

COGNITION HOLDINGS LIMITED
 Incorporated in the Republic of South Africa
 (Registration number 1997/010640/06)
 Share code: CGN ISIN: ZAE000197042
 (“Cognition” or “the Group” or “the Company”)

**ABRIDGED AUDITED RESULTS FOR THE YEAR ENDED 30 JUNE 2018, DIVIDEND DECLARATION AND
 NOTICE OF AGM**

ABRIDGED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Figures in Rands

	Change	Audited as at 30 June 2018	Audited as at 30 June 2017
Assets			
Non-Current Assets			
Property, plant and equipment	-10.59%	15 458 706	17 290 611
Goodwill		30 331 527	30 331 527
Intangible assets	-20.65%	13 864 618	17 471 718
Investment in associates	11.49%	4 606 523	4 131 943
Deferred tax asset	-2.87%	1 059 138	1 090 381
Unlisted Investment		-	1 660 000
	-9.25%	65 320 512	71 976 180
Current Assets			
Inventories		-	25 730
Trade and other receivables	5.87%	51 930 148	49 049 219
Current tax receivable		158 629	194 628
Cash and cash equivalents	28.44%	104 390 853	81 279 090
	19.86%	156 479 630	130 548 667
Total Assets	9.52%	221 800 142	202 524 847
Equity and Liabilities			
Equity			
Share capital		56 110 451	56 110 451
Change in ownership		(12 892 945)	(12 892 945)
Retained income	3.22%	106 081 816	102 774 161
	2.27%	149 299 322	145 991 667
Non-controlling interest		752 875	857 519
	2.18%	150 052 197	146 849 186
Liabilities			
Non-Current Liabilities			
Deferred tax liability	-20.24%	2 206 411	2 766 200
Other financial liability	-81.43%	872 483	4 699 232
Interest bearing liabilities		-	373 974

	-60.73%	3 078 894	7 839 406
Current Liabilities			
Interest bearing liabilities	-74.12%	372 335	1 438 673
Provisions	-68.21%	1 879 550	5 912 245
Trade and other payables	69.67%	36 925 778	21 762 957
Other financial liabilities	-73.03%	1 600 000	5 932 602
Current tax payable	44.25%	2 105 929	1 459 964
Dividend payable	10.65%	187 082	169 069
Third party prize money	129.36%	25 598 377	11 160 745
	43.55%	68 669 051	47 836 255
Total Liabilities			
	28.87%	71 747 945	55 675 661
Total Equity and Liabilities			
	9.52%	221 800 142	202 524 847
Net asset value per share (cents)	2.27%	108.49	106.09
Net tangible asset value per share (cents)	7.04%	76.37	71.35
Shares in issue	0.00%	137 615 798	137 615 798

ABRIDGED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Figures in Rands	Change	Audited as at 30 June 2018	Audited as at 30 June 2017
Gross Revenue	25.5%	351 077 557	279 699 557
Less: Agency Revenue	49.5%	(193 193 159)	(129 193 104)
Revenue	4.9%	157 884 398	150 506 453
Cost of services	22.7%	(62 244 072)	(50 711 879)
Gross profit	-4.2%	95 640 326	99 794 574
Other income	1030.6%	5 418 185	479 231
Operating expenses	-3.6%	(18 357 330)	(19 041 271)
Staff costs	0.8%	(52 587 169)	(52 167 926)
Depreciation and amortisation expense	9.6%	(7 650 338)	(6 982 720)
Operating profit	1.7%	22 463 674	22 081 888
Investment income	15.1%	6 466 943	5 617 407
Income from equity accounted investments	22.3%	474 580	388 050
Finance costs	119.5%	(983 365)	(447 978)
Profit before taxation	2.8%	28 421 832	27 639 367

Taxation		(7 824 846)	(8 114 438)
Total comprehensive income for the year	5.5%	20 596 986	19 524 929
Profit for the year attributable to:			
Owners of the parent	10.2%	20 509 630	18 612 289
Non-controlling interest		87 356	912 640
	5.5%	20 596 986	19 524 929
Basic and diluted earnings per share (cents)	10.2%	14.90	13.52
Headline earnings per share (cents)	10.0%	14.88	13.52
Weight average shares in issue		137 615 798	137 615 798

