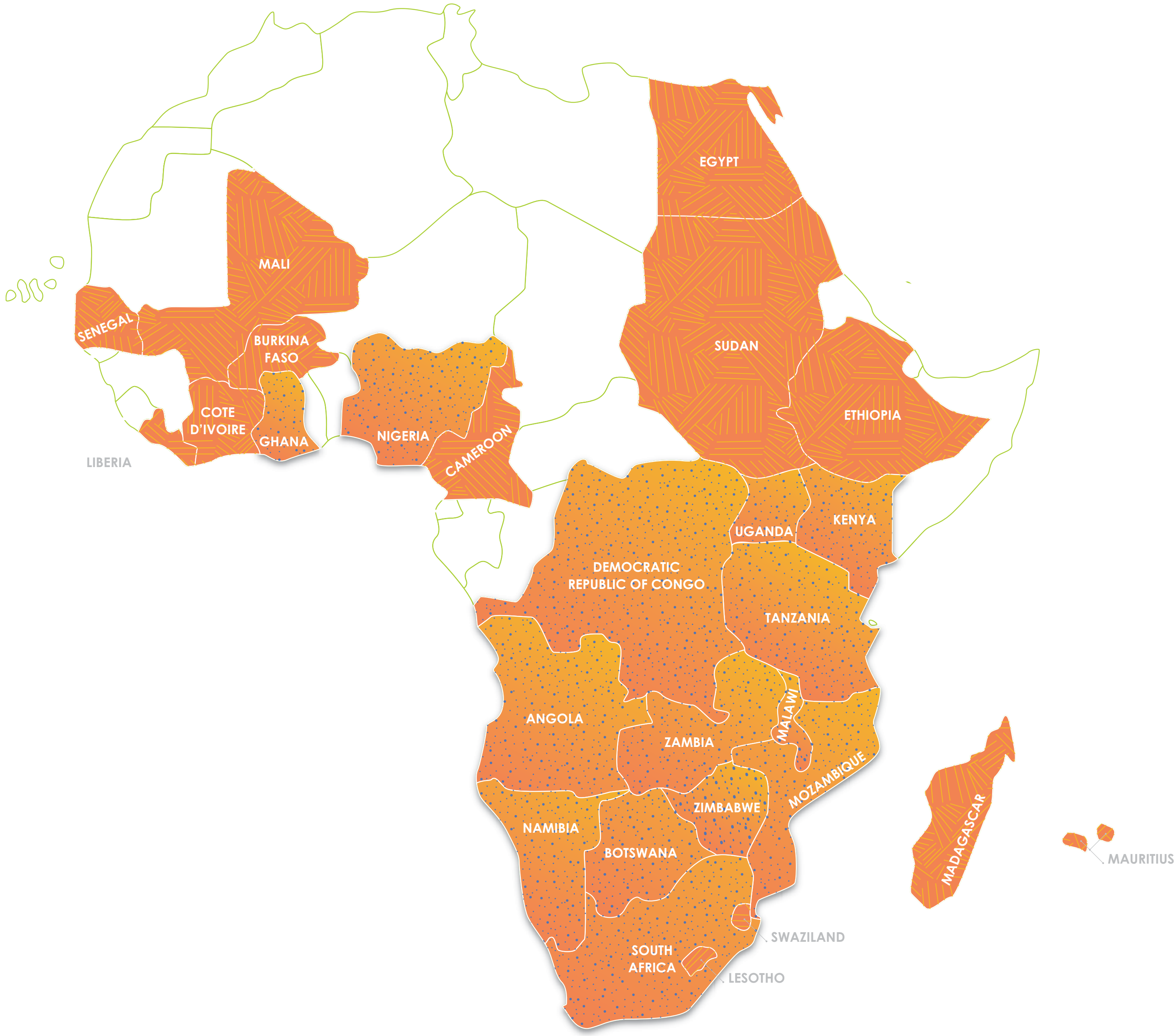
2018

INTEGRATED ANNUAL REPORT

Cognition and its operating subsidiaries have a presence in 38 countries in Africa.



Cognition and its operating subsidiaries provide Active Data Exchange and Research services throughout Africa, co-ordinated via a head office in Johannesburg and satellite offices in Cape Town and KwaZulu-Natal.

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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 2018.

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 2017 to 30 June 2018.

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 42 to 79

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, Grant Thornton Johannesburg Partnership.

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 2018. 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.

Statement of Responsibility and Review

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: 60

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

Mark has extensively researched Identity Verification applications and also attended courses on the subject matter. In addition, Mark has consulted widely with a number of legal professionals and industry bodies to acquire extensive knowledge in the area of Identity Verification.

Mark has also developed an extensive business training course orientated around the small, medium and micro enterprises and lectures on a broad range of topics in the Virtual Business Centre management courses in the Cognition Academy.

Mark has consulted widely with environmental experts on climate change and has also presented papers at various climate change conferences. In addition, Mark holds a number of workshops on climate change and restoration of local eco systems in line with climate mitigation and adaptation.

Pieter A Scholtz – Financial Director (CA(SA))
B.Com (Acc), B.Com Honours, CTA, CIMA
Age: 42

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

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

Graham Groenewaldt – Sales Director
Age: 60

Graham began his career at Telkom in the technical department and became a department supervisor at the age of 21 after which he was promoted to Zone Manager. Following his time at Telkom, Graham co-founded Qualicom, specialising in servicing and maintenance of PABX and telecommunications equipment. Teleboss later bought Qualicom and Graham stayed on as Operations Director. In 1992, he left Teleboss to become an independent consultant. In 1995 Graham returned to Teleboss as Managing Director of the Johannesburg region. After managing Teleboss for four years he took up the position as CEO of TeleMessage in October of 1999 and in December was appointed to the board of directors as Managing Director. Telemessage was merged with a subsidiary of Interconnective Solutions Ltd, now Cognition Holdings Limited, in 2003.

DIRECTORS AND MANAGEMENT (Continued)

NON-EXECUTIVE DIRECTORS

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

Age: 61

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

Gaurang Mooney
(Independent Non-Executive Director)
BA (Economics & Finance)
Age: 48

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

Piet G Greyling (Non-Executive Director)
BCom, BCompt (Hons)
Age: 61

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: 59

Paul qualified at Rand Afrikaans University in 1981 with a BCom and LLB degree and was admitted as an attorney and notary in February 1986. He became a partner of Webber Wentzel in 1988 and left his position as senior commercial legal partner in 1999 to join the Johnnic group full time. In this capacity he served as a director of numerous listed companies and was CEO of Johnnic Entertainment. He is currently self-employed and provides business and legal advisory services to a select group of clients. He is the non-executive Chairman of Caxton and CTP Publishers and Printers Limited and the executive Chairman of Moneyweb Holdings Limited.

Marc du Plessis
(Non-Executive Director)
B.Com (Commercial Accounting)
Age: 38

After Marc obtained his degree at the University of Stellenbosch in 2001 he attended the AAA school of Advertising and then started working as a Ski Resort Manager in Austria and Italy. In 2006, he joined Caxton as a key account manager and has since progressed through the ranks and currently occupies the position of Joint CEO of Spark Media, a Division of Caxton & CTP Publishers and Printers

NON-EXECUTIVE DIRECTORS (Continued)

Roger Pitt, CA(SA))
(Independent Non-Executive Director)
B.Com (Hons)(Acc)
Age: 37

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

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

Trevor Ahier
(Non-Executive Director)
BSc (Civil Engineering) LLB
Age: 50

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
(Non-Executive Director)
BSc (Electrical Engineering)
Age: 55

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 (Pty) Ltd, a Gold Microsoft Implementation Partner, into the rest of Africa.

MANAGEMENT OF SUBSIDIARY COMPANIES

BMi RESEARCH

Gareth Pearson
Gareth is a market research specialist with particular focus on brands and markets within the retail packaging and CPG markets. Always looking to create value for clients, Gareth is passionate about brands, strategy trends and growing people.

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 customize 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.

LIVINGFACTS

Marylou Kneale
Livingfacts founder and 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

BMi SPORT

David Sidenberg
Director and CEO

BA Economics & Finance

David is one of the sport and sponsorship industry's most influential thought leaders and alongside his company BMI Sport Info, are credited for the pioneering role they have played in helping sponsorship evolve into the leading marketing communications medium it has become.

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.

Sam Hoosen
Head of Operations

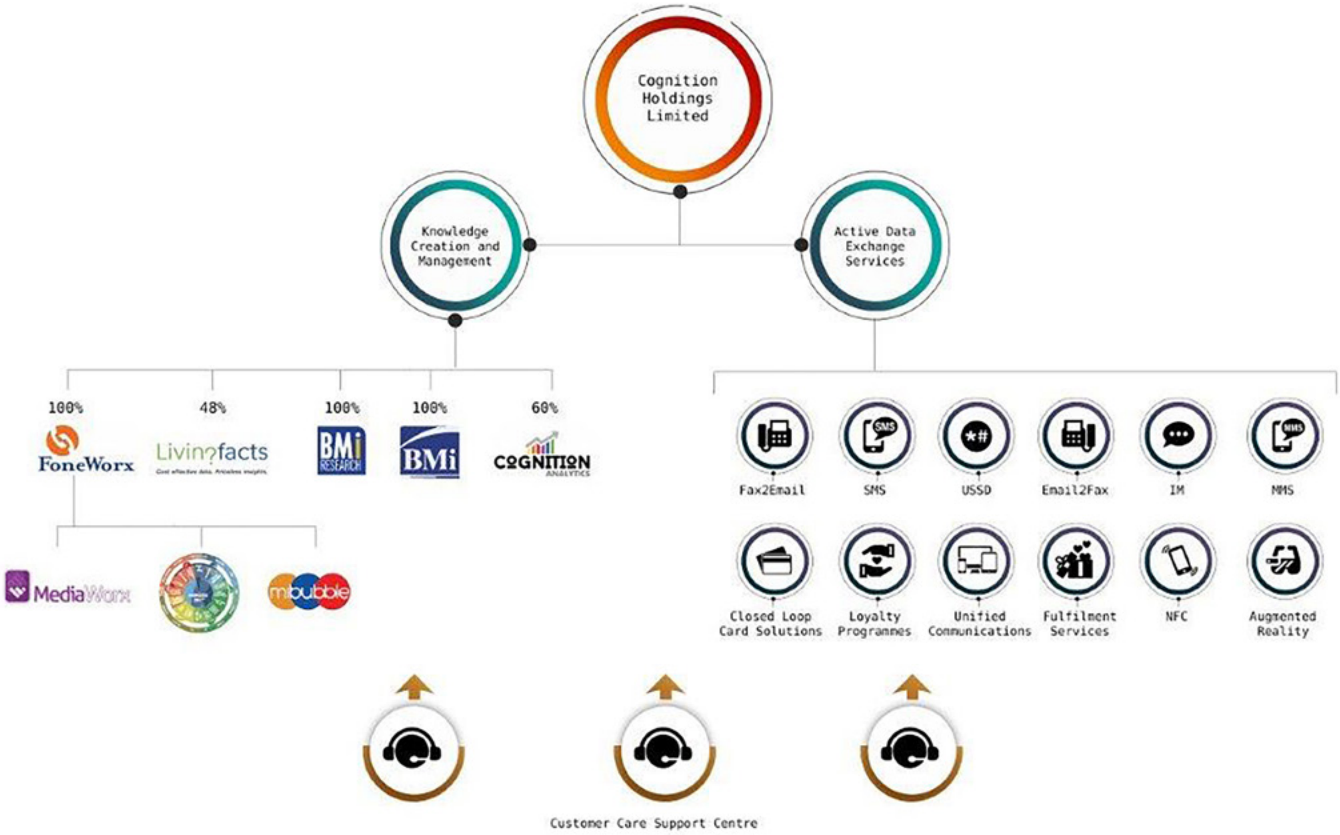
Sam started her corporate career started with Standard Bank International Forex, in 1996. She flourished in the financial services sector and quickly covered both Retail and Corporate banking. During the 10 years of service with the bank, she managed large corporate portfolios and was identified as a top achiever in her team and was selected for a Management fast track programme. She was instrumental in establishing the first customer care centre for International Trade services, and was head hunted to join the IT sector managing import and export trading for Sybase SA, Sybase Kenya and Sybase Morocco.

She then transitioned into project management specialising in Business Intelligence, and set up various Project management offices within the IT industry. Sam evolved this role to concentrate on CRM solutions, specifically mapping the gaps between business needs and software solutions.

In 2009 Sam joined the Times Media Group as CRM and BI Solutions Manager and worked across various business units to analyse, identify and resolve group CRM issues. She was appointed as the Head of Operations for The Learning Channel in 2011 and was responsible for managing the redevelopment of the new CAPS content from Grade R-12.

Sam joined BMi Sport Info in 2016 as Head of Operations and was tasked to optimise and streamline operations. The role she currently fills covers all operational aspects of Operations, Finance and IT solutions. During the past year, she has managed to redefine business processes and procedures.

GROUP STRUCTURE



CEO'S REPORT FOR 2018

Dear Stakeholders

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.

Gross revenue includes revenue earned by the Group for facilitating agency-based payment services and amounted to R193.1 million (2017: R129.1 million).

Group revenue increased to R157 million (2017: R150.5 million), representing an 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.

Total comprehensive income for the period under review was R20.5 million (2017: R19.5 million) which represents a growth of 5.5%.

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, 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.

CEO'S REPORT FOR 2018 (Continued)

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.

CEO’S REPORT FOR 2018 (Continued)

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.

My Appreciation

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

I would also like to extend my thanks to the leadership of BMi Research, 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.

Mark Smith
Chief Executive Officer

FINANCIAL REPORT

Introduction

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 year.

As per the segment report on pages 78 and 79, revenue from Active Data Exchange Services declined by 26% from R67 million down 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 businesses 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% 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. This 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.

FINANCIAL REPORT (Continued)

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.

