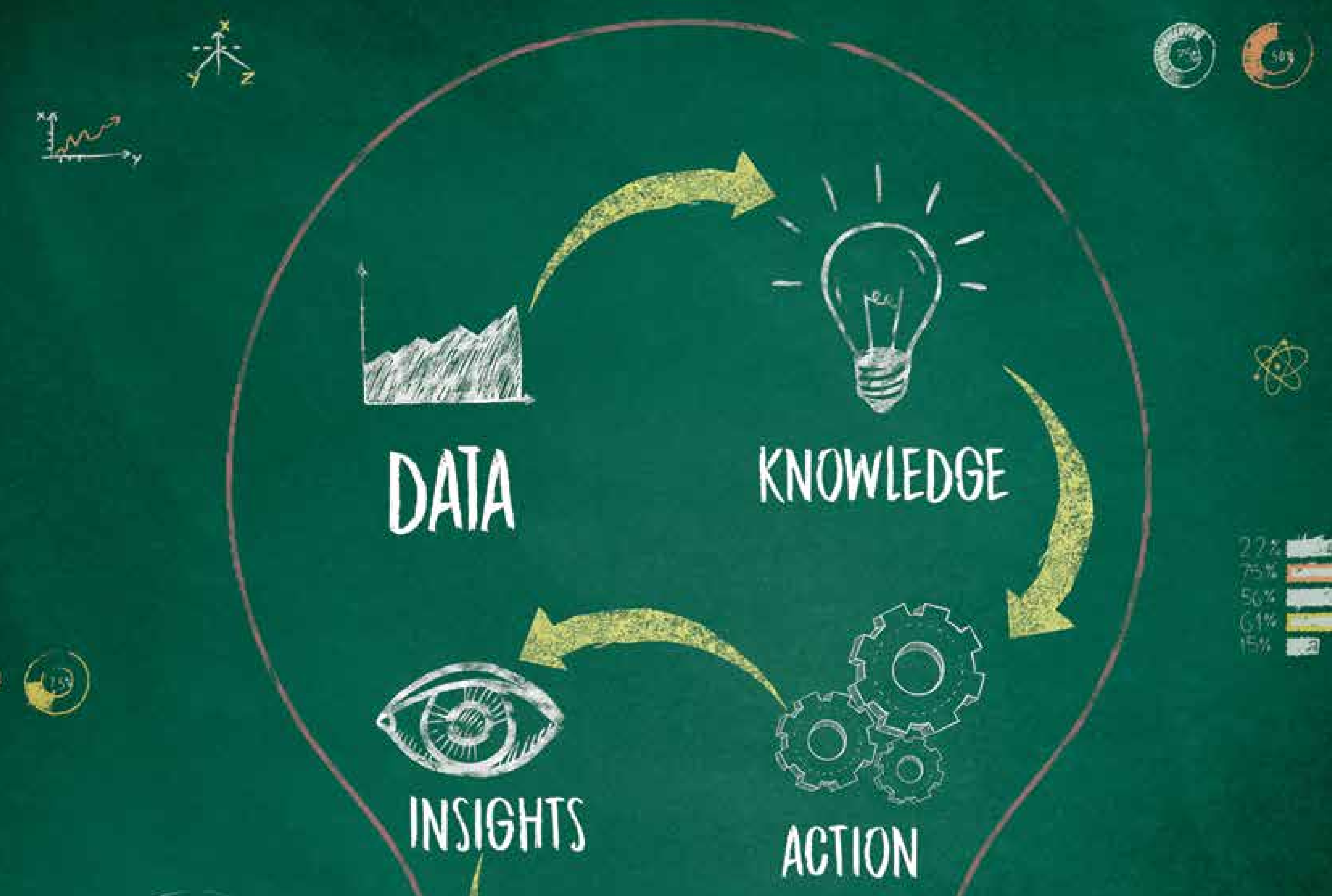
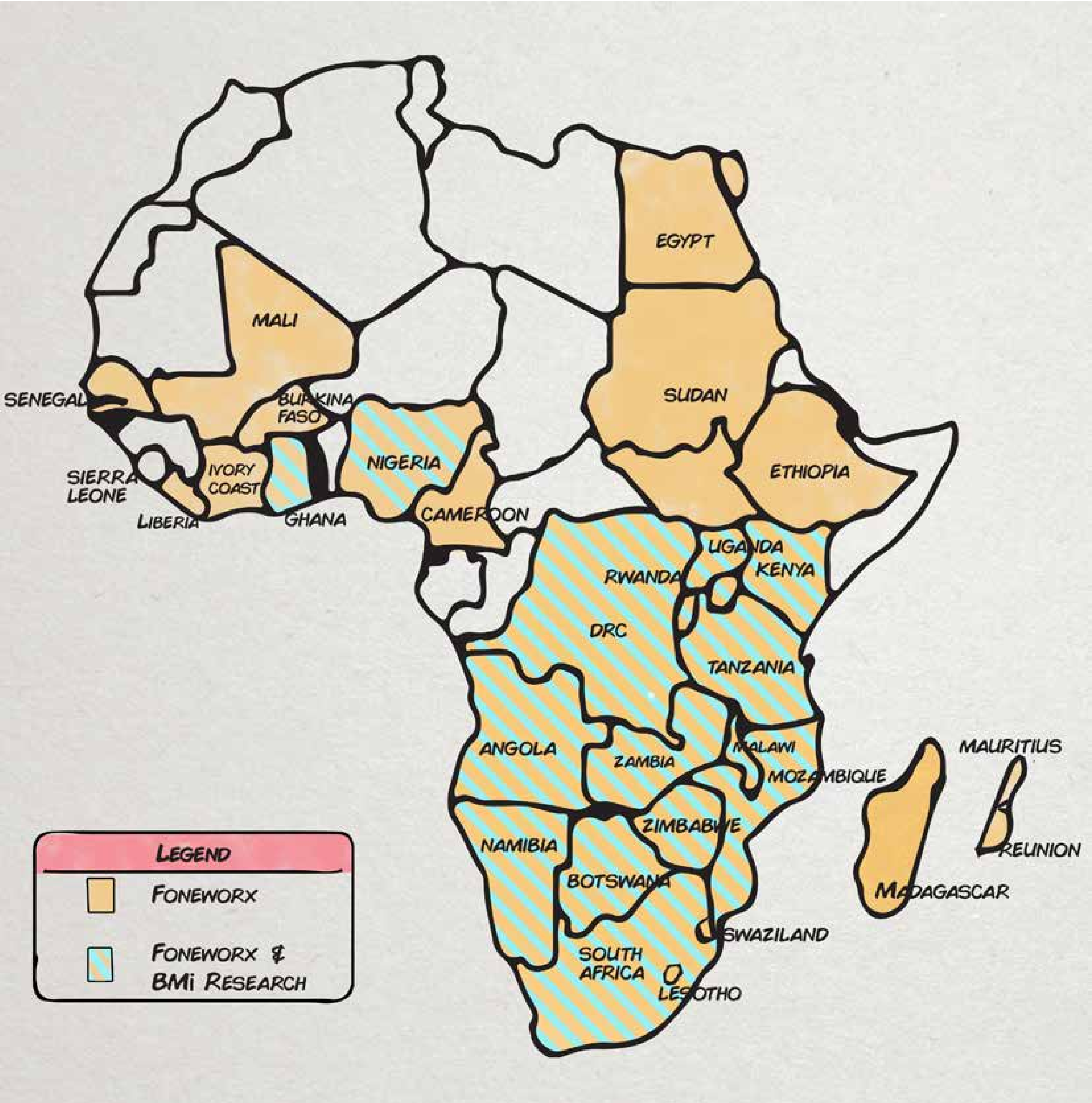


COGNITION
HOLDINGS LTD

ANNUAL REPORT 2017

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 South Africa, co-ordinated via head offices in Johannesburg and satellite offices in Cape Town and KwaZulu-Natal.

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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 2017.

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.

This Integrated Report is available in hard copy on request from the registered office of the Company and is also posted on the Group website at www.cgn.co.za. For further information, please contact the Company Secretary.

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

Via its multi-disciplinary capacity of collecting data and rewarding defined users for interacting with its clients' brands, Cognition offers a variety of Business Intelligence ("BI") tools and measurable insights.

Scope and boundary

The Annual Report covers the reporting period from 1 July 2016 to 30 June 2017.

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 Governance ("King III")	Throughout the report as well as King III 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 50 to 88

Directors' Responsibility

The Board acknowledges its responsibility to ensure the integrity of the Annual Report. The Board has applied its mind to the Annual Report and confirms that the Annual Report addresses all material issues and fairly represents the integrated performance of the Group.

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

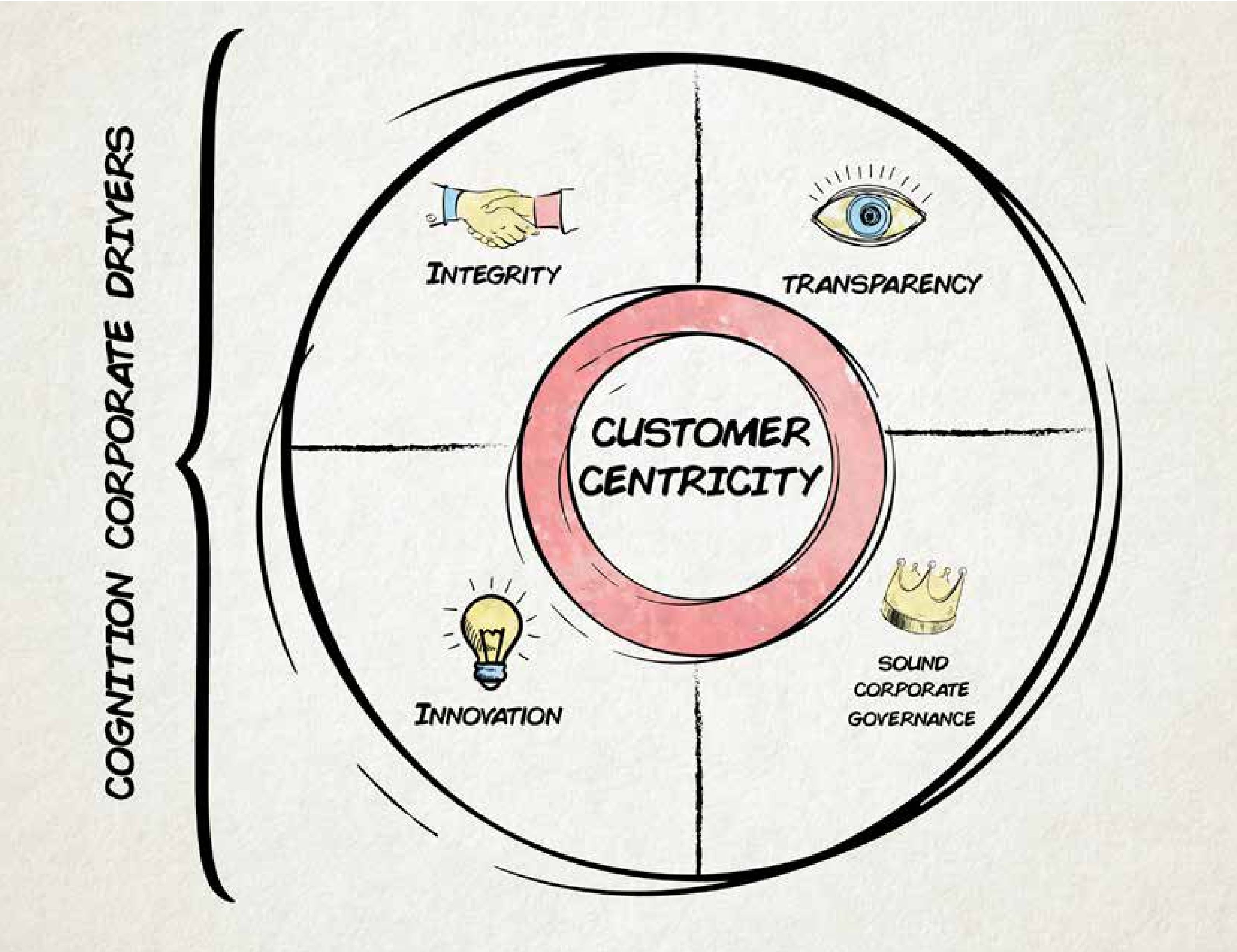
OUR MISSION

A piecemeal strategy of bolting digital channels onto an organisation is no longer sustainable.

We are re-building our organisation to be part of a dynamic ecosystem of value that connects digital resources inside and outside the Company to create value for our clients and their customers.

A NEW CONCEPT OF CUSTOMER-CENTRICITY

The new reality and value system is about integrating multiple data sources and continuously refining the input data down to a single customer profile to ultimately obtain a better understanding of each customer for future interaction on terms and conditions more conducive to a new social contract with the customer and in line with privacy legislation.



Customers are willing to build long-term relationships with brands, however brands need to recognise the new reality of rewarding the value of this relationship.

Cognition's new reality is that its digital tools are not for mass marketing, but opportunities for omni-channel consumer experiences. This requires many of its clients to have a paradigm shift towards the need to create a new social contract with their own customers, particularly with changing regulations brought about with the Protection of Personal Information Act ("POPIA") and the General Data Protection Regulation ("GDPR").

Customer-centricity in the context of POPIA and the GDPR takes on a new meaning and the strategy of Cognition is not only to embed this thinking internally, but to make this a new reality for its clients.

DIRECTORS' PROFILES

EXECUTIVE DIRECTORS

Mark A Smith – CEO
BA LLB (Admitted Attorney)
Age: 59

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 as 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: 41

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: 59

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.

NON-EXECUTIVE DIRECTORS

Ashvin G Mancha (Chairman)
(Independent Non-Executive Director)
B.Proc
Age: 60

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
(Non-Executive Director)
BA (Economics & Finance)
Age: 47

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: 60

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.

DIRECTORS' PROFILES

Paul M Jenkins (Independent Non-Executive Director)
B.Com, LLB
Age: 58

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: 37

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

Roger Pitt, CA(SA) (Independent Non-Executive Director)
B.Com (Hons)(Acc)
Age: 36

Roger is a chartered accountant, with B.Com (Hons)(Accounting) degree from Rand Afrikaans University. Roger owns and runs an import and distribution business in the medical industry. He also serves as an independent non-executive director of:

- various specialised finance structuring special purpose vehicles in the banking industry, ETF's and listed and unlisted operating entities in various sectors;
- ISA Holdings Limited;
- Merchantec Proprietary Limited; and
- FedGroup.

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 a 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 South African Marketing Research Association ("SAMRA") researcher, Marylou Kneale has three decades of research experience and extensive knowledge of the corporate sector. She is a member of SAMRA, ESOMAR, MRS (UK) and AMA(USA).

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, logistics sectors. SAMRA member.

DIRECTORS' PROFILES

MANAGEMENT OF SUBSIDIARY COMPANIES

BMi Sport

DAVID SIDENBERG
Director and CEO
BA Economics & Finance

David is one of the sport and sponsorship industry's most influential 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.

Wayne Deary
Sales Director

Wayne started his career in 1984, when he joined Alex White as an apprentice photo-lithographer. After qualifying, he moved into the sales environment where he quickly established himself as one of the leading sales representatives within the organisation. In 1989 he joined Sportco Publishing, where he started selling advertising within the sport sponsorship industry. After building up an extensive clientele within this industry, he was offered an opportunity to join BMI in 1991. In the early '90's, sponsorships were not really seen as a platform for driving business imperatives but rather for driving brand awareness. Wayne was certainly at the forefront of changing this perception and he quickly established himself as one of South Africa's key role players with sponsors, rights owners and agencies in providing them with independent information that measured the role sponsorships played within the marketing & communications mix. Wayne's passion for sport, knowledge of media, research and sponsorships has enabled him to continue supplying South Africa's biggest sponsors, rights holders and agencies with information that strategically allows them to measure the effectiveness of their sponsorship properties and thereby, enabling them to make informed decisions regarding their sponsorship investments.

Over the past 27 years, Wayne has ensured that BMI remains at the forefront of this industry and that BMI is recognised as a leader in its field, not only in South Africa, but internationally as well.

Sam Hoosen
Head of Operations

Sam started her corporate career 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.

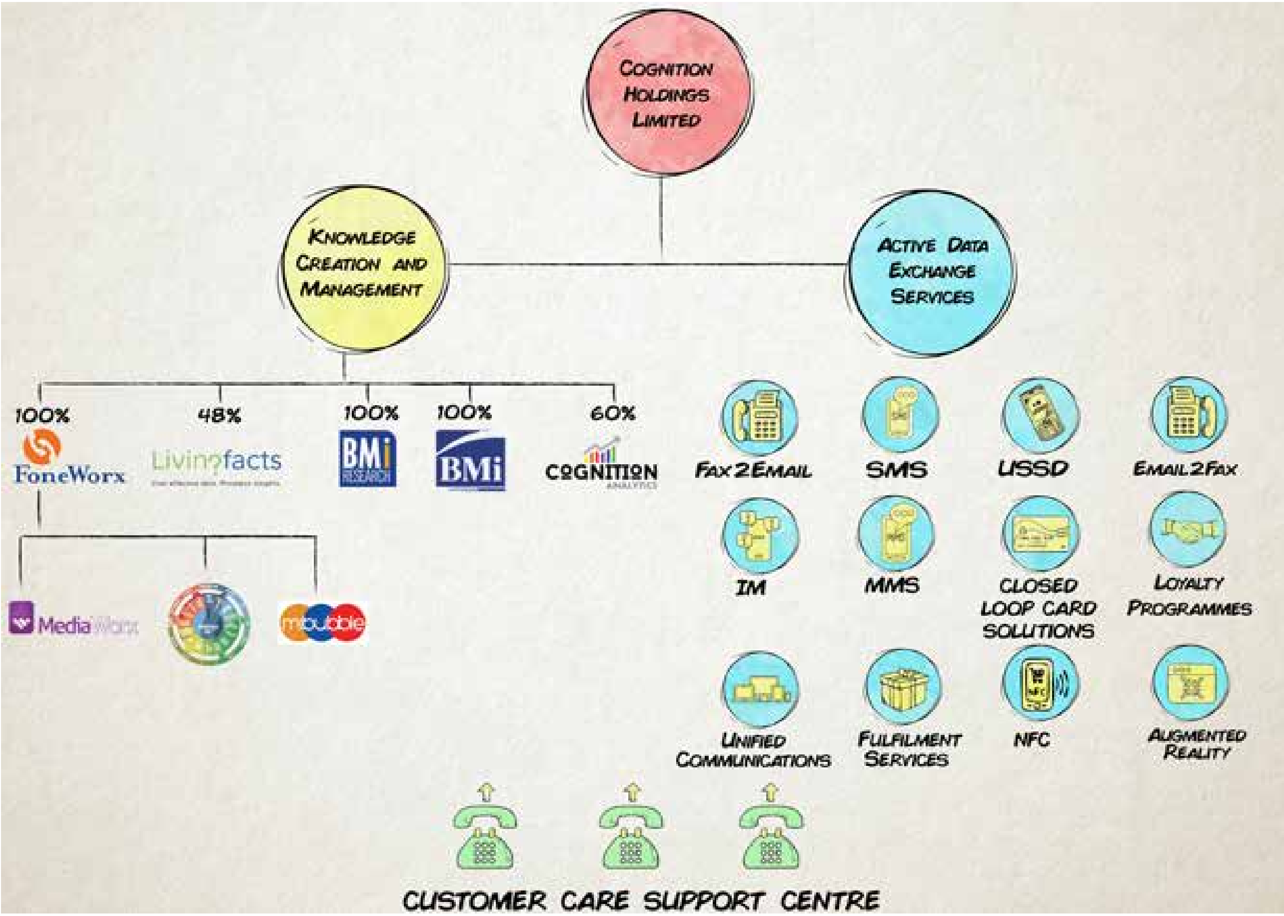
Cognition Analytics

Anton Gerber
BComm. Actuarial Science Hons., Fellow of the Institute of Actuaries (London)

Anton is a qualified actuary. He started his career at Liberty Life where his responsibilities ultimately included managing the Product Development, Risk Pricing, Claims and Underwriting departments as a director of Liberty Corporate Benefits, the group benefits and pension fund division within Liberty Life. In 2006 he co-founded a Liberty Franchise (sales and benefit consultancy) specialising in advising companies on their group benefit and pension fund benefits.