ABRIDGED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Figures in Rands	Share Capital	Share Premium	Total Share	Equity due to change in ownership	Retained income	Total Equity attributable to holders of the parent	Non-controlling interest	Total Equity
Balance at 1 July 2016	137 528	55 806 392	55 943 920	(6 135 464)	95 171 136	144 979 592	1 929 129	146 908 721
Profit for the year	-	-	-	-	18 612 289	18 612 289	912 640	19 524 929
Total comprehensive income for the year	-	-	-	-	18 612 289	18 612 289	912 640	19 524 929
Sale of own / treasury shares	88	166 443	166 531	-	-	166 531	-	166 531
Changes in ownership interest in subsidiary	-	-	-	(6 757 481)	-	(6 757 481)	(1 791 750)	(8 549 231)
Dividends	-	-	-	-	(11 009 264)	(11 009 264)	(1 192 500)	(11 201 764)
Total contributions by and distributions to owners of company recognised directly in equity	88	166 443	166 531	(6 757 481)	(11 009 264)	(17 600 214)	(1 984 250)	(19 584 464)
Balance at 1 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
Total comprehensive income for the year	-	-	-	-	20 509 630	20 509 630	87 356	20 596 986
Dividends	-	-	-	-	(17 201 975)	(17 201 975)	(1 192 000)	(17 393 975)
Total contributions by and distributions to owners of company recognised directly in equity	-	-	-	-	(17 201 975)	(17 201 975)	(1 192 000)	(17 393 975)
Balance at 30 June 2018	137 616	55 972 835	56 110 451	(12 892 945)	106 081 816	149 299 322	752 875	150 052 197

ABRIDGED CONSOLIDATED STATEMENT OF CASH FLOWS

Figures in Rands	Change	Audited year ended 30 June 2018	Audited year ended 30 June 2017
Cash flows from operating activities			
Cash generated from operations		52 771 859	29 617 871
Interest income		6 466 943	5 617 407
Finance costs		(983 365)	(447 978)
Tax paid		(7 654 627)	(7 921 685)
Net cash from operating activities	88.35%	50 600 810	26 865 615
Cash flows from investing activities			
Purchase of property, plant and equipment		(1 231 877)	(2 324 550)
Proceeds on disposal of property, plant and equipment		56 278	161 141
Purchase of intangible assets		(997 824)	(2 201 527)
Expenditure on product development		-	(4 596 760)
Sale of other intangible assets		-	4 201
Acquisition of additional interest in subsidiary		-	(1 701 230)
Purchase of unlisted investment		(146 667)	(1 660 000)
Sale of unlisted investment		1 806 667	-
Net cash from investing activities	-95.83%	(513 423)	(12 318 725)
Cash flows from financing activities			
Proceeds on share issue		-	166 531
(Repayment of) proceeds from other financial liabilities		(8 159 350)	404 483
Repayment of interest bearing liabilities		(1 440 312)	(2 655 066)
Dividends received from associate		-	477 000
Dividends paid		(17 375 962)	(11 182 391)
Net cash from financing activities	110.92%	(26 975 624)	(12 789 443)
Total cash and cash equivalents movement for the year			
		23 111 763	1 757 447
Cash and cash equivalents at the beginning of the year		81 279 090	79 521 643
Total cash and cash equivalents at end of the year	28.44%	104 390 853	81 279 090

NOTES TO THE ABRIDGED CONSOLIDATED AUDITED FINANCIAL RESULTS

1. BASIS OF PREPARATION

The Group annual financial statements from which these consolidated audited financial statements were derived have been prepared on the historical cost basis excluding financial instruments which are accounted for in terms of IAS39 and conform to International Financial Reporting Standards ("IFRS") and with the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council. The accounting policies applied in the preparation of these abridged consolidated audited financial results, which are based on reasonable judgements and estimates, are in accordance with IFRS, and are consistent with those applied in the Group annual financial statements for the year ended 30 June 2018. These abridged consolidated audited statements set out in this report have been prepared in terms of IAS 34 – Interim Financial Reporting, the Companies Act, 2008 (Act 71 of 2008), as amended, and the Listings Requirements of JSE Limited.

These consolidated audited financial statements were prepared under the supervision of the Financial Director, Pieter Scholtz CA(SA).