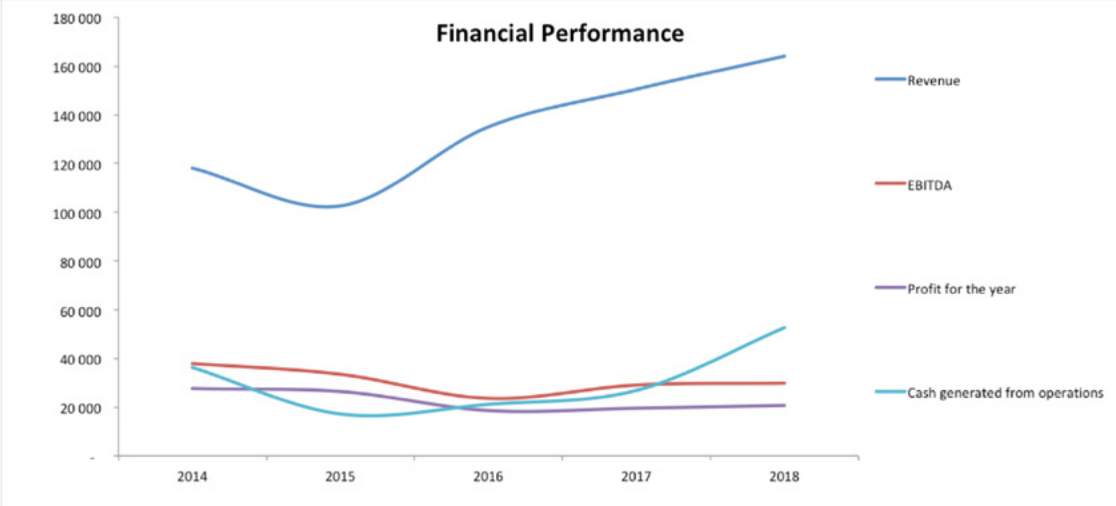
Conclusion

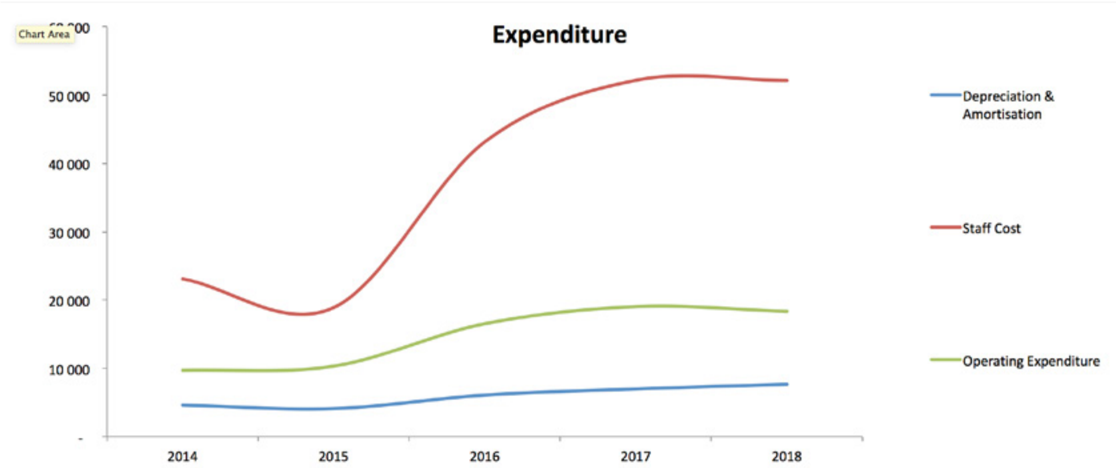
The Group is in a healthy financial position with adequate cash resources and diversified revenue streams that will enable the Group to expand its operations through acquisitions and organic growth within the next financial year.

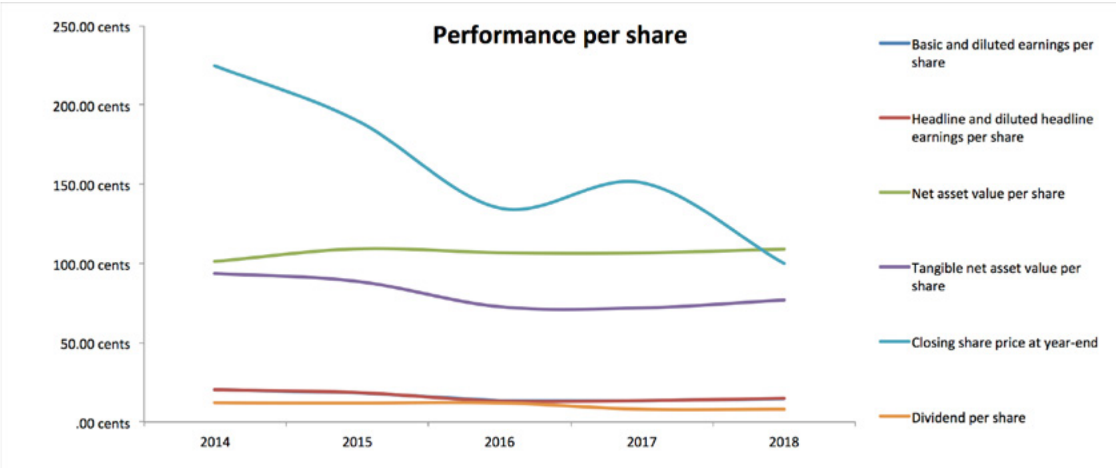
5 year analysis and graphs

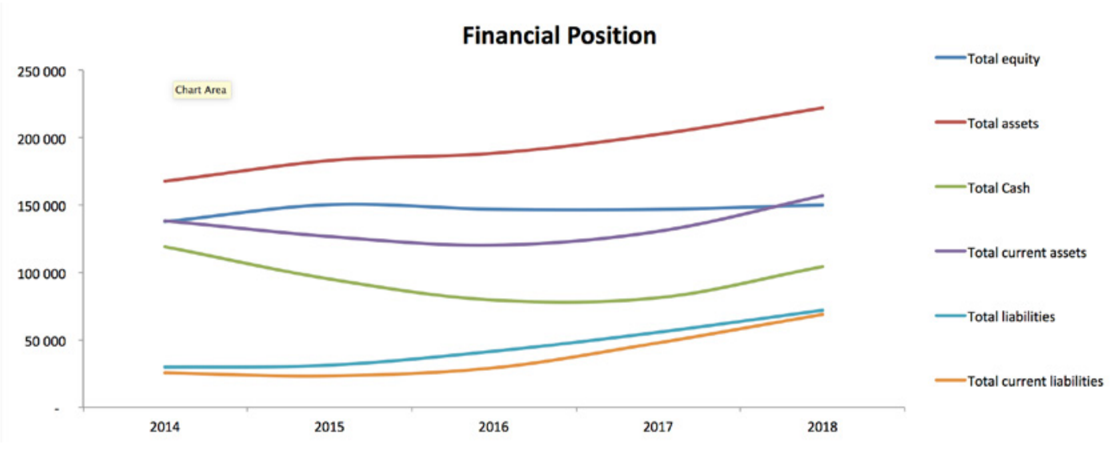
	Movement 2017/2018	30 June 2018	30 June 2017	30 June 2016	30 June 2015	30 June 2014
Financial position		R'000	R'000	R'000	R'000	R'000
Total equity	2.2%	150 110	146 849	146 908	150 311	137 732
Total assets	9.7%	222 124	202 542	188 490	183 084	167 385
Total cash	28.4%	104 391	81 279	79 522	95 139	119 142
Total current assets	20.3%	156 990	130 548	120 322	126 712	138 545
Total liabilities	29.3%	72 013	55 675	41 582	31 306	29 653
Total current liabilities	44.1%	68 935	47 836	29 312	23 289	25 381
Operating results		**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
Gross Revenue	25.6%	351 204	279 699	173 912	102 604	118 197
Revenue generated through Agency services	44.9%	187 140	129 193	38 885	-	-
Revenue	9.0%	164 064	150 506	135 027	102 604	118 197
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	2.7%	29 843	29 064	23 596	33 436	37 955
Operating profit	0.4%	22 168	22 082	17 518	29 318	33 350
Profit for the year/period	5.8%	20 665	19 524	18 582	26 409	27 481
Profit for the year attributed to owners of the parent	10.5%	20 570	18 612	18 227	25 607	27 481
Net cash generated from operations	95.7%	52 585	26 865	21 107	17 162	36 225
Depreciation & Amortisation	9.9%	7 675	6 982	6 078	4 118	4 605
Staff Cost	0.0%	52 147	52 167	43 154	18 903	23 063
Operating Expenditure	-3.6%	18 357	19 041	16 524	10 333	9 670
Financial ratios						
EBITDA margin	-5.8%	18.19%	19.31%	17.48%	32.59%	32.11%
Operating profit margin	-7.9%	13.51%	14.67%	12.97%	28.57%	28.22%
Return on equity	4.7%	13.92%	13.29%	12.50%	18.34%	20.80%
Return on assets	-2.5%	9.73%	9.99%	10.00%	15.07%	16.81%
Debt Equity Ratio	26.5%	47.97%	37.91%	28.30%	20.83%	21.53%
Solvency Ratio	-17.3%	39.35%	47.61%	59.30%	97.51%	108.20%
Average debtors' days - Gross Revenue	14.8%	72 days	62 days	62 days	83 days	78 days
Liquidity ratio	-15.2%	3.1 times	3.6 times	4.5 times	5.8 times	5.6 times
Share performance						
Number of shares in issue at year-end	0.0%	137 615 798	137 615 798	137 527 659	137 615 798	136 002 041
Weighed average number of shares at year end	0.0%	137 615 798	137 615 798	137 448 249	137 448 249	136 002 041
Basic earnings per share	10.6%	14.95 cents	13.52 cents	13.25 cents	18.63 cents	20.21 cents
Headline earnings per share	10.6%	14.95 cents	13.52 cents	13.20 cents	18.56 cents	20.21 cents
Net asset value per share	2.2%	109.08 cents	106.71 cents	106.82 cents	109.23 cents	101.30 cents
Tangible net asset value per share	6.9%	76.96 cents	71.97 cents	72.76 cents	88.68 cents	94.01 cents
Closing share price at year-end	-33.8%	100 cents	151 cents	135 cents	190 cents	225 cents
Dividend per share	6.3%	8.50 cents	8.00 cents	12.00 cents	12.00 cents	12.00 cents

FINANCIAL REPORT (Continued)









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

Trevor Ahier and Dennis Lupambo were appointed as non-executive directors on 18 May 2018

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, four independent non-executive directors (of which one is the Chairman) and four non-executive directors. In the Board's opinion this is an effective structure. During the year under review two new non-executive directors were appointed.

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 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 the broad areas of evaluating and identifying key financial and non-financial risk areas of the Group.

The Board identifies principal performance and risk indicators which reflect resource planning, products, service and human resource. The Board is of the view that its members have the expertise and experience to fulfil their obligations to the Group.

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

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.

Directors' attendance at board and committee meetings for the year under review

	Board		Audit and Risk Committee		Remuneration Committee		Social and Ethics Committee	
	Number of meetings	Attended	Number of meetings	Attended	Number of meetings	Attended	Number of meetings	Attended
A Mancha	4	4	4	4	1	1	2	2
G Mooney	4	4	4	4	1	1	2	2
M Smith	4	4	4*	4*			2	2
P Scholtz	4	4	4*	4*			2	2
G Groenewaldt	4	4						
R Pitt	4	4	4	4	1	1		
P Jenkins	4	4						
M du Plessis	4	4						
PG Greyling	4	3						
T Ahier**	1	1						
D Lupambo**	1	1						

(* By invitation)

(Appointed on 18 May 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 carried out a self-evaluation of itself and its committees. The evaluation found that the Board and its committees had functioned well and had discharged their duties in accordance with the mandates contained in the respective charters and that all directors demonstrated that they were independent in character and judgement.

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. 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. The Board has further ascertained 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 and is responsible for the functions specified in the Companies Act.

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

A formal evaluation of the Company Secretary was conducted by the Chief Executive Officer on behalf of the Board. The evaluation was in line with key legislative and governance principles and practices (Companies Act and King 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) and LLM (Corporate Law). 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.

Considering the best practice recommendations in King IV with regard to the Company Secretary, it is confirmed that the Company Secretary acted in accordance with the best practice recommendations.

Rotation and Retirement from the Board

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

Remuneration

The details relating to directors' fees and remuneration are disclosed in note 24 of the financial statements. The fees that are, subject to approval by the shareholders by way of special resolution, proposed to be paid to the independent non-executive directors, are set out in the AGM notice which forms part of this report. The remuneration of the executives, as approved by the remuneration committee, are disclosed fully in note 24 of the 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 these (written terms of reference) during the financial year.

Executive Committee

The Executive Committee meets weekly and is responsible for the day to day management of the Group.

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

The responsibilities of the Executive Committee include:

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

Audit and Risk Committee

Members

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

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

The independent external auditor 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 42 to 79.

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 18.

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, three distinct and diverse hosting environments are in operation. These sites operate as live sites for approximately sixty percent of its revenue. In addition, one of these sites provides a full back-up and stores all facets of services managed by the Group, remotely.

The Group also pays an external consultant to assist and advise on firewall protection and gateway 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 certain software programs and ensure that these comply with the requirements of the Consumer Protection Act, 2008 (Act 68 of 2008) and WASPA Code of Conduct.

Social and Ethics Committee

Members

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

The Chief Executive Officer and Financial Director attend the meetings by invitation.

The Social and Ethics Committee met three times 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
- 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
- The Board Gender and Race Diversity Policy

Remuneration Committee

Members

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

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

The Remuneration Committee met once in the financial year. No executive directors participate in discussions regarding their own remuneration and benefits; neither do they have a vote at meetings.

Details on the attendance of the Remuneration Committee meetings are available on page 18. 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 30.

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;
- 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.

CORPORATE GOVERNANCE REPORT (Continued)

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.

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.

During the year under review two new directors were appointed to the Board. The appointments were made following a meeting of shareholders called for this purpose and were not made to fill any vacancies.

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.

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 2017 to 30 June 2018 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.

Employees

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

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

Permanent staff members qualify for:

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

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

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

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

To ensure that the Group has a ready pool of talent, management focuses on the key areas of skills development and training. To counteract the skills shortage, especially in the IT and telecommunications sectors, the Group employs junior programmers who are then up-skilled through an internal internship programme. The Group relies on the commitment, innovation and passion of its staff to design and host most of its products and services.

Transformation

During the year under review the Group has implemented a number of measures 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 Proprietary Limited.

As a result of the measures that were implemented each of the three main operating subsidiaries have achieved the minimum requirements in regard to the priority elements on the B-BBEE scorecard and are expected to be B-BBEE complaint.

The three main operating subsidiaries have or are expected to achieve the following B-BBEE compliance scores

Operating Subsidiary	B-BBEE Compliance Level
BMi Sport Info Proprietary Limited	3 (achieved)
FoneWorx Proprietary Limited	7
BMi Research Proprietary Limited	5

At Group level it is expected that the Group will, based on the compliance levels of the three main operating subsidiaries, achieve at least a level 8 compliance status.

- **Ownership**

  While ownership still represents the greatest challenge to the Group, each of the three main operating subsidiaries have 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.

- **Skills Development**

  Due to the different skills requirements within FoneWorx Proprietary Limited, BMi Research Proprietary Limited and BMi Sport Proprietary Limited, the Group has adopted a formal skills programme throughout the Group to develop and implement skills in accordance with the specific requirements of the three main operating subsidiaries.

  The Group has, *inter alia,* implemented a learnership programme aimed addressing the training needs of its call centre. In this regard four previously unemployed persons have been employed in the call centre to receive practical experience while undergoing the learnership programme.

  In addition, the Group has also implemented an internship program for existing staff wanting to enhance their existing skills. A work readiness program has also been implemented to enable and assist staff to reach their maximum potential in the workplace.

  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	-	1	-	14	16	-	1	1	18	32

- **Enterprise and supplier development**

  The Group has taken measures, through it's three main 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 FoneWorx Proprietary Limited. Both BMi Research Proprietary Limited and BMi Sport Info Proprietary Limited have provided supplier development assistance to entities involved in field research services. The result is that all three main operating subsidiaries will meet the scorecard requirements relating to enterprise and supplier development.

  Each of the three main 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.

Employment Equity

For the year under review the Group employed a total of 147 staff of which 134 were permanent and 13 were non-permanent. All staff are encouraged to reach their maximum potential irrespective of gender, age or race.

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 59% of the Group's employees are from historically disadvantaged backgrounds. Strategies continue to be implemented that are 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 requisite employment equity reports have been submitted to the Department of Labour. The skills shortage, especially in the IT sector, continues to have an impact on the Group's ability to achieve the targeted growth rates. It should be pointed out that it has very specific high-end 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
- 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.