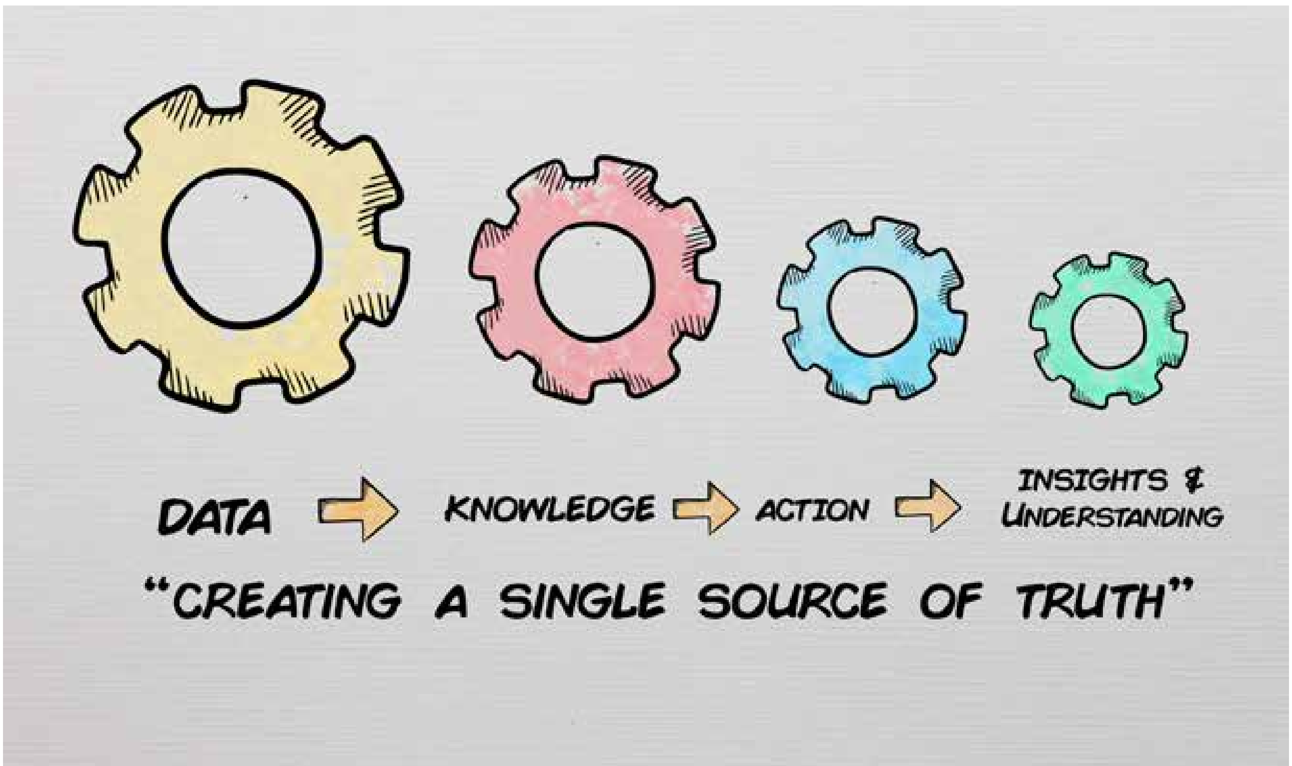
In 2009 he co-founded a company called Wellnicity specialising in data warehousing, financial modelling and business intelligence solutions. In 2014 he started Point of Care Technologies, in order to focus on the application of more advanced business intelligence and analytics to a broader range of industries and business problems. Anton is passionate about technology and how technology can be applied to solve business problems in a practical and easy to understand fashion.

GROUP STRUCTURE



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

Via its multi-disciplinary capacity of collecting data and rewarding defined users for interacting with its clients' brands, Cognition offers a variety of Business Intelligence ("BI") tools and measurable insights



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

Cognition operates via two distinct strategy objectives being:

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

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

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

Cognition has recognised the growing international trend of consumers realising:

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

STRATEGIC FOCUS

Cognition has adopted a dualistic strategy of organic and acquisitive growth.

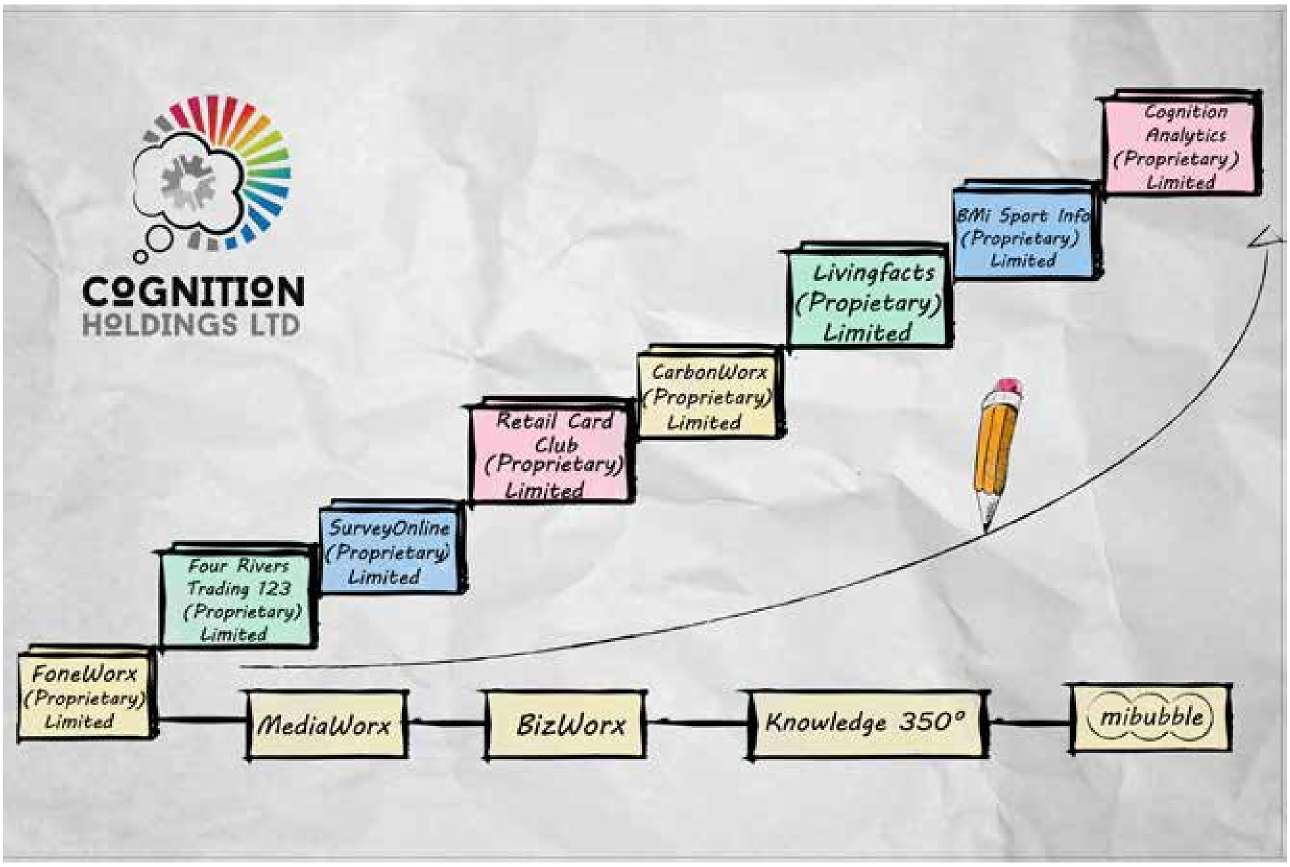
In delivering this strategy we have a defined corporate philosophy of:

- Customer-centricity
- Honesty and integrity
- Do more with less

Cognition has migrated its historical strategy of primarily providing bespoke ad hoc services to its broad client base, to developing a multi-disciplinary platform capable of providing clients' long-term strategic and operational services which add critical and long-term value to clients.

Our challenge in this migration is to re-purpose basic bearer services such as SMS, IVR and USSD into platforms that offer incremental and valuable actionable insights to our clients that become an operational necessity for compliance, risk and marketing opportunities.

These new platforms incorporate: Channel Incentives, Knowledge 350°, SecurDox and Research.



These new platforms form the basis of the Group's strategic focus and have been designed around our historical Active Data Exchange Services, incorporating: SMS, IVR, USSD, IM, email and MMS.

The new "Web World" is one in which mobile communications and social media sensors are connecting more and more people, resulting in the Internet and the physical world becoming one interconnected network. Personal data is becoming a new asset class which opens up a number of new strategic opportunities for the Group as represented by our new innovations.

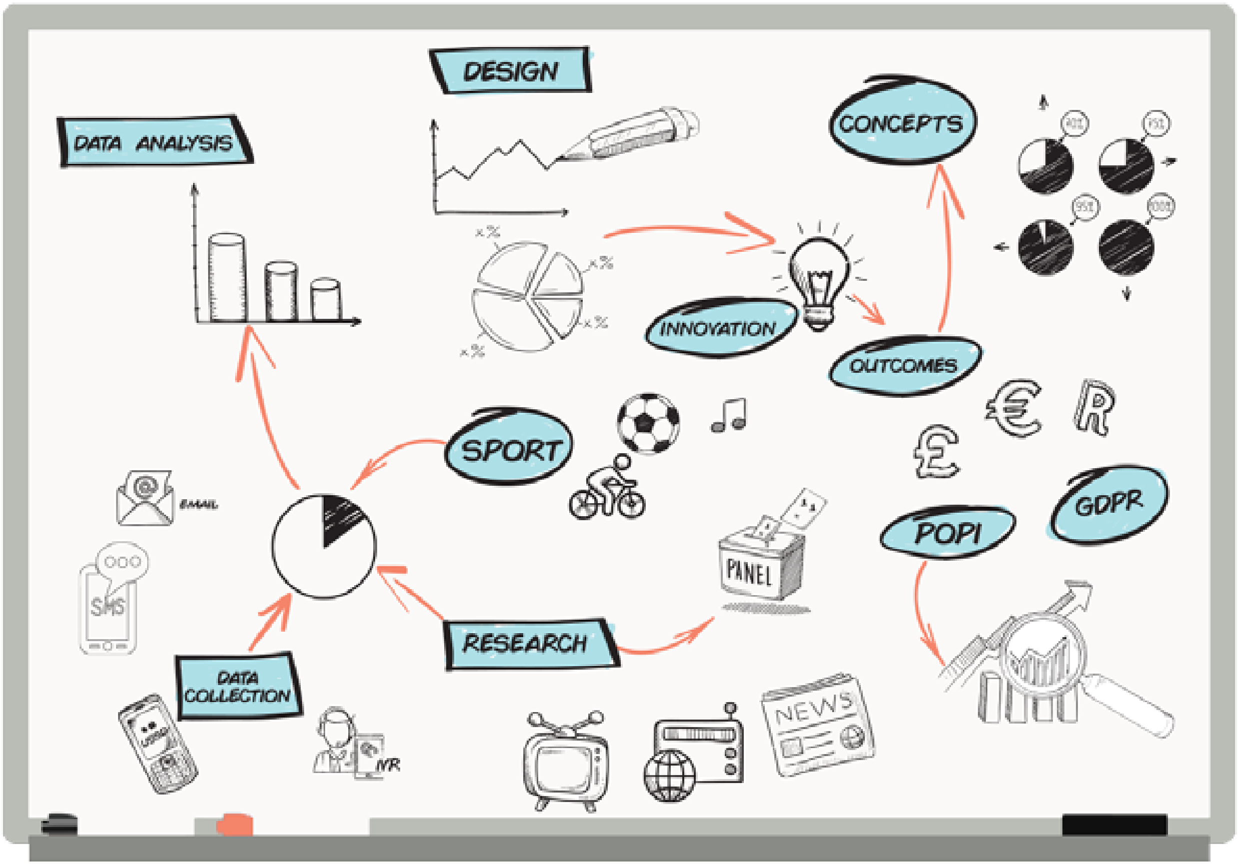
Managing the data and extracting the right insights for actionable returns is where the opportunity exists.

To achieve a number of these opportunities, the Group has made a number of key acquisitions and investments in previous years and will continue to seek strategically compatible opportunities to support our overall strategy which is underpinned by "**Active Data Exchange Services**" and "**Knowledge Creation and Management**".

THE BUSINESS - ABOUT US

The Group has made great strides over the last 24 months to transition from what was historically a telecommunications and messaging company, to a Knowledge Creation and Management company.

The bearer tools that we designed since our inception, and which form part of what we define as "**Active Data Exchange Services**" still form the backbone of our "data collection processes". Our new innovations, through our transition, have taken us to the next phase of managing the data in a manner that complies with local and international privacy legislation (POPIA & GDPR) to enable us and our clients to analyse data to get the necessary insights for actionable outcomes and ultimately to monetise that data.



Each of our operating divisions plays a crucial element in: collecting, managing, analysing and conveying the data in a manner that makes the data valuable to our own platforms and the products and services offered by our clients.

Our strategy around our acquisitions has been two-fold; **Phase 1** is to maintain the entrepreneurial spirit of the leaders and their teams to continue to build and grow their own business and to enable us to fully understand their strengths, opportunities and weaknesses.

Phase 2 is to see how we can best integrate (where possible) each of their offerings to achieve a more holistic and deliverable opportunity for the Group and each of our clients.

As we transition more into Knowledge Creation and Management, this integration will pick-up momentum.

OUR SERVICES

(INDICATIVE NOT EXHAUSTIVE)

CONSULTING

UNDERSTANDING THE CLIENT'S NEEDS, OBJECTIVES AND DESIRED OUTCOMES, IN ORDER TO PROVIDE TECHNICAL AND PROFESSIONAL ADVICE.

- COMMISSIONED
- CATEGORY QUANTIFICATION
- SPONSORSHIP PRE-EVALUATIONS
- SPONSORSHIP VALUATIONS
- SPONSORSHIP STRATEGY
- PROMOTIONS
- CAMPAIGNS
- REWARDS
- INCENTIVES
- BRAND POSITIONING
- MARKET DEFINITION
- STAKEHOLDER NEEDS

DATA COLLECTION

GATHERING AND MEASURING INFORMATION IN AN ESTABLISHED SYSTEMATIC PROCESS

- SMS
- USSD
- IM
- LOYALTY PROGRAMMES
- SECURDOX
- CLOSED LOOP PROGRAMMES
- PANEL
- CONSUMER
- MYSTERY SHOPPING
- SHOPPER INSIGHTS
- PRINT ADS
- MIBUBBLE
- INSTORE OBSERVATIONS
- SPONSORSHIP TRACKING
- SHARE OF VOICE

DATA ANALYTICS

EXAMINING DATA SETS IN ORDER TO DRAW CONCLUSIONS ABOUT THE INFORMATION THEY CONTAIN WITH THE AID OF PROPRIETARY SYSTEMS AND SOFTWARE

- ANALYTICS
- ADVERTISING
- SPORT TRACK
- ADULT TRACK
- JUNIOR TRACK
- E-GAMING
- MILLENNIUM
- COMPUTER ANALYSIS
- PRICING
- NES & NPS TRACKING
- CHANNEL TO MARKET ANALYSIS
- INSIGHTS
- ★★★★ CUSTOMER EXPERIENCE ASSESSMENT
- AWARENESS & USAGE OF BRAND

LEGEND	
BMI SPORT	FONEWORX
LIVINGFACTS	BMI RESEARCH


MEOW
OR
NEVER

CEO REPORT FOR 2017

Dear Stakeholders

The results for the year were pleasing and showed an improvement on last year, despite the ongoing difficult trading conditions in South Africa.

The Group achieved a total comprehensive income for the year of R19.3 million. This was 7% up on the previous year (R18.6 million). This was achieved despite a further expected decline in faxing revenue.

Net cash and equivalents amounted to R81.2 million after the Company made the final top-up payment for the purchase of 100% of BMi Research and purchased the remaining 37% of BMi Sport, as well as the payment of a dividend of 8 cents per share to shareholders.

The Group and all its operating divisions can now be described as a multi-disciplinary data collection, communication and research company that provides a broad range of services to Fast Moving Consumer Goods companies ("FMCG"), media and digital companies.

Via this multi-disciplinary capacity of collecting data and rewarding consumers or businesses for interacting with our clients' brands, we also offer BI tools and measurable insights via dashboards and bespoke reports.