2. RECONCILIATION BETWEEN EARNINGS AND HEADLINE EARNINGS

Figures in Rands	Audited for the year ended 30 June 2018	Audited for the year ended 30 June 2017
The calculation of earnings per share is based on profits of R20,509,630 attributable to equity holders of the parent (2017: R18 612 289) and a weighted average of 137 615 798 (2017: 137 615 798) ordinary shares in issue during the year	14.90 cents	13.52 cents
The calculation of headline earnings per share is based on profits of R20 482 335 attributable to equity holders of the parent (2017: R18 604 293) and a weighted average of 137 615 798 (2017: 137 615 798) ordinary shares in issue during the year	14.88 cents	13.52 cents
Reconciliation between earnings and headline earnings		
Profit attributable to ordinary shareholders of parent	20 509 630	18 612 289
Profit on disposal of property, plant and equipment	(37 910)	(11 106)
Tax effect of the disposal of property, plant and equipment	10 615	3 110
	20 482 335	18 604 293
The calculation of diluted earnings per share is based on profits of R20 509 630 (2017: R18 612 289) and a weighted average of 137 615 798 (2017: 137 615 798) ordinary shares issued during the year.	14.90 cents	13.52 cents

3. SEGMENTAL REPORTING

Segment reporting

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

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

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

The accounting policies applied to the operating segments are the same as those described in the basis of preparation paragraph above. Active Data Exchange Services are provided within South Africa as well as in 36 African countries ("Africa Sales"). Within the period under review 10.30% (2017: 4.20%) of its revenue can be attributed to Africa Sales. The Company allocates revenue to each country based on the relevant domicile of the client. All of the Company's assets are located in South Africa.

Active Data Exchange currently generates 30.15% (2017: 44.15%) of its revenue through three large network providers whereas Knowledge Creation and Management generates 44.3% (2017: 23.3%) 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.

Figures in Rands	Change	Audited for the year ended 30 June 2018	Audited for the year ended 30 June 2017
Gross Revenue			
Active Data Exchange Services		137 867 178	122 714 679
Knowledge Creation and Management		213 210 379	156 984 878
		351 077 557	279 699 557
Revenue generated as agency services			
Active Data Exchange Services		(84 258 954)	(55 489 088)
Knowledge Creation and Management		(108 934 206)	(73 704 016)
		(193 193 160)	(129 193 104)
Revenue			
Active Data Exchange Services		53 608 225	67 225 591
Knowledge Creation and Management		104 276 172	83 280 862
		157 884 397	150 506 453
Cost of sales			
Active Data Exchange Services		(18 092 551)	(23 379 908)
Knowledge Creation and Management		(44 151 520)	(27 331 971)
		(62 244 071)	(50 711 879)

Gross Profit

Active Data Exchange Services	35 515 674	43 845 683
Knowledge Creation and Management	60 124 653	55 948 891
	<hr/>	<hr/>
	95 640 326	99 794 574

COMMENTARY

The board of directors of Cognition (“the Board”) are proud to announce their results for the year ended 30 June 2018.

NATURE OF THE BUSINESS

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

FINANCIAL PERFORMANCE

Despite very difficult trading conditions, the Group was able to increase its Gross Revenue by 25% and earnings attributable to shareholders of the Group within the 2018 financial year by 10%.

Gross revenue, which includes revenue earned by the Group for facilitating agency-based payment services, amounted to R193 million compared to R129 million in the previous financial year. Revenue for the Group (after deducting Agency Revenue) increased to R158 million compared to R150 million in the previous financial year, a 5% increase. The growth achieved was purely organic in nature as the Group did not make any new acquisitions in this financial year.

As per the segment report, revenue from Active Data Exchange Services declined by 26% from R67 million to R53 million which is attributed to the decline in the Fax2Email services. Despite the decline, the Group still earns 33% (2017: 44%) of its revenue through this segment without having to spend a significant amount of development and operational cost on it. The Gross Profit Margin of this segment remained steady at around 66% resulting in a Gross Profit of R35.5 million, which is 19% down on the prior year’s Gross Profit of R43.8 million.

During the past 3 years the Group has invested in the Knowledge Creation and Management segment by acquiring business within the research industry and by an aggressive organic growth strategy, specifically within the Channel Incentive and Loyalty area. The result of this strategy is that the Knowledge Creation and Management segment has grown from R3.7 million revenue in 2014 to R104 million in the past financial year, which represents a 25% increase from the prior year’s revenue of R83 million. The Gross Profit for this division grew by 7% from R56 million in the previous financial year to R60 million in this financial year, representing 63% of the Group’s Gross Profit.

