Auditing (KPMG Lusaka, Zambia), Petrochemicals (Sasol), Electricity Utility (Eskom), Management Consultancy (Gemini Consulting), Banking - Cards, Electronic Banking and Home Loans (Standard Bank and Ecobank Transnational Incorporated), Telecommunications (MTN South Africa) and MasterCard Lab for Financial Inclusion (Nairobi, Kenya). He has worked for several leading Pan African companies including Standard Bank, MTN and Ecobank Transnational Incorporated. Dennis is the Managing Executive of Mint Africa responsible for the expansion of Mint Management Technologies Proprietary Limited, a Gold Microsoft Implementation Partner, into the rest of Africa.

SUBSIDIARY COMPANIES

BMi RESEARCH

BMi RESEARCH MANAGEMENT

Gareth Pearson

Gareth is a market research specialist with particular focus on brands and markets within the retail packaging and Consumer Packaging Goods market. Always looking to create value for clients, Gareth is passionate about brands, strategy trends and growing people. Gareth retired as CEO with effect from 30 June 2019 after 11 years as CEO.

Kevin Kruger

Kevin has more than 20 years' experience in the Consumer Packaging Goods market in South Africa, in both the retail and manufacturing spaces. With a passion for building and leading teams his expertise lies in creating valued long-term relationships, Kevin is motivated in constantly finding new innovative ways to translate research data into actionable insights to our clients. He also has a keen eye for technology which looks to the future rather than the past. Kevin was appointed as CEO with effect from 30 June 2019.

Cindi Collett

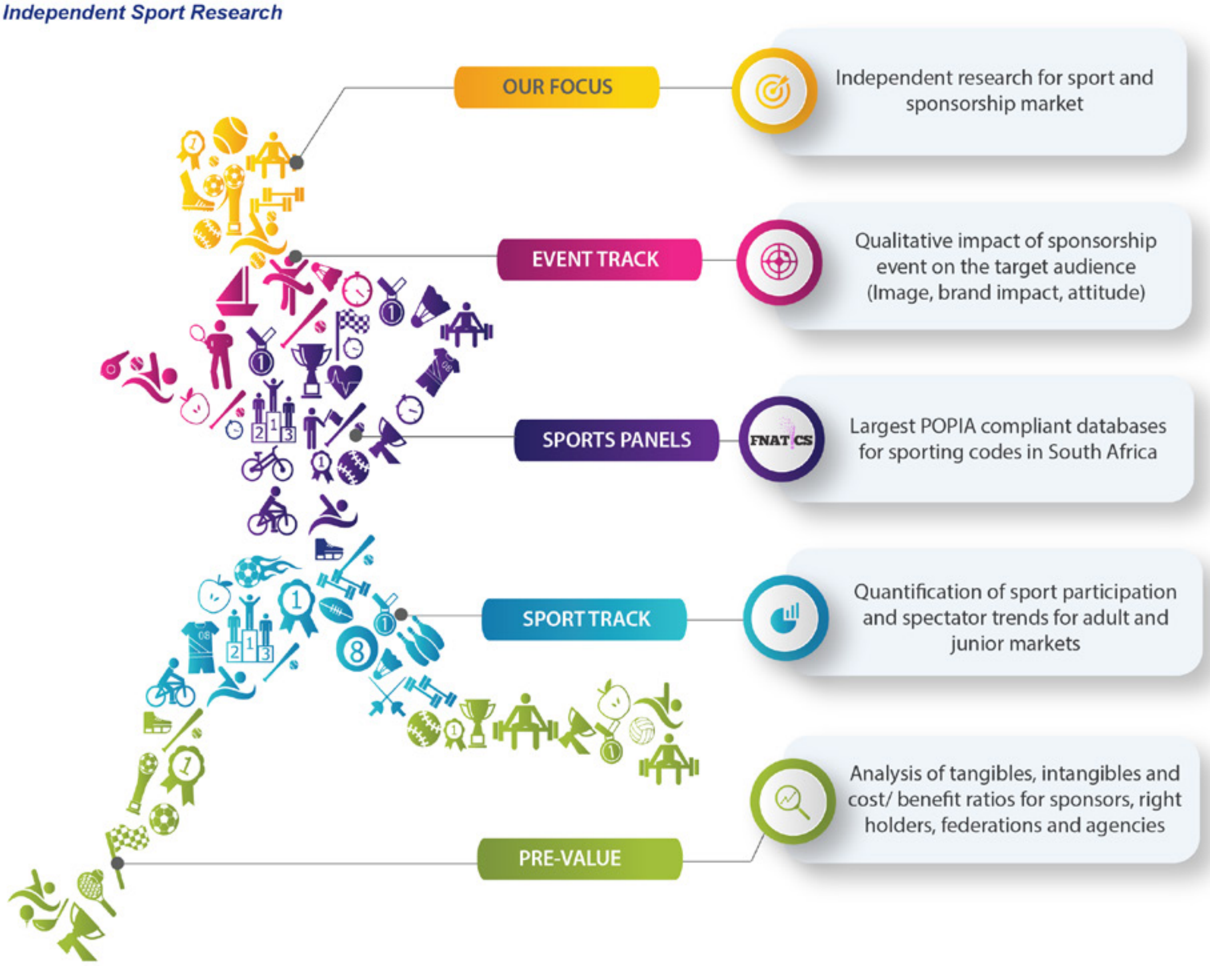
Cindi engages with clients across all sectors and is passionate about building and maintaining client relationships and achieving results. She has a unique ability to customise her approach to meet account objectives and client expectations while leading and motivating the sales team in delivering solutions and building relationships that are underpinned by strong commercial orientation.

Greg Avramit

Greg has over 20 years' experience in information technology including infrastructure and database design, network implementation, data integration, application development and specialises in SQL databases and IT networks. His extensive mobile solution experience efficiently moves data to and from our mobile field force.

SUBSIDIARY COMPANIES (CONTINUED)

Independent Sport Research



Twenty-eight years of providing market research and sponsorship quantification for South Africa's major sponsoring companies, television channels, sports goods companies, sport controlling bodies and sponsorship management companies involved in sport, music, culture and sponsored events.

BMi SPORT MANAGEMENT

David Sidenberg
Director and CEO
BA Economics & Finance

David is one of the sports- and sponsorship-industry's most influential thought leaders and together with his company BMi Sport Info, is credited for the pioneering role he has played in helping sponsorship evolve into the leading marketing communications medium it is today.

As part of the ever-expanding BMi Group, David has access to over 25 years of independent research and data across all media channels.

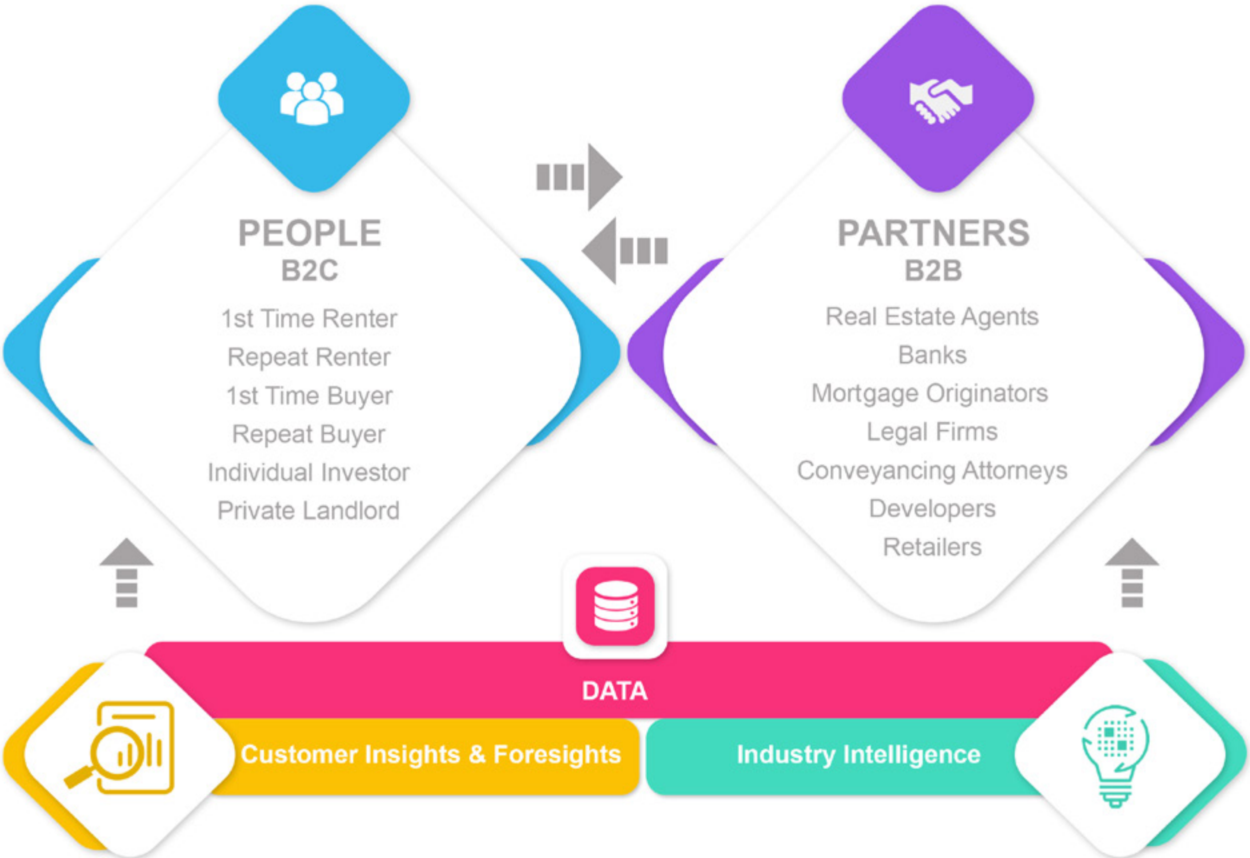
He is regularly called upon to provide a fully integrated research and consulting offering to an impressive list of clients; the likes of which include the who's who of Africa's major sponsoring companies, television networks, sport controlling bodies, federations and teams, as well as the leading agencies involved in the commercialisation and management of sport, music, broadcast and other sponsored causes.

SUBSIDIARY COMPANIES (CONTINUED)

private property

DRIVING **GROWTH** THROUGH KEY CUSTOMER SEGMENTS

"CUSTOMER OBSESSION WILL BE OUR KEY ORGANISATIONAL DRIVER"



"WE ARE CREATING AN ENVIRONMENT WHERE CUSTOMERS WILL FEEL SAFE, INFORMED AND EMPOWERED"

private property
THE **PROPERTY** SHOW

PRIVATE PROPERTY

Private Property ended the financial year well positioned for further growth. Key appointments were made to enhance the Executive Team.

Highlights include:

- The Acquisition of Fusion Software;
- Acquiring the Property Show;
- Publication of the Property Guide;
- Continuous research into, and focus on, customer experience;
- Pleasing growth in revenue and key metrics, as well as diversified channels to our customers;
- Achieving a record number of users on the site; and
- Increased leads delivered to our partners, at an all-time high, despite the muted economic conditions.

The year under review was the start of the preparation for a five-year strategy that will, *inter alia:*

Elevate the profile and content of the Property Show - the Durban show entertained a record number of visitors and it is anticipated the same will be achieved from our Johannesburg and Cape Town shows in October 2019 and April 2020 respectively.

These Property Shows naturally complement Private Property's platform in helping our customers to confidently make informed property decisions. Equally, the recently released Property Guide is invaluable in equipping both our customers and partners on their property journeys.

October 2019 will see the launch of the Real Estate Industry Summit which gathers local and international property sector influencers to share insights, present innovative solutions and ultimately inspire the evolution of the real estate industry.

Our focus is on attracting even more customers to our platform and generating enhanced quality leads for our real estate and industry partners. This will be supported by disciplined innovation, deeper understanding of property customer needs and close collaboration with our trusted partners.

Private Property's position as the authoritative, trusted brand in the property market will be the natural result of these initiatives.

With our philosophy of customer obsession and partnership, Private Property is incredibly well positioned to contribute to, enhance and unlock significant value in the South African property ecosystem. The incredible financial and psychological value of property means we will not only deliver growth to our shareholders, but also continue to add real value to the lives of many South Africans.

SUBSIDIARY COMPANIES (CONTINUED)

PRIVATE PROPERTY MANAGEMENT

Amasi Mwela,

Chief Executive Officer

Amasi began his tenure at Private Property at the beginning of 2019, where his wealth of experience in building new strategic focus, brand repositioning and customer centricity have already begun to bear fruit. Amasi has a proven track record of successfully making strategic acquisitions, showing rapid growth and building operational integrity at prominent companies such as Fundi, Old Mutual iWYZE, American Express Corporate Travel, and both Standard Bank and FNB. His focus on leadership in business and people development are essential contributing factors to success in his role as CEO and is the drive upon which Private Property will continue to grow into significance.

Nicholas Rossato,

Finance Executive

With over 25 years' experience of working in several countries across a variety of sectors and disciplines, Nicholas brings a wealth of knowledge in the financial, regulatory and legal aspects of rapidly expanding, local and international businesses. As a chartered accountant, and former CFO of One Africa Media, one of Africa's leading and largest portfolios of online marketplaces, Nicholas was responsible for overseeing several acquisitions which added to the Group's strength, depth and growth. His insight into the economy and invaluable experience in the online marketplace position him well for his role as Finance Executive at Private Property.

Loray Penberthy,

People, Legal and Compliance Executive

Loray has a proven track record of dealing with complex business administration for companies such as the Lion Match Company and Thai Airways International Public Company. From overseeing the day to day operation of administrative, finance, legal and HR departments to dealing with high level commercial agreements, managing international stakeholder relationships and attending board and executive meetings, Loray is well positioned to successfully manage people, legal and compliance for Private Property South Africa.

Grant Elliott,

Technology Executive

Grant has a wealth of experience that spans software development for companies such as African Defence Systems where he worked on projects for the South African Airforce and South African Navy; to working at ThoroughTec, where his skills and experience saw him managing the development of training simulators for armoured fighting vehicles and heavy duty mining equipment.

Grant became the Head of Architecture at Private Property in 2013 where his role was centred around deriving and implementing a new architecture of the website. Within a year, Grant was promoted to Chief Technical Officer where he became responsible for the strategic direction of all IT and Development activities. His experience and knowledge base continue to be essential for delivery of innovation on the website.

Sandile Hogana,

Customer Insights and Innovation Executive

Sandile joins Private Property with a solid track record of consistently delivering product performance. He has led and managed a diverse portfolio of products across multiple industries from Fundi Capital, Blue Label Telecoms to large players in the banking sector, namely Barclays Africa, RMB Corporate Banking and Standard Bank. Sandile's extensive experience stands him in good stead to steer data structuring and analytics, product and pricing strategies, customer segmentation and go-to-market strategies, as well as enhancing Private Property's customer experience.

Tracey Miller,

Brand and Communications Executive

With years of experience in media, communications and brand positioning, Tracey heads the Private Property Brand and Communications portfolio. Tracey's in-depth knowledge of communications earned through her role as communications manager for multi-national fast food chain and global corporation McDonalds, and experience in successfully delivering large brand positioning events and campaigns that span across a multitude of markets makes her invaluable to the Private Property customer-first brand strategy.

LIVINGFACTS

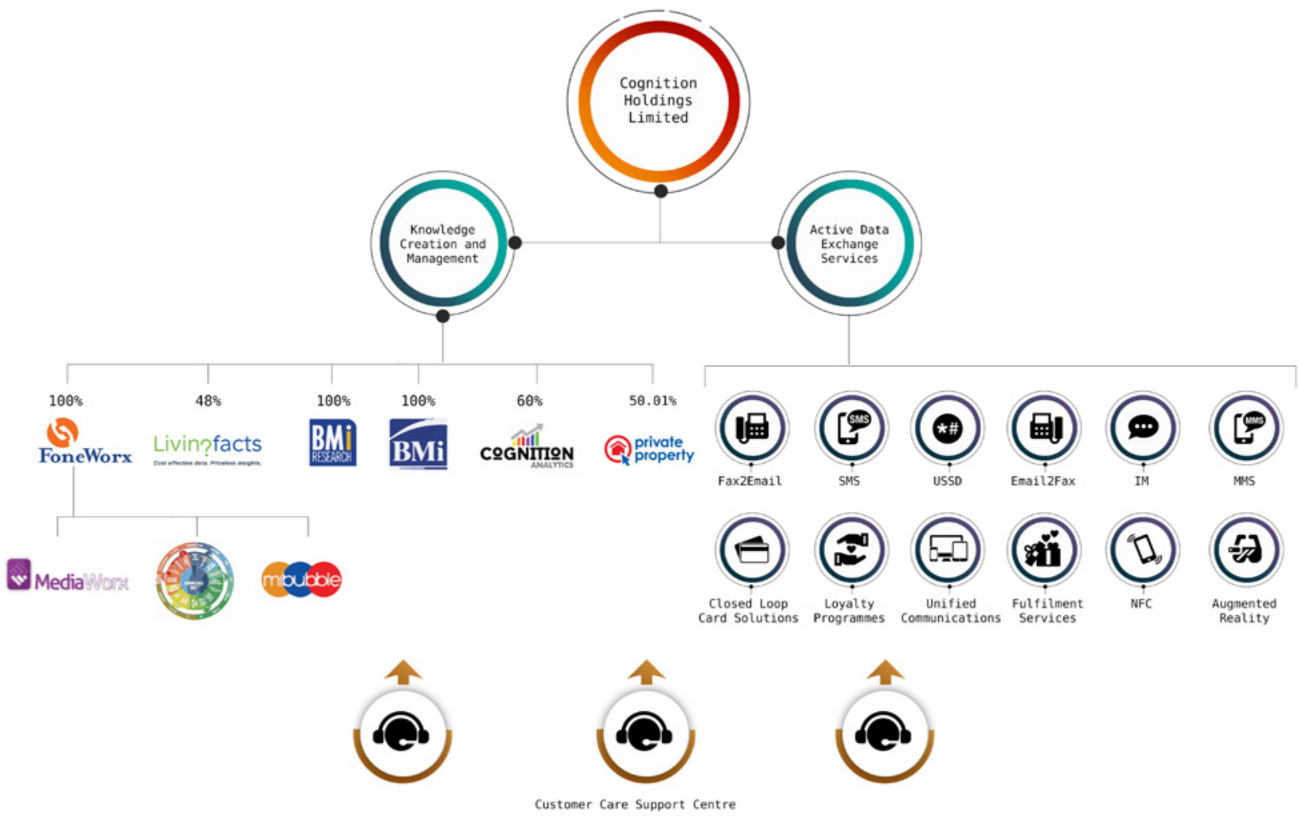
Marylou Kneale

Livingfacts founder and Southern African Marketing Research Association ("SAMRA") researcher, Marylou Kneale, has three decades of research experience and extensive knowledge of the corporate sector. She is a member of SAMRA, ESOMAR, MRS (UK) and AMA (USA), WeConnect International, Women in Finance Network, Businesswomen's Association of South Africa.

Heidi Clowes

Heidi has extensive holistic knowledge of research including: design, project management, anaylsis, reporting and client management. She is an industry expert in the financial, pharmaceutical and logistics sectors. She is a member of SAMRA

GROUP STRUCTURE



CEO’S REPORT FOR 2019

Dear Stakeholders

The results for the period under review are a reflection of a low growth domestic market, with protracted tough economic conditions.

Many of our clients to whom we provide support services did not anticipate the extent to which the market would deteriorate and many were forced to reduce their budgets and promotional activity, resulting in reduced work to a number of our Group’s operating divisions.

The Cognition Group is made up of a number of, what may appear to be, disparate offerings. However, the common thread or theme attributable to each offering is the collection, processing and management of personal data and the ability for our clients to manage and monetise such data in a structured, compliant and insightful manner.

Each of our operational offerings, as explained more fully hereunder, is either a technology or a process which enables our clients to have deeper insight and understanding of their customers so that they are better able to develop more meaningful and relevant communication with their customers.

Divisional Performance

Active Data Exchange Services (“ADES”)

ADES, in layman’s terms, comprises all of the Group’s technologies that are used in any form of messaging, such as short message services (SMS), unstructured supplementary service data (USSD) email services and faxing services. These are all marketed to our clients via our brand, MediaWorx, and our clients use these services as “Call2Action” campaigns, essentially encouraging their customers to enter a promotion or competition for some form of reward or prize.

By adopting these ADES, we enable our clients, not only to engage with their customers, but also to collect valuable data about their customers.

Brands need to understand their consumers at a deeper level (granular level) and hence this form of data exchange is ideal. Data, and in particular personal data, has become central to every single aspect of running any business.

Although the ADES industry is very competitive, the benefits that our Group have are:

- that the technology platform is proprietary;
- we are contracted with all mobile and fixed line networks in South Africa;
- we have designed remote access to over 80 mobile networks into Africa; and
- we offer a turnkey solution on technology, consulting, service design and fulfilment of physical or virtual rewards.

During the period under review, MediaWorx managed over 300 campaigns on behalf of 70 clients covering 160 brands including: Liberty, Rohloff, Lindor, Gemini, Matriach, Duel, SA Homeloans, Imana – Pick n Pay, Cassava, Vamara, Computershare, Datacore Media, ABInBev (Hansa, Redds, Carling Cup, Carling Black Label and Castle Lager), Defy, Lion Match, Pep, Ackermans, Premier Foods, Marico, Checkers, Soweto TV, Cambridge, Lucky Star, AfriSam and Bokomo.

MediaWorx is one of the largest and most innovative USSD suppliers in South Africa.

We are confident that our platform and innovative approach to using ADES can assist clients in building much needed personal databases which must ultimately be compliant with privacy legislation such as the Protection of Personal Information Act (“POPIA”) and the General Data Protection Regulations (“GDPR”).