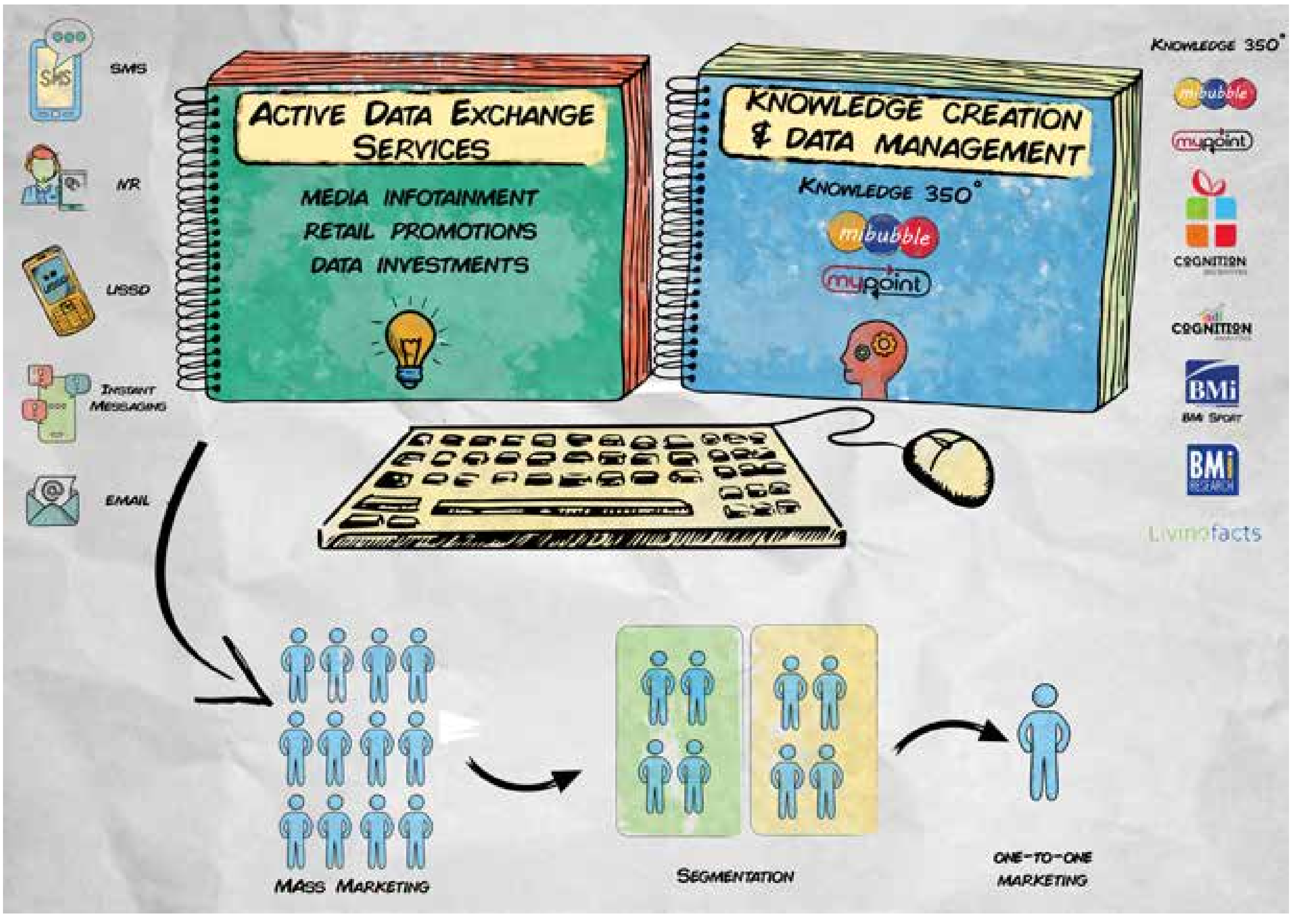
As a result of our transition, our services can be segmented into three broadly defined strategic areas:

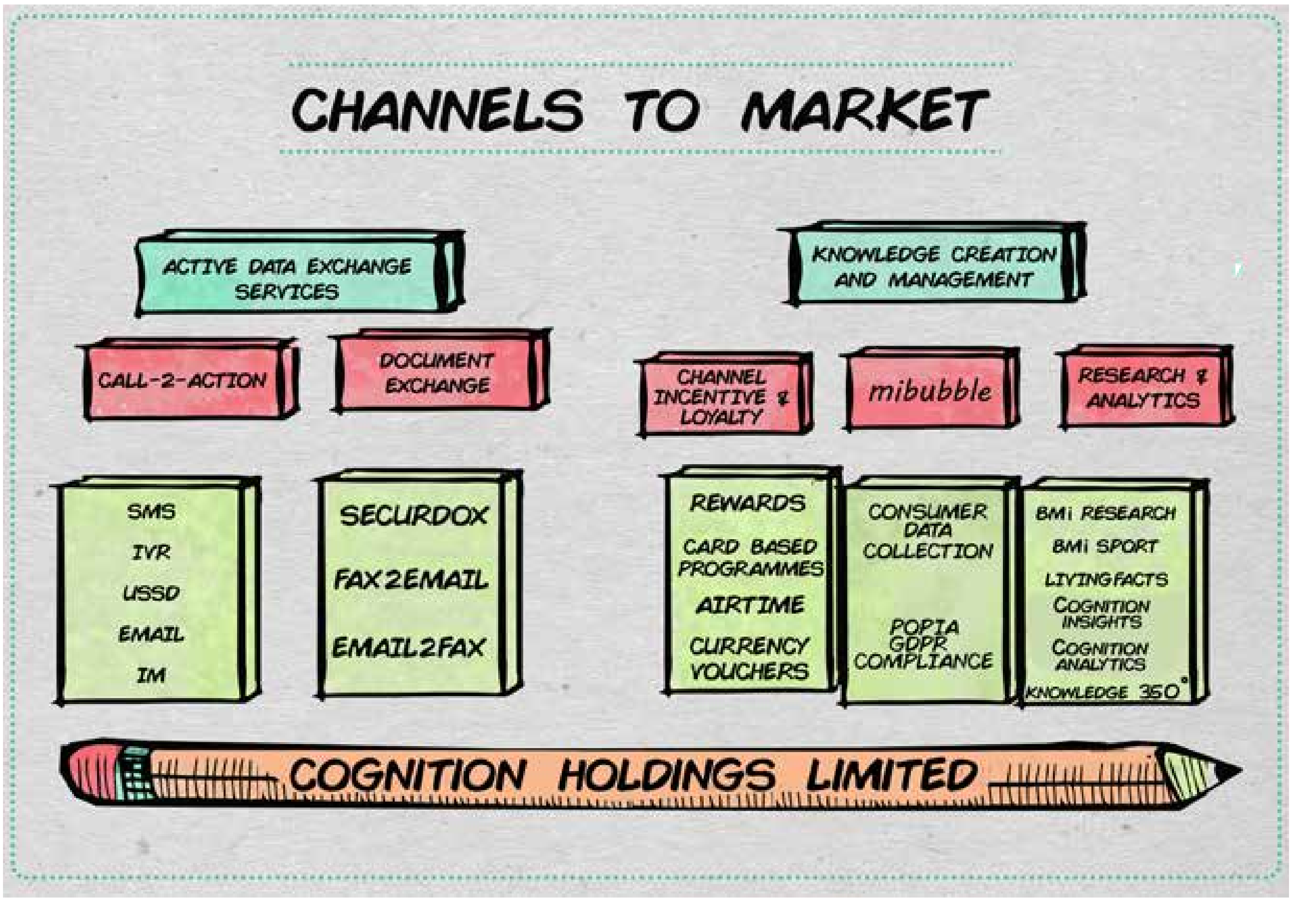
Consulting: Understanding the clients' needs, objectives and desired outcomes, in order to provide technical and professional services and advice.

Data Collection: Gathering and measuring information in an established, systematic process, whilst understanding that information is a means to an end and not an end in itself.

Data Analytics: Examining data sets in order to draw conclusions about the information they contain with the aid of proprietary systems and software processes, thus providing clients with a greater understanding.

These three primary strategic drivers are commercialised into the market via: **Active Data Exchange Services** and **Knowledge Creation and Management**, which in turn have five channels to market.





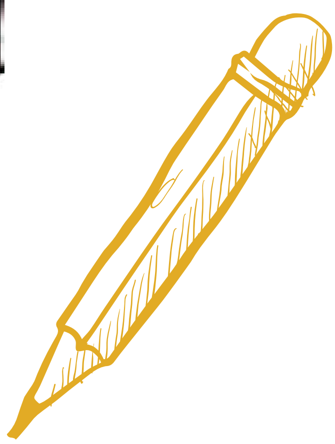
ACTIVE DATA EXCHANGE SERVICES

These services are communication tools which include SMS, IVR, IM, USSD and email services, to mention a few. They have been developed since our inception and are referred to as our "traditional services".

The term "Call-2-Action" is used, as it is a means of getting the consumer to respond to promotions, competitions or voting services, using one of the services we host on behalf of our broad range of clients.

All our Call-2-Action services are offered not only in South Africa, but throughout the continent as represented in the "Group Footprint".

Our Call-2-Action offering has three distinct approaches:



MEDIA / INFOTAINMENT

Services such as SMS, USSD and IVR are deployed for well-known campaigns like: The Voice South Africa, Big Brother Africa, Strictly Come Dancing SA, SA's Got Talent and SAMA Awards. This provides a gateway for the producers to stimulate votes, obtain entries to competitions or other promotional activities. Despite huge amounts of data being collected, the data is limited in depth and typically used for observational and statistical purposes only. We regard these services as "**low data engagement**".

CEO REPORT FOR 2017

RETAIL PROMOTIONS

We engage with clients (typically FMCG brands) with the purpose of using services, such as SMS, IVR, USSD, MMS and email to promote brand awareness and to collect defined data, with a view to building communities, analyse data, create insights and establish a platform for further communications. During the year under review we managed well over one hundred of these service types. We regard these services as "**medium data engagement**".

DATA INVESTMENT

Clients are consulted with the objective of collecting specific consumer data with a view to building data eco systems. Whilst the underlying "Call-2-Action" may, nonetheless, be a competition or promotion, the client's intention is to obtain "opted in/consensual" data for continued promotions and interactions.

We have provided Call-2-Action services to over 100 brands in the last year, some of which are: Defy, Nivea, Pep Stores, Lucky Star, Bokomo, Afrisam, Discovery, Robertsons Wines, DStv Africa, Pioneer Foods and ABInBev.

Data investment services are provided to all 14 ABInBev brands, including the Carling Cup, Castle Lite, Castle Lager, Redds and Hansa. Our Call-2-Action platform managed a record-breaking promotion for ABInBev being the June "Beer Bonanza", which received 30 million unique entries and paid out R56 million worth of pin-less airtime to consumers. This reflects the capacity and agility of our platform. We regard these services as "**high data engagement**".

DOCUMENT EXCHANGE

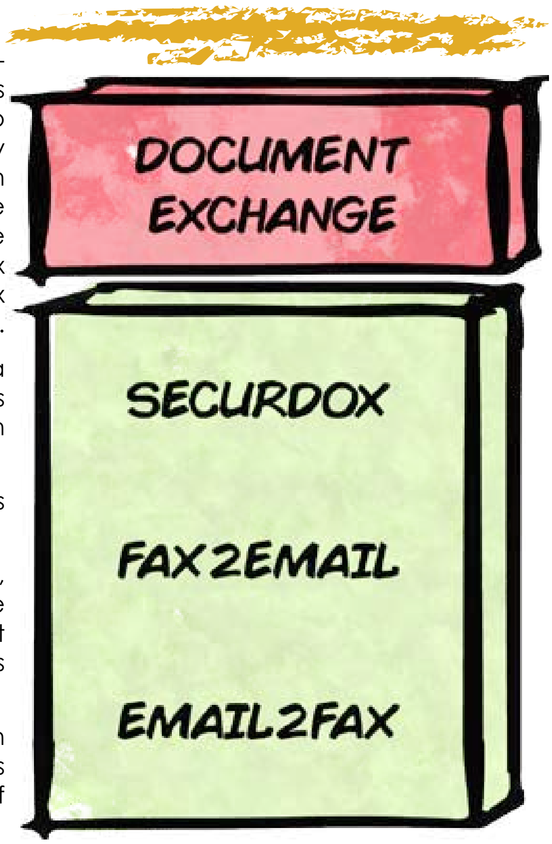
This incorporates Fax2Email and Email2Fax which has had a 12-year lifespan of solid annuity income. In line with our predictions and previous reports to shareholders, Fax2Email continues to decline in South Africa as less fax machines are commercially deployed. The active database is around 100,000 users which reflects a reduction in average rate per user ("ARPU") as the current trend. Whilst we still receive a handsome monthly income from this automated process, revenue is declining. Email2Fax (which allows a user to send a document from a PC to a fax machine) showed a 3% growth year-on-year, but off a low base.

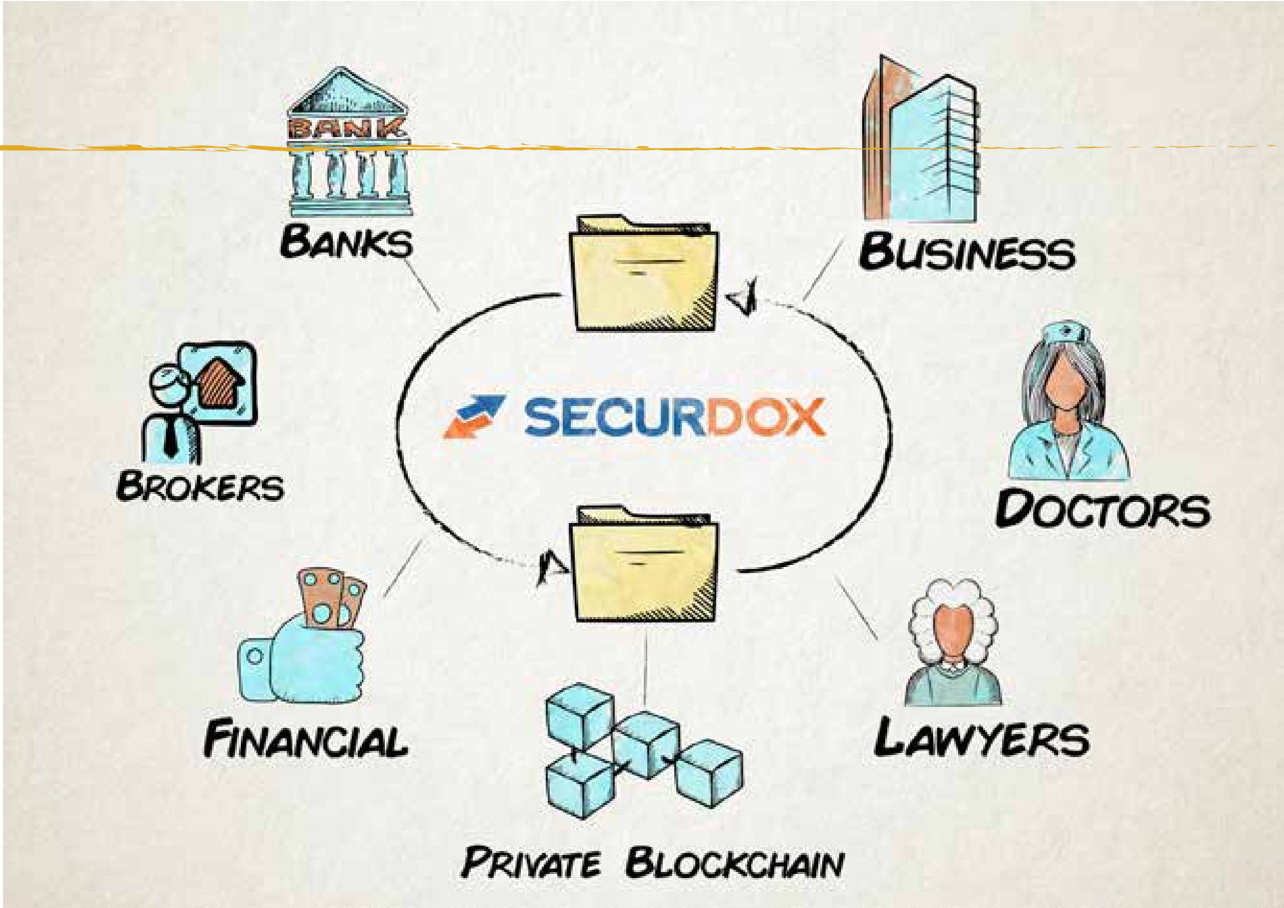
As previously reported, the Group has now fully developed a new generation document exchange platform, branded as SecurDox. This platform uses a private Blockchain to provide an irrefutable certificate of transfer and receipt in the ledger.

This solution (unlike Fax2Email) is a prepaid solution offering users three options each with different levels of security.

After a "soft launch" in early 2017 with a small user base of 1,000, we added additional features. The "hard launch" took place post the end of the financial year, in July 2017. The target market for SecurDox is: legal, financial, medical, brokers, bankers, SMMEs and individuals.

Our view is that SecurDox will increase in momentum when the Protection of Personal Information Act ("POPIA") becomes a reality as this is a perfect solution for the secure transfer of sensitive documents containing personal information.





CHANNEL INCENTIVE & LOYALTY

This is one of the new developments in the Group which has shown very positive potential and opens up a new channel to explore previously untapped revenue sources.

This division provides a platform and turnkey solution to reward employees, agents, business owners or customers when purchasing their specified brands.

The platform incorporates web, mobile App interfaces, moderation platforms to verify claims, and the interface to a wallet which enables users to transfer the incentive rewards that they have earned into a debit card. Our Channel Incentive platform interfaces to a sponsor bank and switch.

The turnkey solution provides a step-by-step consulting platform integration, moderation and management.

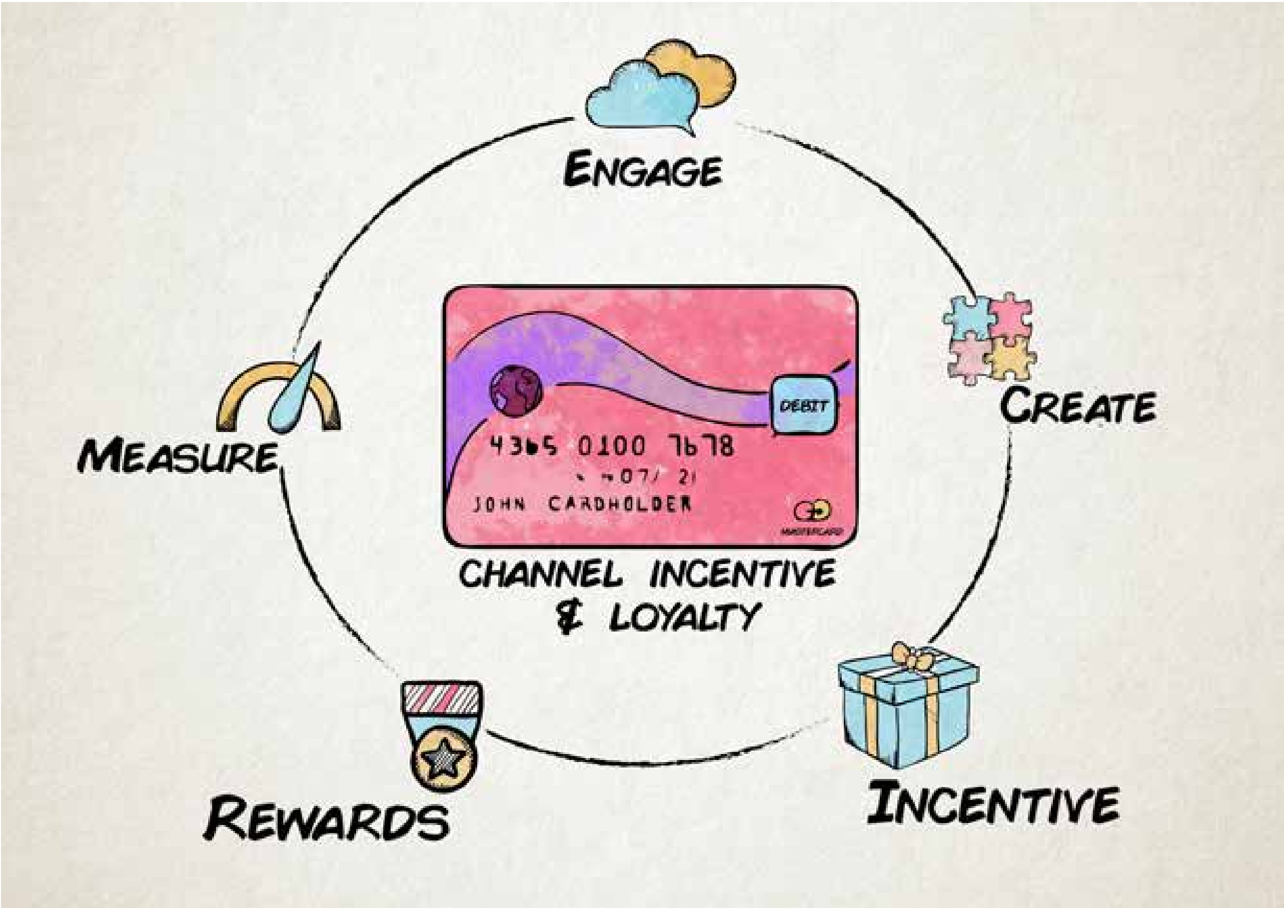
The solution incorporates: the business rules, including tax advice, staff training, artwork for the debit card, FICA compliance, fulfilment of cards, moderation of claims, payment into wallets, analytics, dashboard and insights.