The combined Gross Profit of the Group declined by 4% from R99.8 million to R95.6 million.

Given the prevailing economic climate, the Group has focused on keeping Operating Expenditure as low as possible and was able to decrease Operating Expenditure from R19 million to R18.3 million, a decrease of 3.6%. This was aided by a cost recovery relating to energy charges that the Group was able to successfully claim back in the year.

Staff numbers remained relatively stable during the year under review. The Group employed between 145 and 150 staff members across its three operating divisions. Because staff numbers remained relatively stable, the Group was able to curtail its staff costs at R52.5 million (2017: R52 million).

The Group is burdened with an increase in Depreciation and Amortisation charges which represents an increase of 10% from the previous financial year to R7.6 million, compared to R7 million in the previous financial year. Due to changing technology and ever-improving communication infrastructure within the

country, the Group has been able to move away from capital intensive solutions and it is therefore expected that the Group will benefit from decreasing Depreciation and Amortisation charges within the next few years.

The Group benefited from significant Forex profit and adjustments made relating to contingent considerations as well as other incidental revenues resulting in Other Operating Income amounting to R5.4 million that offset the decline in Gross Profit for the Group and subsequently the Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA") remained relatively stable at R30 million for the year up 3.5% from the R29 million in the previous financial year.

The effective tax rate for the financial year under review is 27.53 % compared to the previous financial year's effective rate of 29.3%. Total Comprehensive Income for the Group grew by 5.5% from R19.5 million to R20.6 million. Based on the weighted average number of shares in issue, earnings per share ("EPS") grew by 10% from 13.52 cents in the 2017 financial year to 14.90 cents this financial year.

Statement of Financial Position

The Group maintains a prudent approach with regards to the use of its resources and maintaining a healthy financial position whilst still ensuring a steady dividend flow to shareholders.

The Group improved its cash resources held from R82 million in the previous financial year to R104 million in the current financial year. This was bolstered by a significant increase in current liabilities that increased from R47.8 million to R68.7 million. It should be noted that this increase can mostly be attributed to a R15.5 million increase in 3rd party prize money that was being held over the Group's financial year end.

The Group's Net Tangible Asset value increased by 6.9% from 71.97 cents per share to 76.96 cents per share and its Net Asset Value per share increased by 2.2% to 109.08 cents per share from 106.71 cents per share.

Equity movements

During the year the Group declared and paid a final 2017 dividend of 8.5 cents per share and an interim 2018 dividend of 4 cents per share resulting in a cash and equity outflow of R17.2 million.

The Board has also declared a final dividend for the 2018 financial year of 6 cents per share resulting in a total dividend of 10 cents per share for the 2018 financial year.

As at 30 June 2018 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

The Group is in a healthy financial position with adequate cash resources and diversified revenue streams that will enable the Group to expand its operations through acquisitions and organic growth within the next financial year.

OPERATIONAL PERFORMANCE

Group Profile

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

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

Cognition operates via two distinct strategic objectives, being:

- Active Data Exchange Services; and
- Knowledge Creation and Management.

These objectives are underpinned by the Group's various operating divisions.

Cognition operates from its head office in Randburg and satellite offices in Cape Town and Durban. The Group's strategy is underpinned by a high value system which encourages innovation, performance and a strong client-centric philosophy. The Group prides itself in being able to develop bespoke services to meet the client's specific needs, as well as the design, hosting and management of its own service delivery platforms.

Cognition has recognised the growing international trend of consumers realising:

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

Group Performance

Despite a challenging political and economic environment, we are pleased with the results for the year under review.

The 2018 financial year showed a growth of 25% in the Group's gross revenue.

Group revenue increased to R157 million (2017: R150.5 million), representing a 4.9% increase.

In addition, this growth was achieved despite the further decline in faxing revenue.

Net cash and equivalents amounted to R104.3 million (2017: R81.2 million) representing a growth of 28%.

The Group's investment in new product offerings, like Channel Incentive Programmes, has successfully created new and exciting revenue streams which have been able to buffer the Group from the decline in faxing and also create a solid platform for future revenue growth with new brands adopting this platform.