As discussed in the aforementioned ‘Group Performance’ paragraph, the trading conditions throughout Africa deteriorated substantially during the year. This resulted in many of our existing clients reducing their marketing and promotional budgets, which meant that we managed fewer services on their behalf. With a protracted low growth domestic economy, we anticipate this trend will continue. On the positive side, our proprietary platforms are both well managed and instantly scalable, meaning that when the economy turns, we can immediately host an unlimited number of campaigns.

Document Exchange Services

These services, which form part of ADES, include our Fax2Email, Email2Fax and SecurDox. Whilst faxing continues to decline, we still maintain an active database of around 73,000 subscribers (2018: 90,000) and process around 28 000 faxes per day.

SecurDox, which is a more secure encrypted document transfer system using Blockchain, continues to be an alternative to Fax2Email and will become a more suitable alternative to clients when POPIA becomes fully enacted.

Channel Incentive and Loyalty

Brands typically have some form of reward or incentive methodology to "sell-in" stock into a retail environment or store and a "sell-out" strategy to promote stock to consumers.

The Group has developed a proprietary platform which is web and mobile based. It enables brands to incentivise staff, agents and contractors ("incentive member") by rewarding them for selling defined products to consumers.

Our proprietary platform has various modules including FICA registration, claims processing, moderation and payment of funds (rewards) into a wallet and a Mastercard allocated to each incentive member who can then transfer their allocated funds (rewards) from the wallet to their card. Since the development of the platform in November 2015, we have processed over R400 million via an average of 10,000 active cards, although more cards have been issued.

During the period under review, we have seen a renewed interest in our incentive platform offering from a number of new clients and we are currently engaging with them to structure possible incentive programmes similar to those we currently provide.

When economic conditions become stressed, brands typically look to more innovative ways to stimulate sales and this programme and platform offer such opportunity.

Platform Technology and Knowledge Management

Although brands are aware that Big Data is becoming central to the running of a business, they are not all aware as to what data to collect and how to collect, process and manage such data.

To this end, Cognition has developed a 15-step process or roadmap to guide clients through this process in a structured and focussed manner. The methodology is referred to as Knowledge 350°.

The aim of this process is to collect the desired personal data (demographic / psychographic) and store it in a manageable platform so that the data can be used for research, marketing and to drive desired consumer behaviour.

The process is "non-invasive" and typically provides for "volunteered data" or "self-curated data", placing the consumer in control of their data, but on a permission-based principle enabling brands to have access to such rich and dynamic data.

We refer to such a platform as Personal Information Management platform ("PIM") which conforms to the best of class privacy regulations, such as POPIA and GDPR.

Each of the services previously referred to in this report (ADES and Channel Incentive) would be engaged to ultimately interface to the PIM platform and be deployed to either collect or manage data.

To ultimately facilitate and enhance the manner in which insights can be extracted from the PIM platform, research and analytical skills need to be deployed. To acquire these skills and businesses as going concerns, the Group has over the past five years made the following acquisitions:

CEO'S REPORT FOR 2019 (CONTINUED)

BMi Research Proprietary Limited ("BMiR")

BMiR provides total research solutions for the following sectors: retail, manufacturing, packaging, food services, automotive, telecoms and financial services.

The services offered include: market performance, shopper insights, data management and integration, analytics and consulting, mystery shopping, print ads, EPOS and ISOS.

During the period under review, a large services project came to its natural conclusion resulting in revenue dropping by 24% and profit before tax being down 62%. At the end of the financial year (June), the CEO of 11 years, Gareth Pearson, decided to retire from the business and he was replaced by Kevin Kruger, previously the managing director of IRi South Africa. Kevin has a wealth of experience in the services offered by BMiR and is currently putting into place a re-engineered strategy to take the business into the next decade. We would like to thank Gareth Pearson for his contribution and loyalty to BMiR over his long tenure.

BMi Sport Info Proprietary Limited ("BMiS")

BMiS provides a defined range of sport-and sponsorships-related services. These services include: sport tracking and sponsorship consulting, e-gaming, millennial tracking, socio-economic and sporting impact evaluation and bespoke sporting evaluation.

BMiS is gearing up to launch a database management programme for defined sporting codes which will operate as a multi-sided platform for brands, spectators and sport participants.

The period under review was challenging as the poor economic conditions resulted in many blue-chip clients cutting back on sponsorships and research.

Livingfacts Proprietary Limited ("Livingfacts")

Livingfacts provides customised research solutions with "deep dive" compatibility, both on a quantitative and qualitative level that assists boards and management to implement insightful and intelligent strategies.

Revenue for the period was up 10% however, with margins under pressure, profit before tax showed no growth on the previous year.

Corporate Transactions

During the period under review, the Group acquired 50.01% in Private Property South Africa Proprietary Limited ("Private Property") comprising of 5 265 Private Property shares held by CTP Limited for a total purchase consideration of R127 million, which consideration was settled through the issue of 105 833 333 Cognition shares at 120 cents per share ("Acquisition"). The Acquisition was effective from 7 February 2019.

Private Property is one of South Africa's largest property portals, and has been in operation since 1998. The company, Private Property, holds a significant market share in the South African property market.

Private Property is a multi-sided marketing property platform that presents property listings, news and advice to property shoppers and charges property professionals to market to that audience. The revenue growth for Private Property is driven by increased property listings on its platform which leads to an increased audience, increased leads and a higher number of successful transactions.

Prior to the acquisition of Private Property from CTP Limited, Caxton and CTP Publishers and Printers Limited ("Caxton") was a material (34.57%) shareholder of Cognition. Post the Acquisition, Caxton's shareholding in Cognition is currently 63%.

Our Strategy Moving Forward

The rationale for the acquisition of Private Property heralds a change in the direction of Cognition to become an aggregator of digital platforms that provide multi-sided offerings to various vertical markets in the economy.

This strategy is to blend investments that offer innovative technology platforms with digital opportunities to build models that are flexible, fast, collaborative and creative.

The rationale behind this strategy is:

- to provide creative scope for each investment to be fully empowered and to operate independently by the incumbent management, whilst leveraging opportunities within the investment portfolio of the various platforms;
- to provide shareholders the opportunity to invest in diversified, yet specialised, platforms in a multitude of verticals across several sectors and geographies; and
- to offer a range of shared services to each platform to support their growth strategies within the framework of Search Engine Optimisation, Search Engine Marketing, HR, risk assessment, privacy and Cyber Security, financial, administrative and general strategy.

Post the signing of the acquisition agreement for Private Property, a new CEO was appointed to the Private Property board of directors. The CEO was tasked to identify new areas of opportunity, growth and operational enhancement. Based on measured feedback, an enhanced strategy was approved by the Private Property board of directors which will essentially re-engineer the Private Property platform to deliver additional value to both buyers/sellers of properties, renters and estate agents, thereby offering much enhanced value to this multi-sided platform.

The Private Property board of directors believes this new strategy will greatly enhance the future growth of Private Property and create a structured trajectory for this platform to become the leading property platform in South Africa.

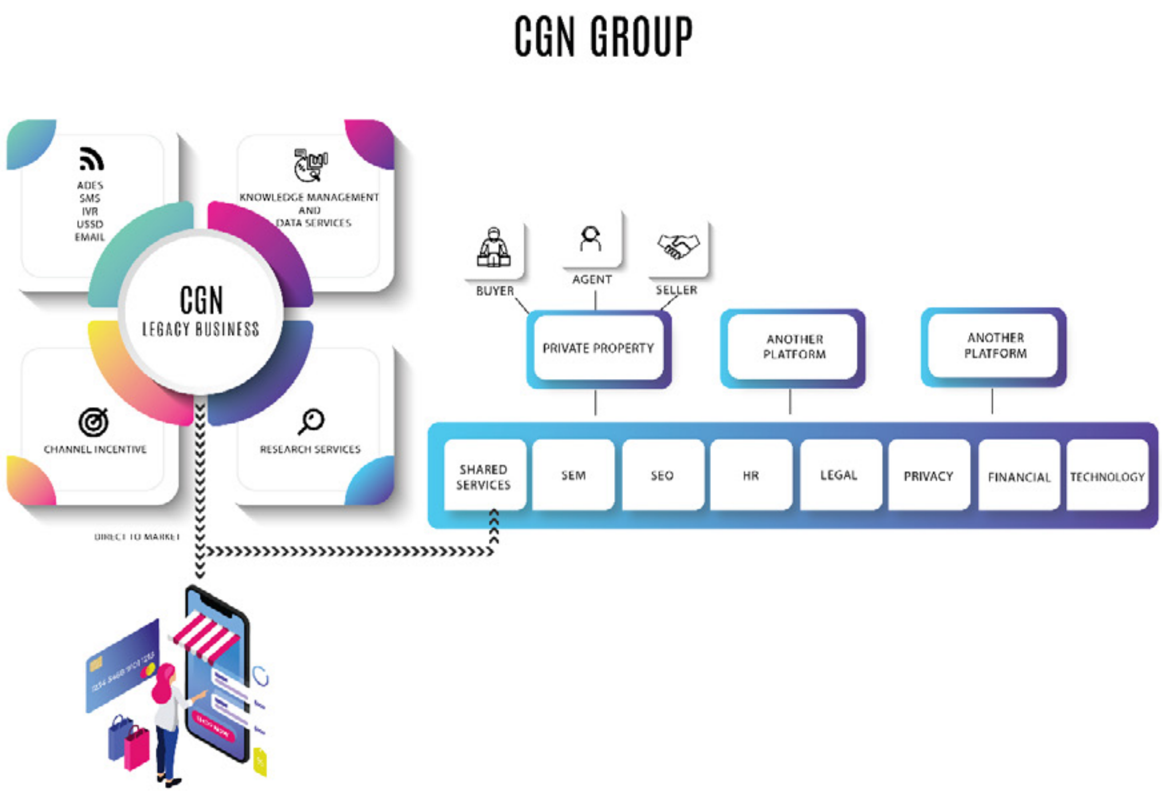
The Private Property board of directors, in association with the Cognition Board, has accordingly agreed to re-invest a portion of the Private Property 2020 and 2021 profits into the execution of the new strategy.

During the processes of enhancement and reforming this Private Property platform, it is anticipated that the company will continue to show year on year top line revenue growth and strong cash flow generation.

Whilst this will result in a reduction of the profits in these two years, both Boards are of the view that the enhanced value over the next four years and increased goodwill will create:

- accelerated momentum;
- increased market share;
- added value to estate agents and buyers; and
- improved and new service offerings.

Following on from the 50.01% acquisition of Private Property, the strategy is to invest in other platform businesses that operate in different verticals within the economy.



How Do The Legacy Businesses of the Group Integrate Into The New Strategy?

The legacy businesses and service offerings of Cognition, as described above, will, in line with the "new strategy" moving forward, continue to operate at two levels:

- independently to the market as they have done over the last two decades; and
- as part of the shared services offering to the various vertical platforms, the first of which being Private Property.

Prospects

We believe that trading conditions will remain challenging with a low growth domestic market, uncertain political conditions and protracted tough economic conditions. While this will impact more on the likes of our research and promotional services and operations, it could provide opportunities within our channel incentive offerings where brands use this offering to stimulate sell-through opportunities.

Our new strategy of building an aggregation of digital platforms began with the acquisition into Private Property. This strategy creates an opportunity for the Group to be better positioned to exploit the digital economy and will result in the Group becoming a growth-focussed investment holding company within the digital sphere.

Our strategy is to blend investments that offer innovative technology platforms with digital opportunities to build models that are flexible, fast, collaborative and creative.

These innovative platforms that operate in various vertical sectors of the economy, will collectively facilitate enhanced business to business relationships and enhance customer engagement, whilst promoting personalisation for relevant and meaningful experiences in line with privacy legislation.

Multi-sided platforms ("MSPs") like Private Property are digitised, open and participative business models, creating commercially connected eco systems of providers and consumers.

We believe that an aggregation of MSPs, leveraged by a shared services offering, will offer compelling value, as they offer great scalability capacity driven by the network effect.

The legacy business service offerings of the Group will continue to offer services directly to the market and simultaneously offer a shared services function to the underlying MSPs.

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 dedication, hard work and diligence in the execution of the Group's strategy.

I would also like to extend my thanks to our suppliers, business partners, shareholders and/or customers.

Mark Smith
Chief Executive Officer

FINANCIAL REPORT

Introduction

During the period under review, the Group acquired 50.01% of Private Property resulting in a considerable change in the Revenue, Financial position and Equity structure of the Group.

The effective accounting date for the Acquisition was 7 February 2019 and therefore, included in the Financial Results are five months of revenue and expenditure from Private Property, resulting in significant increases being reported across all financial line items when compared to the results reported in the previous financial year.

Financial Performance

The Group increased its Gross Revenue by 29.4%, of which 10.2% was achieved organically via its legacy businesses, and a further 19.2% by means of the Acquisition of Private Property. Gross Revenue, which includes revenue earned by the Group for facilitating agency-based payment services, amounted to R239 million compared to R193 million in the previous financial year. As previously mentioned the legacy businesses are the businesses that made up the Group prior to the acquisition of Private Property and comprise of FoneWorx, BMi Research and BMi Sport Group.

Revenue for the Group increased to R215 million, compared to R157 million in the previous financial year. This increase was achieved despite a significant reduction in Revenue of R27.5 million earned from the Group's Fax2email and Research assets, whereas the legacy businesses showed resilient growth of R16.4 million for the year. The addition of Revenue from Private Property results in a net increase of 36.3% revenue growth.

As per the segment report on pages 99 and 100, revenue from both Active Data Exchange Services and Knowledge Creation and Management segments increased by 15.9% and 46.7%, respectively. Gross Profit for Active Data Exchange Services increased by R14.4 million to R49.9 million from R35.5 million. This was achieved organically. The Gross Profit for the Knowledge Creation and Management segment increased by 75.3% from R60 million to R105.5 million which can mostly be attributed to Private Property.

The Group's operational cost increased significantly to R52.1 million from R18.3 million. The legacy businesses' operating costs increased 28% primarily due to significant transaction fees relating to the Acquisition. In addition, it should be noted that in the previous financial period the operating costs were lower due to a "once off" energy charge reversal. Private Property operating costs for the five months amounted to R31 million resulting in the 184% total increase for the Group this year.

Staff costs for the year increased by 48.9% with the inclusion of Private Property. The staff cost of the legacy businesses increased marginally by 2.9% from R52.5 million to R54 million for the year.

The impact of the increased expenditure was not offset by the additional revenue of the Group, resulting in a reduction of Total Comprehensive Income of 17.1% from R20.6 million to R17 million. As the Group only owns 50.01% of the shareholding in Private Property, the Group accounted for R2.4 million as non-controlling interest in the earnings with the ensuing profit attributable to shareholders of Cognition reducing to R14.6 million compared to the previous year of R20.5 million.

Based on the weighted average number of shares in issue for the period of 179 079 268 shares (2018: 137 615 798), earnings per share ("EPS") declined by 45.2% from 14.9 cents in the 2018 financial year to 8.17 cents this financial year. Headline earnings per share ("HEPS") declined from 14.88 cents per share to 9.31 cents per share.

Statement of Financial Position

The Group maintains a prudent approach with regards to the use and allocation of its resources and continues to maintain a healthy financial position which, given the current difficult financial times, has served it well.

The Group's cash resources increased from R104 million in the previous financial year to R123 million, an increase of 18.25%. Notwithstanding the incorporation of Private Property, the Group was able to maintain its Trade and Other Receivables at R50.6 million compared to the prior year's level of R51.9 million. Current Liabilities reduced to R54.4 million from R68.7 million. This reduction was mostly due to a reduction in third party prize money that the Group held at year end.

The acquisition of Private Property resulted in Goodwill allocation to the amount of R114.7 million being raised by the Group as a provisional allocation of the purchase price. The Group will do a final purchase price allocation by the end of January 2020. The Group impaired R2 million of Goodwill relating to the BMi Sport Group as the current value of future cashflow projections fell below the carrying value of Goodwill.

The purchase consideration for the Acquisition was settled by the Group issuing 105 833 333 new Cognition shares resulting in the total share issued by the Group being 243 449 131 shares. This resulted in the Net Tangible Asset Value of the Group being reduced by 32.17% from 76.37 cents per share to 51.80 cents per share. Net Asset Value per share increased by 7% to 116.05 cents per share from 108.49 cents per share.

Equity Movements

During the year, the Group declared and paid a final dividend of 6 cents per share relating to the 2018 financial year.

The Group incorporated Private Property and issued 105 833 333 Cognition shares to the value of R127 million as the purchase consideration.

As at 30 June 2019, the Company did not hold any treasury shares.

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.

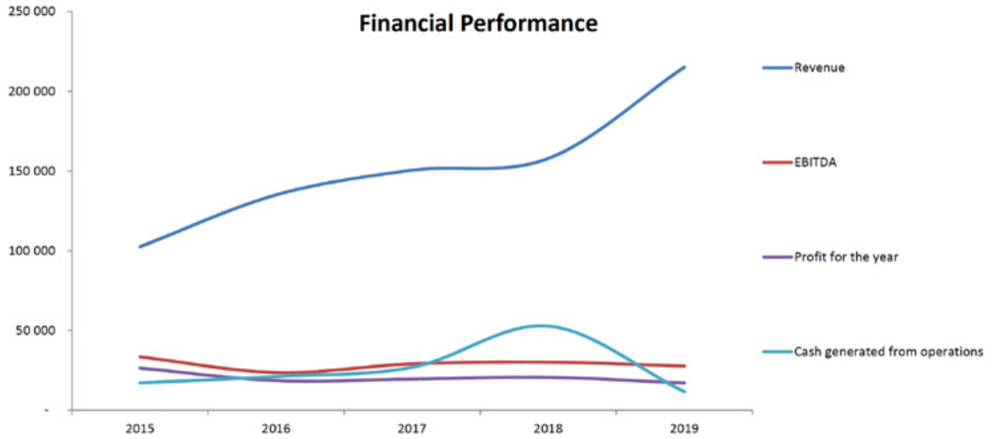
Conclusion

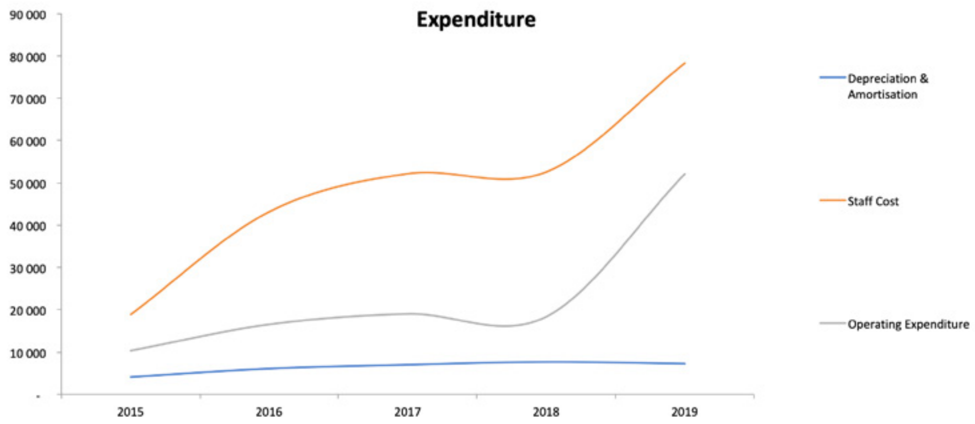
While the Group's financial structure changed significantly during the past financial year, it still maintains a very healthy financial position with diversified businesses that collectively deliver strong cash flows and remain profitable even in very difficult financial and economic times.