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

	Male				Female				Foreign nationals		Total
Occupation Levels	A	C	I	W	A	C	I	W	Male	Female	
Top Management	0	0	0	4	0	0	0	0	1	0	5
Senior Management	0	0	0	7	0	1	1	8	0	0	17
Professionally qualified and experienced specialists mid-management	2	0	1	11	5	0	0	4	1	0	24
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	7	2	1	1	5	3	0	12	1	0	32
Semi skilled and discretionary decision making	10	2	0	2	25	4	0	7	0	1	51
Unskilled and defined decision making	2	0	0	0	3	0	0	0	0	0	5
TOTAL PERMANENT	21	4	2	25	38	8	1	31	3	1	134
Temporary employees	5	0	0	0	6	1	0	1	0	0	13
GRAND TOTAL	26	4	2	25	44	9	1	32	3	1	147

Management Control

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.

Should vacancies arise the Board will identify suitable individuals for appointment as directors to meet its commitment to gender and race representivity at Board level. No vacancies arose during the year under review. However at a shareholders meeting called by shareholders two additional members were elected to the Board.

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

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.

Environment

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

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

Legislators, regulators and other stakeholders demand increasing attention to environmental issues. As a responsible corporate citizen, the Group has committed itself to maintaining and growing the business in an environmentally and socially responsible manner.

The business of the Group is conducted on sound and ethical business practices and incorporates positive governance and social and environmental objectives. Greenhouse 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 issues is overseen by the Executive Committee, under the leadership of the Chief Executive Officer.

The Group's Social and Ethics Committee is entrusted with ensuring greater integration between economic risk and opportunity assessment and the social and environmental impact of the business within the guidelines of King IV.

Carbon Footprint

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

This process was, once again, done internally using the guidelines established by the 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 2018 Carbon Footprint is approximately 800 tonnes of CO_2 with 98% of carbon emissions.

Social investment

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

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

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

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

Occupational health and safety

Employees of the Group work predominantly in an office environment with very limited exposure to machinery. The Group head office in Randburg has a Health and Safety Officer that is responsible for ensuring safe working conditions and to advise management on appropriate measures to avoid injuries. The Company has dedicated first aiders and fire marshals that are responsible for ensuring the safety of staff. 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

BACKGROUND STATEMENT ON REMUNERATION

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 2018 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.

GOVERNANCE OF REMUNERATION

The Committee is tasked to ensure the alignment of remuneration with the interests of shareholders. The Committee operates under Terms of Reference that are reviewed annually, approved by the Board and encompass the provisions of the Companies Act of South Africa and the requirements of King IV. The composition and attendance of meetings of the Committee is set out in the Corporate Governance Report on page 18 and 22 to 23 . The Committee Chairperson attends the Annual General Meeting and is available to address any queries, if necessary, from shareholders.

REMUNERATION COMMITTEE TERMS OF REFERENCE

The Terms of Reference of the Committee requires the Committee to, *inter alia*,

- Oversee the setting and administering of remuneration at all levels in the Company;
- Oversee the establishment of a remuneration policy that will promote the achievement of strategic objectives and encourage individual performance;
- Ensure that the remuneration policy is put to a non-binding advisory vote at the general meeting of shareholders once every year;
- Review the outcomes of the implementation of the remuneration policy for whether the set objectives are being achieved;
- Ensure that the mix of fixed and variable pay, in cash, shares and other elements, meets the Company's needs and strategic objectives;
- Satisfy itself as to the accuracy of recorded performance measures that govern the vesting of incentives.
- Consider the results of the evaluation of the performance of the CEO and other executive directors, both as a directors and as executives in determining remuneration;
- Select an appropriate comparative group when comparing remuneration levels; and
- Advise on the remuneration of non-executive directors;

REMUNERATION PHILOSOPHY

The remuneration policy of Cognition 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. To enable Cognition to continue to attract, retain and motivate high performing talent, market related pay is necessary. Remuneration is the largest component of Cognition's costs and ensuring the best return on the remuneration expense is essential.

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.

REMUNERATION POLICY

Executive Directors

The remuneration packages for Executive Directors are market related and any performance bonuses are awarded based on the individual Director's performance during the year and subject to approval by the Remuneration Committee and the Board of Directors. Performance bonuses are payable to Executive Directors based on the June year end results and the audited financial statements.

REMUNERATION REPORT (Continued)

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 receive remuneration.

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 1 December 2017.

During the period 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 1 December 2017. The updated values and their preceding values for the previous period are reflected as follows:

Up to 31 December 2017

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

From 1 January 2018

Position	Monthly retainer	Fee per meeting
Chairman of the Board (Mr. Ashvin Mancha)	R5 500.00	R13 200.00
Chairman of the Audit Committee (Mr. Roger Pitt)	R5 500.00	R13 200.00

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.

IMPLEMENTATION REPORT

ANNUAL SALARY INCREASE

Employee increases are considered annually. The Executive Committee of the Group submits the necessary performance-based information for each employee to the Remuneration Committee review and consideration.

EXECUTIVE DIRECTORS' REMUNERATION

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.

Bonuses are not guaranteed.

A detailed disclosure of the directors' emoluments is set out in note 24 on page 72 of the Annual Report.

NON-EXECUTIVE DIRECTORS' FEES

The Non-Executive Directors have no fixed term of appointment except as rotation of directors is required by the Company's Memorandum of Incorporation.

The Chairman of the Board and the Chairman of the Audit and Risk Committee are entitled to a monthly retainer fee for their service to the Company, as well as the fees payable in respect of each meeting which they attend. The Chairman of the Board and the Chairman of the Audit and Risk Committee may also receive ad hoc fees. The Non-Executive Directors' meeting fees are approved by the shareholders at the Annual General Meeting.

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

From 1 January 2019

Position	Monthly retainer	Fee per meeting
Chairman of the Board (Mr. Ashvin Mancha)	R5 500.00	R14 500.00
Chairman of the Audit Committee (Mr. Roger Pitt)	R5 500.00	R14 500.00

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.

EMPLOYEES

The following factors are considered in determining employee remuneration.

- Salary
  - The division's performance within the Group;
  - The individuals performance within his/her division; and
  - The individuals overall contribution to the Group.
- Performance bonus
  - The overall performance of the Group;
  - The division's performance within the Group;
  - The individuals performance within his/her division; and
  - The individuals overall contribution to the Group.

Bonuses are not guaranteed.

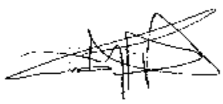
APPROVAL

The Committee and the Board approved this report on 13 September 2018. The Committee and the Board are satisfied that there were no material deviations from the remuneration policy during the 2018 financial year.

NON-BINDING ADVISORY VOTE

At the Annual General Meeting to be held on 22 November 2018, shareholders will be asked to vote on the two non-binding resolutions in terms of King IV. These votes enable shareholders to express their satisfaction or otherwise on the remuneration policy and the implementation report. In terms of King IV, if 25% or more votes are cast against either resolution, Cognition will engage directly with such shareholders as to the reasons therefore and will seek further external professional advice on how to improve remuneration policy and practices. 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.

On behalf of the Remuneration Committee



A MANCHA
Chairman of the Remuneration Committee

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 auditor is 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 2018 set out on pages 42 to 79 were approved by the Board on 13 September 2018 and are signed on their behalf by:

Mark Smith
Chief Executive Officer

Pieter Scholtz
Financial Director

DECLARATION BY COMPANY SECRETARY

In terms of the Companies Act, 2008 (Act 71 of 2008) as amended ("Companies Act"), I declare that, to the best of my knowledge, the Company has lodged with the Companies and Intellectual Property Commission all such returns as are required of a public Company in terms of the Companies Act and that all such returns are true, correct and up to date in respect of the financial year reported upon.

Stefan Kleynhans BA BIuris LLB LLM
Company Secretary

27 September 2018

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
Mr. Gaurang Mooney

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

The Board is satisfied that the members have the required knowledge and experience as set out in section 94(5) of the Companies Act, Act no 71 of 2008 ("the Companies Act") and Regulation 42 of the Companies Regulations.

Meetings

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

The Chief Executive Officer and Financial Director were invited to attend meetings of the Audit 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;
- Nominated, for reappointment as external auditor of the Company, Grant Thornton, a registered auditor which, in the opinion of the Committee, is independent of the Company;
- Determined the fees to be paid to the external auditor and 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

Grant Thornton served as the Company's external auditor for the period under review.

The auditor's terms of engagement were approved prior to the audit. The Committee satisfied themselves that the external auditor's appointment complies with the Companies Act and the Auditing Professions Act.

AUDIT AND RISK COMMITTEE REPORT (Continued)

The Committee has reviewed sections 3, 8, 13, 15 and 22 and schedule 8 of the JSE Listing 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 audit 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 Audit Committee, in consultation with executive management, agreed to the terms of the engagement. The audit fee for the external audit has been considered and approved taking into consideration such factors as the timing of the audit, the extent and scope of the work required.

Internal Audit

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

- The operational necessity of having an internal audit function that can operate and report independently to the Committee;
- The possible risk that the Company may incur, by not having an internal audit function, taking into account all compensating controls that management has put in place;
- The findings contained in the management report prepared by the external auditor during their annual financial audit; and
- The cost of having an internal audit function that can report independently to the Committee;

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

Going Concern

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

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

27 September 2018

DIRECTORS' REPORT

The Directors have pleasure in submitting their report for the year ended 30 June 2018.

Nature of business

Cognition Holdings Limited is an investment holding company whose subsidiaries provide interactive telecommunication, switching and business services, orientated around fixed and mobile networks. These include a broad range of services to the FMCG market, business and financial community as well as media groups.

Authorised share capital

The authorised share capital of the Company is unchanged and is made up of R250,000, divided into 250 000 000 ordinary shares of R0,001 each.

Issued share capital

At 30 June 2018 the issued share capital stood at R137 615 divided into 137 615 798 ordinary shares of R0,001 each.

Directors

The Directors of the Company for the year ended 30 June 2018 and up to the date of this report were:

Director	Role	Age	Other significant board memberships	Length of service
Ashvin Mancha*	Non-Executive Chairman	61	None	14 Years
Gaurang Mooney (Botswana)*	Non-Executive Director	48	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	18 Years
Roger Pitt*	Non-Executive Director	37	FedGroup and Merchantec Proprietary Limited	5 Years
Paul Jenkins*	Non-Executive Director	59	Caxton, CTP Publishers and Printers, and Moneyweb Holdings Limited	5 Years
Marc du Plessis	Non-Executive Director	38	None	5 Years
Piet Greyling	Non-Executive Director	61	Caxton and CTP Publishers and Printers Limited, Newspaper Group	5 Years
Trevor Ahier	Non-Executive Director	50	True North Developments Proprietary Limited, Mint Management Technologies Proprietary Limited, Motheo Infrastructure Contractors Proprietary Limited, BMi Research Proprietary Limited	6 Months
Dennis Lupambo	Non-Executive Director	54	None	6 Months
Mark Smith	Chief Executive Officer	60	None	21 Years
Pieter Scholtz	Financial Director	42	None	10 Years
Graham Groenewaldt	Executive Director	60	None	21 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.

DIRECTORS' REPORT (Continued)

Dividend

The Company declared and paid a final dividend during the year under review of R11 689 851 (8.50 cents per share) (2017: R10 995 860 (8 cents per share)). In addition, the Company also declared an interim dividend of R5 504 632 (4 cents per share).

In line with the requirements of the Memorandum of Incorporation of the Company, the Directors recommended and approved a dividend of R8 256 954 (6 cents per share) at their Board meeting of 13 September 2018.

Directors' Shareholding as at 30 June 2018

	30 June 2018		30 June 2017	
	Direct Beneficial '000	**Indirect Beneficial '000**	**Direct Beneficial '000**	**Indirect Beneficial '000**
M A Smith	11 373		11 373	
T Ahier		3 910		-
G Groenewaldt	1 484		1 484	
G Pearson	1 362		1 362	
P Scholtz	485		485	
Total	18 614		14 704	

In compliance with the JSE Listings Requirements, the disclosure of Directors' shareholding has been amended and no longer reflects indirect non-beneficial shareholding of directors.

Shareholder spread as at 30 June 2018

	Number of shareholders	%	Number of shares '000	%
1 - 100 000	592	88.6	7 686	5.6
100 001 – 500 000	52	7.8	12 145	8.8
500 001 – 10 000 000	20	3.0	33 173	24.1
10 000 001 +	4	0.6	84 611	61.5
	668	100	137 615	100

Shareholding of ordinary shares at 30 June 2018

	Number of Shareholders	%	Number of shares '000	%
Public	661	99.0	60 982	44.3
Non-Public				
- Directors	5	0.7	18 614	13.5
- Non-Directors	2	0.3	58 019	42.2
	668	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 2018 were as follows:

	Number of shares ('000)	%
CAXTON & CTP PUBLISHERS & PRINTERS	47 556	34.6
LAZIO HOLDINGS SA	15 219	11.1
NAVSUR LIMITED	10 463	7.6

Subsequent events

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

Special resolutions

Four Special Resolutions were passed at the Annual General Meeting held on 1 December 2017.

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 2018, be and is hereby approved as follows:

Type of fee	Proposed retainer fee per month in ZAR for the year ending 2018	Proposed meeting fee in ZAR for the year ending 2018	Expected total fee in ZAR for the year ending 2018
Board Chairman			
Ashvin Mancha	R5 500.00	R13 200.00	R139 200.00
Audit and Risk Committee Chairman			
Roger Pitt	R5 500.00	R13 200.00	R139 200.00

Explanatory note

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

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

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
Report on the audit of the financial statements

Opinion

We have audited the consolidated and separate financial statements of Cognition Holdings Limited and its subsidiaries (the group and company) as set out on pages 42 to 79, which comprise the consolidated and separate statements of financial position as at 30 June 2018, and the consolidated and separate statements of profit or loss and other comprehensive income, the 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 2018, 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 in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (IRBA Code)* and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (Parts A and B). 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. The following key audit matters relate to the consolidated financial statements. We have determined that there are no key audit matters in respect of the separate financial statements to communicate in our report.

Key audit matter	How our audit addressed the key audit matter
Valuation and impairment testing of goodwill	
As disclosed in note 4 to the financial statements, the Group has Goodwill with a carrying value of R30.3 million (2017: R30.3 million) which arose due to the investments in subsidiaries. Management is required in terms of IAS 36, Impairment of Assets, to test the goodwill for impairment on an annual basis. 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	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. 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.

Key audit matter	How our audit addressed the key audit matter
Valuation and impairment testing of intangibles	
As disclosed in note 5 to the financial statements, the Group has Intangible assets with a carrying value of R13.9 million (2017: R17.7 million). Due to the nature of the intangible assets, management prepares an impairment calculation to review the intangible assets relating to computer software and internally generated intangible assets for indicators of impairment on an annual basis. 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 these assets as well as forecasting future cash flows and applying appropriate discount rates, inherently which involves a high degree of estimation and judgement by management.	In considering the appropriateness of management's judgement used in the valuation models, we performed the following audit procedures: • transactional testing of all significant movements in intangible assets. • recalculation of amortization of intangible assets • compared the carrying amounts of the intangible assets to the projected discounted cash flows and revenue streams relating to the intangible assets using a weighted average cost of capital discount rate. • 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 forecasts against current year actuals As part of our audit, we also evaluated the adequacy of the Group's disclosures regarding the intangible assets. As at the reporting date there were no indicators of impairment on the intangible assets.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report which includes the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate as required by the Companies Act of South Africa. 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 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 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 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 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 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 and separate 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 Grant Thornton has been the auditor of Cognition Holdings Limited for eight years.