We have successfully deployed the solution with our first client, being Huawei, and have deployed over 8,000 cards. In the year under review we have processed over R65 million in incentive claims.

We have also, in the year under review, signed up our second client, a well-known household white appliance national brand, which rolled-out in June 2017.

We anticipate deploying over 9,000 cards to this base, with the bulk of revenue to be generated in the 2018 financial year.

Due to the success of the solution with these two brands, we will be employing dedicated sales executives to promote the solution and will be gearing up our technical capabilities to service more clients. We are confident that this new venture into the Channel Incentive and Loyalty market will provide the Group with exciting new prospects.



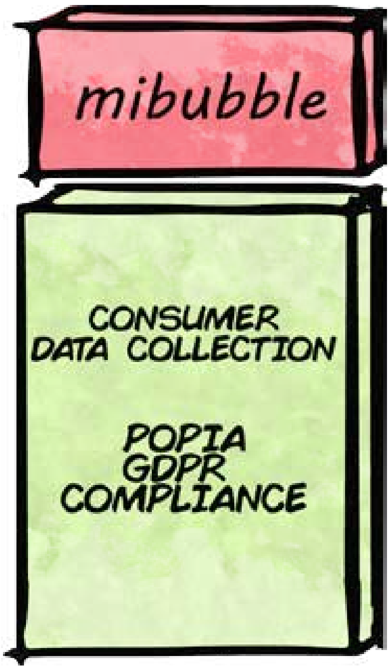
MIBUBBLE

Data collection around personally identifiable consumer data ("Pii") has been referred to, by the World Economic Forum, as an "**emerging asset class**", as valuable as other assets such as traded goods.

Pii is collected or derived from **volunteered data** like social media, **observed data** as a result of transactions between individuals and organisations, and lastly **inferred data** or data from data analytics.

There are three primary issues around collecting Pii:

- **Ownership** Organisations believe they own the consumers' data and conversely consumers believe that as they have generated the data, they enjoy ownership. There is also "push back" from consumers who argue that intermediaries like Google and Facebook make huge profits from consumers' data. Consumers believe they should enjoy ownership of this data.
- **Privacy & Legislation** Governments are introducing a number measures such as the Protection of Personal Information Act ("POPIA") in South Africa and the General Data Protection Regulation ("GDPR") in the EU, which places a number of constraints on organisations when collecting data. Ultimately this could result in consumers demanding that companies remove their Pii from their systems.
- **Frameworks** As an emerging asset class, personal data currently lacks the rules, norms and frameworks that exist for other asset classes.

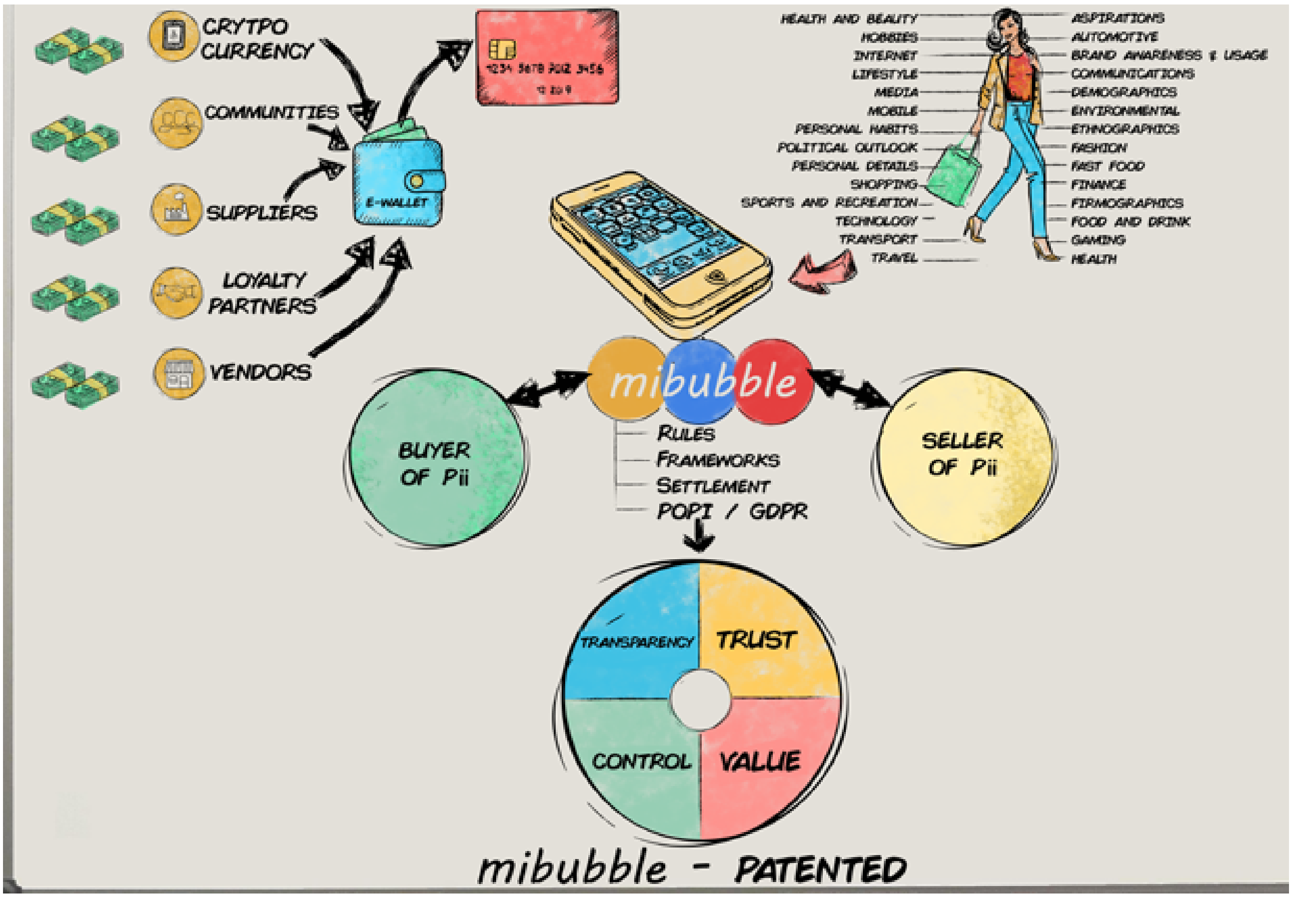


mibubble is a multi-disciplinary platform that has been developed to address all three of the primary issues. In essence, mibubble is a Personal Information Management System ("PIMS") which enables the consumer (the owner and creator of the data) to securely transfer such data to third parties using the platform. The platform uses a **Private Blockchain** associated with the consumer's Pii and provides for full encryption and irrefutable audit trail on the Blockchain ledger.

We previously indicated that mibubble would be launched in the fourth quarter of 2016. This was consciously delayed due to the following:

- Advice from our patent attorneys to delay the launch before the patent on the platform was filed. The patent was filed in February 2017.
- Our presentation to over 40 brands led us to add in additional features and benefits including crypto currency interfaces using our private Blockchain.
- We believe that the launch will receive more impetus when launched closer to POPIA becoming a reality and the GDPR coming into full force in May 2018.
- Linking the data management to a co-operative initiative enabling each user to become a member of the mibubble co-operative.

The launch will accordingly be made when the abovementioned factors are more closely aligned.



CEO REPORT FOR 2017

RESEARCH AND ANALYTICS

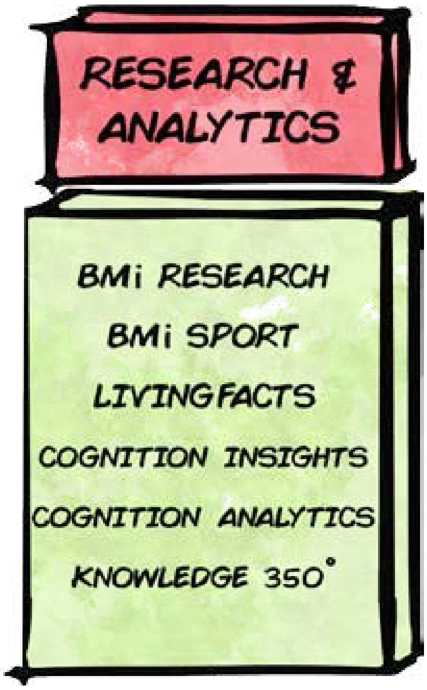
A natural evolution of the Group's primary strategic drivers of consulting and collecting data, was to move to the next phase of Research and Analytics. These skill-sets have been achieved through the Company's investments and acquisitions. Research and Analytics enables the Group to move from "gathering information" to "understanding information".

Organisational strategy must be built on evidence that reflects both the current reality and the directions of future change.

Research and Analytics are a critical part of every step in an organisation's evolution, from decisions about organisational content and direction, to the design of programmes or initiatives that implement decisions.

Analytics must both inform current decisions and position those decisions to take an organisation into a changing future.

The data that is collected within each of our commercial silos is used to create a value chain of analysis and decision metrics that provide the foundation and evidence upon which our clients' strategy and actions are built.



BMi RESEARCH PROPRIETARY LIMITED ("BMi R")

BMi R produced a stellar performance under the leadership of Gareth Pearson, the CEO, and a well-structured team. **BMi R** is a full-service research house specialising in qualitative and quantitative research solutions.

BMi R has developed experience that understands industrial and manufacturing research, wholesale to retail intelligence and shopper insights.

Despite a challenging economy, record growth was achieved as a result of a continued refinement of strategy and operational factors, together with an expansion of the client base.

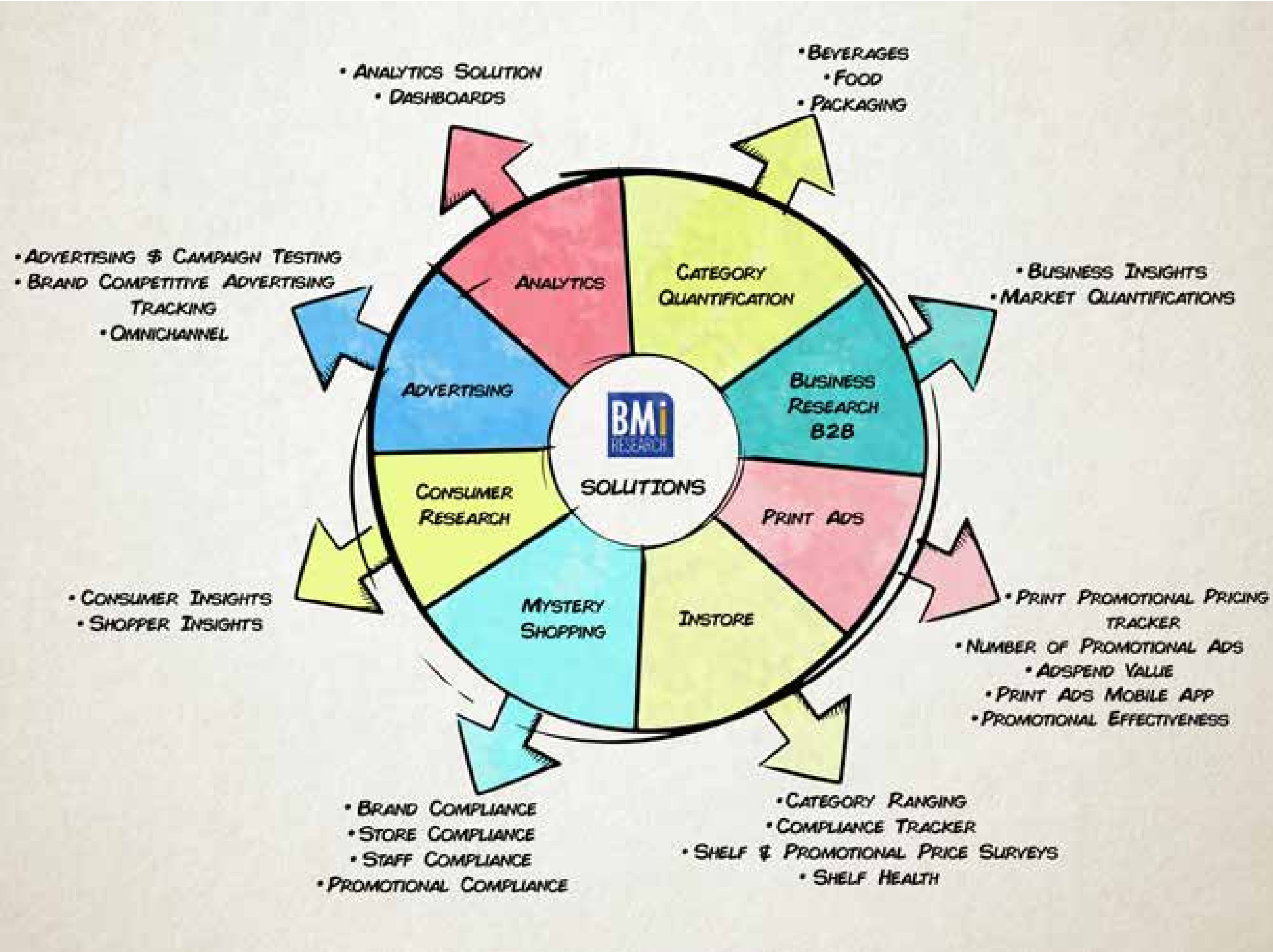
International clients also boosted the otherwise lacklustre local demand for research.

Highlights for the year included a new analytics project for a major Consumer Packaged Goods (CPG) client. This involved building a multitiered advanced dashboard utilising several data sets, providing the client with a dynamic and unique "single source of truth" view of their business.

With the sustained economic pressure on the general economy, the demand for retail pricing and, in particular, the increasing focus on promotional pricing by CPG brands and retailers has increased the demand for accurate and fast pricing data. **BMi R** has responded by improving the lead times of data delivered from the field to the client, thereby offering clients a competitive advantage of near real-time pricing decision making.

Research in African markets continues to be sought by local companies and **BMi R** continues to successfully research multiple categories across a wide range of African markets. The continued sluggish performing South African economy appears to be driving data demand in these markets as local CPG brands extend their revenue growth by expanding their distribution into these markets.

Innovation continues to be a key driver in the research industry as clients seek additional insights via data analytics from their acquired data. A large opportunity therefore remains to assist clients in making better use of their existing data by combining their own internal data together with any external data they may have acquired. Delivering these insights in digital, dynamic and easy-to-use portals continues to be an opportunity for **BMi R**.



BMi SPORT INFO PROPRIETARY LIMITED ("BMi S")

BMi S was formally established in 1990 as the first and only, independent research company in South Africa to focus exclusively on the sport and sponsorship market. Through the development of unique research products, **BMi S** has remained at the forefront of this industry for the past 26 years and is recognised as a leader in the field, both within South Africa and internationally.

Its clients include most of Africa's major sponsoring companies, television channels, sporting goods companies, sport controlling bodies and sponsorship management companies, involved in sport, music and other sponsored causes.

BMi S has further expanded into the fields of strategic advertising evaluation, digital and social media as well as consulting services which cover all aspects of communication, research and strategy.

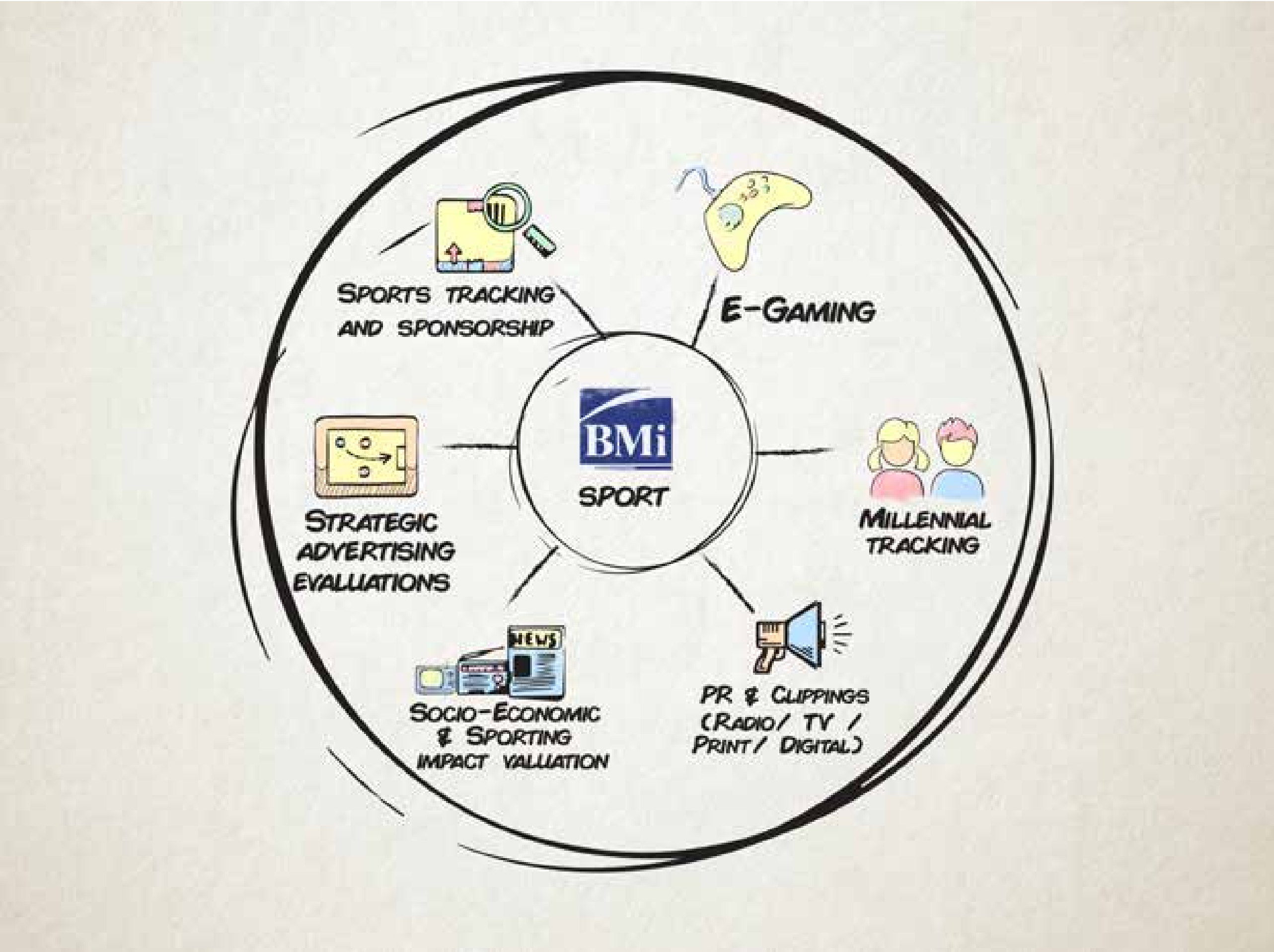
During the period under review Cognition acquired the remaining 37% of **BMi S** shares for a combination of cash or Cognition shares.