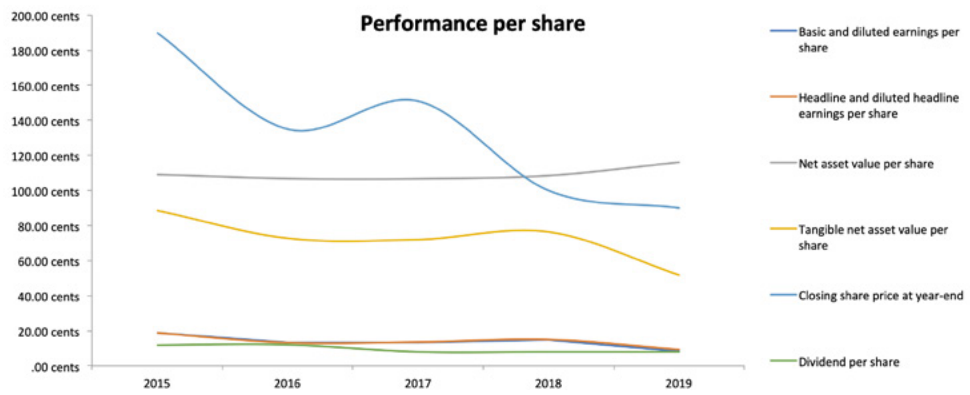
FINANCIAL REPORT (CONTINUED)

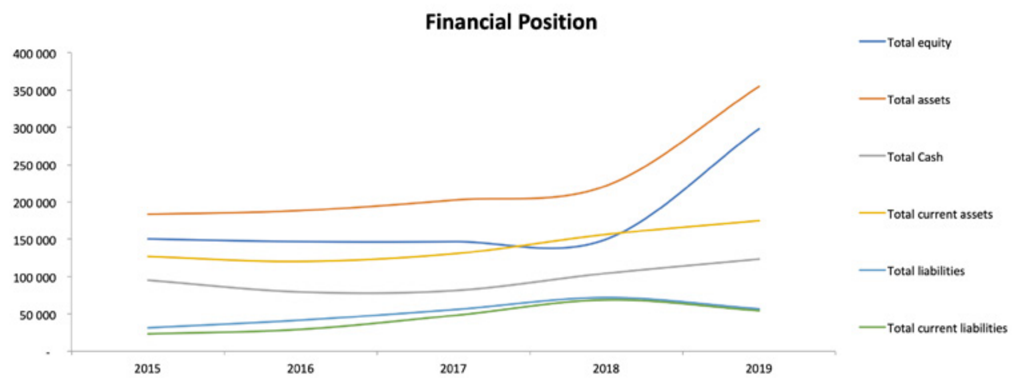
5 year analysis and graphs

	Movement 2018/2019	30 June 2019	30 June 2018	30 June 2017	30 June 2016	30 June 2015
Financial position		**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
Total equity	98.6%	297 949	150 052	146 849	146 908	150 311
Total assets	60.0%	354 808	221 800	202 542	188 490	183 084
Total cash	18.2%	123 439	104 391	81 279	79 522	95 139
Total current assets	11.2%	175 012	156 479	130 548	120 322	126 712
Total liabilities	(20.8%)	56 858	71 747	55 675	41 582	31 306
Total current liabilities	(20.8%)	54 407	68 669	47 836	29 312	23 289
Operating results		**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
Revenue	36.3%	215 149	157 884	150 506	135 027	102 604
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	(14.7%)	25 689	30 114	29 064	23 596	33 436
Operating profit	(17.9%)	18 445	22 463	22 082	17 518	29 318
Profit for the year/period	(17.1%)	17 077	20 596	19 524	18 582	26 409
Profit for the year attributed to owners of the parent	(28.7%)	14 630	20 509	18 612	18 227	25 607
Net cash generated from operations	(78.0%)	11 602	52 771	26 865	21 107	17 162
Depreciation & Amortisation	(5.3%)	7 243	7 650	6 982	6 078	4 118
Staff Cost	48.9%	78 290	52 587	52 167	43 154	18 903
Operating Expenditure	177,5%	50 942	18 357	19 041	16 524	10 333
Financial ratios						
EBITDA margin	(32.5%)	12.87%	19.09%	19.31%	17.48%	32.59%
Operating profit margin	(39.7%)	8.57%	14.23%	14.67%	12.97%	28.57%
Return on equity	(45.1%)	7.62%	13.87%	13.29%	12.50%	18.34%
Return on assets	(39.0%)	5.92%	9.71%	9.99%	10.00%	15.07%
Debt Equity Ratio	(60.1%)	19.08%	47.81%	37.91%	28.30%	20.83%
Solvency Ratio	8.6%	42.77%	39.37%	47.61%	59.30%	97.51%
Liquidity ratio	101.9%	6.2 times	3.1 times	3.6 times	4.5 times	5.8 times
Share performance						
Number of shares in issue at year-end	76.9%	243 398 421	137 615 798	137 615 798	137 527 659	137 615 798
Weighed average number of shares at year end	30.1%	179 059 401	137 615 798	137 615 798	137 448 249	137 448 249
Basic earnings per share	(45.4%)	8.17 cents	14.90 cents	13.52 cents	13.25 cents	18.63 cents
Headline earnings per share	(37.7%)	9.31 cents	14.88 cents	13.52 cents	13.20 cents	18.56 cents
Net asset value per share	7.0%	116.05 cents	108.49 cents	106.71 cents	106.82 cents	109.23 cents
Tangible net asset value per share	(32.2%)	51.80 cents	76.37 cents	71.97 cents	72.76 cents	88.68 cents
Closing share price at year-end	(10.0%)	90 cents	100 cents	151 cents	135 cents	190 cents
Dividend per share	17.6%	10.00 cents	8.50 cents	8.00 cents	12.00 cents	12.00 cents


Financial Performance
250 000
200 000
150 000
100 000
50 000
-
2015
2016
2017
2018
2019
Revenue
EBITDA
Profit for the year
Cash generated from operations


Expenditure
90 000
80 000
70 000
60 000
50 000
40 000
30 000
20 000
10 000
-
2015
2016
2017
2018
2019
Depreciation & Amortisation
Staff Cost
Operating Expenditure


Performance per share
200.00 cents
180.00 cents
160.00 cents
140.00 cents
120.00 cents
100.00 cents
80.00 cents
60.00 cents
40.00 cents
20.00 cents
.00 cents
2015
2016
2017
2018
2019
Basic and diluted earnings per share
Headline and diluted headline earnings per share
Net asset value per share
Tangible net asset value per share
Closing share price at year-end
Dividend per share


Financial Position
400 000
350 000
300 000
250 000
200 000
150 000
100 000
50 000
-
2015
2016
2017
2018
2019
Total equity
Total assets
Total Cash
Total current assets
Total liabilities
Total current liabilities

CORPORATE GOVERNANCE REPORT

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

The Board adheres to and applies sound corporate governance and aligns itself to the principles set out in the King IV Report ("King IV"). 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 regularly reviews its performance and core governance principles.

Compliance

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

Ethics and Values

Although the Board has not adopted a written code of ethics, the Board endorses the principles set out in King IV and follows the principles and recommendations in King IV.

The Board has, by applying the principles enshrined in King IV, committed itself to:

- Acting with integrity and adopting best practice in its dealings with stakeholders and society at large;
- Doing business with customers and suppliers using best ethical practices;
- Employment practices which are non-discriminatory and which include training and skills development; and
- Doing business in a manner that is sustainable for all stakeholders.

The Board has assessed its governance practices and procedures against the King IV principles and recommendations. The Board will continue to assess its governance practices and procedures and, where necessary, make the necessary adjustments. An analysis of the Group's King IV compliance can be viewed on the Group's website under the Investor Relations > Governance tab at www.cgn.co.za.

Board Changes during the year

During the year under review the classification of Trevor Ahier and Dennis Lupambo was changed from non-executive director to independent non-executive director.

Board of Directors

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

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

The Group has a unitary Board structure. At the date of the Annual Report, the Board consisted of three executive directors, six independent non-executive directors (of which one is the Chairman) and two non-executive directors. In the Board's opinion this is an effective structure.

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. The biographical details of the directors appear on pages 3 to 5 of the report.

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

Because of the size of the Group, the Board has not formed a Nominations Committee to co-ordinate and evaluate appointments to the Board. Where vacancies do arise, the Board itself will set the criteria that a candidate would be required to meet, for the position.

In the event of a vacancy arising, then 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. Candidates will be assessed on their CV, background checks and after an interview process.

Disclosure of Interests

In accordance with the disclosure requirements of 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.

Personal Share Dealings

A formal policy is in place within the Group that restricts share dealing by directors, officers and specific staff members during closed periods. The closed periods are effective from the end of the interim and annual reporting periods until the financial results are disclosed on SENS. Embargoes are also placed on share dealing when the Group is trading under a cautionary announcement.

Prior to dealing, directors are required to obtain written clearance from the chairman of the Board. The Chairman in turn requires written permission from the Chairman of the audit committee. The Company Secretary must be notified of any dealings in the company's shares within three business days. This information must be published on SENS within 24 hours of the notification of such dealing. A register of share dealings by directors is maintained by the Company Secretary and reviewed by the Board.

There were no directors' dealings during the year under review.

The basis of the Board's responsibilities and functions are derived from King IV which provides 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 five occasions.

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; and
- establishing the best managerial and operational practices.

CORPORATE GOVERNANCE REPORT (CONTINUED)

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	5	5	4	4	1	1	3	3
G Mooney	5	3	4	2	1	1	3	2
M Smith	5	5	4*	4*			3*	3*
P Scholtz	5	5	4*	4*			3*	2*
G Groenewaldt	5	5					3+	2+
R Pitt	5	5	4	4	1	1		
P Jenkins	5	3						
M du Plessis	5	4						
PG Greyling	5	5						
T Ahier	5	3						
D Lupambo	5	5						

(* By invitation)
+ Appointed to the committee in November 2018)

Risk Evaluation

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

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

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

Performance Monitoring

The Board carries out a self-evaluation every two years. The purpose of the evaluation is to ensure that the Board and its committees function as they should and that they have discharged their duties in accordance with the mandates contained in the respective charters.

The last self-evaluation showed that directors had the necessary balance of skills, experience, diversity, independence and knowledge required to discharge their responsibilities.

Independence of Directors

Mr Mancha, the Chairman of the Board and Mr Mooney are both independent non-executive directors who have served terms exceeding nine years. Mr. Mancha was re-elected to the Board at the AGM held on 22 November 2018. The Board is satisfied that there are no relationships or circumstances that are likely to affect or appear to affect the judgement of either Mr Mancha or Mr Mooney. Mr Pitt, as chairman of the Audit and Risk Committee has considered the criteria of King VI relating to the determination of a director's independence and has ascertained after consultation with Mr Mancha and Mr Mooney that Mr Mancha and Mr Mooney's independence of character and judgement has not in any way been affected or impaired by their length of service.

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 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 IV). 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), LLM (Corporate Law) and ACIS. It is further confirmed that the Company Secretary has the requisite combined competence, knowledge, qualifications 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.

Rotation and Retirement from the Board

In terms of the Company's 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.

Remuneration

The details relating to directors' fees and remuneration are disclosed in the Remuneration Report on page 41 and note 25 of the financial statements. The fees that are, subject to approval by the shareholders by way of special resolution, proposed to be paid to the independent non-executive directors, are set out in the Remuneration Report and the Notice of Annual General Meeting which is attached hereto and which forms part of this Annual Report. The basis on which the remuneration of the executives is determined is set out in the Remuneration Report. The remuneration of the executives, as approved by the Remuneration Committee, is disclosed fully in note 25 of the Annual Financial Statements.

BOARD COMMITTEES

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 such 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 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; and
- adhering to financial and capital management policies.

Audit and Risk Committee

Members

- Mr Roger Pitt (Chairman)
- Mr A Mancha (resigned)
- Mr G Mooney
- Mr D Lupambo (from September 2019)

All three members of the Audit and Risk Committee are independent non-executive directors. Mr. Mancha resigned as a member of the Audit and Risk Committee in September 2019 and has been replaced by Mr. Dennis Lupambo.

The independent external auditor attends the meetings as a standing invitee. 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 44 to 45

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 26

Internal Controls and Audit

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

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

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

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

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

IT Governance

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

The Group has an IT Security Policy that covers access to information, information integrity and business support. In addition, the IT Security Policy also addresses information integrity by implementing hierarchical password access control, testing and change control of systems, anti-virus management and firewalls.

The responsibility for reporting on IT Security falls on the IT Manager and IT Systems and Architect Manager who report on a weekly basis to Exco and by invitation to the Board. It is the duty of the IT Managers to ensure that IT Security controls are in place and all risks associated with the IT Department and the Group's products and services are identified and, where appropriate, mitigated.

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

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

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

Social and Ethics Committee

Members

- Mr A Mancha (Independent non-executive director and Chairman)
- Mr G Mooney (Independent non-executive director and member)
- Mr Graham Groenewaldt (executive director and member)

The CEO and Financial Director attend the meetings by invitation.

The Social and Ethics Committee met three times during the year under review.

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.

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;
- Good Corporate Citizenship;
- 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; and
- Labour and Employment.

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

During the year under review the Committee identified and considered the following issues:

- the Group and subsidiary B-BBEE scorecards including in particular enterprise and supplier development and skills development;

- employee health and safety and compliance with the Occupational Health and Safety Act;
- a Group anti-corruption policy comprising three inter-related policies being an Anti-Bribery Policy, Code of ethics and Conduct and Whistleblowing Policy; and
- the Board Gender and Race Diversity Policy.

Remuneration Committee

Members

- Mr Roger Pitt
- 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 26 The Remuneration Committee acts in accordance with the approved terms of reference.

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

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

The fees paid to Mr Mancha and Mr Pitt for attendance at the Board and Audit and Risk Meetings are set out in the Remuneration Report on page 41

In considering appropriate remuneration packages for the executive directors, the Committee is guided by the Group's strategy, performance for the period under review, achievement of internal targets and an evaluation of external salary and bonus trends. In addition, the Committee also considers industry standards, trends in the marketplace and the personal input of each individual based on annual appraisal systems.

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; and
- 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; and
- 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.

The Group's remuneration policy is subject to a non-binding advisory vote by shareholders at the Annual General Meeting each year. This enables shareholders to express their views on the remuneration policy and for the Board to take these views into account.

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 apprised of the Group's going concern status at each Board meeting.

Board Gender and Race Diversity

The Board has approved a gender and race diversity policy in support of the principles and objectives of the JSE Listings Requirements. The Board is required to address gender and race diversity and talent management as an explicit element of its oversight responsibilities and report to shareholders on an annual basis.

The key objectives of the gender and race diversity policy are as follows:

- agree annually all measurable objectives for achieving diversity on the Board.
- assess the Board's performance in achieving greater female representation at Board and senior management level.
- assess the performance of management in implementing gender diversity policies across the Company; and
- pursuant to the policy, the Board's aim is to ensure that the Board is representative in terms of both gender and race.

In keeping with the policy should a vacancy on the Board arise, or should there be a requirement for an additional Board appointment, consideration will be given to the appointment of director(s) that meet the gender and race representivity requirements.

CORPORATE GOVERNANCE REPORT (CONTINUED)

Behavioural and Ethical Compliance

The Group adheres to the highest standards of ethical conduct. The Board-approved ethics framework, which incorporates the Anti-Bribery and Corruption Policy, the Code of Conduct and Ethics and the Whistleblowing Policy outline the standards of honesty, integrity and mutual respect which employees are required to observe. These policies are available on the Groups website at http://www.cgn.co.za/pages/display/governance.

There were no reported breaches these policies during the year under review.

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

The Group's JSE Sponsor is Merchantec Capital.

Transfer secretaries

The Group's appointed transfer secretaries are Computershare Investor Services Proprietary Limited. They assist with enquiries relating to shareholdings.

Shareholders can address shareholding related queries to PO Box 61051, Marshalltown, South Africa 2107.

SUSTAINABILITY REPORT

Introduction

In pursuit of its sustainability objective, the Group embraces the philosophy of the King IV 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 IV 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 2018 to 30 June 2019 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.

People

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.

Each of the main operating subsidiaries determines the benefits that it may make available to permanent staff. Permanent staff may, depending on which operating subsidiary they are employed by, 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.

SUSTAINABILITY REPORT (CONTINUED)

Transformation

As a result of measures implemented in the previous year to improve the B-BBEE score of the Company as well as the three main operating subsidiaries being FoneWorx Proprietary Limited, BMi Research Proprietary Limited and BMi Sport Info Proprietary Limited the Company achieved the following B-BBEE compliance scores

Operating Subsidiary	B-BBEE Compliance Level
Cognition Holdings Limited	Level 4
BMi Sport Info Proprietary Limited	Level 3
FoneWorx Proprietary Limited	Level 6
BMi Research Proprietary Limited	Level 5

Private Property South Africa Proprietary Limited has not previously undertaken a B-BBEE review. Measures have been implemented to ensure that, like the other three main operating subsidiaries, Private Property becomes B-BBEE compliant.

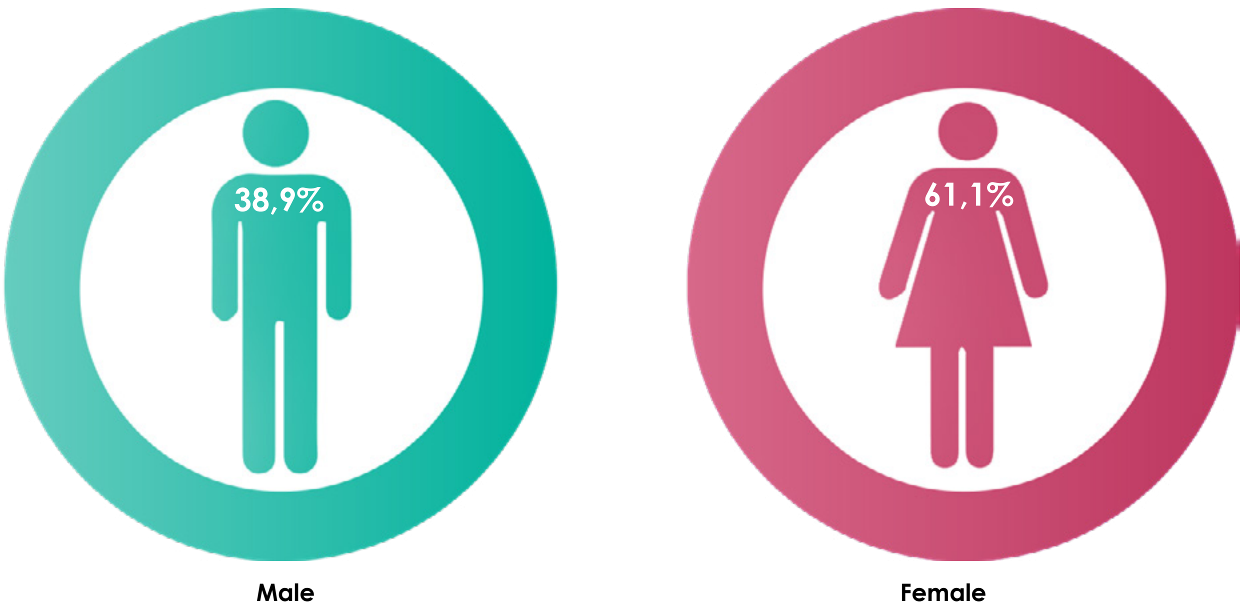
Ownership

Ownership continues to represent the greatest challenge to the Group. Although the Group met the minimum requirement relating to the ownership element of the scorecard, the Board recognises the need to further improve representivity by designated groups and accordingly continues to look for suitable partners that would be of benefit to all stakeholders.

Employment Equity

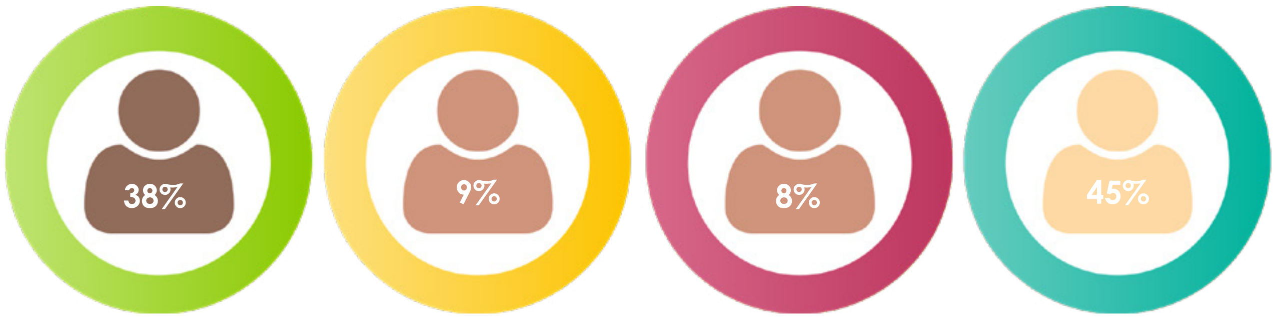
As at 30 June 2019 the Group employed a total of 235 staff of which 224 were permanent and 11 were non-permanent. All staff are encouraged to reach their maximum potential irrespective of gender, age or race.

Workforce by Gender



The staff profile for the year under review was as follows:

	Male				Female				Foreign nationals		
Occupation Levels	**A**	**C**	**I**	**W**	**A**	**C**	**I**	**W**	**Male**	**Female**	**Total**
Top Management	1	0	0	9	0	0	0	0	1	0	**11**
Senior Management	0	0	0	12	0	1	0	8	0	0	**21**
Professionally qualified and experienced specialists mid-management	2	0	0	10	5	1	2	10	0	0	**30**
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	10	2	6	11	6	3	10	30	0	0	**78**
Semi skilled and discretionary decision making	14	2	1	2	31	8	1	13	0	1	**73**
Unskilled and defined decision making	4	0	0	0	7	0	0	0	0	0	**11**
TOTAL PERMANENT	31	4	7	44	49	13	13	61	1	1	**224**
Temporary employees	5	0	0	0	5	1	0	0	0	0	**11**
GRAND TOTAL	36	4	7	44	54	14	13	61	1	1	**235**



African **Coloured** **Indian** **White**

The Group is committed to increasing the participation of historically disadvantaged staff in its structures and to this end the Group's recruitment policy is aligned with current legislative and regulatory requirements. Approximately 55% of the Group's employees are from historically disadvantaged backgrounds. The Group continues to implement strategies aimed at achieving employment equity targets. These strategies include the implementation of a learning and development plan, in-service training, financial assistance toward further studies, internships and performance assessments.

The skills shortage, especially in the IT sector, continues to have an impact on the Group's ability to achieve the targeted growth rates within certain ethinc groups. The Group has very specific skills requirements that are developed in-house over time.

The Group's recruitment policy is based on:

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

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

SUSTAINABILITY REPORT (CONTINUED)

Skills Development

Male spend **R949 505**

Female spend **R1 115 775**

Each of the operating subsidiaries namely FoneWorx Proprietary Limited, BMi Research Proprietary Limited, BMi Sport Info Proprietary Limited and Private Property Proprietary Limited have different skills requirements relating to the market in which each operates. Each of the subsidiaries has accordingly adopted formal skills programmes to meet their specific needs. The skills programmes of each subsidiary are overseen by the management of the respective operating subsidiary to ensure that the training interventions that are implemented meet the specific skills needs of the operating subsidiary.

Some of the training interventions implemented during the period under review include a learnership programme aimed addressing the training needs of the call centre, an internship program for existing staff wanting to enhance their existing skills and a work readiness programme that equips staff to reach their maximum potential in the work place.

In addition to assisting existing employees, the Group also assists non-employees with funding for their studies.

The Group complies with all legislation outlined in the Skills Development Act, Skills Levies Act and strives to achieve significant points in the Skills Development Pillar of the Broad-Based Black Economic Empowerment Act.

The table below provides information about the learning interventions implemented by the Group during the year under review.