GRANT THORNTON
Registered Auditors
Practice Number: 903485E

Grant Thornton

J Barradas
Partner
Registered Auditor

Wanderers Office Park
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26 September 2018
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STATEMENT OF FINANCIAL POSITION
as at 30 June 2018

		Group		Company	
Figures in Rand	Notes	2018	2017	2018	2017
Assets					
Non-Current Assets					
Property, plant and equipment	3	15 458 706	17 290 611	-	-
Goodwill	4	30 331 527	30 331 527	-	-
Intangible assets	5	13 864 618	17 471 718	-	-
Investments in subsidiaries	6	-	-	55 238 150	55 238 150
Investment in associate	7	4 606 523	4 131 943	3 817 440	3 817 440
Deferred tax	9	1 059 138	1 090 381	-	-
Unlisted Investment	10	-	1 660 000	-	1 660 000
		65 320 512	**71 976 180**	**59 055 590**	**60 715 590**
Current Assets					
Loans to group companies	6	-	-	812 171	1 596 994
Inventories	11	-	25 730	-	-
Trade and other receivables	8	51 930 148	49 049 219	16 912 992	11 778 761
Current tax receivable		158 629	194 628	40 853	76 852
Cash and cash equivalents	12	104 390 853	81 279 090	459 806	88 619
		156 479 630	**130 548 667**	**18 225 822**	**13 541 226**
Total Assets		**221 800 142**	**202 524 847**	**77 281 412**	**74 256 816**
Equity and Liabilities					
Equity					
Equity Attributable to Equity Holders of Parent					
Share capital	14	56 110 451	56 110 451	56 110 451	56 110 451
Equity due to change in ownership	16	(12 892 945)	(12 892 945)	-	-
Retained income/(accumulated loss)		106 081 816	102 774 161	(16 318 562)	(17 497 129)
		149 299 322	145 991 667	39 791 889	38 613 322
Non-controlling interest		752 875	857 519	-	-
		150 052 197	**146 849 186**	**39 791 889**	**38 613 322**
Liabilities					
Non-Current Liabilities					
Deferred tax	9	2 206 411	2 766 200	-	-
Other financial liabilities	17	872 483	4 699 232	872 483	4 699 232
Interest bearing liabilities	18	-	373 974	-	-
		3 078 894	**7 839 406**	**872 483**	**4 699 232**
Current Liabilities					
Loans from group companies	6	-	-	29 977 340	21 221 131
Interest bearing liabilities	18	372 335	1 438 673	-	-
Provisions	19	1 879 550	5 912 245	-	-
Trade and other payables	20	36 925 778	21 762 957	4 852 618	3 621 460
Other financial liabilities	17	1 600 000	5 932 602	1 600 000	5 932 602
Current tax payable		2 105 929	1 459 964	-	-
Dividend payable		187 082	169 069	187 082	169 069
Third party prize money		25 598 377	11 160 745	-	-
		68 669 051	**47 836 255**	**36 617 040**	**30 944 262**
Total Liabilities		**71 747 945**	**55 675 661**	**37 489 523**	**35 643 494**
Total Equity and Liabilities		**221 800 142**	**202 524 847**	**77 281 412**	**74 256 816**

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Group		Company	
Figures in Rand	Notes	2018	2017	2018	2017
Gross Revenue		351 077 557	279 699 557	118 637 547	82 528 818
Less: Agency Revenue	39	(193 193 159)	(129 193 104)	(107 452 951)	(74 004 016)
Revenue	22	157 884 398	150 506 453	11 184 596	8 524 802
Cost of services		(62 244 072)	(50 711 879)	(10 969 710)	(8 524 802)
Gross profit		**95 640 326**	**99 794 574**	**214 886**	**-**
Other operating income/(loss)		5 418 185	479 231	2 793 122	(309 972)
Operating expenses		(18 357 330)	(19 041 271)	(781 453)	(4 709 614)
Staff costs		(52 587 169)	(52 167 926)	(415 850)	(216 000)
Depreciation and amortisation expense		(7 650 338)	(6 982 720)	-	-
Operating profit/(loss)	**23**	**22 463 674**	**22 081 888**	**1 810 705**	**(5 235 586)**
Investment income	25	6 466 943	5 617 407	17 399 607	11 684 804
Income from equity accounted investment		474 580	388 050	-	-
Finance costs	26	(983 365)	(447 978)	(793 771)	-
Profit before taxation		**28 421 832**	**27 639 367**	**18 416 541**	**6 449 218**
Taxation	27	(7 824 846)	(8 114 438)	(35 999)	27 224
Profit for the year		**20 596 986**	**19 524 929**	**18 380 542**	**6 476 442**
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		**20 596 986**	**19 524 929**	**18 380 542**	**6 476 442**
Total comprehensive income attributable to:					
Owners of the parent		20 509 630	18 612 289	18 380 542	6 476 442
Non-controlling interest		87 356	912 640	-	-
		20 596 986	19 524 929	18 380 542	6 476 442
Per share information					
Basic and diluted earnings per share (cents)	34	14.90	13.52	-	-

STATEMENT OF CHANGES IN EQUITY

Figures in Rand	Share capital	Share premium	Total share capital	Equity due to change in ownership	Retained Income	Total attributable / (Accumulated to equity holders Loss) of the parent	Non-controlling interest	Total equity
Group								
Balance at 01 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)	(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 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
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 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**
Notes	14	14	14	16				

Figures in Rand	Share capital	Share premium	Total share capital	Equity due to change in ownership	Retained Income	Total attributable / (Accumulated to equity holders Loss) of the parent	Non-controlling interest	Total equity
Company								
Balance at 01 July 2016	**137 616**	**55 972 835**	**56 110 451**	**-**	**(12 964 307)**	**43 146 144**	**-**	**43 146 144**
Profit for the year	-	-	-	-	6 476 442	6 476 442	-	6 476 442
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**6 476 442**	**6 476 442**	**-**	**6 476 442**
Dividends	-	-	-	-	(11 009 264)	(11 009 264)	-	(11 009 264)
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**-**	**-**	**-**	**(11 009 264)**	**(11 009 264)**	**-**	**(11 009 264)**
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 30 June 2018	**137 616**	**55 972 835**	**56 110 451**	**-**	**(16 318 562)**	**39 791 889**	**-**	**39 791 889**
Notes	14	14	14					

STATEMENT OF CASH FLOWS

		Group		Company	
Figures in Rand	**Note(s)**	**2018**	**2017**	**2018**	**2017**
Cash flows from operating activities					
Cash generated from (used in) operations	28	52 771 859	29 617 871	(2 092 369)	(803 952)
Interest received		6 466 943	5 617 407	197 632	198 699
Dividend revenue		-	-	17 201 975	11 486 105
Finance costs		(983 365)	(447 978)	(793 771)	-
Tax paid	29	(7 654 627)	(7 921 685)	-	(98 587)
Net cash from operating activities		**50 600 810**	**26 865 615**	**14 513 467**	**10 782 265**
Cash flows from investing activities					
Purchase of property, plant and equipment	3	(1 231 877)	(2 324 550)	-	-
Sale of property, plant and equipment	3	56 278	161 141	-	-
Purchase of intangible assets	5	(997 824)	(2 201 527)	-	-
Expenditure on product development	5	-	(4 596 760)	-	-
Sale of other intangible assets	5	-	4 201	-	-
Acquisition of additional interest in subsidiary		-	(1 701 230)	-	(5 344 509)
Proceeds from loans from group companies		-	-	8 756 209	6 852 574
Loans repaid by group companies		-	-	784 823	-
Purchase of unlisted investment		(146 667)	(1 660 000)	-	(1 660 000)
Sale of unlisted investment		1 806 667	-	1 660 000	-
Net cash from investing activities		**(513 423)**	**(12 318 725)**	**11 201 032**	**(151 935)**
Cash flows from financing activities					
Proceeds on share issue	14	-	166 531	-	-
(Repayment of) proceeds from other financial liabilities		(8 159 350)	404 483	(8 159 350)	404 483
Repayment of interest bearing liabilities	30	(1 440 312)	(2 655 066)	-	-
Dividends received from associate		-	477 000	-	-
Dividends paid	31	(17 375 962)	(11 182 391)	(17 183 962)	(10 989 891)
Net cash from financing activities		**(26 975 624)**	**(12 789 443)**	**(25 343 312)**	**(10 585 408)**
Total cash movement for the year		**23 111 763**	**1 757 447**	**371 187**	**44 922**
Cash at the beginning of the year		81 279 090	79 521 643	88 619	43 697
Total cash at end of the year	**12**	**104 390 853**	**81 279 090**	**459 806**	**88 619**

GROUP 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 IAS 39, and incorporate the principal accounting policies set out below. These financial statements are presented in South African Rand, since that is the currency in which the majority of Group's transactions are denominated.

These accounting policies are consistent with the previous period, refer to note 2 for the new and revised standards issued for up until June 2018 and the adoption of changes to IAS7.

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 cashflows from the asset are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the assets.

The discount rate applied is based on estimates and judgements made by management and is subject to change. An impairment loss is recognised in profit or loss whenever the carrying amount of the assets exceed its recoverable amount.

Residual value and useful life

Property, plant and equipment and intangible assets are depreciated or amortised over their estimated useful lives taking into account residual values following the requirements of International Accounting Standards (IAS 16) Property, plant and equipment as well as (IAS 38) Intangible Assets. Estimated useful lives and the residual values are re-assessed at each financial year end. The actual lives and residual values of those assets can vary depending on a variety of factors.

Technological innovation, product life cycles and maintenance programmes all impact the useful lives and residual values of the assets. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Deferred tax assets

The Group recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future.

Assessing the recoverability of deferred tax requires the Group to make significant estimates related to expectations of future taxable income.

Recoverability of deferred tax assets requires estimates of future taxable income based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. The the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets recorded at the reporting date could be impacted.

Contingent consideration

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

1. Significant accounting policies (Continued)

1.1. Significant judgements (Continued)

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 19 Provisions.

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 asset, the recoverable amount is determined for the cash-generating unit to which it belongs.

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

Recoverable amount is the higher of fair values less cost to sell and value in use. In assessing value in use, the estimated future cashflows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit for which the estimates of future cashflows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years.

1.2. Basis of consolidation

The Group financial statements consolidate those of the parent and all of its subsidiaries as of 30 June 2018. 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.

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. Significant accounting policies (Continued)

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	5 years
IT equipment	3 - 4 years on average
Call centre equipment	5 years

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

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. 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

1.5. Investments in subsidiaries

Company Annual Financial Statements

In the Company's separate Annual Financial Statements, investments in subsidiaries are carried at cost less any accumulated impairment.

An adjustment to the cost of a business combination contingent on future events is included in the cost of the combination if the adjustment is probable and can be measured reliably.

1.6. Investment in associates

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

1. Significant accounting policies (Continued)

1.7. Financial instruments

Initial recognition and measurement

The Group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or equity instrument in accordance with the substance of the contractual arrangement.

Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes party to the contractual provision of the instrument.

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 cashflows from the assets expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

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

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. Significant accounting policies (Continued)

1.8. 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 avaliable to allow all or part of the asset to be recovered.

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

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

Current and deferred tax for the year

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited to profit or loss, in which case the tax is also recognised directly in profit or loss, or where they arise from the initial accounting for a business combination.

In the case of a business combination, the effect is taken into account in calculating goodwill or in determining the gain or bargain purchase.

1.9. 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.

GROUP ACCOUNTING POLICIES (Continued)

1. Significant accounting policies (Continued)

1.10. Inventories

Inventories are measured at the lower of cost and net realisable value on the first-in-first-out (FIFO) basis.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

1.11. 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.

1.12. 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.

Provisions are not recognised for future operating losses.

Contingent assets and contingent liabilities are not recognised but are disclosed in note 32

1.13. Revenue

The Group offers services that is classified as agency revenue in terms of IAS18 and as such the Group discloses these services separately in the Statement of Profit or Loss and other Comprehensive income for enhanced disclosure purposes.

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the end of the reporting period.

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.

1.14. 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. Significant accounting policies (Continued)

1.15. Cost of services

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

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:

Amendments to IAS 7: Disclosure initiative

The amendment requires entities to provide additional disclosures for changes in liabilities arising from financing activities. Specifically, entities are now required to provide disclosure of the following changes in liabilities arising from financing activities:

- changes from financing cash flows;
- changes arising from obtaining or losing control of subsidiaries or other businesses;
- the effect of changes in foreign exchanges;
- changes in fair values; and
- other changes.

The effective date of the amendment is for years beginning on or after 01 January 2017.

The Group has adopted the amendment for the first time in the 2018 Annual Financial Statements. The amendment has resulted in additional disclosure - refer note 30.

Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses

In terms of IAS 12 Income Taxes, deferred tax assets are recognised only when it is probable that taxable profits will be available against which the deductible temporary differences can be utilised. The following amendments have been made, which may have an impact on the Group:

If tax law restricts the utilisation of losses to deductions against income of a specific type, a deductible temporary difference is assessed in combination only with other deductible temporary differences of the appropriate type.

Additional guidelines were prescribed for evaluating whether the Group will have sufficient taxable profit in future periods. The Group is required to compare the deductible temporary differences with future taxable profit that excludes tax deductions resulting from the reversal of those deductible temporary differences. This comparison shows the extent to which the future taxable profit is sufficient for the entity to deduct the amounts resulting from the reversal of those deductible temporary differences.

The amendment also provides that the estimate of probable future taxable profit may include the recovery of some of an entity's assets for more than their carrying amount if there is sufficient evidence that it is probable that the entity will achieve this.

The effective date of the amendment is for years beginning on or after 01 January 2017.

The Group has adopted the amendment for the first time in the 2018 Annual Financial Statements. The impact of the amendment is not material.

IFRS 12 Disclosure of Interest in Other Entities

Annual Improvements 2014-2016 Cycle: Clarification of the scope of IFRS 12 with respect to interests in entities classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

The effective date of the amendment is for years beginning on or after 01 January 2017.

The Group has adopted the amendment for the first time in the 2018 Annual Financial Statements. The impact of the amendment is not material.

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 2018 or later periods:

GROUP ACCOUNTING POLICIES (Continued)

2. New Standards and Interpretations (Continued)

2.2. Standards and interpretations not yet effective

IFRS 9 Financial Instruments

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurements of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a)impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of IFRS 9:

- All recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments ofprincipal and interest on the outstanding principal are generally measured at amortised cost at the end of subsequent reporting periods. Debt instruments that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on outstanding principal, are measured at FVTOCI. All other debt and equity investments are measured at fair value at the end of subsequent reporting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income with only dividend income generally recognised in profit or loss.
- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of the liability is presented in other comprehensive income, unless the recognition of the effect of the changes of the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Under IAS 39, the entire amount of the change in fair value of a financial liability designated as at fair value through profit or loss is presented in profit or loss.
- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. It is therefore no longer necessary for a credit event to have occurred before credit losses are recognised.
- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been replaced with the principal of an "economic relationship". Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The effective date of the standard is for years beginning on or after 01 January 2018.

The Group expects to adopt the standard for the first time in the 2019 Annual Financial Statements.

It is unlikely that the standard will have a material impact on the Group's Annual Financial Statements.