During the year under review, huge strides were made by the CEO, Dave Sidenberg, working with the Cognition team, to refine processes, procedures, technical and dashboard reporting in order to ensure greater efficiencies and outputs. This positions **BMi S** for greater momentum in the 2018 financial year.

In a world where devices, products and services are perpetually connected, sponsors now have powerful ways to reach their audiences. This disruption has left sports rights holders scrambling to make the shift to digital viewing, and looking for ways to offer fans other ways to keep up with the action. Accordingly, the core of **BMi S** will remain "independent measurement". The way in which measurement and delivery to clients takes place will evolve in the new digital market. The simultaneous usage and measurement of more than one screen will become a regular feature of consumers when consuming media.

BMi S has introduced two highly sought-after reports as part of this new re-positioning.

- **BMi Millennial Media Consumption Trends**, which focusses on the media consumption habits of 16 – 24 year olds and how best to engage with them.
- **eSports Status in South Africa**, which looks at e-Sport/Gaming in South Africa; including a detailed analysis of preferred platforms, viewing preferences, live events, local commercial realities and growth opportunities.



LIVINGFACTS PROPRIETARY LIMITED ("LIVINGFACTS")

Livingfacts develops customised market research solutions to take organisations closer towards implementing intelligent strategies. Despite difficult economic circumstances and a rapidly changing retail market, **Livingfacts** had a stable performance under the leadership of the CEO, Marylou Kneale and her team.

Within the context of a transitory economy, **Livingfacts** focussed on specialist business, marketing and research skills in areas where clients most need them. **Livingfacts** has successfully entrenched itself in high end, strategic and business-to-business market research which requires thinking, analysis of both primary and secondary data, and development of insightful outputs. While the use of big data tells clients "what is happening in their client base", **Livingfacts**' research enables clients to understand "why clients are thinking or doing what they do".

Livingfacts has also produced several exciting pieces of Thought Leadership Research this year. This work has been done for clients to differentiate or position themselves as experts in their field. Topics that have been covered for clients include "Understanding The SME Needs In The Employee Benefits Market; how to "Foster Female Entrepreneurship" and "Understanding The Needs Of High Net Worth Clients".

Livingfacts' underlying philosophy is that whilst there is an abundance of data, there is a lack of understanding the information around the data, and as a business they see this as their strategic focus.

ADVERTISING AND COMMUNICATION EFFECTIVENESS	EMPLOYEE SATISFACTION
AWARENESS AND USAGE OF BRAND	INSIGHTS TO COMPLETE 'BIG DATA' PROFILES ✓
BRAND POSITIONING AND AFFINITY ✓	LOYALTY
CAMPAIGN, PROMOTION AND ACTIVATION EFFECTIVENESS	MARKET DEFINITION ✓
CATEGORY NEEDS AND BEHAVIOUR	NEEDS AND ASPIRATIONS ANALYSIS
CHANNEL TO MARKET ANALYSIS ✓	NES AND NPS TRACKING ✓
COMMUNICATION TESTING	NEW PRODUCT DEVELOPMENT
COMPETITIOR ANALYSIS ✓	PRICING ✓
CUSTOMER EXPERIENCE ASSESSMENT ✓	SERVICE / IN STORE DELIVERY
CUSTOMER PROFILING	STAFF COMPETENCE, DELIVERY AND RELATIONSHIP
EFFECTIVE B2B RELATIONSHIPS	STAKEHOLDER NEEDS ✓

PROSPECTS

Trading conditions will remain challenging given the current state of the economy and uncertain political outcomes which are inextricably linked to the status quo.

Our strategy is to refine each of our channels to market by being more operationally efficient and strategically acute.

Each of our five channels to market have strong leadership and are well versed in leveraging maximum value in difficult trading conditions.

Despite conscious delays in both SecurDox and mibubble and a further decline in faxing, the Group was nonetheless able to improve year-on-year earnings which is a testament to the strength of the core business and the introduction of new innovative services.

Accordingly, the year under review has enabled us to complete SecurDox, which is now in full commercial mode, and complete a more enhanced version of mibubble, which will be launched in the 2018 financial year based on the factors referred to on page 21 of this report. This has put the Group in a fantastic position as development costs (vis-à-vis mibubble) for 2018 will be proportionately reduced.

Furthermore, the great success achieved with our Channel Incentive Programme has given us the confidence to gear up this division technically and with sales and marketing expertise.

We anticipate continued positive returns from BMi Research, BMi Sport and Livingfacts.

We will continue with our evaluation of further possible investments that will complement our five operational channels to markets, and shareholders will be kept up to date with progress in this regard.

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

The 2017 financial year showed a significant growth of 60.8% in the Group's Gross Revenue. Gross revenue includes revenue earned by the Group for facilitating agency based payment services and amounted to R129,2 million (2016: R38,8 million)

Group revenue increased to R150,5 million (2016: R135 million), representing a 11.4% increase. This growth was achieved purely organically as the Group did not make any new acquisitions during the financial period.

The segment report on page 88 reflects revenue from Active Data Exchange services increaasing by 2.7%, however, Gross Profit increased by 18%. This improvement is despite a decline in the Fax2Email service of 38% when compared to the previous year. Knowledge Creation and Management revenue increased by 19.5% with Gross Profit increasing by 32.2%. This growth can be attributed to a strong performance by the Research assets in the Group as well as the significant in roads made in Channel Incentive Programmes.

Gross Profit for the Group was up 22.5% to R99,8 million (2016: R81,4 million). Earnings before interest, tax, depreciation and amortisation ("EBITDA") was up 23.4% to R29 million (2016: R23,5 million)

Operating Expenditure for the Group increased by 15,2% from R16,5 million last year to R19 million this year. Staff costs increased from R43,1 million to R52,1 million, a 20.9% increase. The initiatives undertaken by the Group to reduce expenditure will only reflect in the 2018 financial year. The general demand for quality programmers and developers makes cost containment in this aspect of the Group very challenging.

In the previous financial year, the Group had an effective tax rate of 18.5% compared to this year's effective rate of 29.3%. This is due to the utilisation of assessed losses in some of the companies in the previous year. The impact of this is that even though Net Profit Before Tax increased by 21.3% for the Group the Net Profit After Tax growth is only 5.1% at R19,5 million.

Based on the weighted average number of shares in issue, earnings per share ("EPS") grew by 2.1% to 13.52 cents from 13.25 cents in the previous corresponding period.

Statement of Financial Position

Given the current economic climate, the Group considers it prudent to retain cash reserves whilst still making the necessary internal investments and maintaining a good dividend flow to shareholders.

The Group acquired the remaining 37% shareholding in the BMi Sport Group and furthermore invested in internal projects to the value of R6,7 million (2016: R3,8 million) as well as a R2,3 million investment in assets (2016: R3,4million). The net asset value of the Group remained stable despite distributing a significant dividend to shareholders of R11,2 million during the year under review. The net result is that the Total Equity of the Group remained stable at R146,9 million.

Cash movements

Net cash generated from operations increased by 31.7% from R22,7 million to R29,6 million. This reflects the cash generative nature of the Group's business.

Equity movements

During the year under review the Group engaged in a share buyback campaign and used the shares it acquired to settle a portion of the BMi Sport purchase of minority shareholding.

As at 30 June 2017 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

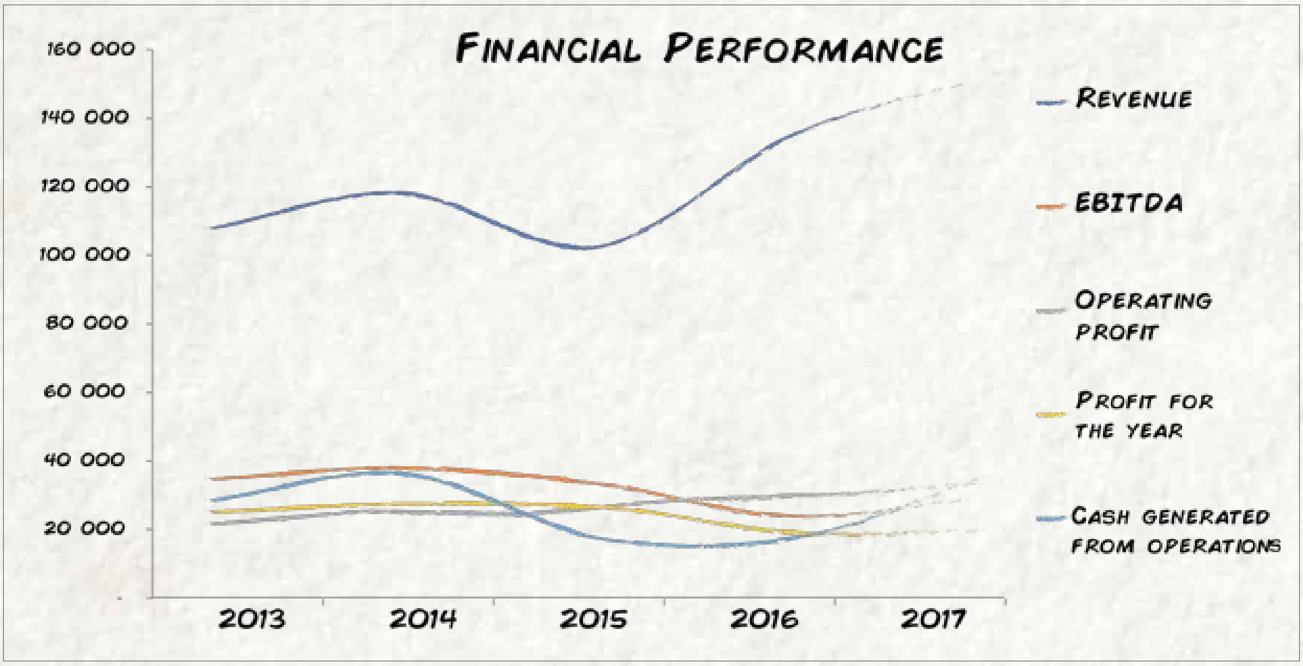
The Group focused its efforts over the past year in two main areas, primarily to grow the current operational revenue base of the Group and to offset the reduction in revenue from Fax2Email services. It further focused on creating new products that are ahead of the latest technological developments with business models that we believe will be able to grow into very successful business ventures within the next few years.

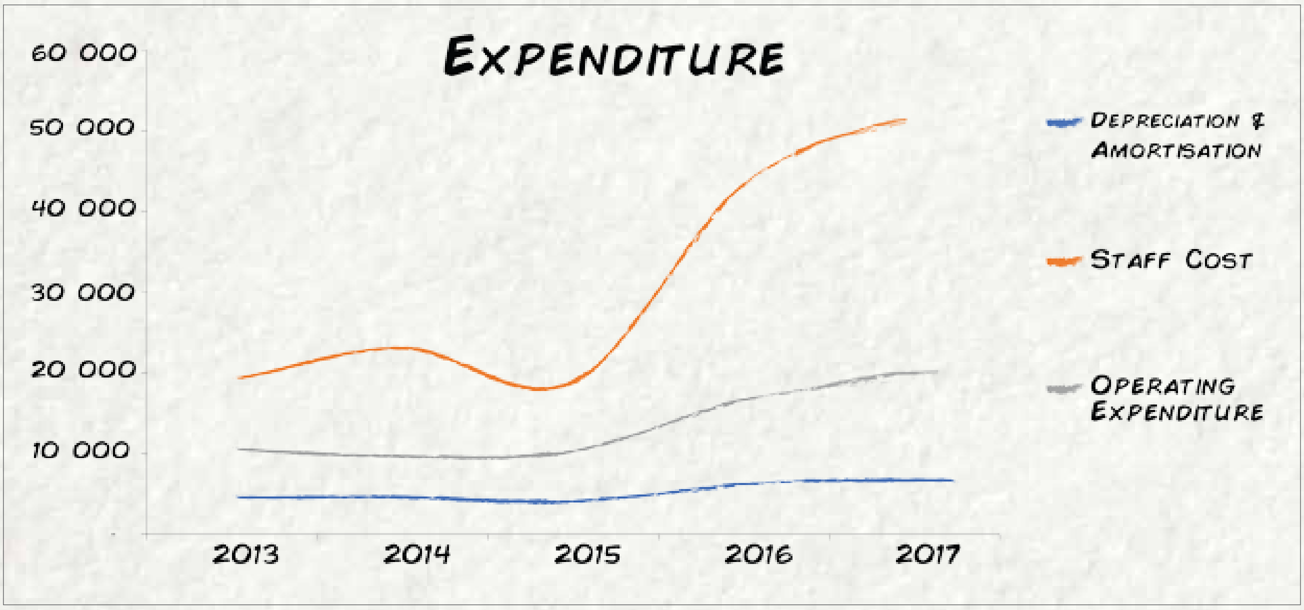
5 YEAR ANALYSIS AND GRAPHS

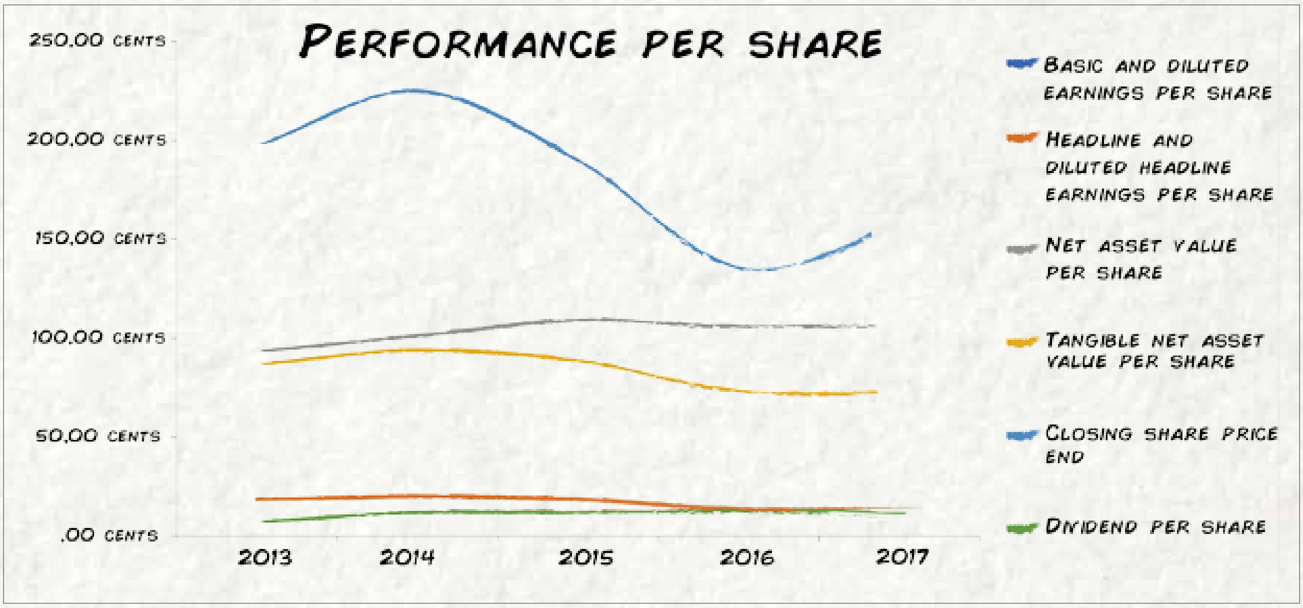
	Movement 2016/2017	30 June 2017	30 June 2016	30 June 2015	30 June 2014	30 June 2013
Financial position		**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
Total equity	0.0%	146 849	146 908	150 311	137 732	126 543
Total assets	7.5%	202 542	188 490	183 084	167 385	159 557
Total Cash	2.2%	81 279	79 522	95 139	119 142	109 334
Total current assets	8.5%	130 548	120 322	126 712	138 545	134 840
Total liabilities	33.9%	55 675	41 582	31 306	29 653	33 014
Total current liabilities	63.2%	47 836	29 312	23 289	25 381	28 116
Operating results		**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
Gross Revenue	60.8%	279 699	173 912	102 604	118 197	107 367
Revenue generated through Agency services	232.2%	129 193	38 885	-	-	-
Revenue	11.5%	150 506	135 027	102 604	118 197	107 367
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	23.2%	29 064	23 596	33 436	37 955	34 442
Operating profit	26.1%	22 082	17 518	29 318	33 350	29 923
Profit for the year/period	5.1%	19 524	18 582	26 409	27 481	24 903
Profit for the year attributed to owners of the parent	2.1%	18 612	18 227	25 607	27 481	24 903
Net cash generated from operations	27.3%	26 865	21 107	17 162	36 225	28 021
Depreciation & Amortisation	14.9%	6 982	6 078	4 118	4 605	4 520
Staff Cost	20.9%	52 167	43 154	18 903	23 063	19 102
Operating Expenditure	15.23%	19 041	16 524	10 333	9 670	10 527
Financial ratios						
EBITDA margin	10.5%	19.31%	17.48%	32.59%	32.11%	32.08%
Operating profit margin	13.1%	14.67%	12.97%	28.57%	28.22%	27.87%
Return on equity	6.3%	13.29%	12.50%	18.34%	20.80%	20.87%
Return on assets	-0.2%	9.99%	10.00%	15.07%	16.81%	16.59%
Debt Equity Ratio	33.9%	37.91%	28.30%	20.83%	21.53%	26.09%
Average debtors' days - Gross Revenue	1.5%	62 days	62 days	83 days	78 days	96 days
Liquidity ratio	-19.7%	3.6 times	4.5 times	5.8 times	5.6 times	4.8 times
Share performance						
Number of shares in issue at year-end	0.1%	137 615 798	137 527 659	137 615 798	136 002 041	136 002 041
Weighed average number of shares at year end	0.1%	137 615 798	137 448 249	137 448 249	136 002 041	136 002 041
Basic earnings per share	2.0%	13.52 cents	13.25 cents	18.63 cents	20.21 cents	18.35 cents
Headline earnings per share	2.4%	13.52 cents	13.20 cents	18.56 cents	20.21 cents	18.35 cents
Net asset value per share	-0.1%	106.71 cents	106.82 cents	109.23 cents	101.30 cents	93.10 cents
Tangible net asset value per share	-1.1%	71.97 cents	72.76 cents	88.68 cents	94.01 cents	86.60 cents
Closing share price at year-end	11.9%	151 cents	135 cents	190 cents	225 cents	197 cents
Dividend per share	-33.3%	8.00 cents	12.00 cents	12.00 cents	12.00 cents	7.00 cents