Number of staff on learnerships, internships and other training										
Male					Female					Grand Total
A	C	I	W	Total	A	C	I	W	Total	
13	3	2	9	27	37	4	1	15	57	84

Enterprise and supplier development

The Group has taken measures, through its operating subsidiaries, to identify and assist enterprise and supplier development beneficiaries.

In regard to supplier development, assistance has been given to a former employee to establish a transport business that provides services to the Group. Supplier development assistance has also been provided to entities involved in field research services.

Each of the operating subsidiaries have also identified beneficiaries for enterprise development which has enabled the scorecard requirements to be met. Over time it is expected that the enterprise development beneficiaries will become suppliers to the Group.

Management Control

In line with the Group's Gender Diversity policy 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 two female directors.

As vacancies arise suitable individuals will be identified for appointment to the Board to meet the Group's commitment to gender and race representivity at Board level.

Such appointments will be made where candidates can add value to the Board and increase the representation of designated groups.

Preferential Procurement

The nature of the services provided by the Group is such that most of the services are procured 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 where possible.

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.

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 gases ("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 impact 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 IV.

Carbon Footprint

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

This process was, once again, done internally using the guidelines established by the CHG 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 2019 Carbon Footprint is approximately 621 tonnes of CO2 with 98% of carbon emissions.

SUSTAINABILITY REPORT (CONTINUED)

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:

THE LIGHTHOUSE Baby Shelter God's light in their darkness!	A shelter for abandoned, abused and neglected children as well as HIV orphans.
TDSAG [The Down Syndrome Association Gauteng]	A non-profit organisation that focuses on the best practices within the field of intellectual disability and aims to find ways, to raise awareness and understanding about the genetic condition Down syndrome and promotes the inherent rights of persons with Down syndrome to enjoy full and dignified lives and be active participants in their communities and society.
ubuhle christian school	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 RECEIVING CHILDREN & GIVING HOPE	A care and Paediatric Medical Step-down Facility/Hospice facility for children with life-limiting and life-threatening illnesses.
LIV LUNGISISA INDLELA VILLAGE	LIV exists to raise the next generation of leaders in our nation. LIV's mission, purpose and passion is to place vulnerable, parentless children into a family environment where they receive unconditional love, spiritual discipleship, care and nurturing and where all their physical needs are taken care of.

Occupational health and safety

Employees of the Group work predominantly in an office environment with very limited exposure to machinery. Each operating subsidiary is entrusted with appointing a Health and Safety Officer that is responsible for ensuring safe working conditions and advising management on appropriate measures to avoid injuries.

First aiders and fire marshals that are responsible for ensuring the safety of staff have been appointed at Group Head Office as well as at the offices of BMi Research Proprietary Limited and Private Property Proprietary Limited. 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

In accordance with the requirements of King IV, the Remuneration Report comprises of three sections:

- background statement;
- overview of the remuneration policy for the year under review and the amendments that are proposed for the 2020 financial year; and
- remuneration implementation report showing actual remuneration paid based on the remuneration policy.

At the Annual General Meeting to be held on Friday, 22 November 2019, shareholders will be asked to vote on the remuneration policy and the remuneration implementation report. These votes enable shareholders to express their satisfaction or otherwise on the remuneration policy and the remuneration implementation report. If 25% or more votes are cast against either resolution, the Board undertakes to engage actively with such dissenting shareholders to address all legitimate and reasonable objections and concerns.

Notwithstanding the voting process, any shareholder who wishes to discuss the subject of remuneration is welcome to engage executive management at any time, in the interests of continuous improvement of the remuneration policy.

In accordance with sections 66(8) and 66(9) of the Companies Act and the principles of King IV, the Remuneration Committee (the Committee) presents its report for the 2019 financial year which includes the remuneration policy on which the shareholders will be requested to cast a non-binding advisory vote at the Company's Annual General Meeting.

At the Annual General Meeting held on Thursday, 22 November 2018, the non-binding advisory vote on the company's remuneration policy received a 99.98% vote in support of the policy and the non-binding advisory vote on the company's remuneration implementation report received a 99.98% vote in support of the policy.

BACKGROUND STATEMENT

The Remuneration Committee operates under Terms of Reference that are reviewed and approved by the Board and encompass the provisions of the Companies Act and the requirements of King IV.

It is the responsibility of the Remuneration Committee to ensure the alignment of remuneration with the interests of shareholders. To this end the Committee is responsible for determining the remuneration, and incentive arrangements of executive directors and executive management.

In addition the Remuneration Committee is responsible for ensuring that remuneration levels are competitive enough to attract, retain and motivate executives and other key personnel.

The Remuneration Committee also assists in the assessment of executive directors' performance in discharging their functions and responsibilities.

The Remuneration Committee oversees the implementation of a remuneration policy at all levels in the Company.

It is the responsibility of the Remuneration Committee to ensure that the Remuneration Policy is put to a non-binding advisory vote at the Annual General Meeting of shareholders once every year.

The composition and attendance of meetings of the Committee is set out in the Corporate Governance Report on page 26 and 30. A member of the Committee attends the Annual General Meeting and is available to address any queries, if necessary, from shareholders.

REMUNERATION REPORT (CONTINUED)

REMUNERATION POLICY

The remuneration policy supports the business strategy to create sustainable value for stakeholders both in the short-term and in long-term through the implementation of a high-performance culture. Remuneration is aimed at attracting, retaining and motivating the correct calibre of individuals with consistently high levels of performance. To this end the Group:

- aims to maintain competitive salary levels with reference to the comparable market mean and facilitates exceptions dependent on particular economic and operational circumstances that may arise from time to time;
- enables remuneration decisions that support its growth strategy;
- sanctions the continual development of internal talent that reinforces roles and general accountability in line with its growth strategy;
- rewards individuals that make the Group more competitive and generally important to our customers; and
- does not indulge in remuneration practices that facilitate the avoidance of applicable laws and regulations of the country.

In the opinion of the Committee the remuneration of the Board, Executive Directors and employees is fair and market related. 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.

During the year under review remuneration comprised a fixed and variable component. The fixed component includes a salary, typically targeted at what comparable companies pay, while the variable component comprises bonus based on the Group's performance. In addition, further benefits incorporated into the Group's total reward programme may include death and disability cover, assistance with studies to deserving staff who wish to undertake studies relevant to the Group, certain training and development initiatives, long service awards where applicable, cellphone and computer usage.

Non-Executive Directors

The Remuneration of Non-Executive Directors is set by the Remuneration Committee. Only the Chairman of the Board and the Chairman of the Audit and Risk Committee received remuneration during the year under review. It is proposed that Mr. Dennis Lupmabo, as a member of the Audit and Risk Committee also receive a fee.

The remuneration of the Chairman of the Board and the Chairman of the Audit and Risk Committee comprises a monthly retainer fee and a meeting fee. The remuneration of the Chairman of the Board and the Chairman of the Audit and Risk Committee was, as required by section 66 of the Companies Act, authorised by shareholders by means of a special resolution at the Annual General Meeting held on 21 November 2018.

During the year under review the fees paid to the Chairman of the Board and the Chairman of the Audit and Risk Committee were updated as a matter on the agenda of the Annual General Meeting of 21 November 2018. The updated values and their preceding values for the previous period are reflected as follows:

Up to 31 December 2018

Position	Monthly retainer	Fee per meeting
Chairman of the Board (Mr. Ashvin Mancha)	R5 500	R13 200
Chairman of the Audit Committee (Mr. Roger Pitt)	R5 500	R13 200

From 1 January 2019

Position	Monthly retainer	Fee per meeting
Chairman of the Board (Mr. Ashvin Mancha)	R5 500	R14 500
Chairman of the Audit Committee (Mr. Roger Pitt)	R5 500	R14 500

Ad hoc work (hourly)

The Chairman of the Board and the Chairman of the Audit and Risk Committee may, from time to time, be called upon to undertake additional work. The total paid for such remuneration shall be a market related hourly rate, subject to approval by the Board.

Proposed annual remuneration for the Chairman of the Board and the Chairman of the Audit and Risk Committee and member of the Audit and Risk Committee:

Position	Monthly retainer	Fee per meeting
Chairman of the Board (Mr. Ashvin Mancha)	R5 750	R15 200
Chairman of the Audit and Risk Committee (Mr. Roger Pitt)	R5 750	R15 200
Member of the Audit and Risk Committee (Mr. Dennis Lupambo)		R10 000

Executive Directors

The remuneration packages for Executive Directors are market related. Executive Director remuneration comprises a fixed salary and a performance bonus which is not guaranteed.

Remuneration and other benefits of Executive Directors are based on the following criteria:

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 or as an expense in the following year based on provisions in that year;
- The division's performance for which the Director is responsible;
- The Director's overall contribution to the Group.

REMUNERATION REPORT (CONTINUED)

Employees

With the exception of sales staff, employee remuneration comprises a fixed salary and a performance bonus which is not guaranteed. The remuneration of sales staff is mainly commission based with only a small percentage of salary being fixed.

Increases are considered annually. The Executive Committee of the Group submits the necessary performance-based information for each employee to the Remuneration Committee for review and consideration. During the year under review, the applicable increase was 6%.

When determining salary increases for employees the following factors are considered:

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.

IMPLEMENTATION REPORT

The remuneration implementation report with executive directors' and prescribed officers' remuneration as well as non-executive directors' fees for the year under consideration are disclosed in the Annual Financial Statements on pages 54 to 100

APPROVAL

The Committee and the Board approved this report on 30 September 2019. The Committee and the Board are satisfied that there were no material deviations from the remuneration policy during the 2019 financial year.

On behalf of the Remuneration Committee

A MANCHA
Member of the
Remuneration Committee

30 September 2019

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.

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

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

The Annual Financial Statements for the year ended 30 June 2019 set out on pages 54 to 100 were approved by the Board on 30 September 2019 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 ACIS
Company Secretary

30 September 2019

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
Mr. Ashvin Mancha (up to September 2019)
Mr. Gaurang Mooney
Mr. Dennis Lupambo (from September 2019)

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 and Regulation 42 of the Companies Regulations.

Meetings

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

The CEO and Financial Director were invited to attend meetings of the Audit Committee during the year under review. 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 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;
- ensured that appropriate financial reporting procedures exist and are working;
- nominated, for reappointment as external auditor of the Company, BDO South Africa Incorporated ("BDO"), 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 its 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

BDO 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 has reviewed sections 3, 8, 13, 15 and 22 and schedule 8 of the JSE Listings Requirements and confirm that based on the amended requirements for the JSE-accreditation of Auditors, effective 15 October 2017, the Committee was satisfied that:

(i) the audit firm has met all the criteria stipulated in the requirements, including that the audit regulator has completed a firm-wide independent quality control (ISQC 1) inspection on the audit firm during its previous inspection cycle;

(ii) the auditor has provided to the Committee, the required IRBA inspection decision letters, findings report and the proposed remedial action to address the findings, both at the audit firm and the individual auditor levels; and

(iii) both the audit firm and the individual auditor understand their roles and have the competence, expertise, experience and skills required to discharge their specific audit and financial reporting responsibilities.

The 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.

Solvency and Liquidity Review

The Committee is satisfied that the Board has performed a solvency and liquidity test on the Company in terms of section 46 of the Companies Act and has concluded that the Company will satisfy the test after payment of the final dividend.

Annual Financial Statements

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

Following the review of the Annual Financial Statements, the Audit Committee recommend the Board's approval thereof.

On behalf of the Audit Committee.

Mr. R Pitt
Audit Committee Chairman

30 September 2019

DIRECTORS' REPORT

The Directors have pleasure in submitting their report for the year ended 30 June 2019.

Nature of business

Cognition Holdings Limited is a multi-disciplinary data collection, communication, research and marketing company that provides a broad range of services to Fast Moving Consumer Goods companies, media and digital agencies.

Authorised share capital

The authorised share capital of the Company is made up of 1 250 000 000 ordinary shares of no par value.

Stated share capital

At 30 June 2019, the stated capital was R182 967 544 divided into 243 449 131 ordinary shares of no par value.

Directors

The Directors of the Company for the year ended 30 June 2019 and up to the date of this report were:

Director	Role	Age	Other significant board memberships	Length of service
Ashvin Mancha*	Non-Executive Chairman	62	Company Secretary of Newlyn Group	15 Years
Gaurang Mooney (Botswana)*	Non-Executive Director	49	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	19 Years
Roger Pitt*	Non-Executive Director	38	FedGroup and Merchantec Proprietary Limited	6 Years
Paul Jenkins*	Non-Executive Director	60	Caxton, CTP Publishers and Printers, and Moneyweb Holdings Limited	6 Years
Marc du Plessis	Non-Executive Director	39	None	6 Years
Piet Greyling	Non-Executive Director	62	Caxton and CTP Publishers and Printers Limited, Newspaper Group	6 Years
Trevor Ahier*	Non-Executive Director	51	True North Developments Proprietary Limited, Mint Management Technologies Proprietary Limited, Motheo Infrastructure Contractors Proprietary Limited, BMi Research Proprietary Limited	1year and 6 Months
Dennis Lupambo*	Non-Executive Director	55	None	1 year and 6 Months
Mark Smith	Chief Executive Officer	61	None	22 Years
Pieter Scholtz	Financial Director	43	None	11 Years
Graham Groenewaldt	Executive Director	61	None	22 Years

**Independent*

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

During the period under review Mr Ahier and Mr Lupambo were reclassified as Independent non-executive directors.

Dividend

With the period under review the Company declared and paid a final dividend relating to the 2018 financial year of R8 256 954 (6 cents per share) (2018: R11 689 851 (8.50 cents per share)).

The Company declared a dividend R22 939 842 (10 cents per share) for the 2019 financial year on 18 September 2019.

Directors' Shareholding as at 30 June 2019

	30 June 2019		30 June 2018	
	Direct Beneficial '000	Indirect Beneficial '000	Direct Beneficial '000	Indirect Beneficial '000
M A Smith	11 373		11 373	
T Ahier		3 910		3 910
G Groenewaldt	1 484		1 484	
D I Sidenberg	1 450		1 450	
G Pearson	1 362		1 362	
P Scholtz	485		485	
Total	**16 154**	**3 910**	**16 154**	**3 910**

There have been no changes to the directors shareholding between the end of the financial year and the date of approval of the annual report.

Shareholder spread as at 30 June 2019

	Number of shareholders	%	Number of shares '000	%
1 - 100 000	597	88.7	7 595	3.1
100 001 – 500 000	53	7.9	12 222	5.0
500 001 – 10 000 000	18	2.7	33 187	13.7
10 000 001 +	5	0.7	190 445	78.2
	673	**100**	**243 449**	**100**

Shareholding of ordinary shares at 30 June 2019

	Number of shareholders	%	Number of shares '000	%
Public	665	98.8	69 995	28.8
Non-Public				
- Directors	6	0.9	20 064	8.2
- Non-Directors	2	0.3	153 389	62.0
	673	**100%**	**137 615**	**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 2019 were as follows:

	Number of shares ('000)	%
CTP Limited	105 833	43.5
Caxton & CTP Publishers and Printers Limited	47 556	19.5
Lazio Holdings SA	15 219	6.3

DIRECTORS' REPORT (CONTINUED)

Subsequent events

Post the year end and pursuant to section 164 of the Companies Act (No 71 of 2008) and a Settlement Agreement concluded between the Company and shareholders holding 14 086 110 shares the Company has bought back these shares for 166cps totalling R23 382 943 being the fair value as determined by an independent valuation expert.

Special resolutions

Four Special Resolutions were passed at the Annual General Meeting held on 22 November 2018.

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."

SPECIAL RESOLUTION NUMBER 4 – Approval of non-executive directors' remuneration

"Resolved that, in terms of the provisions of sections 66(9) of the Companies Act, 2008 (Act 71 of 2008), as amended, the annual remuneration payable to the non-executive directors of Cognition Holdings Limited ("the Company") for their services as directors of the Company for the financial year ending 2019, be and is hereby approved as follows:

Type of fee	Proposed retainer fee per month for the year ending 2019	Proposed meeting fee for the year ending 2019	Expected total fee for the year ending 2019
Board Chairman			
Ashvin Mancha	R5 500	R14 500	R124 000
Audit and Risk Committee Chairman			
Roger Pitt	R5 500	R14 500	R124 000

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.

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 3 to 5, 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.

Independent Auditor's Report

TO THE SHAREHOLDERS OF COGNITION HOLDINGS LIMITED

Opinion

We have audited the consolidated and separate financial statements of Cognition Holdings Limited (the group and company) set out on pages 54 to 100, which comprise the consolidated and separate statements of financial position as at 30 June 2019, and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

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 2019, 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.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report. We are independent of the group and company in accordance with the sections 290 and 291 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised January 2018)*, parts 1 and 3 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised November 2018)* (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* respectively. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Consolidated Financial Statements	
Valuation and impairment testing of goodwill (consolidated financial statements) As disclosed in note 4 to the financial statements, the Group has Goodwill with a carrying value of R 143 million (2018: R 30.3 million) which arose due to the investments in and acquisition of subsidiaries companies. The increase in the current year is due to the acquisition of Private Property as disclosed in note 34 which has been accounted for provisionally in terms of IFRS 3. Management is required in terms of IAS 36, Impairment of Assets, to test the goodwill for impairment on an annual basis.	In considering the appropriateness of management's estimates and judgement used in the valuation models, we performed the following audit procedures: • identified the key assumptions in the models; • obtained from management available evidence that supported their key assumptions; • performed sensitivity analysis on the key assumptions; • tested the mathematical accuracy of the model; • considered the reasonableness of the revenue and costs forecasted against current year actuals Our valuation experts assisted us by independently calculating the value in use of the investments and related impairment assessment of the goodwill.

Key audit matter	How our audit addressed the key audit matter
Consolidated Financial Statements (continued) **Valuation and impairment testing of goodwill (consolidated financial statements) (continued)** We have determined this is a key audit matter due to the judgement required by management in preparing the valuation models to satisfy the impairment tests. These models are required to calculate recoverable amounts of Cash Generating Units that the goodwill relate to as well as forecasting future cash flows and applying appropriate discount rates, which inherently involves a high degree of estimation and judgement by management.	The goodwill relating to BMI Sport has been impaired to the value of R2 million as disclosed in note 4. As part of our audit, we also evaluated the adequacy of the Group's disclosures regarding Goodwill and the relevant rates, inputs and assumptions made during the year.
Acquisition of Private Property South Africa (consolidated and separate financial statements) On 7 February 2019 the Group acquired 50.01% in Private Property South Africa Proprietary Limited. This has been classified as an investment in a subsidiary and has been consolidated for a 5-month period into the Group's results as disclosed in note 34. The total consideration paid was R 127 million which settled by way of issuing 105 833 333 Cognition Holdings Limited Shares at 120 cents per share. Due to the complexities of accounting for the acquisition in terms of IFRS 3 Business Combinations, the significance of the acquisition in relation to the group, the significance of the judgements and assumptions applied by management in the determination of the provisional fair values of identifiable assets, liabilities and contingent liabilities, this has been considered to be a key audit matter.	Our audit procedures included, the following: • reviewed the acquisition agreement to ensure that the acquisition is accounted for at the correct effective date of acquisition. • tested the provisional fair values assigned to the assets and liabilities acquired in the business combination. • tested for completeness of the liabilities and contingent liabilities identified. • Inspected consolidation entries for accuracy and reasonableness. We also focused on the adequacy of the Group's disclosures (refer note 34), that is required in terms of IFRS 3 Business Combinations.
Separate Financial Statements **Impairment testing of investments in subsidiaries** As disclosed in note 6 to the financial statements, the Company has investments in subsidiaries with a carrying value of R 178 million (2018: R 55 million) which arose due to the investments made in these subsidiary companies. We have determined this is a key audit matter due to the judgement required by management in preparing the valuation models to satisfy the impairment tests of these material investments. These models are required to calculate an estimated fair market value for these investments in subsidiaries which includes forecasting future cash flows and applying appropriate discount rates, which inherently involves a high degree of estimation uncertainty and judgement by management.	In considering the appropriateness of management's estimates and judgement used in the valuation models, we performed the following audit procedures: • identified the key assumptions in the models; • obtained from management available evidence that supported their key assumptions; • performed sensitivity analysis on the key assumptions; • tested the mathematical accuracy of the model; • considered the reasonableness of the revenue and costs forecasted against current year actuals Our valuation experts assisted us by, independently calculating the estimated fair market value of the subsidiary companies. The investment relating to BMI Sport has been impaired to the value of R3.8 million as disclosed in note 6. We also focused on the adequacy of the Group's disclosures (refer note 6), that is required in terms of International Finical Reporting Standards.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Cognition Holdings Limited Annual Report for the year ended 30 June 2019", which includes the Directors' Report, the Audit and Risk Committee's Report and Declaration by the Company Secretary as required by the Companies Act of South Africa. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the 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 misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group and / or the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 group's and the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group and / or the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that BDO South Africa Incorporated has been the auditor of Cognition Holdings Limited for nine years.