2. New Standards and Interpretations (Continued)

2.2. Standards and interpretations not yet effective (Continued)

IFRS 16 Leases

IFRS 16 Leases is a new standard which replaces IAS 17 Leases, and introduces a single lessee accounting model. The main changes arising from the issue of IFRS 16 which are likely to impact the Group are as follows:

Group as lessee:

- Lessees are required to recognise a right-of-use asset and a lease liability for all leases, except short term leases or leases where the underlying asset has a low value, which are expensed on a straight line or other systematic basis.
- The cost of the right-of-use asset includes, where appropriate, the initial amount of the lease liability; lease payments made prior to commencement of the lease less incentives received; initial direct costs of the lessee; and an estimate for any provision for dismantling, restoration and removal related to the underlying asset.
- The lease liability takes into consideration, where appropriate, fixed and variable lease payments; residual value guarantees to be made by the lessee; exercise price of purchase options; and payments of penalties for terminating the lease.
- The right-of-use asset is subsequently measured on the cost model at cost less accumulated depreciation and impairment and adjusted for any re-measurement of the lease liability. However, right-of-use assets are measured at fair value when they meet the definition of investment property and all other investment property is accounted for on the fair value model. If a right-of-use asset relates to a class of property, plant and equipment which is measured on the revaluation model, then that right-of-use asset may be measured on the revaluation model.
- The lease liability is subsequently increased by interest, reduced by lease payments and re-measured for reassessments or modifications.
- Re-measurements of lease liabilities are affected against right-of-use assets, unless the assets have been reduced to nil, in which case further adjustments are recognised in profit or loss.
- The lease liability is re-measured by discounting revised payments at a revised rate when there is a change in the lease term or a change in the assessment of an option to purchase the underlying asset.
- The lease liability is re-measured by discounting revised lease payments at the original discount rate when there is a change in the amounts expected to be paid in a residual value guarantee or when there is a change in future payments because of a change in index or rate used to determine those payments.
- Certain lease modifications are accounted for as separate leases. When lease modifications which decrease the scope of the lease are not required to be accounted for as separate leases, then the lessee re-measures the lease liability by decreasing the carrying amount of the right of lease asset to reflect the full or partial termination of the lease. Any gain or loss relating to the full or partial termination of the lease is recognised in profit or loss. For all other lease modifications which are not required to be accounted for as separate leases, the lessee re-measures the lease liability by making a corresponding adjustment to the right-of-use asset.
- Right-of-use assets and lease liabilities should be presented separately from other assets and liabilities. If not, then the line item in which they are included must be disclosed. This does not apply to right-of-use assets meeting the definition of investment property which must be presented within investment property. IFRS 16 contains different disclosure requirements compared to IAS 17 leases.

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. It is unlikely that the standard will have a material impact on the Group's Annual Financial Statements.

2. New Standards and Interpretations (Continued)

2.2. Standards and interpretations not yet effective (Continued)

Amendments to IFRS 15: Clarifications to IFRS 15 Revenue from Contracts with Customers

The amendment provides clarification and further guidance regarding certain issues in IFRS 15. These items include guidance in assessing whether promises to transfer goods or services are separately identifiable; guidance regarding agent versus principal considerations; and guidance regarding licenses and royalties.

The effective date of the amendment is for years beginning on or after 01 January 2018.

The Group expects to adopt the amendment for the first time in the 2019 Annual Financial Statements.

It is unlikely that the amendment will have a material impact on the Group's Annual 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 does not envisage the adoption of the standard until such time as it becomes applicable to the Group's operations. It is unlikely that the standard will have a material impact on the Group's Annual Financial Statements.

IFRS 1 First time adoption of International Financial Reporting Standards

Annual Improvements 2014-2016 Cycle: Deletion of short term exemptions that are no longer applicable. The effective date of the standard is for years beginning on or after 01 January 2018.

The Group does not envisage the adoption of the standard until such time as it becomes applicable to the Group's operations. It is unlikely that the standard will have a material impact on the Group's Annual Financial Statements.

IFRS 3 Business Combinations

Annual Improvements 2015 - 2017 Cycle: Clarification that when an entity obtains control of a business that is a joint operation, it is required to re-measure previously held interests in that business.

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. It is unlikely that the standard will have a material impact on the Group's Annual Financial Statements.

2. New Standards and Interpretations (Continued)

2.2. Standards and interpretations not yet effective (Continued)

IFRS 10 Consolidated Financial Statements

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28): Narrow scope amendment address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The effective date of this amendment has been deferred indefinitely until further notice.

IFRS 11 Joint Arrangements

Annual Improvements 2015–2017 Cycle: Clarification that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.

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. It is unlikely that the standard will have a material impact on the Group's Annual Financial Statements.

IAS 28 Investment in Associates and Joint Ventures

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28): Narrow scope amendment to address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

Annual Improvements 2014-2016 Cycle: Clarification that a venture capital organisation, or a mutual fund, unit trust and similar entities may elect, at initial recognition, to measure investments in an associate or joint venture at fair value through profit or loss separately for each associate or joint venture.

Long-term interest in Associates and Joint Ventures: Clarification provided that an entity should apply IFRS 9 to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.

The effective date of the standard is for years beginning on or after 01 January 2018.

The Group does not envisage the adoption of the standard until such time as it becomes applicable to the Group's operations. It is unlikely that the standard will have a material impact on the Group's Annual Financial Statements.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

3. Property, plant and equipment

Group	2018 Cost	2018 Accumulated depreciation	2018 Carrying value	2017 Cost	2017 Accumulated depreciation	2017 Carrying value
Land	2 200 000	-	2 200 000	2 200 000	-	2 200 000
Buildings	11 000 962	(1 214 704)	9 786 258	11 000 962	(1 147 489)	9 853 473
Plant and machinery	597 775	(477 260)	120 515	596 688	(403 863)	192 825
Furniture and fixtures	1 485 322	(1 300 833)	184 489	1 409 277	(1 241 931)	167 346
Motor vehicles	183 730	(183 730)	-	183 730	(183 730)	-
Office equipment	1 190 692	(1 032 607)	158 085	1 156 006	(973 141)	182 865
IT equipment	15 255 927	(12 872 848)	2 383 079	14 175 120	(10 399 646)	3 775 474
Leasehold improvements	1 205 946	(739 325)	466 621	1 205 946	(686 465)	519 481
Call centre equipment	1 197 442	(1 037 783)	159 659	1 197 442	(798 295)	399 147
Total	**34 317 796**	**(18 859 090)**	**15 458 706**	**33 125 171**	**(15 834 560)**	**17 290 611**

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**

Reconciliation of property, plant and equipment - Group - 2017

	Opening balance	Additions	Disposals	Depreciation	Total
Land	2 200 000	-	-	-	2 200 000
Buildings	9 899 181	21 329	-	(67 037)	9 853 473
Plant and machinery	265 835	-	(96)	(72 914)	192 825
Furniture and fixtures	216 086	25 590	(2 245)	(72 085)	167 346
Office equipment	209 750	98 757	(61 002)	(64 640)	182 865
IT equipment	4 033 636	2 178 874	(86 692)	(2 350 344)	3 775 474
Leasehold improvements	572 341	-	-	(52 860)	519 481
Call centre equipment	638 636	-	-	(239 489)	399 147
	18 035 465	**2 324 550**	**(150 035)**	**(2 919 369)**	**17 290 611**

Land and buildings with a carrying value of R11 986 258 (2017: R12 053 473) are mortgaged as stated in note 18. HR Liebenberg (Professional Valuer), from CPF Valuers Proprietary Limited, fair valued ERF 1363 Ferndale at R19 400 000.

The valuations were performed using the open market value methodology. This method is based on an open market basis with consideration given to the future earnings potential and applying an appropriate capitalisation rate.

Certain plant and equipment with a carrying amount of R342 120 (2017: R1 299 783) have been encumbered as per note 18. A detailed register of assets is available for inspection at the registered office of the Group.

4. Goodwill

	2018			2017		
Group	**Cost**	**Accumulated impairment**	**Carrying value**	**Cost**	**Accumulated impairment**	**Carrying value**
Goodwill - BMi Sport Group	15 841 796	-	15 841 796	15 841 796	-	15 841 796
Goodwill - BMi Research	14 489 731	-	14 489 731	14 489 731	-	14 489 731
Total	**30 331 527**	**-**	**30 331 527**	**30 331 527**	**-**	**30 331 527**

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**

Reconciliation of goodwill - Group - 2017

	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. All assets that gave rise to goodwill are within the market research industry.

BMi Sport Group

BMi Sport was valued by determining the current value of the future projected cashflow using an average growth rate of 7% (2017: 10%). The cashflow projections are in line with the normal rates achieved by the asset in the past and within the normal rates achieved by the asset in the past and within the norm achieved by similar assets within the Group.

Improved cost efficences have been taken into account where applicable. If the future growth rate falls below 6% (2017: 2.6%) per annum, then impairment of goodwill for BMi Sport will be considered.

The discount rate of 19.5% (2017: 23%) 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 raises above 20.1% (2017: 28.62%) then impairment of goodwill for BMi Sport will be considered.

The recoverable amount of the asset was determined based on value-in-use calculations, covering a detailed five-year forecast, followed by an extrapolation of expected cash flows for the remaining useful lives using a declining growth rate determined by management. The recoverable amount of the asset is R18 730 920 (2017: R35 632 596).

BMi Research

BMi Research was valued by determining the current value of the future projected cashflow using an average growth rate of 7% (2017: 8%). The cashflow projections are in line with the normal rates achieved by the asset in the past and within the norm achieved by similar assets within the Group.

Improved cost efficiences have been taken into account where applicable. If the future growth rate falls below 0% (2017: 6.1%) per annum, then impairment of goodwill for BMi Research will be considered.

The discount rate of 21% (2017: 25%) used reflect the appropriate cost 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 raises above 24.4% (2017: 34.8%), then impairment of goodwill for BMi Research will be considered.

The recoverable amount of the asset was determined based on value-in-use calculations, covering a detailed five-year forecast, followed by an extrapolation of expected cash flows for the remaining useful life using a declining growth rate determined by management. The recoverable amount of the asset is R29 661 178 (2017: R43 474 017).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)

5. Intangible assets

	2018			2017		
Group	**Cost**	**Accumulated amortisation**	**Carrying value**	**Cost**	**Accumulated amortisation**	**Carrying value**
Fax2Email Platform - Africa*	2 383 605	(2 383 605)	-	2 383 605	(2 184 971)	198 634
Knowledge 350*	3 205 136	(1 824 010)	1 381 126	3 205 136	(1 182 984)	2 022 152
Email2Fax and Fax2Email System*	8 570 414	(7 757 156)	813 258	8 570 414	(6 360 775)	2 209 639
Incentive Programme*	2 945 637	(589 127)	2 356 510	2 945 637	-	2 945 637
Computer software	6 388 278	(2 918 592)	3 469 686	5 364 487	(2 077 339)	3 287 148
MediaWorx platform*	1 539 217	(410 458)	1 128 759	1 539 217	(102 614)	1 436 603
Bespoke services*	4 020 164	(337 666)	3 682 498	4 020 164	(259 743)	3 760 421
Research panel*	1 365 545	(842 086)	523 459	1 365 545	(568 977)	796 568
SportTrack	1 527 967	(1 018 645)	509 322	1 527 967	(713 051)	814 916
Total	**31 945 963**	**(18 081 345)**	**13 864 618**	**30 922 172**	**(13 450 454)**	**17 471 718**

Reconciliation of intangible assets - Group - 2018

	Opening balance	Additions	Amortisation	Total
Fax2Email Platform - Africa*	198 634	-	(198 634)	-
Knowledge 350*	2 022 152	-	(641 026)	1 381 126
Email2Fax and Fax2Email System*	2 209 639	-	(1 396 381)	813 258
Incentive Programme*	2 945 637	-	(589 127)	2 356 510
Computer software	3 287 148	997 824	(815 286)	3 469 686
MediaWorx platform*	1 436 603	-	(307 844)	1 128 759
Bespoke services*	3 760 421	-	(77 923)	3 682 498
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**

Reconciliation of intangible assets - Group - 2017

	Opening balance	Additions	Internally generated	Disposals	Amortisation	Total
Fax2Email Platform - Africa*	675 355	-	-	-	(476 721)	198 634
Knowledge 350*	2 615 024	-	-	-	(592 872)	2 022 152
Email2Fax and Fax2Email System*	3 923 724	-	-	-	(1 714 085)	2 209 639
Incentive Programme*	1 674 084	-	1 271 553	-	-	2 945 637
Computer software	1 231 602	2 201 527	378 654	(4 201)	(520 434)	3 287 148
MediaWorx Platform*	1 539 217	-	-	-	(102 614)	1 436 603
Bespoke services*	891 791	-	2 946 553	-	(77 923)	3 760 421
Research panel*	1 069 677	-	-	-	(273 109)	796 568
SportTrack	1 120 509	-	-	-	(305 593)	814 916
	14 740 983	**2 201 527**	**4 596 760**	**(4 201)**	**(4 063 351)**	**17 471 718**

Impairment of intangible assets

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

* - Internally generated assets.

5. Intangible assets (continued)

	Average remaining useful life	Average remaining useful life
	2018	2017
Fax2Email Platform - Africa	0.00 years	0.43 years
Knowledge 350*	1.58 years	2.58 years
Email2Fax and Fax2Email System*	0.37 years	1.37 years
Incentive Programme*	4.00 years	5.00 years
Computer software	3.13 years	2.67 years
MediaWorx Platform*	3.66 years	4.66 years
Bespoke services*	3.50 years	4.50 years
Research panel*	1.58 years	2.58 years
SportTrack	1.66 years	2.66 years

6. Investments in subsidiaries

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

2018

The holding Company's investment in subsdiaries is as follows:	Issued share capital	Group effective interest	Cost of investment	Indebtedness by subsidiary	Allowance for doubtful loans
	R	%	R	R	R
FoneWorx Proprietary Limited	100	100 %	100	(29 426 106)	-
Four Rivers Trading 123 Proprietary Limited	100	100 %	2 310 100	812 170	-
Interconnective Solutions Management Services Proprietary Limited	100	100 %	100	(125 077)	-
Retail Card Club Proprietary Limited*	100	100 %	100	628 857	(628 857)
Survey On Line Proprietary Limited*	100	100 %	100	(426 157)	-
Cognition Analysis Proprietary Limited*	100	100 %	100	106 694	(106 694)
CarbonWorx Proprietary Limited	100	70 %	70	466 671	(466 671)
VM Advertising Proprietary Limited*	100	100 %	100	823 984	(823 984)
FoneWorx Kenya Limited	5 000 000	60 %	100	1 448 178	(1 448 177)
BMi Sport Group	300	100 %	26 215 172	-	-
BMi Research	100	100 %	26 711 808	-	-
FoneWorx Global Communications Limited (Nigeria)	10 000 000	70 %	100	1 761 956	(1 761 956)
FoneWorx Zambia Limited	5 000 000	60 %	100	59 108	(59 108)
Foneworx Namibia Proprietary Limited	100	100 %	100	14 931	(14 931)
			55 238 150	**(23 854 791)**	**(5 310 378)**

6. Investments in subsidiaries (continued)

2017

The holding Company's investment in subsdiaries is as follows:	Issued share capital	Group effective interest	Cost of investment	Indebtedness by subsidiary	Allowance for doubtful loans
	R	%	R	R	R
FoneWorx Proprietary Limited	100	100 %	100	(20 921 573)	-
Four Rivers Trading 123 Proprietary Limited	100	100 %	2 310 100	1 596 994	-
Interconnective Solutions Management Services Proprietary Limited	100	100 %	100	(129 077)	-
Retail Card Club Proprietary Limited*	100	100 %	100	627 557	(627 557)
Survey On Line Proprietary Limited*	100	100 %	100	(170 481)	-
Cognition Analysis Proprietary Limited*	100	100 %	100	105 794	(105 794)
CarbonWorx Proprietary Limited	100	70 %	70	465 971	(465 971)
VM Advertising Proprietary Limited*	100	100 %	100	823 984	(823 984)
FoneWorx Kenya Limited	5 000 000	60 %	100	1 448 178	(1 448 177)
BMi Sport Group	300	100 %	26 215 172	-	-
BMi Research	100	100 %	26 711 808	-	-
FoneWorx Global Communications Limited (Nigeria)	10 000 000	70 %	100	1 761 956	(1 761 956)
FoneWorx Zambia Limited	5 000 000	60 %	100	59 108	(59 108)
Foneworx Namibia Proprietary Limited	100	100 %	100	14 931	(14 931)
			55 238 150	**(14 316 658)**	**(5 307 478)**

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 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 and the impairment was calculated based on the value of the deficit in the company. All exposure based on the guarantee given has therefore been provided for.