Similarly, earnings per share for the period under review grew by 10% to 14.90 cents (2017: 13.53 cents).

The Group and its operating divisions offer a multi-disciplinary data collection and communication platform that provides a broad range of services incorporating research, consumer activation, corporate loyalty, mystery shopping, analytics and sponsorship quantification.

Divisional Performance

Active Data Exchange Services

Brands need to understand consumers at a more granular level and to build up a comprehensive 360° view of each customer. This requires customer engagement at an individual level. To achieve this MediaWorx offers a range of communication services to interact with the consumer and collect data.

These services include SMS, USSD, email and WhatsApp applications aimed at interacting with consumers at a singular level.

MediaWorx has seen a marked increase in USSD services in South Africa and certain territories in Africa.

MediaWorx has designed, hosted and managed very large campaigns using USSD for blue-chip brands with huge success, generating over 30 million responses for one brand in one month and rewarding consumers with over R50 million in airtime for the corresponding period.

This form of “Call2Action” is used successfully to enable brands to interact with consumers via promotions, competitions or voting platforms.

During the period under review MediaWorx managed a multitude of campaigns for blue-chip clients such as: ABInBev (Beer Bonanza Hansa, Redds and the Carling Cup), SATMA Awards, Defy, Lion Match, Pep, Ackermans, Imana, Premier Foods, Amka, Marico, Checkers, Soweto TV, Cambridge, Lucky Star, Bokomo and Heinz Foods. The rest of Africa showed growth in the number of campaigns managed. Successful campaigns were managed for: DStv (Big Brother and The Voice), AVI (Five Roses and Bakers), Pep, AfriSam, Bokomo and ABInBev (Carling Black Label and Castle Lager).

Brands are realising that there is a need to create a new ‘social contract’ with consumers based on transparency and trust and are coming to terms with what we refer to as ‘consumer push back’, invigorated by privacy legislation around the Protection of Personal Information Act (“POPIA”) and the General Data Protection Regulations (“GDPR”), all of which enhance our platform offerings to collect, store, process and manage consumers’ data in conformity with consumer expectations and regulative requirements.

We believe our platform, methodology and acute understanding of the regulatory framework will enable us to grow these services in the coming years.

MediaWorx continues to maintain a positive presence in the Call2Action market by offering a one-stop-shop of a range of technology platforms incorporating: moderation, fulfilment of prizes, web and mobile App development and consulting services.

Document Exchange

These services incorporate Fax2Email, Email2Fax and our new Blockchain service SecurDox. As anticipated, faxing continues to decline, primarily from a usage point of view. We still maintain an active database of around 90 000 subscribers however, the average rate per user (“ARPU”) is declining.

Certain corporates like pharmacies, doctors and bankers still use faxing as a formal communication channel and we will still receive a healthy return on faxing which generates around 44 000 faxes per day.

SecurDox is a Blockchain secure and encrypted document exchange service. We have recently appointed consultants to take this to market on a more aggressive basis as we feel the market has matured in line with its exposure and understanding of both Blockchain and the regulatory requirements of POPIA.

Channel Incentive and Loyalty

We are extremely pleased with the growth of this new division which has secured some blue-chip clients in the cellular and white appliance industries.

Over the last twelve months our platform has been enhanced to provide a full turnkey “end to end” solution for corporates to incentivise staff, agents or third parties.

We have increased the number of private branded cards, underwritten by a registered bank, by over 70% representing close to 17 000 cards which have processed over R100 million in incentive claims.

The platform incorporates a mobile App, web and customer interface.

Our moderation services which aim to facilitate this process have been enhanced and the platform enables a “multi-channel” route to market to enable flexible incentives by brand, date, time and cardholder. A new ticketing system was introduced into the moderation process which enhances customer care and provides transparent audit trails for management and clients alike.

We currently process around 2 300 claims per day.

The platform provides clients with rich insights and analytics which means this solution becomes part of the client’s strategic KPI.

We believe that we have good potential to acquire new blue-chip clients in 2019 and also to increase the footprint of existing brands with additional card deployments and increased throughput.

The Channel Incentive platform has proprietary IP, which enables clients to evaluate statistics by channel, device, product, region, date, time, card and other variables.

This becomes a very critical element of the clients' evaluation of market-share, activity levels, sales performance and return on investment ("ROI").