BDO South Africa Inc

BDO South Africa Incorporated
Registered Auditors

J Barradas
Director

Registered Auditor

30 September 2019

Wanderers Office Park
52 Corlett Drive
Illovo, 2196

Statement of Financial Position

AS AT 30 JUNE 2019

		Group		Company	
Figures in Rand	Note(s)	2019	2018	2019	2018
Assets					
Non-Current Assets					
Property, plant and equipment	3	17 157 487	15 458 706	-	-
Goodwill	4	143 098 219	30 331 527	-	-
Intangible assets	5	13 325 386	13 864 618	-	-
Investments in subsidiaries	6	-	-	178 433 006	55 238 150
Investments in associates	7	4 320 080	4 606 523	3 817 440	3 817 440
Deferred tax	8	1 894 890	1 059 138	99 409	-
		179 796 062	**65 320 512**	**182 349 855**	**59 055 590**
Current Assets					
Loans to group companies	9	-	-	-	812 171
Trade and other receivables	10	50 616 847	51 930 148	19 815 189	16 912 992
Current tax receivable		955 261	158 629	270 996	40 853
Cash and cash equivalents	11	123 439 929	104 390 853	636 836	459 806
		175 012 037	**156 479 630**	**20 723 021**	**18 225 822**
Total Assets		**354 808 099**	**221 800 142**	**203 072 876**	**77 281 412**
Equity and Liabilities					
Equity					
Equity Attributable to Equity Holders of Parent					
Share capital/Stated capital	12	182 967 544	56 110 451	182 967 544	56 110 451
Equity due to change in ownership	14	(12 892 945)	(12 892 945)	-	-
Retained income/(accumulated loss)		112 455 802	106 081 816	(9 536 988)	(16 318 562)
		282 530 401	149 299 322	173 430 556	39 791 889
Non-controlling interest	15	15 418 999	752 875	-	-
		297 949 400	**150 052 197**	**173 430 556**	**39 791 889**
Liabilities					
Non-Current Liabilities					
Other financial liabilities	16	-	872 483	-	872 483
Deferred tax	8	1 333 688	2 206 411	-	-
Cash-settled share-based payment liability	19	1 117 677	-	-	-
		2 451 365	**3 078 894**	**-**	**872 483**
Current Liabilities					
Loans from group companies	17	-	-	23 674 922	29 977 340
Interest bearing liabilities	18	-	372 335	-	-
Provisions	20	1 983 764	1 879 550	-	-
Trade and other payables	21	38 739 857	36 925 778	5 637 747	4 852 618
Other financial liabilities	16	-	1 600 000	-	1 600 000
Current tax payable		638 516	2 105 929	117 777	-
Dividend payable		209 874	187 082	209 874	187 082
Third party prize money		12 835 323	25 598 377	2 000	-
		54 407 334	**68 669 051**	**29 642 320**	**36 617 040**
Total Liabilities		**56 858 699**	**71 747 945**	**29 642 320**	**37 489 523**
Total Equity and Liabilities		**354 808 099**	**221 800 142**	**203 072 876**	**77 281 412**

Statement of Profit or Loss and Other Comprehensive Income

		Group		Company	
Figures in Rand	Note(s)	2019	2018	2019	2018
Revenue	22	215 148 998	157 884 398	17 947 502	11 184 596
Cost of services		(59 824 046)	(62 244 072)	(11 426 747)	(10 969 710)
Gross profit		**155 324 952**	**95 640 326**	**6 520 755**	**214 886**
Other operating income		2 819 203	7 402 424	872 483	2 793 122
Other operating losses	23	(64 174)	(1 984 239)	-	-
Staff costs		(78 290 410)	(52 587 169)	(315 700)	(415 850)
Depreciation and amortisation expense		(7 243 420)	(7 650 338)	-	-
Allowance for expected credit losses		(1 149 801)	-	(355 031)	-
Impairment of goodwill		(2 008 821)	-	-	-
Impairment of investment		-	-	(3 805 144)	-
Operating expenses		(50 941 758)	(18 357 330)	(3 445 338)	(781 453)
Operating profit/(loss)	24	**18 445 771**	**22 463 674**	**(527 975)**	**1 810 705**
Investment income	26	7 180 703	6 466 943	17 264 565	17 399 607
Finance costs	27	(174 447)	(983 365)	-	(793 771)
Income from equity accounted investments		381 138	474 580	-	-
Profit before taxation		**25 833 165**	**28 421 832**	**16 736 590**	**18 416 541**
Taxation	28	(8 755 785)	(7 824 846)	(1 698 068)	(35 999)
Profit for the year		**17 077 380**	**20 596 986**	**15 038 522**	**18 380 542**
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		**17 077 380**	**20 596 986**	**15 038 522**	**18 380 542**
Total comprehensive income attributable to:					
Owners of the parent		14 630 934	20 509 630	15 038 522	18 380 542
Non-controlling interest		2 446 446	87 356	-	-
		17 077 380	**20 596 986**	**15 038 522**	**18 380 542**
Per share information					
Basic and diluted earnings per share (cents)	36	8.17	14.90	-	-
Diluted earnings per share (cents)	36	8.17	14.90	-	-

Statement of Changes in Equity

Figures in Rand	Share capital/ Stated capital	Share premium	Total share capital	Equity due to change in ownership	Retained income	Total attributable to equity holders of the Group	Non-controlling interest	Total equity
Group								
Balance at 01 July 2017	**137 616**	**55 972 835**	**56 110 451**	**(12 892 945)**	**102 774 161**	**145 991 667**	**857 519**	**146 849 186**
Profit for the year	-	-	-	-	20 509 630	20 509 630	87 356	20 596 986
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**20 509 630**	**20 509 630**	**87 356**	**20 596 986**
Dividends	-	-	-	-	(17 201 975)	(17 201 975)	(192 000)	(17 393 975)
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**-**	**-**	**-**	**(17 201 975)**	**(17 201 975)**	**(192 000)**	**(17 393 975)**
Balance at 01 July 2018	**137 616**	**55 972 835**	**56 110 451**	**(12 892 945)**	**106 081 816**	**149 299 322**	**752 875**	**150 052 197**
Profit for the year	-	-	-	-	14 630 934	14 630 934	2 446 446	17 077 380
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**14 630 934**	**14 630 934**	**2 446 446**	**17 077 380**
Issue of shares	127 000 000	-	127 000 000	-	-	127 000 000	-	127 000 000
JSE - Listing fee	(142 907)	-	(142 907)	-	-	(142 907)	-	(142 907)
Conversion of no par value shares	55 972 835	(55 972 835)	-	-	-	-	-	-
Dividends	-	-	-	-	(8 256 948)	(8 256 948)	-	(8 256 948)
Acquisition of subsidiary	-	-	-	-	-	-	12 219 678	12 219 678
Total contributions by and distributions to owners of company recognised directly in equity	**182 829 928**	**(55 972 835)**	**126 857 093**	**-**	**(8 256 948)**	**118 600 145**	**12 219 678**	**130 819 823**
Balance at 30 June 2019	**182 967 544**	**-**	**182 967 544**	**(12 892 945)**	**112 455 802**	**282 530 401**	**15 418 999**	**297 949 400**
Note(s)	12	12	12	14				

	Share capital/ Stated capital	Share premium	Total share capital	Retained income	Total attributable to equity holders of the Company	Total equity
Company						
Balance at 01 July 2017	**137 616**	**55 972 835**	**56 110 451**	**(17 497 129)**	**38 613 322**	**38 613 322**
Profit for the year	-	-	-	18 380 542	18 380 542	18 380 542
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**-**	**18 380 542**	**18 380 542**	**18 380 542**
Dividends	-	-	-	(17 201 975)	(17 201 975)	(17 201 975)
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**-**	**-**	**(17 201 975)**	**(17 201 975)**	**(17 201 975)**
Balance at 01 July 2018	**137 616**	**55 972 835**	**56 110 451**	**(16 318 562)**	**39 791 889**	**39 791 889**
Profit for the year	-	-	-	15 038 522	15 038 522	15 038 522
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**-**	**15 038 522**	**15 038 522**	**15 038 522**
Issue of shares	127 000 000	-	127 000 000	-	127 000 000	127 000 000
JSE - Listing fee	(142 907)	-	(142 907)	-	(142 907)	(142 907)
Conversion to no par value shares	55 972 835	(55 972 835)	-	-	-	-
Dividends	-	-	-	(8 256 948)	(8 256 948)	(8 256 948)
Total contributions by and distributions to owners of company recognised directly in equity	**182 829 928**	**(55 972 835)**	**126 857 093**	**(8 256 948)**	**118 600 145**	**118 600 145**
Balance at 30 June 2019	**182 967 544**	**-**	**182 967 544**	**(9 536 988)**	**173 430 556**	**173 430 556**
Note(s)	12	12	12			

Statement of Cash Flows

		Group		Company	
Figures in Rand	Note(s)	2019	2018	2019	2018
Cash flows from operating activities					
Cash generated from (used in) operations	29	11 561 902	52 771 859	1 162 101	(2 092 369)
Interest income	26	7 180 703	6 466 943	340 040	197 632
Dividend income	26	-	-	16 256 944	17 201 975
Finance costs	27	(174 447)	(983 365)	-	(793 771)
Tax paid	30	(11 296 494)	(7 654 627)	(1 909 843)	-
Net cash from operating activities		**7 271 664**	**50 600 810**	**15 849 242**	**14 513 467**
Cash flows from investing activities					
Purchase of property, plant and equipment	3	(3 073 383)	(1 231 877)	-	-
Disposal of property, plant and equipment	3	-	56 278	-	-
Purchase of intangible assets	5	(4 257 436)	(997 824)	-	-
Net cash acquired in business combination	34	29 662 531	-	-	-
Loans repaid by group companies		-	-	812 171	784 823
Purchase of unlisted investment		-	(146 667)	-	(146 667)
Sale of unlisted investment		-	1 806 667	-	1 806 667
Dividend from associate		667 581	-	667 581	-
Net cash from investing activities		**22 999 293**	**(513 423)**	**1 479 752**	**2 444 823**
Cash flows from financing activities					
Share issue cost	12	(142 907)	-	(142 907)	-
(Repayment of) proceeds from loans from group companies		-	-	(6 302 418)	8 756 209
Repayment of other financial liabilities	33	(2 472 483)	(8 159 350)	(2 472 483)	(8 159 350)
Repayment of interest bearing liabilities	33	(372 335)	(1 440 312)	-	-
Dividends paid	31	(8 234 156)	(17 375 962)	(8 234 156)	(17 183 962)
Net cash from financing activities		**(11 221 881)**	**(26 975 624)**	**(17 151 964)**	**(16 587 103)**
Total cash movement for the year		**19 049 076**	**23 111 763**	**177 030**	**371 187**
Cash at the beginning of the year		104 390 853	81 279 090	459 806	88 619
Total cash at end of the year	11	**123 439 929**	**104 390 853**	**636 836**	**459 806**

Accounting Policies

1. Significant accounting policies

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), the South African Institute of Chartered Accountants Financial Reporting Guides as issued by the Accounting Practices Committee and the requirements of the South African Companies Act and 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 IFRS 9, 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, other than the changes set out in note 2 regarding the adoption of IFRS 9 and IFRS 15.

1.1. Significant judgements

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

Impairment

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

In assessing the value in use, the expected future cash flows 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.

Impairment of assets

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

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

Recoverable amount is the higher of fair values less cost to sell and value in use. In assessing value in use, the estimated future cash flows 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 cash flows 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.

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. To 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 note 20 Provisions.

1.2. Basis of consolidation

The Group financial statements consolidate those of the parent and all of its subsidiaries as of 30 June 2019. 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.

1.3. 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
Land	Is not depreciated
Buildings	20 years
Leasehold improvements	5 years
Plant and machinery	5 years
Furniture and fixtures	6 years
Motor vehicles	5 years
Office equipment	3 - 5 years
IT equipment	3 - 4 years on average
Call centre equipment	5 years

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

1.4. 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. 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	5 - 6.67 years on average
Internally developed asset	5 years
Rights of use of Property Buyers Show	Indefinite

1.5. Investments in subsidiaries

Company financial statements

In the company's separate 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.

1.6. Investments in associates

Associates are those entities over which the Group is able to exert significant influence but which are not subsidiaries. Investments in associates are accounted for using the equity method.

Any goodwill on acquisition of an associate is included in the carrying amount of the investment, however a gain on acquisition is recognised immediately in profit or loss.

1.7. Financial instruments (IFRS 9)

Financial instruments held by the group are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Note 38 Financial instruments and risk management presents the financial instruments held by the group based on their specific classifications.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the group are presented below:

Loans to group companies

Classification

Loans to group companies (note 9) are classified as financial assets measured at amortised cost.

They have been classified in this manner because the contractual terms of these loans give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the group's business model is to collect the contractual cash flows on these loans.

Recognition and measurement

Loans to group companies are recognised when the group becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the loan initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Application of the effective interest method

Interest income is calculated using the effective interest method, and is included in profit or loss in investment income (note 26).

The application of the effective interest method to calculate interest income on a loan receivable is dependent on the credit risk of the loan as follows:

- The effective interest rate is applied to the gross carrying amount of the loan, provided the loan is not credit impaired. The gross carrying amount is the amortised cost before adjusting for a loss allowance.
- If a loan is purchased or originated as credit-impaired, then a credit-adjusted effective interest rate is applied to the amortised cost in the determination of interest. This treatment does not change over the life of the loan, even if it is no longer credit-impaired.
- If a loan was not purchased or originally credit-impaired, but it has subsequently become credit-impaired, then the effective interest rate is applied to the amortised cost of the loan in the determination of interest. If, in subsequent periods, the loan is no longer credit impaired, then the interest calculation reverts to applying the effective interest rate to the gross carrying amount.

Impairment

The group recognises a loss allowance for expected credit losses on all loans receivable measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective loans.

The group measures the loss allowance at an amount equal to lifetime expected credit losses (lifetime ECL) when there has been a significant increase in credit risk since initial recognition. If the credit risk on a loan has not increased significantly since initial recognition, then the loss allowance for that loan is measured at 12 month expected credit losses (12 month ECL).

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a loan. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a loan that are possible within 12 months after the reporting date.

In order to assess whether to apply lifetime ECL or 12 month ECL, in other words, whether or not there has been a significant increase in credit risk since initial recognition, the group considers whether there has been a significant increase in the risk of a default occurring since initial recognition rather than at evidence of a loan being credit impaired at the reporting date or of an actual default occurring.

Definition of default

A loan is considered to be in default when there is evidence that the borrower is in significant financial difficulty such that it will have insufficient funds to repay the loan on demand. This is assessed based on the number of factors including various liquidity and solvency ratios.

Significant increase in credit risk (SICR) assessment

This assessment is performed qualitatively by reference to the borrower's cash flow and liquid asset position. The risk that the borrower will default on a demand loan depends on whether the subsidiary has sufficient cash or other liquid assets to repay the loan immediately (meaning that the risk of default is very low, possibly close to 0%) or it will not (meaning that the risk of default is very high, possibly close to100%)

Credit impaired indicators

A loan is considered to be credit impaired if it meets the definition of a defaulted loan.

Trade and other receivables

Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets measured at amortised cost (note 10).

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the group's business model is to collect the contractual cash flows on trade and other receivables.

The Group measures the loss allowance for other receivables when the receivable amount is raised. This is then maintained on a per customer basis and adjusted when there is an indication of significant credit risk.

Recognition and measurement

Trade and other receivables are recognised when the group becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Impairment

The group recognises a loss allowance for expected credit losses on trade and other receivables, excluding VAT and prepayments. The amount of expected credit losses is updated at each reporting date.

The group measures the loss allowance for trade receivables on a simplified approach at an amount equal to lifetime expected credit losse (lifetime ECL). The group made use of the practical expedient available under IFRS 9 and calculated the allowance using a provision matrix.

Accounting Policies (CONTINUED)

Loans from group companies, other financial liabilities and interest bearing liabilities

Classification

Loans from group companies (note 17), other financial liabilities (note 16) and interest bearing liabilities (note 18) are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

Loans from group companies, other financial liabilities and interest bearing liabilities are recognised when the group becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Interest expense, calculated on the effective interest method, is included in profit or loss in finance costs (note 27).

Loans from group companies, other financial liabilities and interest bearing liabilities expose the group to liquidity risk and interest rate risk. Refer to note 38 for details of risk exposure and management thereof.

The Group measures the loss allowance for other receivables when the receivable amount raised. This is then monitored on a per customer basis and adjusted when there is an indication of significant credit risk.

Trade and other payables

Classification

Trade and other payables (note 21), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

They are recognised when the group becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Trade and other payables expose the group to liquidity risk and possibly to interest rate risk. Refer to note 38 for details of risk exposure and management thereof.

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.

Derecognition

Financial assets

The group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. 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 an associated liability for amounts it may have to pay. If the group retains substantially all the risks and rewards of ownership of a transferred financial asset, the group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities

The group derecognises financial liabilities when, and only when, the group obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Reclassification Financial assets

The group only reclassifies affected financial assets if there is a change in the business model for managing financial assets. If a reclassification is necessary, it is applied prospectively from the reclassification date. Any previously stated gains, losses or interest are not restated.

The reclassification date is the beginning of the first reporting period following the change in business model which necessitates are classification.

Financial liabilities

Financial liabilities are not reclassified.

1.8. Financial instruments:

IAS 39 comparatives 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.

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.

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 initial recognition.

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.

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 cash flows 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.

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.

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.

Deferred tax

Deferred tax is recognised on the 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 available to allow all or part of the asset to be recovered.

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

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

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 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. Share capital and equity

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

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

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

Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received from the issue of shares in excess of par value is classified as 'share premium' in equity. Dividends are recognised as a liability in the group in which they are declared.

Accounting Policies (CONTINUED)

1.12. 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.

1.13. Provisions and contingencies

Provisions are recognised when:

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

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

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Contingent assets and contingent liabilities are not recognised.

1.14. Revenue (IFRS 15)

The Group provides a wide variety of digital communication and platform services that enables the Group's clients to interact with its users.

Rendering of services

Revenue from the rendering of services is recognised using the 5-step process:

- identifying the contract with a customer;
- identifying the performance obligations
- determining the transaction price;
- allocating the transaction price to the performance obligations; and
- recognising revenue when/as performance obligation(s) are satisfied.

The group often enters into transactions involving a range of the group's services. In all cases, the total transaction price for a contract is allocated among the various performance obligations based on their relative stand-alone selling prices. Revenue is recognised as/or when the group satisfies performance obligations by transferring the promised service to its customers."

Other revenue

Other revenue is recognised on the accrual basis in accordance with the substance of the relevant agreements and measured at fair value of the consideration receivable.

Where the company enters into sales transactions involving a range of the company's services, the company applies the revenue recognition criteria set out above to each separately identifiable component of the sales transaction. The consideration received from these multiple-component transactions is allocated to each separately identifiable component in proportion to its relative fair value.

Revenue (IAS 18)

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for services provided in the normal course of business, net of trade discounts and volume rebates, and Value Added Tax.

Interest is recognised, in profit or loss, using the effective interest rate method.

Dividends are recognised, in profit or loss, when the company's right to receive payment has been established.

1.15. Interest income

Interest is accrued on a time apportionment basis, by reference to the principal outstanding and the effective interest rate.

1.16. Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components.

1.17. Borrowing costs

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

1.18. Cost of services

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

1.19. Translation of foreign currencies

Foreign currency transactions

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

At the end of the reporting period:

- 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; and
- 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 to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated 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.

Accounting Policies (CONTINUED)

2. New Standards and Interpretations

2.1. Standards and interpretations effective and adopted in the current year

In the current year, the group has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

IFRS 9 Financial Instruments

IFRS 9 replaces IAS 39 'Financial Instruments: Recognition and Measurement'. It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an 'expected credit loss' model for the impairment of financial assets.

When adopting IFRS 9, the Group has applied transitional relief and opted not to restate prior periods. Differences arising from the adoption of IFRS 9 in relation to classification, measurement, and impairment are recognised in retained earnings.

IFRS 9 also contains new requirements on the application of hedge accounting. The new requirements look to align hedge accounting more closely with entities' risk management activities by increasing the eligibility of both hedged items and hedging instruments and introducing a more principles-based approach to assessing hedge effectiveness. The Group applies the new hedge accounting requirements prospectively and all hedges qualify for being regarded as continuing hedging relationships.

Broadly, the classification possibilities, which are adopted by the group, as applicable, are as follows:

Financial assets which are debt instruments:

- Amortised cost. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows); or
- Fair value through other comprehensive income. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is achieved by both collecting contractual cash flows and selling the instruments); or
- Mandatorily at fair value through profit or loss. (This classification automatically applies to all debt instruments which do not qualify as at amortised cost or at fair value through other comprehensive income); or
- Designated at fair value through profit or loss. (This classification option can only be applied when it eliminates or significantly reduces an accounting mismatch).

Financial liabilities:

- Amortised cost; or
- Mandatorily at fair value through profit or loss. (This applies to contingent consideration in a business combination or to liabilities which are held for trading); or
- Designated at fair value through profit or loss. (This classification option can be applied when it eliminates or significantly reduces an accounting mismatch; the liability forms part of a group of financial instruments managed on a fair value basis; or it forms part of a contract containing an embedded derivative and the entire contract is designated as at fair value through profit or loss).

Group	Measurement category		Carrying amount		
	Original IAS39 category	New IFRS 9 Category	Closing balance 30 June 2018 (IAS 39)	Adoption IFRS 9	Opening balance 1 July 2018 (IFRS 9)
Current financial assets					
Trade and Other receivables	Amortised cost	Amortised cost	50 206 897	-	50 206 897
Cash and Cash Equivalents	Amortised cost	Amortised cost	104 390 853	-	104 390 853
			154 597 750	-	154 597 750
Current financial liabilities					
Trade and other payables	Amortised cost	Amortised cost	(27 142 995)	-	(27 142 995)
Interest bearing liabilities	Amortised cost	Amortised cost	(372 335)	-	(372 335)
Dividend payable	Amortised cost	Amortised cost	(187 082)	-	(187 082)
Other financial liabilities	Amortised cost	Amortised cost	(2 472 483)	-	(2 472 483)
Third party prize money	Amortised cost	Amortised cost	(25 598 377)	-	(25 598 377)
			(55 773 272)	-	(55 773 272)

Company	Measurement category		Carrying amount		
	Original IAS39 category	New IFRS 9 Category	Closing balance 30 June 2019 (IAS 39)	Adoption IFRS 9	Opening balance 1 July 2019 (IFRS 9)
Current financial assets					
Loans to group companies	Amortised cost	Amortised cost	812 171	-	812 171
Trade and other receivables	Amortised cost	Amortised cost	16 912 992	-	16 912 992
Cash and cash equivalents	Amortised cost	Amortised cost	459 806	-	459 806
			18 184 969	-	18 184 969
Current financial liabilities					
Trade and other payables	Amortised cost	Amortised cost	(4 841 179)	-	(4 841 179)
Loans from group companies	Amortised cost	Amortised cost	(29 977 340)	-	(29 977 340)
Dividend payable	Amortised cost	Amortised cost	(187 082)	-	(187 082)
Other financial liabilities	Amortised cost	Amortised cost	(2 472 483)	-	(2 472 483)
			(37 478 084)		(37 478 084)

The effective date of the standard is for years beginning on or after 01 January 2018. The group has adopted the standard for the first time in the 2019 financial statements.