FINANCIAL REPORT

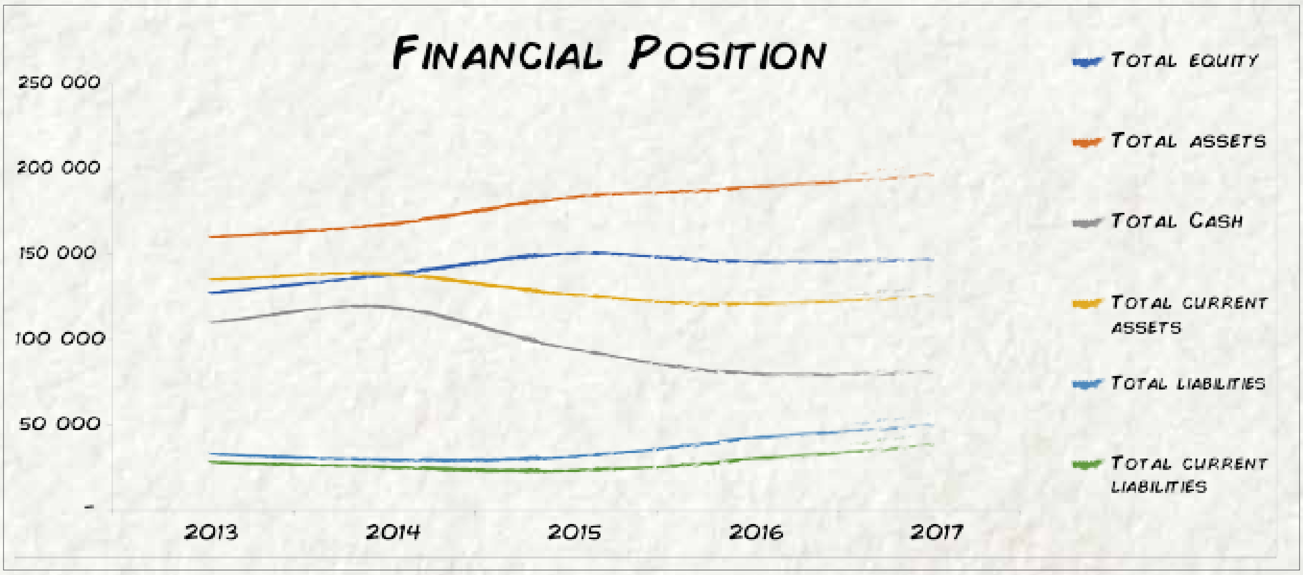
5 YEAR ANALYSIS AND GRAPHS







Performance per share
250,00 cents
200,00 cents
150,00 cents
100,00 cents
50,00 cents
,00 cents
2013
2014
2015
2016
2017
Basic and diluted earnings per share
Headline and diluted headline earnings per share
Net asset value per share
Tangible net asset value per share
Closing share price end
Dividend per share



Financial Position
250 000
200 000
150 000
100 000
50 000
-
2013
2014
2015
2016
2017
Total equity
Total assets
Total Cash
Total current assets
Total liabilities
Total current liabilities

CORPORATE GOVERNANCE

The Board supports the importance of sound corporate governance and the principles set out in the King III Report ("King III"). Accordingly, the Board aligns itself with the recommendations set out in King III, which form the basis for the Board's responsibilities and duties. In addition, the Company's Memorandum of Incorporation also addresses certain of the directors' duties and responsibilities.

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

- acting with integrity and adopting best practice in its dealings with stakeholders and society at large;
- doing business with customers and suppliers using best ethical practices;
- employment practices which are non-discriminatory and which include training and skills development; and
- doing business in a manner that is sustainable for all stakeholders, the details of which are set out on pages 36 to 40 (sustainability report).

A schedule of how the Group has applied the King III principles can be viewed on the Group's website at www.cgn.co.za.

With the release of the King IV Report on Corporate Governance in South Africa, management will commence with the implementation of the King IV principles in the coming year and will, from 1 July 2018, report in terms of the new code.

Board of Directors

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

The Group has a unitary Board. For the year under review, the Board comprised three executive directors, four independent non-executive directors (of which one is the Chairman) and two non-executive directors. Appropriate measures are in place to ensure that a balance of power and authority exists amongst directors, so that no one director has unfettered powers of decision-making. Details of the directors appear on pages 4 to 6 of the report.

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

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

Personal Share Dealings

Directors and specific staff are restricted from dealing in the shares of the Group 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.

Directors are required to obtain written clearance from the Chairman of the Board prior to dealing. The Chairman is required to obtain written permission from the chairman of the Audit and Risk Committee. It is mandatory to notify the Company Secretary 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.

The directors' dealings during the year under review were as follows:

Mr Mark Smith purchased 35 500 ordinary shares in Cognition between 31 March 2017 and 6 April 2017. Mr Smith obtained the required clearance and the information was disclosed on SENS within the 24 hour time period.

Disclosure of Interests

Board members are required to disclose any interests in material contracts that involve the Group. This accords with the disclosure requirements contained in section 75 of the Companies Act. During the year under review, no Director or officer of the Group had an interest in any material contracts involving the Group.

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

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

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

The day-to-day management of the Group vests in the Executive Committee ("Exco"), which comprises the three executive directors plus an IT Manager, the IT System and Architect Manager, the Legal/Human Resource Manager, the Customer Care Manager and the Financial Manager. Each member of Exco has clear areas of responsibility and members meet weekly to cover key areas of the business.

The responsibilities of the executive committee include:

- Monitoring and managing risk
- Developing and implementing the Group's strategic plan
- Determining human resource policies and practices
- Preparing budgets and monitoring expenditure
- Monitoring operational performance against agreed targets
- Adhering to financial and capital management policies

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

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

(* By invitation)

Risk Evaluation

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

Exco also contracts with external consultants for opinions or reviews on matters pertaining to its IT risk profile and tolerance for risk factors specific to products and services, as well as the potential impact these might have 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 of not achieving its strategic and operational objectives.

CORPORATE GOVERNANCE

Performance Monitoring

The Board carried out a self-evaluation of itself and its committees. The evaluation found that the Board and its committees function well, and that they have discharged their duties in accordance with the mandates contained in the respective charters and that all directors demonstrated that they were independent in both 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

For the year under review, the Company Secretary was Advocate Stefan Kleynhans.

All the directors have unrestricted access to the Company Secretary for advice and company related information. The Company Secretary provides the directors with detailed guidance as to their duties, responsibilities and powers, and ensures that they are aware of all the regulations and good governance matters relevant to the Group.

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 in terms of 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.

The Board has assessed the Company Secretary's competence, qualifications and experience as required by the Companies Act, read with the JSE Listings Requirements, and is satisfied that he meets the requirements as stipulated and that an arms-length relationship between the Board and the Company Secretary exists.

Rotation and Retirement from the Board

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

The Company has not adopted a retirement age for directors.

Remuneration

The details relating to directors' fees and remuneration are disclosed in note 23 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 23 of the financial statements.

BOARD COMMITTEES

Audit and Risk Committee

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

- Roger Pitt (Chairman - Independent non-executive director)
- Gaurang Mooney (Independent non-executive director)
- Ashvin Mancha (Independent non-executive director)

The CEO and the Financial Director attended the meetings by invitation. The Group's external auditor (Grant Thornton) also met with the committee members by invitation.

The Audit and Risk Committee met four times during the year under review. When deemed necessary, further meetings were convened on an *ad hoc* basis. The Board is of the view that, due to the size of the Group, the number of scheduled meetings per year is sufficient.

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

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

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

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

The Committee amongst others, evaluated:

- the interim and year-end results;
- regulatory and accounting standard's compliance;
- the independence of the external auditors and whether the fees payable were appropriate;
- the audit plan;
- the effectiveness of internal controls in the Group; and
- the risks facing the Group and to satisfy itself that management has put plans in place to mitigate identified risks.

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

Internal Controls and Audit

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

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

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

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

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

IT Governance

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

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

The responsibility for reporting on IT Security falls on the IT Manager and IT Systems and Architect Manager who report to Exco and by invitation to the Board and/ or the Audit and Risk Committee. 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 and infrastructure, 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.

CORPORATE GOVERNANCE

IT Governance (continued)

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.

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

Social and Ethics Committee

For the period under review, the Committee comprised of the following members:

- Mr Ashvin Mancha (Chairman)
- Mr Gaurang Mooney
- Mr Stefan Kleynhans.

The CEO and Financial Director attended meetings by invitation.

In accordance with its Terms of Reference the Committee is mandated to oversee the monitoring, assessment and measurement of the Company's activities relating to social and economic development, good corporate citizenship, the environment, health and public safety, consumer and employee relationships.

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

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

- B-BBEE
- Anti-corruption policies
- Gender Diversity
- Skills Development
- Corporate Social Investments
- Community relations
- Employee wellbeing

Remuneration Committee

For the period under review the Remuneration Committee comprised of the following members:

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

The CEO and the Financial Director attended meetings by invitation.

The Committee met once during the year under review.

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

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

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

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

Remuneration structure

The Remuneration structure is delegated as follows:

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

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 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.

Annual bonus payments are determined by considering the following factors:

- the Group, as a whole, achieving a designated target;
- the individual's performance relative to the target; and
- external benchmarks

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. The Board is appraised of the Group's "going concern" status at each board meeting.

Going Concern

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

Board Gender Diversity

The Board has approved a gender diversity policy in support of the principles and objectives of the JSE Listings Requirements. The Board is required to address gender 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 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 at least 20% of directors are female.

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 female director(s) so as to attain and maintain the voluntary target level of gender diversity.

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 details to investors available on the Cognition website: www.cgn.co.za.

The Group continues to have an interactive relationship with shareholders, investors, analysts 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. Shareholders can address shareholding related queries to PO Box 61051, Marshalltown, South Africa 2107.

SUSTAINABILITY REPORT

Introduction

The Group adheres to the sustainability principles enshrined in the King III Report in pursuing its sustainability objectives. The Social and Ethics Committee has been mandated by the Board to take responsibility for the key sustainability issues contained in this report. Final oversight of the Integrated Annual Report vests in the Group's Audit Committee.

The sustainability strategy of the Group acknowledges that it has a responsibility to all of its stakeholders to ensure its long term viability. Accordingly, the Group continuously identifies and considers the impact of its business activities and operations on all of its stakeholders in pursuing its sustainability strategy and the success of the business.

In order for all stakeholders to assess the Group's ability to continue creating sustainable value into the future, Cognition aims to provide a balanced assessment of the Group's strategic position. This is achieved by providing all of its stakeholders with financial as well as non-financial information in the Integrated Report. The Group's management has been mandated by the Board to ensure the implementation of the sustainability principles mentioned in this report. In addition, management is required to report to the Board the progress that has been made in implementing the Group's sustainability principles and, where applicable, non-compliance with those principles.

King III recommends that the sustainability report should be independently assured, however, until the Group's recording systems to achieve its sustainability reporting are further and more fully formalised, the Committee is of the opinion that it would be premature to obtain external assurance. The Group continues to develop and put systems in place to expand on the qualitative and quantitative information to enable the Group to provide the requisite information.

Scope of sustainability report

This report covers the period from 1 July 2016 to 30 June 2017. The report is intended to provide stakeholders having an interest in the Group's performance with information relating to the Group's economic, social and environmental performance. The Group's stakeholders include

- existing and prospective shareholders
- government (local, provincial and national)
- trade unions
- communities in the vicinity of our operations
- suppliers
- business partners
- investment analysts
- industry organisations
- employees and their families
- contractors
- customers
- the media

Employees

The cornerstone of the Group is its employees. Key factors that contribute to maintaining and building a sustainable business are employee wellness and development.

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

The following benefits are provided to permanent staff members:

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

Our human resource policies govern the employee/employer relationship. All policies are reviewed on a regular basis. These policies include an Alcohol and Drug Abuse Policy, Conduct and Workplace Rules, Study Leave Policy, Bursary Policy and Social Media Policy to mention some key ones.

The aim of management is to create a working environment in which all employees are encouraged to act in a responsible manner, work hard and diligently, be able to express themselves creatively, build friendships and be part of a working family. When employing individuals, Management seeks to employ individuals that are passionate about what they do, who are skilled in their fields, can contribute meaningfully to the Group and identify with the Group's values.

Transformation

The Group supports the principles and objectives of Broad-Based Black Economic Empowerment (B-BBEE) contained in the B-BBEE Act and views this as a business imperative that is crucial to the future of our country. It is an essential process required to bring about increasing participation by all citizens in the South African economy and the Board acknowledges its oversight role in driving transformation and empowerment across all elements of B-BBEE.

The Group was assigned a level 8 (eight) B-BBEE contributor status on 30 May 2016. The application of amended B-BBEE legislation has now resulted in the Group not achieving certain requirements and our status has now moved to that of "Non-compliant contributor". In order to raise the profile and effectiveness of transformation within the Group, Empower Plus (Pty) Ltd has been appointed to assist the Group in developing, implementing and managing a B-BBEE strategy plan based on a structured programme over the short, medium and long-term.

Ongoing training and guidance on improving the effectiveness of our holistic transformation programme should yield an improvement to at least an entry level compliance for the period ending 30 June 2018. It is also envisaged that with sustainable programmes across all elements of B-BBEE being reviewed periodicaly, annual improvements of at least one rating level could be expected over the medium to long-term.

Because of the significant changes in the revised B-BBEE legislation, the Group will focus on the new elements of priority as noted below:

• Ownership

Ownership represents the largest challenge to the Group and is influenced by various factors including the Group shares being freely traded on the JSE, B-BBEE credentials of shareholders changing on an ongoing basis and sizeable costs associated with equity transactions. The Group had a BEE partner which disposed of its holdings. We await the outcome of the court challenge brought by the mining sector to the principle of "once empowered, always empowered". Management and the Group's advisors have been mandated by the Board to pursue opportunities with various parties in an attempt to find suitable shareholders that would be of benefit to all stakeholders.

• Skills Development

The development of skills is considered to be a strategic and business imperative. The Group recognises that the future sustainability of the Group is dependent on a diverse workforce that will put management in a position to use differing skills, expertise and cultures to enhance the Group's ability to provide proper employee succession and deliver sustained growth. The Group continues to implement initiatives aimed at formalising both internal and external training and development programs. Staff are nevertheless encouraged to better themselves either through self-learning or through formal external education programmes. Employees who undergo further work related training which is of relevance to the Group are eligible for study loans. The critical skills required to meet the Group's future demands are evaluated on an ongoing basis to ensure that staff have the necessary skills to meet this demand. The Group is a developer of proprietary software and accordingly is always seeking to train existing staff to ensure that a pool of varied and specific skills is avaliable as and when required. 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 so that they develop the Group's ethos while learning the specific skills needed by the Group. The Group relies on the commitment, innovation and passion of its staff to design and host most of its products and services.

• Enterprise and Supplier development, including preferential procurement

The Group continues to identify new Enterprise and Supplier development opportunities within it's own value chain. One such opportunity is the Huawei Channel Incentive Programme which is aimed at rewarding sales agents for the sale of Huawei mobile handsets, thereby creating further revenue streams for these sales agents.

The Group has also continued to market the Fax2Email and SecurDox services through its network of dealers.

Preferential procurement

The nature of the services provided by the Group is such that most of the Group's services are procured from 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 and the Group continues to seek opportunities of procuring goods and services from B-BBEE accredited suppliers. In our prior ssessment, 89.74% of procurement spend was with such qualifying suppliers.