Platform Technology

Personal data is an important asset class that is essential for brands as a fundamental tool to interact with consumers. A brand must accordingly accumulate data (demographic and psychographic data) at a granular level to be able to deliver the correct and desired product or service to the consumer at a singular level.

Historically, brands have relied on either observed or inferred data, which can be misleading. There is, accordingly, a drive to obtain "volunteered data" or consumer "self-curated data", which is more accurate and up-to-date. This methodology supports the stringent requirements of privacy legislation.

Consumers are producers of data and businesses (brands) 'consume' this data to deliver bespoke offerings. The exchange of data between consumers and brands is managed by our PIMS platform (mibubble) with the overarching purpose of consummating matches among users and to facilitate the exchange of personal data, goods, services or currency, thereby enabling value creation for all participants. Our PIMS platform will provide a secure platform for consumers to self-curate their own proprietary demographic and psychographic data with the ability to control which brand has access to this data and on what terms. The PIMS platform will be fully compliant with POPIA and GDPR.

Our PIMS platform will form the core database for the Group's own proprietary brands and will also be channelled to the market with business to business (B2B) methodology which will result in a business to consumer (B2C) interface.

Research and Analytics

The Group's investment in research companies (BMi Sport, BMi Research and Livingfacts) aims to enhance the Group's capacity to manage data and analytics which are becoming more important in corporate agendas.

Our strategic drivers are:

- To provide a service to our clients to be able to identify, combine and manage multiple sources of data within the regulatory frameworks
- To build advanced analytics models for predicting outcomes
- To transform the culture of an organisation so that the data platform yields better decisions

The data that is aggregated from each of our own commercial verticals (or that of our clients) is used to create a value chain of analysis and decision metrics that provide the foundation and evidence upon which our clients' strategies are built.

BMi Research Proprietary Limited ("BMi R")

BMi R performed extremely well in the financial year under the stewardship of CEO Gareth Pearson.

BMi R has a well-defined strategy offered via eight solutions:

Advertising: Monitoring campaigns across TV, radio, print, outdoor and digital

Analytics: Dashboards, statistical optimisation models and predictive analytics

**Business Research:
(B2B)** Commissioned research to evaluate a brand and its offering

Category Quantification:	Market sizing for volume, value and consumption trends
Consumer Research:	Consumer insights via qualitative and quantitative methodologies
In-store:	Monitoring of product versus competitors, basket analysis, price trends, geospatial data etc
Mystery Shopping:	Strategic insights from consumers around service levels, staff and environment
Print Ads:	Promotional pricing and share of print spend

BMi R continues to innovate and provide valuable services to a broad range of blue-chip consumer packaged goods (“CPG”) suppliers, retailers and wholesale outlets. Despite a challenging economy, BMi R is anticipated to make positive inroads into these markets.

BMi Sport Info Proprietary Limited (“BMi S”)

BMi S had a very challenging year with a decline in revenue and corresponding decline in profits.

On the positive side, great strides were made in the year under review by management, under the stewardship of CEO David Sidenberg, in refining processes, procedures, reporting and evolving the analytics and dashboards.

The primary reason for the decline in revenue is the constraints in the sponsorship market, with most blue-chip brands reducing budgets, research and bespoke services. This is reflective of a challenging economy and the re-allocation of budgets.

BMi S has enhanced its offerings to cater for the changes in the market and offer the following services:

- Sports tracking and sponsorship
- e-Gaming
- Millennial tracking
- Socio-economic and sporting impact evaluation
- Bespoke sporting evaluation

During the year under review, BMi S has conceptualised a new offering which will launch in 2019 to provide granular databases around defined sporting codes, to provide sponsors and brands with a one-to-one marketing platform with each sporting fan.

Livingfacts Proprietary Limited (“Livingfacts”)

Livingfacts, under the leadership of CEO Marylou Kneale, had a stable performance for the year under review.

Livingfacts provides customised market research solutions that assist boards in implementing insightful and intelligent strategies.

Their expertise and experience are vested in: quantitative and qualitative, community, secondary data, web and digital.

Prospects

Whilst we believe that trading conditions will remain challenging, given the current state of the economy and the uncertain political situation, we do believe that there will be pockets of excellent opportunities within our portfolio of offerings.

We will continue to look at meaningful acquisition opportunities and the ability to leverage across our various solutions.