The adoption of this standard has not had a material impact on the results of the company, but has resulted in more disclosure than would have previously been provided in the financial statements.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction contracts; IAS 18 Revenue; IFRIC 13 Customer Loyalty Programmes; IFRIC 15 Agreements for the construction of Real Estate; IFRIC 18 Transfers of Assets from Customers and SIC 31 Revenue - Barter Transactions Involving Advertising Services.

The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

- Identify the contract(s) with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognise revenue when (or as) the entity satisfies a performance obligation.

IFRS 15 also includes extensive new disclosure requirements.

The effective date of the standard is for years beginning on or after 01 January 2018. The group has adopted the standard for the first time in the 2019 financial statements.

The adoption of this standard has not had a material impact on the results of the group, but has resulted in more disclosure than would have previously been provided in the financial statements.

The modified retrospective method has been applied.

2.2. Standards and interpretations not yet effective

The group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the group's accounting periods beginning on or after 01 July 2019 or later periods:

IFRS 16 Leases

New standard that introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. A lessee measures right-of-use assets liabilities. As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows applying IAS 7: Statement of Cash Flows.

IFRS 16 contains expanded disclosure requirements for lessees. Lessees will need to apply judgemental in deciding upon the information to disclose to meet the objective of providing a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of the lessee. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. IFRS 16 also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk.

IFRS 16 supersedes the following standards and interpretations:

(a) IAS 17:Leases.

(b) IFRIC 4: Determing whether an arrangement contains a lease.

(c) SIC-15: Operating Leases -Incentives.

(d) SIC-27: Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

It is anticipated that these amendments will be adopted in the group's consolidated financial statements for the annual period beginning 1 July 2019. It is anticipated that the application of the new standard will have a significant impact on amounts reported in respect of the group's financial assets and financial liabilities:

Right-of-use assets	debit	12 102 808
Lease liability	credit	12 102 808

The adoption of the standard is also expected to result in additional disclosure.
The effective date of the standard is for years beginning on or after 01 January 2019.

The group does not envisage the adoption of the standard until such time as it becomes applicable to the group's operations. The impact of this standard is currently being assessed.

Notes to the Financial Statements

3. Property, plant and equipment

Group	2019			2018		
	Cost	**Accumulated depreciation**	**Carrying value**	**Cost**	**Accumulated depreciation**	**Carrying value**
Land	2 200 000	-	2 200 000	2 200 000	-	2 200 000
Buildings	11 000 962	(1 281 919)	9 719 043	11 000 962	(1 214 704)	9 786 258
Plant and machinery	598 209	(550 003)	48 206	597 775	(477 260)	120 515
Furniture and fixtures	3 689 924	(1 477 147)	2 212 777	1 485 322	(1 300 833)	184 489
Motor vehicles	183 730	(183 730)	-	183 730	(183 730)	-
Office equipment	1 483 379	(1 295 783)	187 596	1 190 692	(1 032 607)	158 085
IT equipment	19 211 386	(16 835 281)	2 376 105	15 255 927	(12 872 848)	2 383 079
Leasehold improvements	1 205 946	(792 186)	413 760	1 205 946	(739 325)	466 621
Call centre equipment	1 197 441	(1 197 441)	-	1 197 442	(1 037 783)	159 659
Total	**40 770 977**	**(23 613 490)**	**17 157 487**	**34 317 796**	**(18 859 090)**	**15 458 706**

Reconciliation of property, plant and equipment - Group -2019

	Opening balance	**Additions**	**Additions through business combinations**	**Disposals**	**Depreciation**	**Total**
Land	2 200 000	-	-	-	-	2 200 000
Buildings	9 786 258	-	-	-	(67 215)	9 719 043
Plant and machinery	120 515	-	-	-	(72 309)	48 206
Furniture and fixtures	184 489	2 203 305	628	-	(175 645)	2 212 777
Office equipment	158 085	49 999	55 920	-	(76 408)	187 596
IT equipment	2 383 079	820 079	1 039 061	(23 459)	(1 842 655)	2 376 105
Leasehold improvements	466 621	-	-	-	(52 861)	413 760
Call centre equipment	159 659	-	-	-	(159 659)	-
	15 458 706	**3 073 383**	**1 095 609**	**(23 459)**	**(2 446 752)**	**17 157 487**

Reconciliation of property, plant and equipment - Group -2018

	Opening balance	**Additions**	**Disposals**	**Depreciation**	**Total**
Land	2 200 000	-	-	-	2 200 000
Buildings	9 853 473	-	-	(67 215)	9 786 258
Plant and machinery	192 825	-	-	(72 310)	120 515
Furniture and fixtures	167 346	72 342	-	(55 199)	184 489
Office equipment	182 865	103 536	-	(128 316)	158 085
IT equipment	3 775 474	1 055 999	(18 368)	(2 430 026)	2 383 079
Leasehold improvements	519 481	-	-	(52 860)	466 621
Call centre equipment	399 147	-	-	(239 488)	159 659
	17 290 611	**1 231 877**	**(18 368)**	**(3 045 414)**	**15 458 706**

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

4. Goodwill

Group	2019			2018		
	Cost	Accumulated impairment	Carrying value	Cost	Accumulated impairment	Carrying value
Goodwill	145 107 040	(2 008 821)	143 098 219	30 331 527	-	30 331 527

Reconciliation of goodwill - Group - 2019

	Opening balance	Acquisition through business combination	Impairment loss	Total
Goodwill - BMI Sport Group	15 841 796	-	(2 008 821)	13 832 975
Goodwill - BMI Research	14 489 731	-	-	14 489 731
Goodwill - Private Property	-	114 775 513	-	114 775 513
	30 331 527	**114 775 513**	**(2 008 821)**	**143 098 219**

Reconciliation of goodwill - Group - 2018

	Opening balance	Total
Goodwill - BMI Sport Group	15 841 796	15 841 796
Goodwill - BMI Research	14 489 731	14 489 731
	30 331 527	**30 331 527**

For the purpose of annual impairment testing the goodwill was matched with the related asset that gave rise to the goodwill.

BMi Sport Group

BMi Sport was valued by determining the current value of the future projected cash flow using an average growth rate of 1.58% (2018: 7%). Even though BMi Sport Group is still profitable, the current economic climate is resulting in lower than expected sales in the sport sponsorship and research industry. As a result management only estimated a growth of 1.58% for the forthcoming years resulting in the Goodwill being impaired by R2 008 821 by the Group. The cash flow projections are in line with the normal rates achieved by the asset in the past. Improved cost efficiencies have been taken into account where applicable.

The recoverable amount of the asset was calculated to be R21 690 916 (2018: R26 636 968).

If the future growth rate is increases by 1% then the value of the asset value calculated will be R22 995 610 (2018: 27 493 983). If the future growth rate is decreased by 1% then the value of the asset value calculated will be R20 416 314 (2018: 25 801 828) resulting in further impairment of the asset to the value of R1 544 602.

The discount rate of 18% (2018: 19.5%) used reflect the appropriate costs of capital and risks associated with the asset. Management's key assumptions include gradual improvement in profit margins, based on the normal margins achieved within similar business in the Group. If the discount rate is increased by 1% then the value of the asset value calculated will be R21 145 905 (2018: R25 709 823). If the discount rate is decreased by 1% then the value of the asset value calculated will be R22 262 086 (2018: R27 609 613).

4. Goodwill (continued)

BMi Research

BMi Research was valued by determining the current value of the future projected cash flow using an average growth rate of 8% (2018: 8%). The cash flow projections are in line with the normal rates achieved by the asset in the past.

The recoverable amount of the asset was calculated to be R32 232 008 (2018: R29 661 178).

If the future growth rate is increases by 1% then the value of the asset value calculated will be R35 604 291 (2018: R34 991 934). If the future growth rate is decreased by 1% then the value of the asset value calculated will be R28 936 454 (2018: R24 494 521) which will result in impairment to the value of R 3 295463.

The discount rate of 19% (2018: 18.93%) used reflect the appropriate costs of capital and risks associated with the asset.

Management's key assumptions include gradual improvement in profit margins, based on the normal margins achieved within similar business in the Group. If the discount rate is increased by 1% then the value of the asset value calculated will be R31 408 690 (2018: R28 562 603). If the discount rate is decreased by 1% then the value of the asset value calculated will be R33 095 454 (2018: R30 818 379).

Private Property South Africa

Private Property was valued by determining the current value of the future projected cash flow using an average growth rate of 15%. Management based its growth rate on the sales growth of the Private Property over the past three years and taking into account a reduction in operating cost in the forthcoming years. The cash flow projections are in line with the growth rate the assets was able to achieve in the past.

The recoverable amount of the asset was calculated to be R184 507 000 for the 50.01% of the shares held by the Group.

If the future growth rate is increases by 1% then the recoverable amount of the asset will be R204 719 000. If the future growth rate is decreased by 1% then the recoverable amount of the asset will be R164 915 000.

The discount rate of 18.6% used reflect the appropriate costs of capital and risks associated with the asset. Management's key assumptions include that operational cost of the asset will gradually improve over the next 5 years. If the discount rate is increased by 1% then the value of the asset value calculated will be R178 507 000. If the discount rate is decreased by 1% then the value of the asset value calculated will be R191 014 000.

The Group will engage in an extensive process to identify all assets with a focus on identifying intangible assets which is currently disclosed as provisional goodwill and that is not accounted for at value within the accounting records of Private Property. This process will be completed by 31 January 2020.

Notes to the Financial Statements (CONTINUED)

5. Intangible assets

Group	2019			2018		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Bespoke services*	4 020 162	(1 055 215)	2 964 947	4 020 164	(337 666)	3 682 498
Computer software	7 327 052	(4 192 082)	3 134 970	6 388 278	(2 918 592)	3 469 686
Email2Fax and Fax2Email System*	8 570 414	(8 423 970)	146 444	8 570 414	(7 757 156)	813 258
Fax2Email Platform - Africa*	2 383 605	(2 383 605)	-	2 383 605	(2 383 605)	-
Incentive Programme*	3 609 061	(1 200 369)	2 408 692	2 945 637	(589 127)	2 356 510
Knowledge 350*	3 205 136	(2 465 038)	740 098	3 205 136	(1 824 010)	1 381 126
MediaWorx platform*	1 539 217	(718 301)	820 916	1 539 217	(410 458)	1 128 759
Property Buyers Show	2 655 240	-	2 655 240	-	-	-
Research panel*	1 365 545	(1 115 195)	250 350	1 365 545	(842 086)	523 459
SportTrack	1 527 967	(1 324 238)	203 729	1 527 967	(1 018 645)	509 322
Total	**36 203 399**	**(22 878 013)**	**13 325 386**	**31 945 963**	**(18 081 345)**	**13 864 618**

Reconciliation of intangible assets - Group - 2019

	Opening balance	Additions	Amortisation	Total
Bespoke services*	3 682 498	-	(717 551)	2 964 947
Computer software	3 469 686	938 773	(1 273 489)	3 134 970
Email2Fax and Fax2Email System*	813 258	-	(666 814)	146 444
Incentive Programme*	2 356 510	663 423	(611 241)	2 408 692
Knowledge 350*	1 381 126	-	(641 028)	740 098
MediaWorx platform*	1 128 759	-	(307 843)	820 916
Property Buyers Show	-	2 655 240	-	2 655 240
Research panel*	523 459	-	(273 109)	250 350
SportTrack	509 322	-	(305 593)	203 729
	13 864 618	**4 257 436**	**(4 796 668)**	**13 325 386**

Reconciliation of intangible assets - Group - 2018

	Opening balance	Additions	Amortisation	Total
Bespoke services*	3 760 421	-	(77 923)	3 682 498
Computer software	3 287 148	997 824	(815 286)	3 469 686
Email2Fax and Fax2Email System*	2 209 639	-	(1 396 381)	813 258
Incentive Programme*	2 945 637	-	(589 127)	2 356 510
Knowledge 350*	2 022 152	-	(641 026)	1 381 126
MediaWorx platform*	1 436 603	-	(307 844)	1 128 759
Fax2Email Platform - Africa*	198 634	-	(198 634)	-
Research panel*	796 568	-	(273 109)	523 459
SportTrack	814 916	-	(305 594)	509 322
	17 471 718	**997 824**	**(4 604 924)**	**13 864 618**

5. **Intangible assets (Continued)**

Impairment of intangible assets

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

The Property Buyer Show has an indefinite useful life, as such the impairment of the asset must be assessed annually. The future cash flows of the show were obtained and present valued at the holding company's Weighted Average Cost of Capital of 20.20%.

No impairment was deemed necessary.

* - Internally generated assets.

Average remaining useful life

	Average remaining useful life 2019	Average remaining useful life 2018
Fax2Email Platform - Africa	0.00years	0.00years
Knowledge 350*	0.58years	1.58years
Email2Fax and Fax2Email System*	0.00years	0.37years
Incentive Programme*	3.00years	4.00years
Computer software	2.13years	3.13years
MediaWorx Platform*	2.66years	3.66years
Bespoke services*	2.50years	3.50years
Research panel*	0.58years	1.58years
SportTrack	0.66years	1.66years
Property Buyers Show	Indefinite	

6. **Investment in subsidiaries**

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

2019 **The holding Company's investment in subsidiaries is as follows:**	Issued share capital R	Group effective interest %	Cost of investment R
FoneWorx Proprietary Limited	100	100%	100
Four Rivers Trading 123 Proprietary Limited	100	100%	2 310 100
Interconnective Solutions Management Services Proprietary Limited	100	100%	100
Retail Card Club Proprietary Limited *	100	100%	100
Survey On line Proprietary Limited *	100	100%	100
Cognition Analysis Proprietary Limited *	100	100%	100
CarbonWorx Proprietary Limited *	100	70%	70
VM Advertising Proprietary Limited *	100	100%	100
FoneWorx Kenya Limited	5 000 000	60%	100
BMi Sport Group	300	100%	22 410 028
BMi Research Proprietary Limited	100	100%	26 711 808
FoneWorx Global Communications Limited (Nigeria)	10 000 000	70%	100
FoneWorx Zambia Limited	5 000 000	60%	100
FoneWorx Namibia Proprietary Limited	100	100%	100
Private Property South Africa Proprietary Limited	25 000	50.01%	127 000 000
			178 433 006

6. Investment in subsidiaries (continued)

2018 The holding Company's investment in subsidiaries is as follows:	Issued share capita R	Group effective interest %	Cost of investment R
FoneWorx Proprietary Limited	100	100%	100
Four Rivers Trading 123 Proprietary Limited	100	100%	2 310 100
Interconnective Solutions Management Services Proprietary Limited	100	100%	100
Retail Card Club Proprietary Limited *	100	100%	100
Survey On Line Proprietary Limited *	100	100%	100
Cognition Analysis Proprietary Limited *	100	100%	100
CarbonWorx Proprietary Limited	100	70%	70
VM Advertising Proprietary Limited *	100	100%	100
FoneWorx Kenya Limited	5 000 000	60%	100
BMi Sport Group	300	100%	26 215 172
BMi Research Proprietary Limited	100	100%	26 711 808
FoneWorx Global Communications Limited (Nigeria)	10 000 000	70%	100
FoneWorx Zambia Limited	5 000 000	60%	100
FoneWorx Namibia Proprietary Limited	100	100%	100
			55 238 150

Reconciliation of Investment in subsidiaries	Opening balance	Additions	Impairments	Closing balance
FoneWorx Proprietary Limited	100	-	-	100
Four Rivers Trading 123 Proprietary Limited	2 310 100	-	-	2 310 100
Interconnective Solutions Management Services Proprietary Limited	100	-	-	100
Retail Card Club Proprietary Limited	100	-	-	100
Survey On line Proprietary Limited	100	-	-	100
Cognition Analysis Proprietary Limited	100	-	-	100
CarbonWorx Proprietary Limited	70	-	-	70
VM Advertising Proprietary Limited	100	-	-	100
FoneWorx Kenya Limited	100	-	-	100
BMi Sport Group	26 215 172	-	(3 805 144)	22 410 028
BMi Research Proprietary Limited	26 711 808	-	-	26 711 808
FoneWorx Global Communications Limited (Nigeria)	100	-	-	100
FoneWorx Zambia Limited	100	-	-	100
FoneWorx Namibia Proprietary Limited	100	-	-	100
Private Property South Africa Proprietary Limited	-	127 000 000	-	127 000 000
	55 238 150	127 000 000	(3 805 144)	178 433 006

All the above entities are private companies. Foreign entities are dormant. The loans are recorded in South African Rands as this is the currency in which the transactions are concluded. Even though BMi Sport Group is still profitable, the current economic climate is resulting in lower than expected sales in the sport sponsorship and research industry. As a result management only estimated a growth of 1.58% for the forthcoming years resulting in the investment in the BMi Sport Group being impaired by R3 805 144 by the Company.

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 short term nature thereof the effect of discounting is considered immaterial.

6. **Investment in subsidiaries (continued)**

* The loans to these companies have been subordinated and the impairment was calculated based on expected future credit losses that are likely to occur. All exposure based on the guarantee given has therefore been provided for.

The impairment reversed recognised in the current period relating to the provision against the loan amounts to R1 300 (2018: R2 900 impairment loss).

Non-controlling interest across the group is considered to be material (refer to note15)

7. **Investments in associates**

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

Group

Name of company	% ownership interest 2019	% ownership interest 2018	Carrying amount 2019	Carrying amount 2018
LivingFacts Proprietary Limited	47.70 %	47.70 %	4 320 080	4 606 523

Company

Name of company	% ownership interest 2019	% ownership interest 2018	Carrying amount 2019	Carrying amount 2018
LivingFacts Proprietary Limited	47.70 %	47.70 %	3 817 440	3 817 440

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

Summarised Statement of Profit or Loss and Other Comprehensive Income	**LivingFacts Proprietary Limited**	
	2019	**2018**
Revenue	8 511 589	7 734 585
Profit after taxation from continuing operations	884 269	994 928
Dividend paid by associate	1 400 000	-

Summarised Statement of Financial Position	**LivingFacts Proprietary Limited**	
	2019	**2018**
Assets		
Non-current	21 767	29 949
Current	3 143 287	2 984 684
Total assets	3 165 054	3 014 633
Liabilities		
Current	1 346 539	680 388
Total liabilities	1 346 539	680 388
Total net assets	1 818 515	2 334 245

Associates with different reporting dates

The end of the reporting year of Cognition Holdings Limited is 30 June 2019. The year end of LivingFacts Proprietary Limited is 28 February 2019. The information above was obtained from the management accounts of LivingFacts Proprietary Limited fro 30 June 2019

	2019	**2018**
Group's share of opening net assets	1 194 395	719 815
Goodwill - included in intitial investment	3 412 128	3 412 128
Share of profit from equity accounted investment	381 138	474 580
Dividend received	(667 581)	-
	4 320 080	**4 606 523**

8. Deferred tax

	Group		Company	
Figures in Rand	2019	2018	2019	2018
Deferred tax liability	(1 333 688)	(2 206 411)	-	-
Deferred tax asset	1 894 890	1 059 138	99 409	-
Total net deferred tax asset/(liability)	**561 202**	**(1 147 273)**	**99 409**	**-**
Reconciliation of deferred tax asset / (liability)				
At beginning of year	(1 147 273)	(1 675 819)	-	-
Property, plant and equipment	1 353	(90 865)	-	-
Intangible assets	800 738	1 260 752	-	-
Provisions	225 378	(824 522)	99 409	-
Revenue accrual	33 932	301 216	-	-
Business combination	668 397	-	-	-
Prepaid expenses	(59 922)	39 854	-	-
Tax losses available for set off against future taxable income	38 599	(157 889)	-	-
	561 202	**(1 147 273)**	**99 409**	**-**
Categories of temporary differences				
Property, plant and equipment	(2 474)	(3 827)	-	-
Intangible assets	(2 109 843)	(2 910 581)	-	-
Provisions	995 442	770 064	99 409	-
Revenue accrual	990 869	956 937	-	-
Prepaid expenses	(87 922)	(28 000)	-	-
Business combination	668 397	-	-	-
Taxable losses available for set off against future taxable income	106 733	68 134	-	-
	561 202	**(1 147 273)**	**99 409**	**-**

9. Loans to group companies

	Company 2019	Company 2018
Subsidiaries		
VM Advertising Proprietary Limited*	-	823 984
Cognition Analysis Proprietary Limited*	-	106 694
Retail Card Club Proprietary Limited*	630 057	628 857
Four Rivers Trading 123 Proprietary Limited	-	812 170
CarbonWorx Proprietary Limited	462 871	466 671
Foneworx Namibia Proprietary Limited	107 894	14 931
FoneWorx Zambia Limited	823 984	59 108
FoneWorx Kenya Limited	1 463 108	1 448 178
FoneWorx Global Communications Limited (Nigeria)	1 821 064	1 761 956
Allowance for expected credit losses (2019: IFRS 9)/Allowance for doubtful loans (2018: IAS 39)	(5 308 978)	(5 310 378)
	-	**812 171**

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

9. **Loans to group companies (Continued)**

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 short term nature thereof the effect of discounting is considered immaterial.