Other areas being addressed, are as follows:

Employment Equity

For the year under review the Group employed a total of 150 staff of which 147 were permanent and 3 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 all its structures and to this end the Group's recruitment policy is aligned with the 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 that are constantly reviewed. These strategies include the implementation of a learning and development plan, in-service training, financial assistance toward further studies, internships and performance assessments to offer opportunities to deserving candidates. 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 as the Group seeks specific qualifications due to the specific proprietary skills the Group requires. The Group's recruitment policy is based on:

- Recruitment being based on competency and the potential further development of the individual
- Using targeted selection interviewing principles to suit the Group's needs in fulfilling its objectives
- Following a transparent process in doing so
- 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:

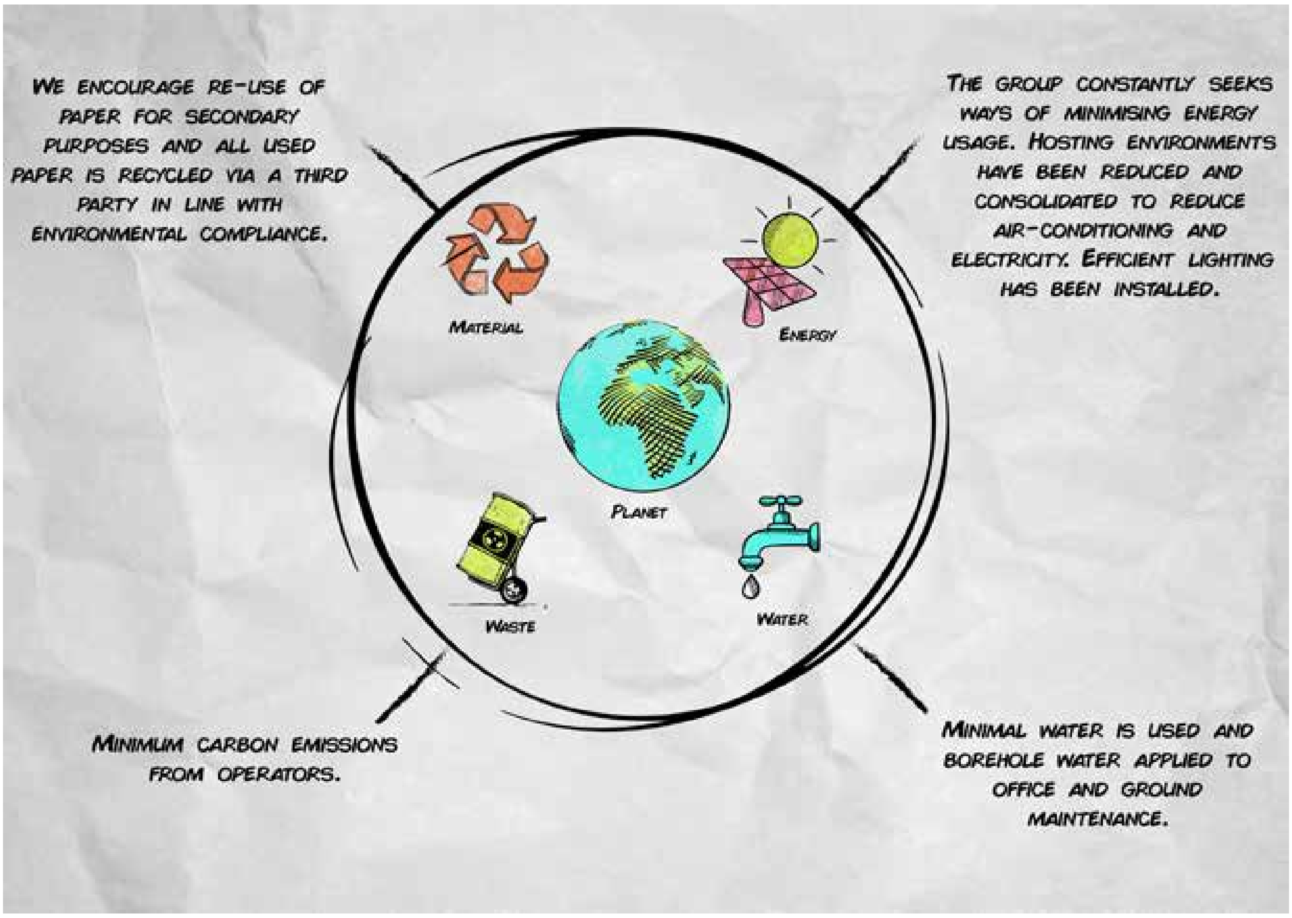
	Designated								**Non-designated**			
Occupation levels	**Male**			**Female**				**Designated Group Total**	**White Male**	**Foreign nationals**		**Non-designated Group Total**
	A	**C**	**I**	**A**	**C**	**I**	**W**			**Male**	**Female**	
Senior Management	0	0	0	0	0	1	5	5	9	1	0	10
Skilled technical and academic qualified workers, junior management, supervisors, foremen and superintendents	12	1	1	13	3	0	17	47	15	0	15	15
Semi-skilled and discretionary decision making	12	3	1	14	4	0	11	45	1	1	1	48
Unskilled and defined decision making	3	0	0	15	3	0	0	21	0	0	0	
Total Permanent	**27**	**4**	**4**	**42**	**10**	**1**	**33**	**119**	**25**	**2**	**1**	28
Non-Permanent	2	0	0	1	0	0		3	1	0	0	1
Grand Total	**29**	**4**	**2**	**53**	**10**	**1**	**33**	**122**	**25**	**2**	**1**	28

B = Black

C = Coloured

I = Indian

W = White



Management control

The board of directors of BMi Research Proprietary Limited and that of BMi Sport Info Proprietary Limited include at least one female director. The board of directors of Livingfacts Proprietary Limited comprises of at least two female directors.

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

Environment

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

When carrying out its activities, the Group is cognisant of the fact that its activities may pose a potential risk to the environment and apropriate measures are taken if required.

Increasing attention is given to environmental issues by legislators, regulators and other stakeholders. The Group is committed 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. To mitigate this, the Group has, in the past year, decommissioned one of its two server rooms as a strategy to decrease energy consumption. All hosting of servers, airconditioners and uninterrupted power supplies have now been aggregated into one server room without endangering the Group's operations. The Group has also, over the past few years, replaced existing high energy using light bulbs with energy efficient lighting.

The Executive Committee, under the leadership of the Chief Executive Officer, oversees the Group's environmental issues and implementation of measures to reduce the impact the Group has on the environment.

The role of ensuring greater integration between economic risk and opportunity assessment, and the social and environmental impact of the business, within the guidelines of King III, is entrusted to the Social and Ethics Committee.

SUSTAINABILITY REPORT

Carbon Footprint

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

This process was, once again, done internally, by using the guidelines established by the CHG and 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 thereof.

The 2017 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 up-liftment of their communities. These included:

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

Ubuhle Care and Development - a grassroots organisation established in 2008 to make a difference in the lives of orphans and vulnerable children of farm-worker households who are 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

Due to the fact that employees of the Group work predominantly in an office environment, there is very limited exposure to machinery. To avoid injuries, the necessary precautions are taken. The Group has policies in place to address health and safety risks. These policies are available to employees through internal channels such as the Company's intranet.

Selected staff periodically undergo first aid training to enable them to attend to safety issues within the working environment.

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

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

REMUNERATION REPORT

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

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

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

  Therefore bonuses are accordingly not guaranteed.
- Remuneration and other benefits of Non-Executive Directors are set by the Remuneration Committee at their discretion. Only the Chairman of the Board and the Chairman of the Audit & Risk Committee received remuneration. For the year under review the Chairman of the Board and the Chairman of the Audit & Risk Committee were remunerated as follows:

  Up to 31 December 2016

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

From 1 January 2017

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

The Remuneration Committee proposes the following remuneration for the Chairman of the Board and the Chairman of the Audit and Risk Committee 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 and Risk Committee (Mr. Roger Pitt)	R5 500.00	R13 200.00

AUDIT AND RISK COMMITTEE REPORT

Members of the Audit and Risk Committee

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

Mr. Roger Pitt
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 and Regulation 42 of the Companies Regulations.

Meetings

The Audit and Risk Committee had its seventh full year of operations and met four times during the year under review, as well as on an ad hoc basis when required.

The Chief Executive Officer and Financial Director were invited to attend meetings of the Audit and Risk 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 interim results as well as 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 their terms of engagement;
- Ensured that the appointment of the external auditor complies with the Companies Act, and any other legislation and regulations relating to the appointment of auditors;
- Determined the nature and extent of those non-audited services that the external auditor may, from time to time, provide to the Company;
- Pre-approved any proposed agreement with the external auditor for the provision of non-audit services to the Company;
- Considered whether there were any concerns or complaints whether from within or outside the Company relating to the accounting practices of the Company, the content or auditing of the Company's financial statements, the internal financial controls of the Company or any related matter; and
- Made submissions to the Board on matters concerning the Company's accounting policies, financial controls, records, performance 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 itself that the external auditor's appointment complies with the Companies Act and the Auditing Professions Act.

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

The Audit and Risk Committee, in consultation with executive management, agreed to the terms of the engagement. The audit fee for the external audit has been considered and approved taking into consideration such factors as the timing of the audit, the extent and 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 auditors during their annual financial audit; and
- The cost of having an internal audit function that can report independently to the Committee;

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

Going concern

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

Annual financial statements

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

Following the review of the annual financial statements the Audit and Risk Committee recommend the Board's approval thereof.

On behalf of the Audit and Risk Committee.

Mr. R Pitt
Audit and Risk Committee Chairman
27 September 2017

DIRECTORS' REPORT

The Directors have pleasure in submitting their report for the year ended 30 June 2017.

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 2017 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 2017 and up to the date of this report were:

Director	Role	Age	Other significant board memberships	Length of service
Ashvin Mancha*	Non-Executive Chairman	60	None	13 Years
Gaurang Mooney (Botswana)*	Non-Executive Director	47	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	17 Years
Roger Pitt*	Non-Executive Director	36	ISA Holdings Limited, FedGroup and Merchantec Proprietary Limited	4 Years
Paul Jenkins*	Non-Executive Director	58	Caxton, CTP Publishers and Printers, and Moneyweb Holdings Limited	4 Years
Marc du Plessis	Non-Executive Director	37	None	4 Years
Piet Greyling	Non-Executive Director	60	Caxton and CTP Publishers and Printers Limited, Newspaper Group	4 Years
Mark Smith	Chief Executive Officer	59	None	20 Years
Pieter Scholtz	Financial Director	41	None	9 Years
Graham Groenewaldt	Executive Director	59	None	16 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.

Dividend

The Company has declared and paid a dividend during the year under review of R10 995 860 (8 cents per share) (2015: R16 493 790 (12 cents per share)). In line with the requirements of the Memorandum of Incorporation of the Company, the Directors recommended and approved a dividend of R11 689 851 (8.50 cents per share) at their Board meeting of 14 September 2017.

Treasury shares

During the year under review FoneWorx Proprietary Limited acquired a net amount of 1 215 441 shares in the Company and sold 1 303 580 shares in the Company.

DIRECTORS' REPORT

Directors' Shareholding as at 30 June 2017

	30 June 2017 **Direct Beneficial '000**	30 June 2016 **Direct Beneficial '000**
M A Smith	11 373	11 337
G Groenewaldt	1 484	1 484
G Pearson	1 362	1 362
P Scholtz	485	485
Total	14 704	14 668

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 2017

	Number of shareholders	%	Number of shares '000	%
1 - 100 000	626	89.0	8 169	6.0
100 001 – 500 000	55	7.8	12 800	9.4
500 001 – 10 000 000	18	2.6	30 968	22.7
10 000 001 +	4	0.6	84 402	61.9
	703	100	136 339	100

Shareholding of ordinary shares at 30 June 2017

	Number of Shareholders	%	Number of shares '000	%
Public	697	99.1	63 826	46.8
Non - Public				
- Directors	4	0.6	14 704	10.8
- Non-Directors	2	0.3	57 809	42.4
	703	100%	136 339	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 2017 were as follows:

	Number of shares ('000)	**%**
CAXTON & CTP PUBLISHERS & PRINTERS	47 346	34.7
LAZIO HOLDING SA	15 219	11.1
NAVSUR LIMITED	10 463	7.7

Business combinations and other acquisitions

The Group acquired the remaining interest of 63% in the BMi Sport Group with effect from 1 February 2017. The BMi Sport Group is an independent research group focusing exclusively on the sport and sponsorship market. The purchase consideration for the remaining interest was R5.45 million of which R3.2 million was paid in cash and the balance in the form of Cognition shares.

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 2016.

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."

DIRECTORS' REPORT

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 2017, be and is hereby approved as follows:

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

Explanatory note

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

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

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 4 to 6, are not aware of any legal or arbitration proceedings that are pending or threatened, that may have or have had in the recent past, being at least 12 months, a material effect on the Group's financial position.

DIRECTORS' RESPONSIBILITY AND APPROVAL

The directors are responsible for the maintenance of adequate accounting records and the preparation and integrity of the annual financial statements and related information. The auditors are responsible for reporting on the fair presentation of the annual financial statements. The financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act.

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 2017 set out on pages 51 to 89 were approved by the Board on 14 September 2017 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

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) as set out on pages 51 to 89, which comprise the consolidated and separate statements of financial position as at 30 June 2017, 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 the group as at 30 June 2017, 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 3 to the financial statements, the Group has Goodwill with a carrying value of R30.3 million (2016: R 30.3 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 calculated the value in use of the investments and related impairment assessment of the goodwill.

Key audit matter	How our audit addressed the key audit matter
Valuation and impairment testing of intangibles As disclosed in note 4 to the financial statements, the Group has Intangible assets with a carrying value of R17.4 million (2016: R17.7 million) Management is required to review the intangible assets relating to computer software and internally generated intangible assets for indicators of impairment on an annual basis. The impairment of intangible assets is considered to be a key audit matter for our audit of the consolidated financial statements due to the level of judgement applied by management in assessing the possible impairment thereof.	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 other intangible assets • We 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 at the reporting date there were no indicators of impairment on the intangible assets. • The discounted cash flows and revenue streams relating to the intangible assets are all higher than their carrying amounts and thus there was no need for any impairments. • Management's estimate of the residual values and useful lives, as well as our review relating to the hardware and software is reasonable due to consideration given to the clients business, as well as the constant advances in technology in the hardware and software fields.

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 obtained prior to the date of this auditor's report, 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.

INDEPENDENT AUDITOR'S REPORT

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 three years.

Grant Thornton

GRANT THORNTON
Registered Auditors
Practice Number: 903485E
J Barradas
Registered Auditor
Chartered Accountant (SA)
27 September 2017
@Grant Thornton
Wanderers Office Park
52 Corlett Drive
Illovo, 2196

Consolidated Statement of Financial Position as at 30 June 2017

Figures in Rand	Notes	Group 2017	Group 2016	Company 2017	Company 2016
Assets					
Non-Current Assets					
Property, plant and equipment	2	17 290 611	18 035 465	-	-
Goodwill	3	30 331 527	30 331 527	-	-
Intangible assets	4	17 471 718	14 740 982	-	-
Investments in subsidiaries	5	-	-	55 238 150	46 688 919
Investments in associates	6	4 131 943	4 220 733	3 817 440	3 817 440
Deferred tax	8	1 090 381	840 329	-	-
Unlisted investment	9	1 660 000	-	1 660 000	-
		71 976 180	**68 169 036**	**60 715 590**	**50 506 359**
Current Assets					
Loans to group companies	5	-	-	1 596 994	5 102 042
Inventories	10	25 730	299 862	-	-
Trade and other receivables	11	49 049 219	40 500 311	11 778 761	10 722 726
Current tax receivable		194 628	-	76 852	-
Cash and cash equivalents	12	81 279 090	79 521 643	88 619	43 697
		130 548 667	**120 321 816**	**13 541 226**	**15 868 465**
Total Assets		**202 524 847**	**188 490 852**	**74 256 816**	**66 374 824**
Equity and Liabilities					
Equity					
Equity Attributable to Equity Holders of Parent					
Share capital	13	56 110 451	55 943 920	56 110 451	56 110 451
Equity due to change in ownership	15	(12 892 945)	(6 135 464)	-	-
Retained income / (accumulated loss)		102 774 161	95 171 136	(17 497 129)	(12 964 307)
		145 991 667	144 979 592	38 613 322	43 146 144
Non-controlling interest		857 519	1 929 129	-	-
		146 849 186	**146 908 721**	**38 613 322**	**43 146 144**
Liabilities					
Non-Current Liabilities					
Deferred tax	8	2 766 200	3 434 554	-	-
Other financial liabilities	16	4 699 232	7 022 630	4 699 232	7 022 630
Interest bearing liabilities	17	373 974	1 812 530	-	-
		7 839 406	**12 269 714**	**4 699 232**	**7 022 630**
Current Liabilities					
Loans from group companies	5	-	-	21 221 131	14 258 051
Interest bearing liabilities	17	1 438 673	2 655 183	-	-
Provisions	18	5 912 245	1 996 872	-	-
Trade and other payables	19	32 923 702	24 356 488	3 621 460	1 749 345
Other financial liabilities	16	5 932 602	-	5 932 602	-
Current tax payable		1 459 964	154 178	-	48 958
Unclaimed dividends		169 069	149 696	169 069	149 696
		47 836 255	**29 312 417**	**30 944 262**	**16 206 050**
Total Liabilities		**55 675 661**	**41 582 131**	**35 643 494**	**23 228 680**
Total Equity and Liabilities		**202 524 847**	**188 490 852**	**74 256 816**	**66 374 824**

Statements of Profit or Loss and Other Comprehensive Income

Figures in Rand	Notes	Group 2017	Group 2016	Company 2017	Company 2016
Gross Revenue		279 699 557	173 892 818	82 528 818	33 058 829
Less: Agency Revenue	37	(129 193 104)	(38 865 354)	(74 004 016)	(28 916 862)
Revenue	21	150 506 453	135 027 464	8 524 802	4 141 967
Cost of services		(50 711 879)	(53 573 988)	(8 524 802)	(4 141 967)
Gross profit		**99 794 574**	**81 453 476**	**-**	**-**
Other operating income/(loss)		479 231	2 228 428	(309 972)	1 666 341
Operating expenses		(19 041 271)	(16 524 151)	(4 709 614)	(421 612)
Staff costs		(52 167 926)	(43 154 405)	(216 000)	(199 000)
Depreciation and amortisation expense		(6 982 720)	(6 485 545)	-	-
Operating profit/(loss)	22	**22 081 888**	**17 517 803**	**(5 235 586)**	**1 045 729**
Investment income	24	5 617 407	5 158 033	11 684 804	17 483 700
Income from equity accounted investments		388 050	631 405	-	-
Finance costs	25	(447 978)	(517 897)	-	-
Profit before taxation		**27 639 367**	**22 789 344**	**6 449 218**	**18 529 429**
Taxation	26	(8 114 438)	(4 207 383)	27 224	(27 500)
Profit for the year		**19 524 929**	**18 581 961**	**6 476 442**	**18 501 929**
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		**19 524 929**	**18 581 961**	**6 476 442**	**18 501 929**
Total comprehensive income attributable to:					
Owners of the parent		18 612 289	18 226 680	6 476 442	18 501 929
Non-controlling interest		912 640	355 281	-	-
		19 524 929	**18 581 961**	**6 476 442**	**18 501 929**
Earnings per share					
Per share information					
Basic earnings per share (cents)	32	13.52	13.25		
Diluted earnings per share (cents)	32	13.52	13.25		

Figures in Rand	Share capital	Share premium	Total share capital	Equity due to change in ownership	Retained Income	Total attributable to equity holders of the parent	Non-controlling interest	Total equity
Group								
Balance at 01 July 2015	**137 616**	**55 972 835**	**56 110 451**	**-**	**94 200 852**	**150 311 303**	**1 466 421**	**151 777 724**
Profit for the year	-	-	-	-	18 226 680	18 226 680	355 281	18 581 961
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**18 226 680**	**18 226 680**	**355 281**	**18 581 961**
Purchase of own / treasury shares	(88)	(166 443)	(166 531)	-	-	(166 531)	-	(166 531)
Non-controlling interest as a result of an acquisition	-	-	-	-	-	-	4 584 089	4 584 089
Non-controlling interest as a result of purchase price allocation	-	-	-	-	-	-	407 051	407 051
Dividends	-	-	-	-	(17 256 396)	(17 256 396)	-	(17 256 396)
Changes in ownership interest in subsidiary	-	-	-	(6 135 464)	-	(6 135 464)	(4 883 713)	(11 019 177)
Total contributions by and distributions to owners of company recognised directly in equity	**(88)**	**(166 443)**	**(166 531)**	**(6 135 464)**	**(17 256 396)**	**(23 558 391)**	**107 427**	**(23 450 964)**
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
Other comprehensive income	-	-	-	-	-	-	-	-
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 30 June 2017	**137 616**	**55 972 835**	**56 110 451**	**(12 892 945)**	**102 774 161**	**145 991 667**	**857 519**	**146 849 186**
Notes	13	13	13	15				

Figures in Rand	Share capital	Share premium	Total share capital	Equity due to change in ownership	(Accumulated Loss)	Total attributable to equity holders of the parent	Total equity
Company							
Balance at 01 July 2015	**137 616**	**55 972 835**	**56 110 451**	**-**	**(14 952 340)**	**41 158 111**	**41 158 111**
Profit for the year	-	-	-	-	18 501 929	18 501 929	18 501 929
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**18 501 929**	**18 501 929**	**18 501 929**
Dividends	-	-	-	-	(16 513 896)	(16 513 896)	(16 513 896)
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**-**	**-**	**-**	**(16 513 896)**	**(16 513 896)**	**(16 513 896)**
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 30 June 2017	**137 616**	**55 972 835**	**56 110 451**	**-**	**(17 497 129)**	**38 613 322**	**38 613 322**
Notes	13	13	13				