The impairment recognised in the current period relating to the provision against the loan amounts to R2 900 (2017: R3 615 554).

Non-controlling interest across the Group is considered to be immaterial.

Current assets	-	-	812 171	1 596 994
Current liabilities	-	-	(29 977 340)	(21 221 131)
	-	**-**	**(29 165 169)**	**(19 624 137)**

7. Investment in associate

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

Group

Name of company	% ownership interest 2018	% ownership interest 2017	Carrying amount 2018	Carrying amount 2017
LivingFacts Proprietary Limited	47.70 %	47.70 %	4 606 523	4 131 943

Company

Name of company	% ownership interest 2018	% ownership interest 2017	Carrying amount 2018	Carrying amount 2017
LivingFacts Proprietary Limited	47.70 %	47.70 %	3 817 440	3 817 440

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

Summarised Statement of Profit or Loss and Other Comprehensive Income	LivingFacts Proprietary Limited	
	2018	**2017**
Revenue	7 734 585	1 004 426
Profit after taxation from continuing operations	994 928	813 523
Dividends paid by associate	-	(1 000 000)

Summarised Statement of Financial Position	LivingFacts Propietary Limited	
	2018	**2017**
Non current assets		
Current assets	2 984 684	1 856 106
Non-current assets	29 949	1 158
Total assets	3 014 633	1 857 264
Liabilities		
Current liabilities	680 388	348 217
Total liabilities	680 388	348 217
Total net assets	2 334 245	1 509 047

Associates with different reporting dates

The end of the reporting year of Cognition Holdings Limited is 30 June 2018. The year end of LivingFacts Proprietary Limited is 28 February 2018. The information above was obtained from the management accounts of LivingFacts Proprietary Limited for 30 June 2018.

Group's share of opening net assets	719 815	808 605
Goodwill - included in intitial investment	3 412 128	3 412 128
Share of profit from equity accounted investment	474 580	388 051
Dividends received	-	(476 841)
Investment in LivingFacts Proprietary Limited	4 606 523	4 131 943

8. Trade and other receivables

	Group		Company	
Figures in Rand	**2018**	**2017**	**2018**	**2017**
Trade receivables	45 397 918	42 706 494	12 769 503	7 674 786
VAT	516 021	-	-	1 496
Other receivables	665 490	810 717	-	-
Prepayments	1 207 230	1 429 529	-	-
Shares loans to directors and staff	4 143 489	4 102 479	4 143 489	4 102 479
	51 930 148	**49 049 219**	**16 912 992**	**11 778 761**
Split between non-current and current portions				
Current assets	51 930 148	49 049 219	16 912 992	11 778 761

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 2018 amounted to R45 397 918 (2017: R42 706 494).

Included in the Group's trade receivables balance are debtors with a carrying amount of R1 268 417 (2017: R3 465 025), which are past due at the reporting date for which the Group has not provided, as there have 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.

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

30 days past due	213 030	1 837 359	-	-
60 days past due	162 013	922 291	-	-
90 days past due	893 374	705 375	-	-
	1 268 417	3 465 025	-	-

Loans to directors and staff

Unsecured loans bear interest at 5% 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 Limited and its subsidiaries.

9. Deferred tax asset (liability)

	Group		Company	
Figures in Rand	**2018**	**2017**	**2018**	**2017**
Deferred tax liability	(2 206 411)	(2 766 200)	-	-
Deferred tax asset	1 059 138	1 090 381	-	-
Total net deferred tax liability	**(1 147 273)**	**(1 675 819)**	**-**	**-**
Reconciliation of deferred tax asset / (liability)				
At beginning of year	(1 675 819)	(2 594 225)	-	-
Property, plant and equipment	(90 865)	83 012	-	-
Intangible assets	1 260 752	(274 618)	-	-
Provisions	(824 522)	794 421	-	-
Revenue accrual	301 216	540 463	-	-
Prepaid expenses	39 854	(39 854)	-	-
Tax losses available for set off against future taxable income	(157 889)	(185 018)	-	-
	(1 147 273)	**(1 675 819)**	**-**	**-**
Categories of temporary differences				
Property, plant and equipment	(3 827)	87 038	-	-
Intangible assets	(2 910 581)	(4 171 333)	-	-
Provisions	770 064	-	-	-
Revenue accrual	956 937	655 721	-	-
Prepaid expenses	(28 000)	(67 854)	-	-
Taxable losses available for set off against future taxable income	68 134	226 023	-	-
	(1 147 273)	**(3 270 405)**	**-**	**-**

10. Unlisted Investment

Tysflo Proprietary Limited	-	1 660 000	-	1 660 000

During the year the Group disposed of its 17% interest in Tysflo Proprietary Limited, a company that is developing a unique video broadcasting platform, for the consideration of R1 806 666.

11. Inventories

Finished goods	-	25 730	-	-

Inventory amounting to R nil (2017: R25 730) is carried at net realisable value.

12. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	26 813	33 200	-	-
Bank balances	78 765 663	70 085 145	459 806	88 619
Other cash and cash equivalents	25 598 377	11 160 745	-	-
	104 390 853	81 279 090	459 806	88 619

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.

13. Financial assets by category

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

Group - 2018	Loans and receivables	Non financial assets	Total
Trade and other receivables	50 722 918	1 207 230	51 930 148
Cash and cash equivalents	104 390 853	-	104 390 853
	155 113 771	**1 207 230**	**156 321 001**

Group - 2017	Loans and receivables	Fair value through profit or loss - held for trading	Non financial assets	Total
Trade and other receivables	47 619 690	-	1 429 529	49 049 219
Cash and cash equivalents	81 279 090	-	-	81 279 090
Unlisted investments	-	1 660 000	-	1 660 000
	128 898 780	**1 660 000**	**1 429 529**	**131 988 309**

Company - 2018	Loans and receivables	Non financial assets	Total
Loans to Group companies	812 171	-	812 171
Trade and other receivables	16 912 992	-	16 912 992
Cash and cash equivalents	459 806	-	459 806
	18 184 969	**-**	**18 184 969**

Company - 2017	Loans and receivables	Non financial assets	Total
Loans to Group companies	1 596 994	-	1 596 994
Trade and other receivables	11 777 265	1 496	11 778 761
Cash and cash equivalents	88 619	-	88 619
Unlisted investment	-	-	1 660 000
	13 462 878	**1 496**	**15 124 374**

The directors consider the carrying amounts above to approximate their fair values.

14. Share capital

Figures in Rand	Group 2018	Group 2017	Company 2018	Company 2017
Authorised				
250 000 000 Ordinary shares of R0.001 each	250 000	250 000	250 000	250 000
Reconciliation of number of shares issued:				
Reported as at 01 July	137 616	137 528	137 616	137 616
Treasury shares disposed of by FoneWorx Proprietary Limited	-	88	-	-
issued shares at R0.001 each				
	137 616	**137 616**	**137 616**	**137 616**
Issued				
137 615 798 shares of R0.001 each	137 616	137 616	137 616	137 616
Share premium (Refer to note 15)	55 972 835	55 972 835	55 972 835	55 972 835
	56 110 451	**56 110 451**	**56 110 451**	**56 110 451**

15. Share Premium

Balance at beginning of period	55 972 835	55 806 392	55 972 835	55 972 835
Add: Premium of Treasury shares sold by FoneWorx Proprietary Limited on 30 June 2017	-	166 443	-	-
	55 972 835	**55 972 835**	**55 972 835**	**55 972 835**

16. 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 consideration paid over the fair value of the assets has been recognised in equity. The equity due to change in ownership amounted to R6 757 481

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

17. Other financial liabilities

Contingent consideration

	Group		Company	
Figures in Rand	**2018**	**2017**	**2018**	**2017**
BMi Research	-	4 332 601	-	4 332 601

During the year under review the Group paid the final top up payment relating to the purchase price of BMi Research to the amount of R4 560 000. This payment was in lieu of BMi Research achieving a three-year Profit after Tax above R10 483 000. The contingent consideration, as shown within the prior year, represented the present value of the obligation at a post tax rate of 6.84% as at 30 June 2017.

BMi Sport Group	872 483	3 204 724	872 483	3 204 724

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 prior financial year and is estimated to be paid by 30 September 2020.

If BMi Sport 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 in all likelihood only and amount of R1 000 000 (2017: R4 000 000) will be payable in terms of the contract.

This amount is shown at a present value of future obligations using a post-tax rate of 6.84%.

	872 483	**7 537 325**	**872 483**	**7 537 325**
Other loan				
W Deary The loan is unsecured, interest free and is repayable in two equal instalments of R1.6 million on 14 July 2017 and 13 July 2018 respectively. The loan was present valued using a pre-tax rate of 9.5%.	1 600 000	3 094 509	1 600 000	3 094 509
	2 472 483	**10 631 834**	**2 472 483**	**10 631 834**
Non-current liabilities				
Fair value through profit or loss	872 483	3 204 723	872 483	3 204 723
Other loan	-	1 494 509	-	1 494 509
	872 483	**4 699 232**	**872 483**	**4 699 232**
Current liabilities				
Fair value through profit or loss	-	4 332 602	-	4 332 602
Other loan	1 600 000	1 600 000	1 600 000	1 600 000
	1 600 000	**5 932 602**	**1 600 000**	**5 932 602**
	2 472 483	**10 631 834**	**2 472 483**	**10 631 834**

18. Interest bearing liabilities

	Group		Company	
Figures in Rand	**2018**	**2017**	**2018**	**2017**
Minimum instalment payments due				
- within one year	394 458	1 551 179	-	-
- in second to fifth year inclusive	-	395 573	-	-
	394 458	1 946 752	-	-
less: future finance charges	(22 123)	(134 105)	-	-
Present value of minimum instalment payments	**372 335**	**1 812 647**	**-**	**-**
Present value of minimum instalment payments due				
- within one year	372 335	1 438 673	-	-
- in second to fifth year inclusive	-	373 974	-	-
	372 335	**1 812 647**	**-**	**-**
Non-current liabilities	-	373 974	-	-
Current liabilities	372 335	1 438 673	-	-
	372 335	**1 812 647**	**-**	**-**
Instalment sale agreements				
Minimum instalment payments due				
- within one year	394 458	1 151 204	-	-
- in second to fifth year inclusive	-	395 573	-	-
	394 458	1 546 777	-	-
less: future finance charges	(22 123)	(128 516)	-	-
	372 335	**1 418 261**	**-**	**-**
Present value of minimum instalment payments due				
- within one year	372 335	1 044 287	-	-
- in second to fifth year inclusive	-	373 974	-	-
	372 335	**1 418 261**	**-**	**-**

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 R89 272 (2017: R117 415) inclusive of interest. The Group's obligations under instalment sale agreements are secured by certain equipment and motor vehicles with a carrying amount of R342 120 (2017: R1 299 783). The current portion relating to the instalment sales agreements amount to R372 335 (2017: R1 044 287) and the non-current portion relating to the instalment sales agreements amounts to R Nil (2017: R373 974).

Mortgage Bond

Minimum instalment payments due				
- within one year	-	399 975	-	-
	-	399 975	-	-
less: future finance charges	-	(5 589)	-	-
	-	**394 386**	**-**	**-**
Present value of minimum instalment payments due				
- within one year	-	394 386	-	-

Included in the interest bearing liabilities is the long-term loan secured by a bond registered over ERF 1636, Ferndale. The bond was repaid during the year under review.

19. Provisions

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**

Reconciliation of provisions - Group - 2017

	Opening balance	Additions	Utilised during the year	Total
Leave pay	1 996 872	1 987 451	(1 378 587)	2 605 736
Performance bonus	-	3 306 509	-	3 306 509
	1 996 872	**5 293 960**	**(1 378 587)**	**5 912 245**

Bonuses for the financial year are paid only upon approval of the financial statements by the Board.

The timing of the leave pay provision is uncertain as leave pay is only payable when an employee leaves the employment of the Group or is utilised when an employee takes leave.

20. Trade and other payables

	Group		Company	
Figures in Rand	**2018**	**2017**	**2018**	**2017**
Trade payables	21 434 913	8 564 455	-	-
Amounts received in advance	6 786 490	7 022 340	-	-
VAT	2 996 293	1 185 839	11 439	-
Accruals	5 708 082	4 990 323	4 841 179	3 621 460
	36 925 778	**21 762 957**	**4 852 618**	**3 621 460**

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

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

21. Financial liabilities by category

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

Group - 2018	Financial liabilities at amortised cost	Non financial instruments	Fair value through profit or loss - held for trading	Total
Other financial liabilities	-	-	2 472 483	2 472 483
Interest bearing liabilities	372 335	-	-	372 335
Trade and other payables	27 142 995	9 782 783	-	36 925 778
Dividend payable	187 082	-	-	187 082
Third party prize money	25 598 377	-	-	25 598 377
	53 300 789	**9 782 783**	**2 472 483**	**65 556 055**

21. Financial liabilities by category (continued)

Group - 2017	Financial liabilities at amortised cost	Non financial instruments	Fair value through profit or loss - held for trading	Total
Other financial liabilities	-	-	10 631 834	10 631 834
Interest bearing liabilities	1 812 647	-	-	1 812 647
Trade and other payables	13 554 778	8 208 179	-	21 762 957
Dividend payable	169 069	-	-	169 069
Third party prize money	11 160 745	-	-	11 160 745
	26 697 239	**8 208 179**	**10 631 834**	**45 537 252**

Company - 2018	Financial liabilities at amortised cost	Non financial instruments	Total
Loans from Group companies	29 977 340	-	29 977 340
Other financial liabilities	2 472 483	-	2 472 483
Trade and other payables	4 841 179	11 439	4 852 618
Dividend payable	187 082	-	187 082
	37 478 084	**11 439**	**37 489 523**

Company - 2017	Financial liabilities at amortised cost	Total
Loans from Group companies	21 221 131	21 221 131
Other financial liabilities	10 631 834	10 631 834
Trade and other payables	3 621 460	3 621 460
Dividend payable	169 069	169 069
	35 643 494	**35 643 494**

22. Revenue

	Group		Company	
Figures in Rand	**2018**	**2017**	**2018**	**2017**
Gross Revenue	351 077 557	279 699 557	118 637 547	82 528 818
Less: Agency Revenue	(193 193 159)	(129 193 104)	(107 452 951)	(74 004 016)
Revenue	**157 884 398**	**150 506 453**	**11 184 596**	**8 524 802**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)

23. Operating profit/(loss)

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

	Group		Company	
Figures in Rand	**2018**	**2017**	**2018**	**2017**
Operating lease charges				
Premises	659 857	493 147	-	-
Equipment	34 260	115 678	-	-
	694 117	**608 825**	**-**	**-**
Depreciation and amortisation	(7 650 338)	6 982 720	-	-
Employee costs	52 146 945	52 312 480	415 850	216 000
Insurance	911 074	708 989	-	-
Profit on disposal of property, plant and equipment	37 910	11 106	-	-
Annual fees relating to listing on JSE	521 834	1 012 612	521 834	1 012 612
Legal Fees	410 896	143 838	174 924	-
Telecommunication charges	2 997 348	3 613 933	-	-

24. Director's emoluments

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

2017	Emoluments	Travel allowance	Total
G Groenewaldt	1 785 390	-	1 785 390
MA Smith	2 613 070	-	2 613 070
PA Scholtz	1 831 484	73 000	1 904 484
A G Mancha*	108 000	-	108 000
R Pitt*	108 000	-	108 000
SA Kleynhans	805 000	-	805 000
G Mooney**	-	-	-
P Jenkins**	-	-	-
M du Plessis**	-	-	-
P Greyling**	-	-	-
	7 250 944	**73 000**	**7 323 944**

* 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 prescibed officers in the Group.