* The loans to these companies have been subordinated. They have been assessed on a stage 3 basis and 100% is expected as a credit loss and an allowance be made accordingly.

The impairment reversal recognised in the current period relating to the provision against the loan amounts to R1 300 (2018: R2 900 impairment loss).

10. **Trade and other receivables**

	Group		Company	
Figures in Rand	**2019**	2018	**2019**	2018
Financial instruments:				
Trade receivables	42 707 265	45 397 918	15 907 402	12 769 503
Expected credit losses	(824 081)	-	(29 311)	-
Trade receivables at amortised cost	41 883 184	45 397 918	15 878 091	12 769 503
Deposits	499 648	-	-	-
Other receivables	1 551 871	665 490	-	-
Shares loans to directors and staff	4 262 818	4 143 489	4 262 818	4 143 489
Expected credit losses for share loans to directors and staff	(325 720)	-	(325 720)	-
Non-financial instruments:				
VAT	264 746	516 021	-	-
Prepayments	2 480 300	1 207 230	-	-
Total trade and other receivables	**50 616 847**	**51 930 148**	**19 815 189**	**16 912 992**

Categorisation of trade and other receivables

Trade and other receivables are categorised as follows in accordance with IFRS 9: Financial Instruments:

At amortised cost	47 871 801	50 206 897	19 815 189	16 912 992
Non-financial instruments	2 745 046	1 723 251	-	-
	50 616 847	**51 930 148**	**19 815 189**	**16 912 992**

Exposure to credit risk

The group and company applies the IFRS 9 simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component. The expected credit loss is determined on an individual customer basis. Amounts due over 30 days are assessed for recoverability. However, the company reviews all debtors individually, taking into account individual circumstances and past payment history.

The group and company continuously monitors the credit quality of customers. Where available, external credit checks on customers are obtained and used. The company's policy is to deal only with credit worthy counter parties. The credit terms are 30 days. The ongoing credit risk is managed through regular review of ageing analysis.

10. Trade and other receivables (continued)

2019 Group Trade receivables amount due	Current	More than 30 days	More than 60 days	More than 90 days	More than 120 days	Specifically impaired	Total
Expected credit loss rate	1.42%	1.22%	1.81%	0.89%	12.59%		
Gross carrying amount	28 046 011	5 115 653	3 408 568	4 069 484	1 517 947	549 602	42 707 265
Lifetime expected credit losses	398 771	62 470	61 741	36 260	191 179	73 660	824 081

2019 Company Trade receivables amount due	Current	More than 30 days	More than 60 days	More than 90 days	More than 120 days	Total
Expected credit loss rate	2.0%	0.5%	0.6%	0.7%	0.9%	
Gross carrying amount	13 079 848	1 595 751	909 303	32 200	290 300	15 907 402
Lifetime expected credit losses	13 081	7 979	5 456	225	2 570	29 311

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

The total value of receivables held by the Group as at 30 June 2019 amounted to R42 707 265 (2018: R45 397 918).

Management evaluated the expected credit losses from other Receivables by evaluating them on a client by client basis and have found that there are no material expected credit losses.

Credit risk disclosure for comparatives under IAS 39

Included in the Group's trade receivables balance are debtors with a carrying amount of 2018: R 1 268 417, which are past due at the reporting date for which the Group has not provided, as there has been no significant changes in the credit quality and the amounts are still considered recoverable. The group 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.

Loans to directors and staff

Unsecured loans, bear interest at 7% per annum and no fixed terms of repayment have been set other than the amount owing is required to be settled upon leaving the employ of Cognition Holdings and its subsidiaries. Historically there has been no default on these loans and they carry very low credit risk as it is was only extended to selected staff and directors. Management considered the prevailing share price as a measure to determine the estimated credit loss. Should the share price decrease significantly, then that would give rise to increase estimated credit losses.

Other receivables

Management evaluated the expected credit losses from Other Receivables by evaluating them on a client by client basis and have found that there are no material expected credit losses.

11. Cash and cash equivalents

	Group		Company	
Figures in Rand	**2019**	2018	**2019**	2018
Cash and cash equivalents consist of:				
Cash on hand	31 383	26 813	-	-
Bank balances	109 376 121	78 765 663	636 836	459 806
Other cash and cash equivalents	14 032 425	25 598 377	-	-
	123 439 929	**104 390 853**	**636 836**	**459 806**

The Group holds cash on behalf of customers as prizes for specific campaigns. These amounts are restricted for use for only these campaigns and not for use by the group.

The Group only deposits cash with major banks with high quality credit standing and limits exposure to any one counter- party. The banks credit rating ranges from Baa2 to Baa3 which is considered adequate and does not require the recognition of expected credit losses.

12. Share capital

Authorised				
1 250 000 000 Ordinary shares of no par value (2018: 250 000 000 Ordinary shares of R0.001 each)	1 250 000 000	250 000 000	1 250 000 000	250 000 000
Reconciliation of number of shares issued:				
Reported as at 01 July	137 615 798	137 615 798	137 615 798	137 615 798
Shares Issued	105 833 333	-	105 833 333	-
	243 449 131	**137 615 798**	**243 449 131**	**137 615 798**
Issued				
2019: 243 449 131 (2018: 137 615 798) shares	182 967 544	137 616	182 967 544	137 616
Share premium (Refer to note 13)	-	55 972 835	-	55 972 835
	182 967 544	**56 110 451**	**182 967 544**	**56 110 451**
During the current year shares of R55 972 835 have been converted to no par value shares.				

13. Share Premium

Balance at beginning of period	55 972 835	55 972 835	55 972 835	55 972 835
Conversion to no par value shares	(55 972 835)	-	(55 972 835)	-
	-	**55 972 835**	**-**	**55 972 835**

14. Equity due to change in ownership

BMi Sport Group

Purchase of additional 37% of BMi Sport Group

The Group purchased the remaining shares in BMi Sport Group on 1 February 2017 for a consideration of R8 549 232. This transaction was accounted for as a common control acquisition in terms of IFRS 3. The equity due to change in ownership amounted to R6 757481.

BMi Sports Group	6 757 481	6 757 481
BMi Research Proprietary Limited	6 135 464	6 135 464
	12 892 945	**12 892 945**

15. Non-controlling interest

	Group		Company	
Figures in Rand	2019	2018	2019	2018
Private Property South Africa Proprietary Limited	14 531 753	-	-	-
BMi Research Proprietary Limited	887 246	752 875	-	-
	15 418 999	**752 875**	**-**	**-**

16. Other financial liabilities

	Group 2019	Group 2018	Company 2019	Company 2018
Other loan				
W Deary	-	1 600 000	-	1 600 000
The loan was unsecured, interest free and was repaid in the current year.				
Contingent consideration				
BMi Sports Group	-	872 483	-	872 483
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 relating to the purchase of the remaining shares purchased in the 2017 financial year and is estimated to be paid by 30 September 2020. If BMi Sports Group achieves a three year combined Profit after Tax for the 2018, 2019 and 2020 financial years that is above R13.5 million up to R19 million then a further consideration of between R500 000 and R4 000 000 will be payable to the seller.				
Within the past financial year, the management of the Group has done a re-estimation of the probability of the future obligation and determined that there is no likely future obligation as the BMI Sport Group will no longer be able to achieve the targeted profits (2018: R1 000 000).				
	-	**2 472 483**	**-**	**2 472 483**
Split between non-current and current portions				
Non-current liability - Fair value through profit or loss	-	872 483	-	872 483
Current liability - Other loan	-	1 600 000	-	1 600 000
	-	**2 472 483**	**-**	**2 472 483**

17. Loans from group companies

	Company	
Figures in Rand	2019	2018
Subsidiaries		
FoneWorx Proprietary Limited	22 218 291	29 426 106
Four Rivers Trading 123 Proprietary Limited	638 400	-
Survey On Line Proprietary Limited*	692 354	426 157
Interconnective Solutions Management Services Proprietary Limited	125 877	125 077
	23 674 922	**29 977 340**

All the above entities are private companies. Foreign entities are dormant. 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 to group companies to approximate their fair value, due to short term nature thereof.

18. Interest bearing liabilities

	Group		Company	
Figures in Rand	2019	2018	2019	2018
Minimum instalment payments due				
- within one year	-	394 458	-	-
less: future finance charges	-	(22 123)	-	-
Present value of minimum instalment payments	**-**	**372 335**	**-**	**-**
Present value of minimum instalment payments due				
- within one year	-	372 335	-	-
Current liabilities	-	372 335	-	-
	-	**372 335**	**-**	**-**

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 R Nil (2018: R89 272) inclusive of interest. The Group's obligations under instalment sale agreements are secured by certain equipment and motor vehicles with a carrying amount of R Nil (2018: R342 120). The current portion relating to the instalment sales agreements amount to R Nil (2018: R372 335) and the non-current portion relating to the instalment sales agreements amounts to R Nil (2018:Nil).

19. Cash-settled share-based payment liability

	Group		Company	
Figures in Rand	2019	2018	2019	2018
Balance at beginning of the year				
Employee share option scheme - current year charge	1 117 677	-	-	-
Balance at end of the year	**1 117 677**	**-**	**-**	**-**

Private Property provided key employees with a share subscription option, whereby the employees acquired Private Property shares at R 1 at grant date. The shares vested to the employees at grant date. Private Property immediately recognised the share capital as they vested.

After an initial employment period of five years (initial employment period), the employees have a right to sell the shares back to the entity (the put option), therefore the company has an obligation to pay the employees an amount equivalent to (Market value x participant's share ratio) x (subsequent employment period in months/60). The initial employment period for the Private Property CEO is three years from grant date. The subsequent employment period is also three years. The put option is a cash-settled share-based payment, as the company has an obligation to pay the employees a certain amount in the future for the buying back of the shares. The cash-settled share-based payment is remeasured annually to fair value.

In terms of the share incentive scheme rules the market value of the shares are determined by using a EBITDA multiple for the Private Property group of companies of 6.27 and as such the fair value of the liability is driven by the market value of the shares.

20. Provisions

Reconciliation of provisions - Group - 2019

	Opening balance	Additions	Utilised during the year	Total
Leave pay	1 879 550	493 251	(389 037)	1 983 764

Reconciliation of provisions - Group - 2018

	Opening balance	Additions	Utilised during the year	Total
Leave pay	2 605 736	678 011	(1 404 197)	1 879 550
Performance bonus	3 306 509	-	(3 306 509)	-
	5 912 245	**678 011**	**(4 710 706)**	**1 879 550**

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.

21. Trade and other payables

		Group		Company	
Figures in Rand		2019	2018	2019	2018
Trade payables		19 686 130	19 971 560	-	-
Accruals		6 310 847	6 014 224	5 478 908	4 841 179
Audit and drafting fee accrual		2 020 047	1 050 004	-	-
Accrued employee costs		1 646 044	611 789	-	-
Non-financial instruments:					
Amounts received in advance		7 187 634	6 786 490	-	-
VAT		1 889 155	2 491 711	158 839	11 439
		38 739 857	**36 925 778**	**5 637 747**	**4 852 618**

22. Revenue

Revenue from contracts with customers					
Rendering of services		454 341 244	351 077 557	221 633 575	118 637 547
Less: Agency revenue		(239 192 246)	(193 193 159)	(203 686 073)	(107 452 951)
		215 148 998	**157 884 398**	**17 947 502**	**11 184 596**
Disaggregation of revenue from contracts with customers					
The group disaggregates revenue from customers as follows:					
Rendering of services					
Africa revenue		7 388 991	5 520 668	-	-
South Africa revenue		207 760 007	152 363 730	17 940 502	11 184 596
		215 148 998	**157 884 398**	**17 940 502**	**11 184 596**
Timing of revenue recognition					
At a point in time					
Service revenue		215 148 998	157 884 398	17 947 502	11 184 596
		215 148 998	157 884 398	17 947 502	11 184 596

Agency revenue

The Group makes payments on behalf of customers and recoups it accordingly. The Group classifies it as Agency Revenue and discloses in above for enhanced disclosure purposes.

23. Other operating losses

(Losses)/gains on disposals					
Property, plant and equipment	3	(64 174)	64 377	-	-
Foreign exchange losses					
Net foreign exchange loss		-	(2 048 616)	-	-
Total other operating losses		**(64 174)**	**(1 984 239)**	**-**	**-**

24. Operating profit/(loss)

	Group		Company	
Figures in Rand	**2019**	2018	**2019**	2018
Operating profit (loss) for the year is stated after charging the following, amongst others:				
Employee costs				
Salaries, wages, bonuses and other benefits	78 290 410	52 146 945	315 700	415 850
Leases				
Operating lease charges				
Premises	2 063 184	659 857	-	-
Equipment	48 822	34 260	-	-
	2 112 006	**694 117**	**-**	**-**
Depreciation and amortisation				
Depreciation of property, plant and equipment	2 446 752	3 045 414	-	-
Amortisation of intangible assets	4 796 668	4 604 924	-	-
Total depreciation and amortisation	**7 243 420**	**7 650 338**	**-**	**-**
Other				
Insurance	1 110 515	911 074	-	-
Annual fees relating to listing on JSE	504 833	521 834	504 833	521 834
Legal fees	961 191	410 896	-	174 924
Telecommunication charges	3 122 561	2 997 348	-	-
Corporate transaction fees	2 521 552	-	2 521 552	-

25. Directors' emoluments

Executive	**Paid by Group**				
2019	**Emoluments**	**Travel allowance**	**Bonus**	**Total**	**Paid by Caxton and CTP Group**
G Groenewaldt	2 401 000	-	750 000	3 151 000	-
MA Smith	3 530 000	-	1 450 000	4 980 000	-
PA Scholtz	2 090 236	120 000	450 000	2 660 236	-
A G Mancha*	149 900	-	-	149 900	-
R Pitt*	165 800	-	-	165 800	-
SA Kleynhans^	1 007 800	-	60 000	1 067 800	-
G Mooney**	-	-	-	-	-
P Jenkins†	-	-	-	-	544 000
M du Plessis†	-	-	-	-	665 000
P Greyling†	-	-	-	-	995 000
	9 344 736	**120 000**	**2 710 000**	**12 174 736**	**2 204 000**

† These directors were remunerated by companies within the Caxton and CTP Group and not by the Cognition Group. This remuneration was from 1 February 2019 being the date that Cognition became a subsidiary of Caxton and CTP Group.

25. Directors' emoluments (Continued)

2018	Emoluments	Travel allowance	Bonus	Total
G Groenewaldt	2 162 254	-	550 000	2 712 254
MA Smith	3 128 070	-	1250 000	4 378 070
PA Scholtz	1 945 916	95 500	-	2 041 416
A G Mancha*	207 600	-	-	207 600
R Pitt*	208 250	-	-	208 250
SA Kleynhans^	928 000	-	50 000	978 000
G Mooney**	-	-	-	-
P Jenkins**	-	-	-	-
M du Plessis**	-	-	-	-
P Greyling**	-	-	-	-
	8 580 090	**95 500**	**1 850 000**	**10 525 590**

* Independent Non-Executive Directors.
^ Prescribed Officer
** These directors do not receive remuneration from companies in the Group.

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 prescribed officers in the group.

26. Investment income

	Group		Company	
Figures in Rand	2019	2018	2019	2018
Dividend income				
Subsidiary local	-	-	16 924 525	17 201 975
Interest income				
Bank and other cash	7 180 703	6 466 943	340 040	197 632
Total investment income	**7 180 703**	**6 466 943**	**17 264 565**	**17 399 607**

27. Finance costs

Installment sale	23 570	115 826	-	-
Bank overdraft	231	3 866	-	-
Mortgage bond	-	3 014	-	-
SARS	6 875	66 888	-	-
Inputed interest reversal on financial liabilities	127 751	793 771	-	793 771
Other interest	16 020	-	-	-
Total finance costs	**174 447**	**983 365**	**-**	**793 771**

Notes to the Financial Statements (CONTINUED)

28. Taxation

	Group		Company	
Figures in Rand	2019	2018	2019	2018
Major components of the tax expense				
Current				
Local income tax - current period	9 650 678	8 336 591	1 797 477	35 999
Local income tax - recognised in current tax for prior periods	116 886	-	-	-
	9 767 564	**8 336 591**	**1 797 477**	**35 999**
Deferred				
Originating and reversing temporary differences	(1 011 779)	(511 745)	(99 409)	-
	8 755 785	**7 824 846**	**1 698 068**	**35 999**
Reconciliation of the tax expense				
Reconciliation between accounting profit and tax expense.				
Accounting profit	25 833 165	28 421 832	16 736 590	18 416 541
Tax at the applicable tax rate of 28% (2018: 28%)	7 233 286	7 958 113	4 686 245	4 920 596
Tax effect of adjustments on taxable income				
Permanent differences	1 962 600	341 314	(2 988 177)	(5 054 866)
Income from associates	(440 101)	(474 581)	-	-
Taxable loss utilised	-	-	-	170 269
	8 755 785	**7 824 846**	**1 698 068**	**35 999**

Gross estimated tax losses of certain subsidiaries at 30 June 2019, available for offset against future taxable income amounted to R666 186 (2018: R578 000). 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 R186 532 (2018: R161 840).

29. Cash generated from (used in) operations

Profit before taxation	25 833 165	28 421 832	16 736 590	18 416 541
Adjustments for:				
Depreciation and amortisation	7 243 420	7 650 338	-	-
Loss (profit) on disposal of property, plant and equipment	23 458	(37 910)	-	-
Income from equity accounted investments	(381 138)	(474 580)	-	-
Dividend income	-	-	(16 924 525)	(17 201 975)
Interest income	(7 180 703)	(6 466 943)	(340 040)	(197 632)
Finance costs	174 447	983 365	-	793 771
Impairment loss	2 008 821	-	3 805 144	-
Change in provisions	104 214	(4 032 695)	-	-
Cash-settled share-based payment expense	889 671	-	-	-
Changes in working capital:				
Inventories	-	25 730	-	-
Trade and other receivables	3 909 366	(2 880 929)	(2 902 197)	(5 134 232)
Trade and other payables	(8 299 765)	15 146 019	789 129	1 231 158
Third party prize money	(12 763 054)	14 437 632	(2 000)	-
	11 561 902	**52 771 859**	**1 162 101**	**(2 092 369)**

30. Tax paid

Figures in Rand	Group 2019	Group 2018	Company 2019	Company 2018
Balance at beginning of the year	(1 947 300)	(1 265 336)	40 853	76 852
Current tax for the year recognised in profit or loss	(9 767 564)	(8 336 591)	(1 797 477)	(35 999)
Business combinations	735 115	-	-	-
Balance at end of the year	(316 745)	1 947 300	(153 219)	(40 853)
	(11 296 494)	**(7 654 627)**	**(1 909 843)**	**-**

31. Dividends paid

	Group 2019	Group 2018	Company 2019	Company 2018
Balance at beginning of the year	(187 082)	(169 069)	(187 082)	(169 069)
Dividends	(8 256 948)	(17 393 975)	(8 256 948)	(17 201 975)
Balance at end of the year	209 874	187 082	209 874	187 082
	(8 234 156)	**(17 375 962)**	**(8 234 156)**	**(17 183 962)**

32. Commitments

Operating Lease Commitment

Future minimum rentals payables under non-cancellable leases:

Operating leases – as lessee (expense)

Minimum lease payments due	Group 2019	Group 2018	Company 2019	Company 2018
- within one year	3 617 766	523 310	-	-
- in second to fifth year inclusive	13 516 812	654 294	-	-
	17 134 578	**1 177 604**	**-**	**-**

The above represents the summary of future commitments under non-cancelable operating leases.

Operating lease payments represent rentals payables by the company for 21 Lighthouse Road and the BMI Research premises.

The 21 Lighthouse Road has a lease term of 5 years and rentals generally escalate at a fixed percentage of 8%. There is an option at the end of 3 years to exit the lease, but management estimate to occupy the premises until the end of the lease term. No contingent rent is payable. The BMI Research premises has a lease term of 36 months and rental generally escalate at a fixed percentage of 7%. No contingent rent is payable.

Contractor costs

Minimum lease payments due	Group 2019	Group 2018	Company 2019	Company 2018
- within one year	9 408 000	-	-	-
- in second to fifth year inclusive	17 248 000	-	-	-
	26 656 000	**-**	**-**	**-**

The above represents a contractor cost with Capture Video Productions Proprietary Limited for 1 600 HD listings per month. This contract has a 5 year duration with 3 years and 10 months remaining at year end. There is an additional contingent fee of R 430 for each HD listing above R1 600 per month which is not included in the amounts above. This agreement can be terminated with 6 months notice at the same terms and conditions for those 6 months, without incurring any penalty, which amounts to R 4 704 000 plus R 430 per HD listing above R1 600 per month.