We continue to manage the business being conscious of always improving operational efficiencies. The Group maintains a strong balance sheet and positive cash flow.

Our Appreciation

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

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

AUDIT REPORT

The auditor, Grant Thornton Johannesburg Partnership, has issued its unmodified opinion on the Group's annual financial statements for the year ended 30 June 2018. The audit was conducted in accordance with International Standards on Auditing. A copy of the auditor's report together with a copy of the audited financial statements are available for inspection at the Company's registered office. These abridged financial statements have been derived from the Group's annual financial statements and are consistent in all material respects with the Group's annual financial statements. The contents of this announcement are extracted from audited information, although the announcement is not itself audited. The directors of the Group take full responsibility for the preparation of this announcement and confirm that the financial information has been correctly extracted from the underlying annual financial statements.

The auditor's report does not necessarily report on all of the information contained in this announcement/financial results. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of the auditor's report together with the accompanying financial information from the issuer's registered office during office hours.

CORPORATE GOVERNANCE

The Board recognises the need to conduct the affairs of the Group with integrity and in compliance with the principles of the King Report on Governance Principles of South Africa ("King IV report"). Throughout the year under review, the Group has complied with the principles as set out in the King IV.

FINAL DIVIDEND DECLARATION

Notice is hereby given that the directors have declared a gross final dividend of 6 cents per share for the financial year ended 30 June 2018 (2017: 8.50 cents per share), which is adjusted for withholding tax. The final dividend has not been included as a liability in these audited financial statements as it was declared subsequent to year end. The final dividend for June 2018 is payable to all shareholders on the Register of Members on Friday, 19 October 2018. In terms of the dividends tax, effective 1 April 2012, the following additional information is disclosed:

- the local dividend tax rate is 20%;
- the dividends will be payable from income reserves;
- the dividend tax to be withheld by the Company amounts to 1.2 cents per share;
- therefore the net dividend payable to shareholders who are not exempt from dividends tax amounts to 4.8 cents per share, while the gross dividend payable to shareholders who are exempt from dividend tax amounts to 6 cents per share;
- the issued share capital of the Company at the declaration date comprises 137 615 798 ordinary shares; and
- the Group's income tax reference number is 9087/450/84/8.

Declaration date	Thursday, 27 September 2018
Last day to trade cum dividend	Tuesday, 16 October 2018
Date trading commences ex the dividend	Wednesday, 17 October 2018
Record date	Friday, 19 October 2018
Date of payment	Monday, 22 October 2018

Share certificates may not be dematerialised or rematerialised between Wednesday, 17 October 2018 and Friday, 19 October 2018, both dates inclusive.

ANNUAL REPORT

Shareholders are advised that the Annual Report is available on the Company's website at www.cgn.co.za. The Annual Report will be distributed to shareholders on Monday, 1 October 2018.

NOTICE OF AGM

Notice is hereby given that the 20th Annual General Meeting of shareholders of Cognition ("Annual General Meeting") will be held at 10:00 on Thursday, 22 November 2018 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 in the notice of Annual General Meeting, which is contained in the Annual Report.

The Board has determined that, in terms of section 62(3)(a), as read with section 59 of the Companies Act, 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, 16 November 2018. Accordingly, the last day to trade Cognition shares to be recorded in the Register to be entitled to vote will be Tuesday, 13 November 2018.

For and on behalf of the Board

Ashvin Mancha
Chairman

Mark Smith
Chief Executive Officer

Pieter Scholtz
Financial Director

Johannesburg
27 September 2018

Business and Registered Office:
Cognition House
Corner of Bram Fischer Drive and Will Scarlet Road
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Directors: Ashvin Mancha^{**} - Chairman, Mark Smith – Chief Executive Officer, Pieter Scholtz - Financial Director, Gaurang Mooney^{**} (Botswana), Graham Groenewaldt – Sales Director, Paul Jenkins^{**}, Roger Pitt^{**}, Marc du Plessis[#], Piet Greyling[#], Trevor Ahier[#], Dennis Lubambo[#]

[#] *Non-executive*

^{*} *Independent*

Company Secretary: Stefan Kleynhans BA Bluris LLB LLM (Banking Law)/(Corporate Law)

Auditor: Grant Thornton Johannesburg Partnership

Transfer Secretaries: Computershare Investor Services Proprietary Limited

Sponsor: Merchantec Capital