25. Investment income

	Group		Company	
Figures in Rand	**2018**	**2017**	**2018**	**2017**
Dividend revenue				
Subsidiaries - Local	-	-	17 201 975	11 009 264
Associates - Local	-	-	-	476 841
	-	-	17 201 975	11 486 105
Interest received	6 466 943	5 617 407	197 632	198 699
Bank and other cash	6 466 943	5 617 407	17 399 607	11 684 804

26. Finance costs

Installment sale agreements	115 826	240 455	-	-
Bank	3 866	6 958	-	-
Mortgage bond	3 014	103 839	-	-
SARS	66 888	96 726	-	-
Imputed interest reversal on financial liabilities	793 771	-	793 771	-
	983 365	**447 978**	**793 771**	**-**

27. Taxation

Major components of the tax expense (income)				
Current				
Local income tax - current period	8 336 591	8 841 686	35 999	-
Local income tax - recognised in current tax for prior periods	-	191 157	-	(27 224)
	8 336 591	**9 032 843**	**35 999**	**(27 224)**
Deferred				
Originating and reversing temporary differences	(511 745)	(918 405)	-	-
	7 824 846	**8 114 438**	**35 999**	**(27 224)**
Reconciliation of the tax expense (income)				
Reconciliation between accounting profit and tax expense (income).				
Accounting profit	28 421 832	27 639 367	18 416 541	6 449 218
Tax at the applicable tax rate of 28% (2017: 28%)	7 958 113	7 739 023	4 920 596	1 805 781
Tax effect of adjustments on taxable income				
Impairment of intercompany loans	-	-	-	1 012 355
Under / (Over) provision prior year	-	94 593	-	(27 244)
Permanent differences	341 314	537 615	(5 054 866)	(2 818 136)
Income from associates	(474 581)	(388 050)	-	-
Tax losses available for set off against future taxable income	-	131 257	-	-
Taxable loss utilised	-	-	170 269	-
	7 824 846	**8 114 438**	**35 999**	**(27 244)**

Gross estimated tax losses of certain subsidiaries at 30 June 2018, available for offset against future taxable income amounted to R578 000 (2017: R825 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 R161 840 (2017: R231 000).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)

28. Cash generated from (used in) operations

	Group		Company	
Figures in Rand	**2018**	**2017**	**2018**	**2017**
Profit before taxation Adjustments for:				
Depreciation and amortisation	28 421 832	27 639 367	18 416 541	6 449 218
	7 650 338	6 982 720	-	-
Net profit on disposal of property, plant and equipment	(37 910)	(11 107)	-	-
Income from equity accounted investments	(474 580)	(388 050)	-	-
Dividend revenue	-	-	(17 201 975)	(11 486 105)
Interest received	(6 466 943)	(5 617 407)	(197 632)	(198 699)
Finance costs	983 365	447 978	793 771	-
Changes in provisions	(4 032 695)	-	-	-
Contingent consideration reversed to income	-	309 972	-	-
Impairment of loans to group companies	-	-	-	3 615 554
Changes in working capital:				
Inventories	25 730	274 132	-	-
Trade and other receivables	(2 880 929)	(8 548 908)	(5 134 232)	(1 056 035)
Trade and other payables	15 146 019	(2 631 571)	1 231 158	1 872 115
Third party prize money	14 437 632	11 160 745	-	-
	52 771 859	**29 617 871**	**(2 092 369)**	**(803 952)**

29. Tax paid

Balance at beginning of the year	(1 265 336)	(154 178)	76 852	(48 958)
Current tax for the year recognised in profit or loss	(8 336 591)	(9 032 843)	(35 999)	27 223
Balance at end of the year	1 947 300	1 265 336	(40 853)	(76 852)
	(7 654 627)	**(7 921 685)**	**-**	**(98 587)**

30. Changes in liabilities arising from financing activities

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 - Group - 2017

	Opening balance	Acquisition of subsidiary	Cash flows	Closing balance
Other financial liabilities	7 022 630	3 204 724	404 480	10 631 834
Interest bearing liabilities	4 467 713	-	(2 655 066)	1 812 647
Total liabilities from financing activities	**11 490 343**	**3 204 724**	**(2 250 586)**	**12 444 481**

30. Changes in liabilities arising from financing activities (continued)

Reconciliation of liabilities arising from financing activities - Company - 2018

	Opening balance	Cash flows	Closing balance
Other financial liabilities	**10 631 834**	**(8 159 351)**	**2 472 483**

Reconciliation of liabilities arising from financing activities - Company - 2017

	Opening balance	Acquisition of subsidiary	Cash flows	Closing balance
Other financial liabilities	**7 022 630**	**3 204 724**	**404 480**	**10 631 834**

31. Dividends paid

	Group		Company	
Figures in Rand	**2018**	**2017**	**2018**	**2017**
Balance at beginning of the year	(169 069)	(149 696)	(169 069)	(149 696)
Dividends	(17 393 975)	(11 201 764)	(17 201 975)	(11 009 264)
Balance at end of the year	187 082	169 069	187 082	169 069
	(17 375 962)	**(11 182 391)**	**(17 183 962)**	**(10 989 891)**

32. Contingencies

Four Rivers Trading 123 Proprietary Limited, a wholly owned subsidiary of the Group, owns and operates the premises that are used by the Group as its Head Office. In June 2016, Four Rivers Trading 123 Proprietary Limited was billed for additional electricity consumption dating back 20 months.

In the period under review management was able to successfully resolve this matter and there is no longer a contingent liability and management was able to reverse the accrual that it created within the previous financial statements.

33. Related parties

Related parties are those that control or have significant influence over the Group and Company, including major investors and key management personnel and parties that are significantly controlled or influenced by the Group or Company, including subsidiaries.

Related-party relationships where control exists are:

Related party	**Nature of relationship**
Companies	
FoneWorx Proprietary Limited	Subsidiary
Four Rivers Trading 123 Proprietary Limited	Subsidiary
Interconnective Solutions Management Services Proprietary Limited	Subsidiary
Retail Card Club Proprietary Limited	Subsidiary
SurveyOnLine Proprietary Limited	Subsidiary
Cognition 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
LivingFacts Proprietary Limited	Associate
Caxton and CTP Publishers and Printers Limited	Significant shareholder

33. 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	

Directors' emoluments are set out in note 24.

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.

Dividends

Dividends were received from FoneWorx Proprietary Limited amounting to R17 201 975 (2017: R11 009 264).

Revenue and debtors

Transactional purchases paid to FoneWorx Proprietary Limited amounting to R118 637 547 (2017: R82 528 819).

34. Earnings per share

	2018	2017
Earnings per share 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
Headline earnings per share 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
Headline earnings	20 482 335	18 604 293
Diluted earnings per share 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
Reconciliation between earnings and diluted earnings per share: Weighted average number of shares used in the calculation of earnings per share	137 615 798	137 615 798

35. Dividends per share

	2018	2017
Dividends per share The calculation of dividends per share is based on dividends of R 17 201 975 attributable to equityholders of the parent (2017: R11 009 264) and a weighted average of 137 615 798 (2017: 137 615 798) ordinary shares in issue during the year	12.50 cents	8.00 cents

36. Risk management

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 17 & 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, 14 and 15, respectively.

Currently the Group's cash and cash equivalents of R104.4 million (2017: R81.3 million) exceeds its interest bearing debt of R372 335 (2017: R1.8 million) as set out in note 12 and 18 by 280.37 times (2017: 45.17 times).

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 R104.4 million (2017: R81.3 million) and financial liabilities are R372 335 (2017: R1.8 million).

Interest rate sensitivity analysis

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

If interest rates 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 R922 833 (2017: R997 125).

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 R922 833 (2017: R997 125).

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

Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties. More than 90% of the Group's revenue is generated through transactions with the three local cellular phone service providers and on large fixed line local telecoms provider. The directors believe that these companies are all able to finance their debt adequately.

The total loans to Group companies amounts to R812 171 (2017: R1 596 994). These amounts are intercompany and the directors believe these will be recoverable.

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

Financial instrument	Group - 2018	Group - 2017	Company - 2018	Company - 2017
Loans to Group companies	-	-	812 171	1 596 994
Trade and other receivables	50 722 918	47 619 690	16 912 992	11 777 265
Cash and cash equivalents	104 390 853	81 279 090	459 806	88 619

36. Risk management (continued)

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.

Group

At 30 June 2018	Carrying amount	Contractual payments	Less than 1 year	Between 2 and 5 years	Over 5 years
Interest bearing liabilities	372 335	394 458	372 335	-	-
Dividend payable	187 082	187 082	187 082	-	-
Trade and other payables	27 142 995	27 142 995	27 142 995	-	-
Third party prize money	25 598 377	25 598 377	25 598 377	-	-
Other financial liabilities	2 472 483	2 472 483	1 600 000	872 483	-
At 30 June 2017	**Carrying amount**	**Contractual payments**	**Less than 1 year**	**Between 2 and 5 years**	**Over 5 years**
Interest bearing liabilities	1 812 647	1 946 752	1 438 673	373 974	-
Dividend payable	169 069	169 069	169 069	-	-
Trade and other payables	13 554 778	13 554 778	13 554 778	-	-
Third party prize money	11 160 745	11 160 745	11 160 745	-	-
Other financial liabilities	10 631 834	10 631 834	5 932 602	4 699 232	-

Company

At 30 June 2018	Carrying amount	Contractual payments	Less than 1 year	Between 2 and 5 years	Over 5 years
Loans from group companies	29 977 340	29 977 340	29 977 340	-	-
Dividend payable	187 082	187 082	187 082	-	-
Trade and other payables	4 841 180	4 841 180	4 841 180	-	-
Other financial liabilities	2 472 483	2 472 483	1 600 000	872 483	-
At 30 June 2017	**Carrying amount**	**Contractual payments**	**Less than 1 year**	**Between 2 and 5 years**	**Over 5 years**
Loans from group companies	21 221 131	21 221 131	21 221 131	-	-
Dividend payable	169 069	169 069	169 069	-	-
Trade and other payables	3 621 460	3 621 460	3 621 460	-	-
Other financial liabilities	10 631 834	10 631 834	5 932 602	4 699 232	-

37. Segment reporting

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

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

37. Segment reporting (continued)

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	2018	2017
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	(84 258 953)	(55 489 089)
Knowledge Creation and Management	(108 934 206)	(73 704 015)
	(193 193 159)	**(129 193 104)**
Revenue		
Active Data Exchange Services	53 608 225	67 225 591
Knowledge Creation and Management	104 276 173	83 280 862
	157 884 398	**150 506 453**
Cost of sale		
Active Data Exchange Services	(18 092 551)	(23 379 908)
Knowledge Creation and Management	(44 151 521)	(27 331 971)
	(62 244 072)	**(50 711 879)**
Gross Profit		
Active Data Exchange Services	35 515 674	43 845 683
Knowledge Creation and Management	60 124 652	55 948 891
	95 640 326	**99 794 574**

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 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.

38. Securities and guarantees

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

- Virtual Payment Solutions Proprietary Limited - R50 000 (2017: R50 000).

39. Agency revenue

The Group offers services that are classified as agency revenue in terms of IAS18 and as such the Group discloses these services separately in the Statement of Profit or Loss and other Comprehensive income for enhanced disclosure purposes.

40. Events after reporting period

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

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 20th Annual General Meeting ("Annual General Meeting") of shareholders of Cognition 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 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, 16 November 2018. Accordingly, the last day to trade Cognition shares in order to be recorded in the Register to be entitled to vote will be Tuesday, 13 November 2018.

1. To receive, consider and adopt the Annual Financial Statements of the Company and the Group for the financial year ended 30 June 2018, including the reports of the auditors, directors and the Audit and Risk Committee.

   Note: A copy of the Annual Financial Statements appears on pages 42 to 79 of the Annual Report to which this notice is attached.

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

   An abbreviated curriculum vitae in respect of each director offering himself for re-election appears on pages 3 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 re-appoint Ashvin Mancha as a member of the Company's Audit and Risk Committee.

   An abbreviated curriculum vitae in respect of each member of the Audit and Risk Committee appears on pages 3 to 5 of the Annual Report to which this notice is attached.

8. To confirm the re-appointment of Grant Thornton Johannesburg Partnership 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.

   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 60% (sixty 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:

Notice of Annual General Meeting

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 30 to 31 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 pages 30 to 31 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 29 to 31 respectively of the Annual Report to which this notice is attached.

10. ORDINARY RESOLUTION NUMBER 2

Control of authorised but unissued ordinary shares

"Resolved that the authorised but unissued ordinary shares in the capital of Cognition Holdings Limited ("the Company") be and are hereby placed under the control and authority of the directors of the Company ("directors") and that the directors be and are hereby authorised and empowered to allot and issue all or any of such ordinary shares, or to issue any options in respect of all or any of such ordinary shares, to such person/s on such terms and conditions and at such times as the directors may from time to time and in their discretion deem fit, subject to the provisions of sections 38 and 41 of the Companies Act, 2008 (Act 71 of 2008), as amended, the Memorandum of Incorporation of the Company and the JSE Listings Requirements, as amended from time to time."

Ordinary resolutions to be adopted at this Annual General Meeting require approval from a simple majority, which is more than 60% (sixty percent) of the votes exercised on such resolutions by shareholders present or represented by proxy at the meeting.

11. ORDINARY RESOLUTION NUMBER 3

Approval to issue ordinary shares, and to sell treasury shares, for cash

"Resolved that the directors of Cognition Holdings Limited ("the Company") and/or any of its subsidiaries from time to time be and are hereby authorised, by way of a general authority, to –

- allot and issue, or to issue any options in respect of, all or any of the authorised but unissued ordinary shares in the capital of the Company; and/or
- sell or otherwise dispose of or transfer, or issue any options in respect of, ordinary shares in the capital of the Company purchased by subsidiaries of the Company,

for cash, to such person/s on such terms and conditions and at such times as the directors may from time to time in their discretion deem fit, subject to the Companies Act, 2008 (Act 71 of 2008), the Memorandum of Incorporation of the Company and its subsidiaries and the JSE Listings Requirements from time to time.