Notes to the Financial Statements (CONTINUED)

33. Changes in liabilities arising from financing activities

Reconciliation of liabilities arising from financing activities - Group - 2019

	Opening balance	Cash flows	Closing balance
Other financial liabilities	2 472 483	(2 472 483)	-
Interest bearing liabilities	372 335	(372 335)	-
Total liabilities from financing activities	**2 844 818**	**(2 844 818)**	**-**

Reconciliation of liabilities arising from financing activities - Group - 2018

	Opening balance	Cash flows	Closing balance
Other financial liabilities	10 631 834	(8 159 351)	2 472 483
Interest bearing liabilities	1 812 647	(1 440 312)	372 335
Total liabilities from financing activities	**12 444 481**	**(9 599 663)**	**2 844 818**

Reconciliation of liabilities arising from financing activities - Company -2019

	Opening balance	Cash flows	Closing balance
Other financial liabilities	24 72 483	(2 472 483)	-
Loans from group companies	29 977 340	(6 302 418)	23 6 749 22

Reconciliation of liabilities arising from financing activities - Company - 2018

	Opening balance	Cash flows	Closing balance
Other financial liabilities	10 631 834	(8 159 351)	2 4724 83
Loans from group companies	21 221 131	8 756 209	29 977 340

34. Business combinations

Private Property South Africa Proprietary Limited business combination

	Group		Company	
Figures in Rand	2019	2018	2019	2018
Property, plant and equipment	1 095 609	-	-	-
Cash and cash equivalents	29 662 531	-	-	-
Trade and other receivables	2 596 065	-	-	-
Deferred tax	668 397	-	-	-
Current tax receivable	735 115	-	-	-
Trade and other payables	(10 085 546)	-	-	-
Share based payment reserve	(228 006)	-	-	-
Total identifiable net assets	24 444 165	-	-	-
Non-controlling interest	(12 219 678)	-	-	-
Goodwill (Provisional)	114 775 513	-	-	-
	127 000 000	**-**	**-**	**-**
Consideration paid				
Purchase consideration by issue of shares	(127 000 000)	-	-	-
Net cash inflow on acquisition				
Cash acquired	29 662 531	-	-	-

34. Business combinations (Continued)

In an effort to expand the digital operations of the Group, the Group acquired 50.01% in Private Property South Africa Proprietary Limited ("Private Property"). The acquisition was made by acquiring 5 265 Private Property shares from CTP Limited for a total purchase consideration of R127 000 000 which was settled by way of 105 833 333 Cognition Shares at 120 cents per share. In addition to offering shares services to its subsidiaries, the Group is of the view that it can add significant value to Private Property to assist the company to improve its operating efficiencies and thereby unlock additional value.

The acquired business contributed revenue totalling R64 448 639 and a net profit after tax to the value of R4 625 076 which contributed R2 313 001 to the profit attributed to the owners of the parent company. If the business was acquired on 1 July 2018 the revenue and profit after tax would have been R149 796 788 and R15 489 030 respectively. At the time of preparing this report the Group was still in progress to finalise the Purchase Price adjustment account. The Group will engage in an extensive process to identify all assets with a focus on identifying intangible assets which is currently disclosed as provisional goodwill and that is not accounted for at value within the accounting records of Private Property. This process will be completed by 31 January 2020.

35. 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**
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 Analysis 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
Private Property South Africa Proprietary Limited	Subsidiary
Living Facts Proprietary Limited	Associate
Fusion Agency Solutions Proprietary Limited	Subsidiary
Caxton and CTP Publishers and Printers Limited	Significant share holder

Notes to the Financial Statements (CONTINUED)

35. Related parties (Continued)

Directors of Cognition Holdings Limited	
Mark Allan 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
Dennis Lupambo	
Trevor Ahier	

Related party balances and transactions Directors

Directors' emoluments are set out in note 25. There are no other key management personnel.

Investments and loans

Related party investments and loans of the holding company are reflected in the following notes 6, 7, 9 & 17.

Dividends

Dividends were received from FoneWorx Proprietary Limited amounting to R8 256 944 (2018: R17 201 975), from BMi Research Proprietary Limited of R8 000 000 and LivingFacts Proprietary Limited of R667 581.

Revenue and debtors

Transactional purchases paid to FoneWorx Proprietary Limited amounting to R170 925 256 (2018: R118 637 547).

36. Earnings per share

	2019	2018
Earnings per share	8.17 cents	14.90 cents
The calculation of earnings per share is based on profits of R14 630 934 attributable to equity holders of the parent (2018: R20 509 630) and a weighted average of 179 079 268 (2018: 137 615 798) ordinary shares in issue during the year		
Headline earnings per share	9.31 cents	14.88 cents
The calculation of headline earnings per share is based on profits of R16 685 960 attributable to equity holders of the parent (2018: R20 482 335) and a weighted average of 179 079 268 (2018: 137 615 798) ordinary shares in issue during the year		
Reconciliation between earnings and headline earnings		
Profit attributable to ordinary shareholders of parent	14 630 934	20 509 630
Profit on disposal of property, plant and equipment	64 174	(37 910)
Tax effect of the disposal of property, plant and equipment	(17 969)	10 615
Impairment of goodwill	2 008 821	-
Headline earnings	**16 685 960**	**20 482 335**
Diluted earnings per share	8.17 cents	14.90 cents
The calculation of diluted earnings per share is based on profits of R16 339 219 (2018: R20 509 630) and a weighted average of 179 079 268 (2018: 137 615 798) ordinary shares issued during the year		
Reconciliation between earnings and diluted earnings per share:		
Weighted average number of shares used in the calculation of earnings per share	179 079 268	137 615 798

37. Dividends per share

	2019	2018
Dividends per share	6.00 cents	12.50 cents
The calculation of dividends per share is based on dividends of R 8 256 948 attributable to equity holders of the parent (2018: R17 201 975) and a weighted average of 137 615 798 (2018: 137 615 798) ordinary shares in issue during the year		

38. Financial instruments and risk management Categories of financial instruments

Categories of financial assets

Group - 2019

	Note(s)	Amortised cost	Total
Trade and other receivables	10	47 871 801	47 871 801
Cash and cash equivalents	11	123 439 929	123 439 929
		171 311 730	**171 311 730**

Group - 2018

	Note(s)	Amortised cost	Total
Trade and other receivables	10	50 206 897	50 206 897
Cash and cash equivalents	11	104 390 853	104 390 853
		154 597 750	**154 597 750**

Company - 2019

	Note(s)	Amortised cost	Total
Trade and other receivables	10	19 815 189	19 815 189
Cash and cash equivalents	11	636 836	636 836
		20 452 025	**20 452 025**

Company - 2018

	Note(s)	Amortised cost	Total
Loans to group companies	9	812 171	812 171
Trade and other receivables	10	16 912 992	16 912 992
Cash and cash equivalents	11	459 806	459 806
		18 184 969	**18 184 969**

The carrying values of the assets and liabilities approximate fair value.

38. Financial instruments and risk management (continued)

Categories of financial liabilities

Group - 2019

	Note(s)	Amortised cost	Total
Trade and other payables	21	29 663 068	29 663 068
Dividend payable		209 874	209 874
Third party prize money		12 835 323	12 835 323
		42 708 265	**42 708 265**

Group - 2018

	Note(s)	Fair value	Amortised cost	Interest bearing liability	Total
Trade and other payables	21	-	27 142 995	-	27 142 995
Interest bearing liabilities	18	-	-	372 335	372 335
Dividend payable		-	187 082	-	187 082
Other financial liabilities	16	872483	1 600 000	-	2 472 483
Third party prize money		-	25 598 377	-	25 598 377
		872 483	**54 528 454**	**372 335**	**55 773 272**

Company - 2019

	Note(s)	Amortised cost	Total
Trade and other payables	21	5 478 908	5 478 908
Loans from group companies	17	23 674 922	23 674 922
Dividend payable		209 874	209 874
Third party prize money		2 000	2 000
		29 365 704	**29 365 704**

Company - 2018

	Note(s)	Fair value through profit or loss - Designated	Amortised cost	Total
Trade and other payables	21	-	4 841 179	4 841 179
Loans from group companies	17	-	29 977 340	29 977 340
Dividend payable		-	187 082	187 082
Other financial liabilities	16	872 483	1 600 000	2 472 483
		872 483	**36 605 601**	**37 478 084**

Capital risk management

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

The capital structure of the Group consists of debt, which includes borrowings disclosed in notes 16, 17 and 18, 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 R123.4 million (2018: R104.4 million) exceeds its interest bearing debt of R - (2018: R372 335) as set out in note 11 and 18.

38. Financial instruments and risk management (continued)

Financial risk management Credit risk

Credit risk refers to the risk that the counter party will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counter parties. The directors believe that these companies are all able to finance their debt adequately.

The total loans to Group companies amounts to R Nil (2018: R812 171). Financial assets exposed to credit risk at year end were as follows:

Group		2019			2018		
		Gross carrying amount	**Credit loss allowance**	**Amortised cost / fair value**	**Gross carrying amount**	**Allowance for doubtful loans**	**Amortised cost / fair value**
Trade and other receivables	10	49 021 602	(1 149 801)	47 871 801	50 206 897	-	50 206 897
Cash and cash equivalents	11	123 439 929	-	123 439 929	104 390 853	-	104 390 853
		172 461 531	**(1 149 801)**	**171 311 730**	**154 597 750**	**-**	**154 597 750**

Company		2019			2018		
		Gross carrying amount	**Credit loss allowance**	**Amortised cost / fair value**	**Gross carrying amount**	**Allowance for doubtful loans**	**Amortised cost / fair value**
Loans to group companies	9	5 308 978	(5 308 978)	-	6 122 549	(5 310 378)	812 171
Trade and other receivables	10	20 170 220	(355 031)	19 815 189	16 912 992	-	16 912 992
Cash and cash equivalents	11	636 836	-	636 836	459 806	-	459 806
		26 116 034	**(5 664 009)**	**20 452 025**	**23 495 347**	**(5 310 378)**	**18 184 969**

Liquidity risk

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

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

Notes to the Financial Statements (CONTINUED)

38. Financial instruments and risk management (continued)

Group - 2019

		Less than 1 year	Total	Carrying amount
Current liabilities				
Trade and other payables	21	29 663 068	29 663 068	29 663 068
Dividend payable		209 874	209 874	209 874
Third party prize money		12 835 323	12 835 323	12 835 323
		42 708 265	**42 708 265**	**42 708 265**

Group - 2018

		Less than 1 year	2 to 5 years	Total	Carrying amount
Non-current liabilities					
Other financial liabilities	16	-	872 483	872 483	872 483
Current liabilities					
Trade and other payables	21	27 142 995	-	27 142 995	27 142 995
Other financial liabilities	16	1 600 000	-	1 600 000	1 600 000
Interest bearing liabilities	18	394 458	-	394 458	372 335
Dividend payable		187 082	-	187 082	187 082
Third party prize money		25 598 377	-	25 598 377	25 598 377
		54 922 912	**872 483**	**55 795 395**	**55 773 272**

Company - 2019

		Less than 1 year	Total	Carrying amount
Current liabilities				
Trade and other payables	21	5 478 908	5 478 908	5 478 908
Loans from group companies	17	23 674 922	23 674 922	23 674 922
Dividend payable		209 874	209 874	209 874
Third party prize money		2 000	2 000	2 000
		29 365 704	**29 365 704**	**29 365 704**

Company - 2018

		Less than 1 year	2 to 5 years	Total	Carrying amount
Non-current liabilities					
Other financial liabilities	16	-	872 483	872 483	872 483
Current liabilities					
Trade and other payables	21	4 841 179	-	4 841 179	4 841 179
Loans from group companies	17	29 977 340	-	29 977 340	29 977 340
Other financial liabilites	16	1 600 000	-	1 600 000	1 600 000
Dividend payable		187 082	-	187 082	187 082
		36 605 601	**872 483**	**37 478 084**	**37 478 084**

38. Financial instruments and risk management (continued)

Interest rate risk

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

The Group's exposure to interest rates on financial assets are R123.4 million (2018: R104.4 million) and financial liabilities are R501 361 (2018: R372 335).

Interest rate sensitivity analysis

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

If interest rates had 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 R1 000 894 (2018: R922 833).

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 have decreased by R1 000 894 (2018: R922 833).

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

39. 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 providing insights, inferences and experiences to culminate in knowledge.

Gross Revenue	**2019**	**2018**
Active Data Exchange Services	95 407 285	137 867 178
Knowledge Creation and Management	358 933 959	213 210 379
	454 341 244	**351 077 557**
Revenue generated as agency services		
Active Data Exchange Services	(33 238 314)	(84 258 953)
Knowledge Creation and Management	(205 953 932)	(108 934 206)
	(239 192 246)	**(193 193 159)**
Revenue		
Active Data Exchange Services	62 168 971	53 608 225
Knowledge Creation and Management	152 980 027	104 276 173
	215 148 998	**157 884 398**

39. Segment reporting (Continued)

Cost of services	2019	2018
Active Data Exchange Services	(12 273 557)	(18 092 551)
Knowledge Creation and Management	(47 550 489)	(44 151 521)
	(59 824 046)	**(62 244 072)**

Gross Profit		
Active Data Exchange Services	49 895 414	35 515 674
Knowledge Creation and Management	105 429 538	60 124 652
	155 324 952	**95 640 326**

The accounting policies applied to the operating segments are the same as those described in the basis of preparation paragraph above. Active Data Exchange Services are provided within South Africa as well as in 38 African countries ("Africa Sales"). Within the period under review 11.90% (2018: 10.30%) 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, therefore no geographical segment is provided.

Active Data Exchange currently generates 16.64% (2018: 30.15%) of its revenue through three large network providers whereas Knowledge Creation and Management generates 23.11% (2018: 44.30%) of its revenue by rendering services to two large multinational companies. 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.

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.

40. Securities and guarantees

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

- Virtual Payment Solutions Proprietary Limited - R50 000 (2018: R50 000).

41. Events after the reporting period

Post the year end and pursuant to section 164 of the Companies Act (No 71 of 2008) and a Settlement Agreement concluded between the Company and shareholders holding 14 086 110 shares, the Company has bought back these shares at a price of R1,66 per share, totalling R23 382 943, being the fair value as determined by an independent valuation expert.

The directors are not aware of any other material event which occurred after the reporting date and up to the date of this report.

42. Going Concern

The Annual Financial Statement have been prepared on the basis of accounting policies applicable to going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitment will occur in the ordinary course of business.

Notice of Annual General Meeting

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

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

Notice is hereby given that the 21st Annual General Meeting ("Annual General Meeting") of shareholders of Cognition will be held at 10:00 on Friday, 22 November 2019 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, 15 November 2019. Accordingly, the last day to trade Cognition shares in order to be recorded in the Register to be entitled to vote will be Tuesday, 12 November 2019.

1. To receive, consider and adopt the Annual Financial Statements of the Company and the Group for the financial year ended 30 June 2019, including the reports of the auditors, directors and the Audit and Risk Committee.

   Note: A copy of the Annual Financial Statements appears on pages 54 to 100 of the Annual Report to which this notice is attached.

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

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

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

   An abbreviated curriculum vitae in respect of each director offering himself for re-election appears on pages 4 to 5 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 appoint Dennis Lupambo 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 4 to 5 of the Annual Report to which this notice is attached.

8. To confirm the re-appointment of BDO South Africa Incorporated as independent auditor 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 auditor's remuneration.

Notice of Annual General Meeting (CONTINUED)

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

Non-binding advisory endorsement of the company's remuneration policy and implementation report

Shareholders are required to consider and vote on the resolutions as set out below, in the manner required by the Listings Requirements of JSE Limited ("JSE Listings Requirements") as read with King IV.

Ordinary resolution 1.1 - Endorsement of the Company's remuneration policy

"**Resolved that** the remuneration policy; as set out on pages 39 to 40 of the Annual Report to which this notice is attached, be and is hereby endorsed through a non-binding advisory vote, as recommended in terms of King IV".

Ordinary resolution 1.2 - Endorsement of the Company's implementation report

"**Resolved that** the implementation report of the Company, as set out on page 41 of the Annual Report to which this notice is attached, be and is hereby endorsed through a non-binding advisory vote as recommended in terms of King IV".

Reason for advisory endorsement

In terms of King IV and the JSE Listings Requirements, the Company's remuneration policy and implementation report should be tabled to shareholders for separate non-binding advisory votes at the AGM. Failure to pass this resolution will not have legal consequences relating to existing arrangements. However, the Board will take the outcome of the vote into consideration when assessing the Company's remuneration policy and implementation report.

Shareholders are accordingly requested to endorse the Company's remuneration policy and implementation report as set out on pages 39 to 41 respectively of the Annual Report to which this notice is attached.

10. ORDINARY RESOLUTION NUMBER 2

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 JSE Listings Requirements from time to time.

Ordinary resolution 2 is subject to the following:

- 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 30% (thirty percent) of the number of listed securities, excluding treasury shares, as at the date of this notice, being 73 034 739 securities. Any securities issued under this authorisation will be deducted from the aforementioned 73 034 739 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 2 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.

11. 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 JSE Listings Requirements, 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 acquisition 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.

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

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

- major shareholders of the Company – page 47; and
- share capital of the Company – page 83

11.2 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.

11.3 Directors' responsibility statement

The directors, whose names are given on pages 3 to 5 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.

11.4 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.

12. 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.

13. SPECIAL RESOLUTION NUMBER 3

Loans or other financial assistance to directors

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

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

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

Explanatory note

The purpose of this special resolution number 3 is to grant the Board the authority to authorise the Company to provide financial assistance as contemplated in section 45 of the Companies Act to a director or prescribed officer of the Company, or to a related or inter-related Company or corporation, or to a member of a related or inter-related corporation, or to a person related to any such Company, corporation, director, prescribed officer or member.

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

Notice given to shareholders of the Company in terms of section 45(5) of the Companies Act of a resolution adopted by the Board authorising the Company to provide such direct or indirect financial assistance in respect of special resolution number 3:

(a) By the time that this notice of Annual General Meeting is delivered to shareholders of the Company, the Board will have adopted a resolution ("Section 45 Board Resolution") authorising the Company to provide, at any time and from time to time during the period of two years commencing on the date on which special resolution number 3 is adopted, any direct or indirect financial assistance as contemplated in section 45 of the Companies Act (which includes lending money, guaranteeing a loan or other obligation, and securing any debt or obligation) to a director or prescribed officer of the Company or of a related or inter-related Company, or to a related or inter-related Company or corporation, or to a member of any such related or inter-related corporation, or to a person related to any such Company, corporation, director, prescribed officer or a member;

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

(c) inasmuch 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.

14. 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 calendar year ending 2020, be and is hereby approved as follows:

Type of fee	Proposed retainer fee per month in ZAR for the year ending 2020	Proposed meeting fee in ZAR for the year ending 2020	Expected total fee in ZAR for the year ending 2020
Board Chairman Ashvin Mancha	R5 750	R15 200	R129 800
Audit and Risk Committee Chairman Roger Pitt	R5 750	R15 200	R129 800
Audit and Risk Committee Member Dennis Lupambo	NIL	R10 000	R40 000

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.

15. ORDINARY RESOLUTION NUMBER 3

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.

Notice of Annual General Meeting (CONTINUED)

16. 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. With the exception ordinary resolution number 2 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

30 September 2019

Johannesburg

Form of Proxy

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

For use only by ordinary shareholders who:

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

at the 21st 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 Friday, 22 November 2019 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

Email:

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 (CONTINUED)

		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 2019			
2.	To re-elect Gaurang Mooney to the Board of Cognition Holdings Limited			
3.	To re-elect Piet Greyling to the Board of Cognition Holdings Limited			
4.	To re-elect Marc du Plessis to the Board of Cognition Holdings Limited			
5.	To re-appoint Roger Pitt as a member and chairman of the Company's Audit and Risk Committee.			
6.	To re-appoint Gaurang Mooney as a member of the Company's Audit and Risk Committee.			
7.	To appoint Dennis Lupambo as a member of the Company's Audit and Risk Committee.			
8.	To confirm the re-appointment of BDO South Africa Incorporated as auditors of the Company together with Mr Jacques Barradas for the ensuing financial year			
9.	**Ordinary resolution number 1** Non-binding advisory endorsement of the Company's remuneration policy and implementation report			
9.1	**Ordinary resolution number 1.1** Endorsement of the Company's remuneration policy			
9.2	**Ordinary resolution number 1.2** Endorsement of the Company's implementation report			
10.	**Ordinary resolution number 2** Approval to issue ordinary shares, and to sell treasury shares, for cash			
11.	**Special resolution number 1** General approval to acquire shares			
12.	**Special resolution number 2** Financial assistance for subscription of securities			
13.	**Special resolution number 3** Loans or other financial assistance to directors			
14.	**Special resolution number 4** Approval of non-executive Director's remuneration			
15.	**Ordinary resolution number 3** 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 ______________ 2019

Signature ______________________________

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.

Notes to Proxy (CONTINUED)

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.
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:
    Computershare Investor Services
    Proprietary Limited
    15 Bierman Avenue,
    Rosebank, 2196

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

    to be received by no later than 10:00 on Wednesday, 20 November 2019 (or 48 (forty-eight) hours before any adjournment of the Annual General Meeting which date, if necessary, will be notified on SENS).

    Any form or proxy not delivered to the transfer secretaries by Wednesday, 20 November 2019 may be handed to the Chairperson of the Annual General Meeting immediately before the appointed proxy exercises any of the shareholder's votes at the Annual General Meeting.
15. Electronic participation
    The Company will not provide for electronic participation at the Annual General Meeting.

16. 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.

Shareholder Diary

Financial year end	30 June 2019
Annual report and financial statements	30 September 2019
Annual general meeting	22 November 2019
Half-year report	March 2020

DIRECTORS AND ADMINISTRATION

Company registration number

1997/010640/06

JSE share code

CGN

Holding Company

Caxton and CTP Printing and Publishing Limited

Website

http://www.cognitionholdings.co.za

Directors

Executive

Mark Allan Smith BA LLB – Chief Executive Officer

Pieter Albertus Scholtz (CA(SA)) – Financial Director

Graham Groenewaldt – Sales Director

Non-executive

Ashvin Govan Mancha* 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))

Trevor Bruce Cabot Ahier* BSc (Civil Engineering) LLB

Dennis Lupambo* BSc (Electrical Engineering)

(* 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

Transfer secretaries

Computershare Investor Services Proprietary Limited

Rosebank Towers,
15 Bierman Avenue,
Rosebank, 2196

PO Box 61051,
Marshalltown, 2107

Telephone +27 11 370 7700,
Fax +27 11 688 7716

Website www.computershare.com

Auditors

BDO South Africa Incorporated

Attorneys

Martini-Patlansky Attorneys

Richards Attorneys

Schindlers Incorporated

Fluxmans Incorporated

Bankers

First National Bank Limited

Investec Bank Limited

Company Secretary

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

PO Box 3386,
Pinegowrie,
2123

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