Ordinary resolution 3 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 15% (fifteen percent) of the number of listed securities, excluding treasury shares, as at the date of this notice, being 20 629 149 securities. Any securities issued under this authorisation will be deducted from the aforementioned 20 629 149 listed securities. In the event of a sub-division or a consolidation the authority will be adjusted to represent the same allocation ratio;
- in determining the price at which securities may be issued in terms of this authority, the maximum discount permitted will be 10% (ten percent) of the weighted average traded price of such securities measured over the 30 (thirty) business days prior to the date that the price of the issue is agreed in writing between the issuer and the party/ies subscribing for the securities;
- an announcement giving full details, including the number of securities issued, the average discount to the weighted average traded price of the securities over 30 (thirty) business days prior to the date that the issue is agreed in writing being the issue and the parties subscribing for the securities and in respect of options and convertible securities, the effects of the issue on the statement of financial position, net asset value per share, net tangible asset value per share, the statement of profit and loss and other comprehensive income, earnings per share and headline earnings per share and, if applicable, diluted earnings and headline earnings per share, or in respect of an issue of shares, an explanation, including supporting documents (if any), of the intended use of the funds will be published when the Company has issued securities representing, on a cumulative basis within the earlier of the Company's next Annual General Meeting or the expiry of a period of 15 (fifteen) months from the date that this authority is given, 5% (five percent) or more of the number of securities in issue prior to the issue; and
- whenever the Company wishes to use repurchased shares, held as treasury stock by a subsidiary of the Company, such use must comply with the JSE Listings Requirements as if such use was a fresh issue of ordinary shares."
- Under the JSE Listings Requirements, ordinary resolution number 3 must be passed by a 75% (seventy five percent) majority of the votes cast in favour of the resolution by all members present or represented by proxy at the Annual General Meeting.

12. SPECIAL RESOLUTION NUMBER 1

- **General approval to acquire shares**
- "**Resolved**, by way of a general approval that Cognition Holdings Limited ("the Company") and/or any of its subsidiaries from time to time be and are hereby authorised to acquire ordinary shares in the Company in terms of sections 46 and 48 of the Companies Act, 2008 (Act 71 of 2008), as amended, the Memorandum of Incorporation of the Company and its subsidiaries and the 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.

12.1 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 36; and
- share capital of the Company – page 67.

12.2 Material change

There have been no material changes in the affairs or financial position of the Company and its subsidiaries since the Company's financial year end and the date of this notice.

12.3 Directors' responsibility statement

The directors, whose names are given on 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.

12.4 Adequacy of working capital

At the time that the contemplated repurchase is to take place, the directors of the Company will ensure that, after considering the effect of the maximum repurchase and for a period of twelve months thereafter:

- the Company and its subsidiaries will be able to pay their debts as they become due in the ordinary course of business;
- the consolidated assets of the Company and its subsidiaries, fairly valued in accordance with International Financial Reporting Standards, will be in excess of the consolidated liabilities of the Company and its subsidiaries;
- the issued share capital and reserves of the Company and its subsidiaries will be adequate for the purpose of the ordinary business of the Company and its subsidiaries; and
- the working capital available to the Company and its subsidiaries will be sufficient for the Group's requirements.

13. SPECIAL RESOLUTION NUMBER 2

Financial assistance for subscription of securities

"**Resolved that**, as a special resolution, in terms of section 44 of the Companies Act, 2008 (Act 71 of 2008) ("Companies Act"), the shareholders of Cognition Holdings Limited ("the Company") hereby approve of the Company providing, at any time and from time to time during the period of two years commencing on the date of this special resolution number 2, financial assistance by way of a loan, guarantee, the provision of security or otherwise, as contemplated in section 44 of the Companies Act, to any person for the purpose of, or in connection with, the subscription for any option, or any securities, issued or to be issued by the Company or a related or inter-related Company, or for the purchase of any securities of the Company or a related or inter-related Company, provided that –

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

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

Explanatory note

The purpose of this special resolution number 2 is to grant the Board the authority to authorise the Company to provide financial assistance to any person for the purpose of, or in connection with, the subscription for any option or securities issued or to be issued by the Company or a related or inter-related Company.

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

14. SPECIAL RESOLUTION NUMBER 3

Loans or other financial assistance to directors

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

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

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

Explanatory note

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

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 of Annual General 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.

15. SPECIAL RESOLUTION NUMBER 4

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

Type of fee	Proposed retainer fee per month in ZAR for the year ending 2019	Proposed meeting fee in ZAR for the year ending 2019	Expected total fee in ZAR for the year ending 2019
Board Chairman Ashvin Mancha	R5 500.00	R14 500.00	R124 000.00
Audit and Risk Committee Chairman Roger Pitt	R5 500.00	R14 500.00	R124 000.00

Explanatory note

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

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

Notice of Annual General Meeting

16. ORDINARY RESOLUTION NUMBER 4

Signature of documents

"**Resolved that** each director of Cognition Holdings Limited ("the Company") be and is hereby individually authorised to sign all such documents and do all such things as may be necessary for or incidental to the implementation of those resolutions to be proposed at the Annual General Meeting convened to consider the resolutions which are passed, in the case of ordinary resolutions, or are passed and registered by the Companies and Intellectual Property Commission, in the case of special resolutions."

Ordinary resolutions to be adopted at this Annual General Meeting require approval from a simple majority, which is more than 60% (sixty percent) of the votes exercised on such resolutions by shareholders present or represented by proxy at the meeting.

17. Other business

To transact such other business as may be transacted at the Annual General Meeting of the Company.

Voting and proxies

Special resolutions to be adopted at this Annual General Meeting require approval from at least 75% (seventy five percent) of the votes exercised on such resolutions by shareholders present or represented by proxy at the meeting. Ordinary resolutions to be adopted at this Annual General Meeting require approval from a simple majority, which is more than 60% (sixty percent) of the votes exercised on such resolutions by shareholders present or represented by proxy at the meeting.

A shareholder entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy or proxies to attend and act in his/her stead. A proxy need not be a member of the Company. For the convenience of registered members of the Company, a form of proxy is attached hereto.

The attached form of proxy is only to be completed by those ordinary shareholders who:

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

Ordinary shareholders who have dematerialised their ordinary shares through a CSDP or broker without "own name" registration and who wish to attend the Annual General Meeting, must instruct their CSDP or broker to provide them with the relevant Letter of Representation to attend the meeting in person or by proxy and vote. If they do not wish to attend in person or by proxy, they must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker.

Proxy forms should be forwarded to reach the transfer secretaries, Computershare Investor Services Proprietary Limited, at least 48 hours excluding Saturdays, Sundays and public holidays, before the time of the meeting.

Kindly note that meeting participants, which includes proxies, are required to provide reasonably satisfactory identification before being entitled to attend or participate in a shareholders' meeting. Forms of identification include valid identity documents, driver's licenses and passports.

By order of the Board

Stefan Anton Kleynhans
Company Secretary

27 September 2018
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 20th Annual General Meeting of shareholders of the Company to be held at the offices of the Company, Cognition House, Corner Bram Fischer Drive and Will Scarlet Road, Ferndale, Randburg, at 10:00 on Thursday, 22 November 2018 and any adjournment thereof.

Dematerialised ordinary shareholders holding ordinary shares other than with "own-name" registration who wish to attend the Annual General Meeting must inform their Central Securities Depository Participant ("CSDP") or broker of their intention to attend the Annual General Meeting and request their CSDP or broker to issue them with the relevant Letter of Representation to attend the Annual General Meeting in person or by proxy and vote. If they do not wish to attend the Annual General Meeting in person or by proxy, they must provide their CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker.

These ordinary shareholders must not use this form of proxy.

Name of beneficial shareholder ______________________________

Name of registered shareholder ______________________________

Address ______________________________

Telephone work (   ) ______________ Telephone home (   ) ______________ Cell: ______________

being the holder/custodian of ______________ ordinary shares in the Company, hereby appoint (see note):

1. ______________________________ or failing him / her,

2. ______________________________ or failing him / her,

3. the Chairperson of the meeting,

as my/our proxy to attend and act for me/us on my/our behalf at the Annual General Meeting of the Company convened for purpose of considering and, if deemed fit, passing, with or without modification, the special and ordinary resolutions to be proposed thereat ("resolutions") and at each postponement or adjournment thereof and to vote for and/or against such resolutions, and/or abstain from voting, in respect of the ordinary shares in the issued share capital of the Company registered in my/our name/s in accordance with the following instructions:

Form of Proxy

		Number of ordinary shares		
		For	Against	Abstain
1.	To receive, consider and adopt the Annual Financial Statements of the Company and Group for the financial year ended 30 June 2018			
2.	To re-elect Roger Pitt to the Board of Cognition Holdings Limited			
3.	To re-elect Ashvin Mancha to the Board of Cognition Holdings Limited			
4.	To re-elect Paul Jenkins to the Board of Cognition Holdings Limited			
5.	To re-appoint Roger Pitt as a member and chairman of the Company's Audit and Risk Committee.			
6.	To re-appoint Gaurang Mooney as a member of the Company's Audit and Risk Committee.			
7.	To re-appoint Ashvin Mancha as a member of the Company's Audit and Risk Committee.			
8.	To confirm the re-appointment of Grant Thornton Johannesburg Partnership 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			
10.	**Ordinary resolution number 1.1** Endorsement of the Company's remuneration policy			
11.	**Ordinary resolution number 1.2** Endorsement of the Company's implementation report			
12.	**Ordinary resolution number 2** Control of authorised but unissued ordinary shares			
13.	**Ordinary resolution number 3** Approval to issue ordinary shares, and to sell treasury shares, for cash			
14.	**Special resolution number 1** General approval to acquire shares			
15.	**Special resolution number 2** Financial assistance for subscription of securities			
16.	**Special resolution number 3** Loans or other financial assistance to directors			
17.	**Special resolution number 4** Approval of non-executive Director's remuneration			
18.	**Ordinary resolution number 4** Signature of documents			

Please indicate instructions to proxy in the space provided above by the insertion therein of the relevant number of votes exercisable.

A member entitled to attend and vote at the Annual General Meeting may appoint one or more proxies to attend and act in his stead. A proxy so appointed need not be a member of the Company.

Signed at on 2018

Signature

Assisted by (if applicable)

Notes to Proxy

1. Summary of Rights contained in section 58 of the Companies Act, 2008 (Act 71 of 2008), as amended ("Companies Act")

   In terms of section 58 of the Companies Act:-

   - a shareholder may, at any time and in accordance with the provisions of section 58 of the Companies Act, appoint any individual (including an individual who is not a shareholder) as a proxy to participate in, and speak and vote at, a shareholders' meeting on behalf of such shareholder;
   - a proxy may delegate his or her authority to act on behalf of a shareholder to another person, subject to any restriction set out in the instrument appointing such proxy;
   - irrespective of the form of instrument used to appoint a proxy, the appointment of a proxy is suspended at any time and to the extent that the relevant shareholder chooses to act directly and in person in the exercise of any of such shareholder's rights as a shareholder;
   - irrespective of the form of instrument used to appoint a proxy, any appointment by a shareholder of a proxy is revocable, unless the form of instrument used to appoint such proxy states otherwise;
   - if an appointment of a proxy is revocable, a shareholder may revoke the proxy appointment by: (i) cancelling it in writing, or making a later inconsistent appointment of a proxy and (ii) delivering a copy of the revocation instrument to the proxy and to the company; and
   - a proxy appointed by a shareholder is entitled to exercise, or abstain from exercising, any voting right of such shareholder without direction, except to the extent that the relevant company's memorandum of incorporation, or the instrument appointing the proxy, provides otherwise (see note 7).

2. The form of proxy must only be completed by shareholders who hold shares in certificated form or who are recorded on the sub-register in electronic form in "own name".

3. Shareholders who have dematerialised their shares through a CSDP or broker without "own name" registration and wish to attend the Annual General Meeting must instruct their CSDP or broker to provide them with the relevant Letter of Representation to attend the Annual General Meeting in person or by proxy. If they do not wish to attend in person or by proxy, they must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker. Should the CSDP or broker not have provided the Company with the details of the beneficial shareholding at the specific request by the Company, such shares may be disallowed to vote at the Annual General Meeting.

4. A shareholder entitled to attend and vote at the Annual General Meeting may insert the name of a proxy or the names of two alternate proxies (none of whom need be a shareholder of the company) of the shareholder's choice in the space provided, with or without deleting "the Chairperson of the meeting". The person whose name stands first on this form of proxy and who is present at the Annual General Meeting will be entitled to act as proxy to the exclusion of those proxy(ies) whose names follow. Should this space be left blank, the proxy will be exercised by the Chairperson of the meeting.

5. A shareholder is entitled to one vote on a show of hands and, on a poll, one vote in respect of each ordinary share held. A shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that shareholder in the appropriate space provided. If an "X" has been inserted in one of the blocks to a particular resolution, it will indicate the voting of all the shares held by the shareholder concerned. Failure to comply with this will be deemed to authorise the proxy to vote or to abstain from voting at the Annual General Meeting as he/she deems fit in respect of all the shareholder's votes exercisable thereat. A shareholder or the proxy is not obliged to use all the votes exercisable by the shareholders or by the proxy, but the total of the votes cast and in respect of which abstention is recorded may not exceed the total of the votes exercisable by the shareholder or the proxy.

6. A vote given in terms of an instrument of proxy shall be valid in relation to the Annual General Meeting notwithstanding the death, insanity or other legal disability of the person granting it, or the revocation of the proxy, or the transfer of the ordinary shares in respect of which the proxy is given, unless notice as to any of the aforementioned matters shall have been received by the transfer secretaries not less than 48 (forty-eight) hours before the commencement of the Annual General Meeting.

7. If a shareholder does not indicate on this form that his/her proxy is to vote in favour of or against any resolution or to abstain from voting, or gives contradictory instructions, or should any further resolution(s) or any amendment(s) which may properly be put before the Annual General Meeting be proposed, such proxy shall be entitled to vote as he/she thinks fit.

8. The Chairperson of the Annual General Meeting may reject or accept any form of proxy which is completed and/or received other than in compliance with these notes.

9. A shareholder's authorisation to the proxy including the Chairperson of the Annual General Meeting, to vote on such shareholder's behalf, shall be deemed to include the authority to vote on procedural matters at the Annual General Meeting.

Notes to Proxy

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

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

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

13. Where there are joint holders of ordinary shares:

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

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

Hand deliveries to:
Computershare Investor Services
Proprietary Limited
Ground Floor, 70 Marshall Street,
Johannesburg, 2001

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

to be received by no later than 10:00 on Tuesday, 20 November 2018 (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 Tuesday, 20 November 2018 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. 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 2018
Annual report and financial statements	27 September 2018
Annual general meeting	22 November 2018
Half-year report	March 2019

DIRECTORS AND ADMINISTRATION

Company registration number
1997/010640/06

JSE share code
CGN

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

Directors

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

Non-executive
Ashvin Govan Mancha* 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

Grant Thornton Johannesburg Partnership

Attorneys

Martini-Patlansky Attorneys

Richards Attorneys

Schindlers Incorporated

Bankers

First National Bank Limited

Investec Bank Limited

Company Secretary

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

PO Box 3386,
Pinegowrie,
2123

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