Statements of Cash Flow

Figures in Rand	Notes	Group 2017	Group 2016	Company 2017	Company 2016
Cash flows from operating activities					
Cash generated from / (utilised by) operations	27	29 617 871	22 704 965	(803 952)	(5 568 655)
Interest income		5 617 407	5 158 033	198 699	516 519
Dividend income		-	-	11 486 105	16 967 181
Finance costs		(447 978)	(260 455)	-	-
Tax paid	28	(7 921 685)	(6 495 502)	(98 587)	(167 883)
Net cash from operating activities		**26 865 615**	**21 107 041**	**10 782 265**	**11 747 162**
Cash flows from investing activities					
Purchase of property, plant and equipment	2	(2 324 550)	(3 659 355)	-	-
Sale of property, plant and equipment	2	161 141	527	-	-
Purchase of intangible assets	4	(2 201 527)	(733 548)	-	-
Expenditure on product development	4	(4 596 760)	(3 897 297)	-	-
Sale of other intangible assets	4	4 201	-	-	-
Acquisition of subsidiary		-	898 839	-	-
Acquisition of additional interest in subsidiary		(1 701 230)	(11 019 176)	(5 344 509)	-
Proceeds from loans from group companies		-	-	6 852 574	-
Repayment of loans advanced to group companies		-	-	-	(15 644 834)
Purchase of unlisted investment	9	(1 660 000)	-	(1 660 000)	-
Purchase of investment in associate		-	(880 021)	-	(736 447)
Net cash from investing activities		**(12 318 725)**	**(19 290 031)**	**(151 935)**	**(16 381 281)**
Cash flows from financing activities					
Proceeds on share issue	13	166 531	-	-	-
Reduction of share capital or buy back of shares	13	-	(166 531)	-	-
Proceeds from other financial liabilities		404 483	-	404 483	-
Repayment of interest bearing liability		(2 655 066)	(21 985)	-	-
Dividends received from associate		477 000	-	-	-
Dividends paid	29	(11 182 391)	(17 245 632)	(10 989 891)	(16 503 132)
Net cash from financing activities		**(12 789 443)**	**(17 434 148)**	**(10 585 408)**	**(16 503 132)**
Total cash movement for the year		**1 757 447**	**(15 617 138)**	**44 922**	**(21 137 251)**
Cash at the beginning of the year		79 521 643	95 138 781	43 697	21 180 948
Total cash at end of the year	12	**81 279 090**	**79 521 643**	**88 619**	**43 697**

Group Accounting Policies

1. Presentation of annual financial statements

International Financial Reporting Standards (IFRS) as issued by the International Auditing and Accounting Standards Board (IAASB), 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 1.1 for the new and revised standards issued for up until June 2017.

1.1 New standards and interpretations

Standards in issue at the date of authorisation of the financial statements that have not been early adopted

Standard	**Details of Amendment**	**Annual periods beginning on or after**
IFRS 9 Financial Instruments	A final version of IFRS 9 has been issued which replaces IAS39 Financial Instruments: Recognition and Measurement. The completed standard comprises guidance on Classification and Measurement, Impairment Hedge Accounting and Derecognition: - IFRS 9 introduces a new approach to the classification of financial assets, which is driven by the business model in which the asset is held and their cash flow characteristics. A new business model was introduced which does allow certain financial assets to be categorised as "fair value through other comprehensive income" in certain circumstances. The requirements for financial liabilities are mostly carried forward unchanged from IAS 39. However, some changes were made to the fair value option for financial liabilities to address the issue of own credit risk -The new model introduces a single impairment model being applied to all financial instruments, as well as an "expected credit loss" model for the measurement of financial assets. - IFRS 9 contains a new model for hedge accounting that aligns the accounting treatment with the risk management activities of an entity, in addition enhanced disclosures will provide better information about risk management and the effect of hedge accounting on the financial statements. - IFRS 9 carries forward the derecognition requirements of financial assets and liabilities from IAS 39.	1 Janurary 2018

Group Accounting Policies

1.1 New standards and interpretations (continued)

Standard	Details of Amendment	Annual periods beginning on or after
IFRS 15 Revenue from Contracts with Customers	New standard that requires entities to recognise 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. This core principle is achieved through a five step methodology that is required to be applied to all contracts with customers. The new standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively and improve guidance for multiple-element arrangements. The new standard 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.	1 January 2018
IFRS 16 Leases	New standard that introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. A lessee measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows applying IAS 7 Statement of Cash Flows. IFRS 16 contains expanded disclosure requirements for lessees. Lessees will need to apply judgement in deciding upon the information to disclose to meet the objective of providing a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of the lessee. IFRS 16 supersedes the following Standards and Interpretations: - IAS 17 Leases; - IFRIC 4 Determining whether an Arrangement contains a Lease; - SIC-15 Operating Leases—Incentives; and - SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.	1 January 2019

Group Accounting Policies

1.1 New standards and interpretations (continued)

Standard	Details of Amendment	Annual periods begining on or after
IAS 7 Statement of Cash Flows	Disclosure Initiative: Amendments requiring entities to disclose information about changes in their financing liabilities. The additional disclosures will help investors to evaluate changes in liabilities arising from financing activities, including changes from cash flows and non-cash changes (such as foreign exchange gains or losses).	1 January 2017
Interpretation	**Details of Amendment**	**Annual periods begining on or after**
IFRIC 22 Foreign Currency Transactions and Advance Consideration	This interpretation addresses the exchange rate to use in transactions that involve advance consideration paid or received in a foreign currency.	1 January 2018
IFRIC 23 Uncertainty over Income Tax Treatments	IFRIC 23 addresses uncertainty over how tax treatments should affect the accounting for income taxes.	1 January 2019

Management anticipates that all of the above standards and interpretations will be adopted in the Group's financial statements in the effective period. The impact of the adoption of these standards and interpretations are currently being assessed.

1.2 Significant judgements

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

Impairment

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

In assessing the value in use, the expected future cashflows from the asset are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the assets.

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

Residual value and useful life

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

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

1.2 SIGNIFICANT JUDGEMENTS (CONTINUED)

Deferred tax assets

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

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

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

Contingent consideration

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 18 Provisions.

1.3 BASIS OF CONSOLIDATION

The Group financial statements consolidate those of the parent and all of its subsidiaries as of 30 June 2017. The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 30 June.

Business combinations

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

Goodwill is stated after separate recognition of identifiable intangible assets. Goodwill is measured at cost less accumulated impairment losses. Goodwill is tested for impairment annually.

1.4 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Depreciation is provided on all property, plant and equipment other than freehold land, to write down the cost, less residual value, on a straight line basis over their useful lives as follows:

Item	Average useful life
Buildings	20 years
Leasehold improvements	5 years
Plant and machinery	5 years
Furniture and fixtures	6 years
Motor vehicles	5 years
Office equipment	5 years
IT equipment	3 - 4 years on average
Call centre equipment	5 years

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

1.5 INTANGIBLE ASSETS

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed every year-end. Reassessing the useful life of an intangible asset with a definite useful life after it was classified as indefinite is an indication that the asset may be impaired.

As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Computer software	5 - 6.67 years on average
Internally developed asset	5 years

1.6 INVESTMENTS IN SUBSIDIARIES

Company annual financial statements

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

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

1.7 INVESTMENTS IN ASSOCIATES

Associates are those entities over which the Group is able to exert significant influence but which are not subsidiares.

Investments in associates and joint ventures are accounted for using the equity method.

1.8 Financial instruments

Initial recognition and measurement

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

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

Financial assets and liabilities are offset and disclosed on a net basis in the consolidated statement of financial position when there is a legal right to set off and there is an intention either to settle on a net basis or to release the asset and settle the liability simultaneously.

Loans to (from) group companies

These instruments are initially measured at fair value including transaction costs.

Subsequently these loans are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts.

On loans receivable an impairment loss is recognised in profit or loss when there is objective evidence that its is impaired. The impairment is measured as the difference between the instrument's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Impairment losses are reversed in subsequent periods when an increase in the instrument's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the instrument at the deate of impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value including transaction costs, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Trade and other receivables is presented net of the allowance account. Any movement in the allowance account is recognised in profit or loss. Uncollectable amounts are written off against the allowance account. Subsequent reversals of amounts previously written off are credited to profit or loss.

Trade and other payables

Trade payables are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments arrangements entered into. Cash and cash equivalents are initially recognised at fair value including transaction costs and subsequently measured at amortised cost using the effective interest rate method.

Financial liabilities and equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting its liabilities.

1.8 Financial instruments (continued)

Other financial liabilities

Other financial liabilities, including interest bearing borrowings that are reflected on the face of the Statement of financial position, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield method.

Liabilities payable within the next year are classified as current liabilities. Liabilities payable after one year are classified as non-current liabilities.

Financial assets and liabilities are offset and disclosed on a net basis in the consolidated statement of financial position when there is a legal right to set off and there is an intention either to settle on a net basis or to release the asset and settle the liability simultaneously.

Derecognition of financial liabilities

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

Derecognition of financial assets

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

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

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

Financial instruments in general

When the effect of discounting of financial instruments as a whole is not material, discounting is not applied as the nominal values approximate the amortised cost value.

Financial instruments as a whole that are receivable or payable within the next year are classified as current assets. Financial instruments as a whole that are receivable or payable after one year are classified as non-current assets.

1.9 Tax

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of comprehensive income where it includes items of income and expenses that are accounted for in other periods and it further excludes items that are not taxable or deductible. The Group liability for current tax is calculated using rates currently enacted and substantially enacted at financial year end.

Deferred tax

Deferred tax is recognised on difference between the carrying amounts of assets and liabilities in the financial statements and corresponding tax bases used in the computation of taxable profit or loss, and are accounted for using the comprehensive liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arises from goodwill or from the initial recognition (other than a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit or loss nor the accounting profit or loss. Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and its probable that the temporary difference will not reverse in the foreseeable future.

1.9 Tax (continued)

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.

Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be avaliable to allow all or part of the asset to be recovered.

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

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

Current and deferred tax for the year

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

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

1.10 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership to the lessee

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability. This asset or liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

1.11 Inventories

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

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

1.12 Impairment of assets

At each reporting date, the Group reviews the carrying amount of its tangible and intangible assets to determine whether there is an indication that those assets may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount for an individual 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 cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit for which the estimates of future cashflows have not been adjusted.

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

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

1.13 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

1.14 Revenue

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.

1.15 Cost of services

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

1.16 Translation of foreign currencies

Foreign currency transactions

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

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

2. Property, plant and equipment

Group	2017			2016		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Land	2 200 000	-	2 200 000	2 200 000	-	2 200 000
Buildings	11 000 962	(1 147 489)	9 853 473	10 979 632	(1 080 451)	9 899 181
Plant and machinery	596 688	(403 863)	192 825	599 563	(333 728)	265 835
Furniture and fixtures	1 409 277	(1 241 931)	167 346	1 431 716	(1 215 630)	216 086
Motor vehicles	183 730	(183 730)	-	183 730	(183 730)	-
Office equipment	1 156 006	(973 141)	182 865	1 232 317	(1 022 567)	209 750
IT equipment	14 175 120	(10 399 646)	3 775 474	17 591 510	(13 557 874)	4 033 636
Leasehold improvements	1 205 946	(686 465)	519 481	1 205 946	(633 605)	572 341
Call centre equipment	1 197 442	(798 295)	399 147	1 197 442	(558 806)	638 636
Total	**33 125 171**	**(15 834 560)**	**17 290 611**	**36 621 856**	**(18 586 391)**	**18 035 465**

Reconciliation of property, plant and equipment - Group - 2017

	Opening balance	Additions	Additions through business combinations	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**

Reconciliation of property, plant and equipment - Group - 2016

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

Land and buildings with a carrying value of R12 053 473 (2016: R12 099 181) are mortgaged as stated in note 17. HR Liebenberg (Professional Valuer), from CPF Valuers Proprietary Limited, fair valued ERF 1363 Ferndale at R19 400 000.

Certain plant and equipment with a carrying amount of R1 299 783 (2016: R2 584 133) have been encumbered as per note 17.

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

3. GOODWILL

Group	2017 Cost	2017 Accumulated impairment	2017 Carrying value	2016 Cost	2016 Accumulated impairment	2016 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 - 2017

	Opening balance	Additions through business combinations	Purchase price allocation to other assets	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 - 2016

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

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 cash flow.The growth rate of 10% (2016: 10.20%) used within these cash flow projections are in line with the normal rates achieved by the asset and within the norm achieved by similar assets within the group. Improved cost efficiencies have been taken into account where applicable. If the growth rate falls below 2.6%, then goodwill for BMi Sport will be impaired.

The discount rates of 23.00% (2016: 13.73%) 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 rises above 28.62%, then goodwill for BMi Research will be impaired.

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 R35 632 596 (2016: R19 587 078).

3. Goodwill (continued)

BMi Research

BMi Research was valued by determining the current value of the future projected cash flows.The growth rate of 8% (2016: 10.20%) used within the cash flow projections are in line with the normal rates achieved by the asset and within the norm achieved by similar assets within the group. Improved cost efficiencies have been taken into account where applicable. If the growth rate falls below 6.1%, then goodwill for BMi Research will be impaired.

The discount rates of 25.00% (2016: 13.73%) 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 rises above 34.80%, then goodwill for BMi Research will be impaired.

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 R43 474 017 (2016: R31 292 528).

4. Intangible assets

Group	2017			2016		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Fax2Email Platform - Africa*	2 383 605	(2 184 971)	198 634	2 383 605	(1 708 250)	675 355
Knowledge 350*	3 205 136	(1 182 984)	2 022 152	3 205 136	(590 111)	2 615 025
Email2Fax and Fax2Email System*	8 570 414	(6 360 775)	2 209 639	8 836 311	(4 912 589)	3 923 722
Incentive Programme*	2 945 637	-	2 945 637	1 674 084	-	1 674 084
Computer software	5 364 487	(2 077 339)	3 287 148	4 540 405	(3 308 803)	1 231 602
Carbonworx software*	-	-	-	932 812	(932 812)	-
MediaWorx platform*	1 539 217	(102 614)	1 436 603	1 539 217	-	1 539 217
Bespoke services*	4 020 164	(259 743)	3 760 421	4 013 530	(3 121 739)	891 791
Research panel*	1 365 545	(568 977)	796 568	1 365 545	(295 868)	1 069 677
SportTrack	1 527 967	(713 051)	814 916	1 527 967	(407 458)	1 120 509
Total	**30 922 172**	**(13 450 454)**	**17 471 718**	**30 018 612**	**(15 277 630)**	**14 740 982**

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**

4. Intangible assets (continued)

Reconciliation of intangible assets - Group - 2016

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

Impairment of intangible assets

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

* - Internally generated assets.

Average remaining useful life

	Average remaining useful life 2017	2016
Fax2Email Platform - Africa	0.43 years	1.42 years
Knowledge 350*	2.58 years	4.08 years
Email2Fax and Fax2Email System*	1.37 years	2.22 years
Incentive Programme*	5.00 years	5.00 years
Computer software	2.67 years	0.82 years
MediaWorx Platform*	4.66 years	5.00 years
Bespoke services*	4.50 years	1.11 years
Research panel*	2.58 years	3.92 years
SportTrack	2.66 years	3.66 years

Other information

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

- Incentive Programme
- Bespoke services

5. Investments in subsidiaries

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

2017

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

	Issued share capital R	Group effective interest %	Cost of investment R	Indebtedness by subsidiary R	Allowance for doubtful loans 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 Analytics 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 Limited	100	100%	100	14 931	(14 931)
			55 238 150	**(14 316 658)**	**(5 307 478)**

5. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

2016

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

	Issued share capital R	Group effective interest %	Cost of investment R	Indebtedness by subsidiary R	Provision for doubtful loans R
FoneWorx Proprietary Limited	100	100%	100	(14 127 174)	-
Four Rivers Trading 123 Proprietary Limited	100	100%	2 310 100	1 370 748	-
Interconnective Solutions Management Services Proprietary Limited	100	100%	100	(130 877)	-
Retail Card Club Proprietary Limited*	100	100%	100	626 057	(626 057)
Survey On Line Proprietary Limited*	100	100%	100	136 939	(136 939)
Cognition Analytics Proprietary Limited*	100	100%	100	104 944	(104 944)
CarbonWorx Proprietary Limited	100	70%	70	447 122	-
VM Advertising Proprietary Limited*	100	100%	100	823 984	(823 984)
FoneWorx Kenya Limited	5 000 000	60%	100	1 448 177	-
BMi Sport Group	300	63%	17 665 941	-	-
BMi Research	100	100%	26 711 808	-	-
FoneWorx Global Communications Limited (Nigeria)	10 000 000	70%	100	1 761 956	-
FoneWorx Zambia Limited	5 000 000	60%	100	59 108	-
FoneWorx Namibia Limited	100	100%	100	14 931	-
			46 688 919	**(7 464 085)**	**(1 691 924)**

All the above entities are private companies. 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 R3 615 554 (2016: R364 260 reversal of impairment).

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

	Group 2017	Group 2016	Company 2017	Company 2016
Current assets	-	-	1 596 994	5 102 042
Current liabilities	-	-	(21 221 131)	(14 258 051)
	-	**-**	**(19 624 137)**	**(9 156 009)**

6. Investments in associates

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

Group

Name of company	Held by	% ownership interest 2016	% ownership interest 2015	Carrying amount 2017	Carrying amount 2016
LivingFacts Proprietary Limited		47.70%	47.70%	4 131 943	4 220 733
		47.70%	**47.70%**	**4 131 943**	**4 220 733**

Company

Name of company	Held by	% ownership interest 2016	% ownership interest 2015	Carrying amount 2017	Carrying amount 2016
LivingFacts Proprietary Limited		47.70%	47.70%	3 817 440	3 817 440
		47.70%	**47.70%**	**3 817 440**	**3 817 440**

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

Summarised Statement of Profit or Loss and Other Comprehensive Income	Livingfacts Propietary Limited 2017	2016
Revenue	**1 004 426**	**8 106 992**
Profit after taxation from continuing operations	813 523	534 442
Dividends paid by associate	(1 000 000)	(950 450)

Summarised Statement of Financial Position	Livingfacts Propietary Limited 2017	2016
Assets		
Current assets	1 856 106	1 989 488
Non-current assets	1 158	2 971
Total assets	**1 857 264**	**1 992 459**
Liabilities		
Current liabilities	348 217	402 357
Total liabilities	348 217	402 357
Total net assets	**1 509 047**	**1 590 102**

Associates with different reporting dates

The end of the reporting year of Cognition Holdings Limited is 30 June 2017. The year end of LivingFacts Proprietary Limited is 28 February 2017. The information above was obtained from the management accounts of LivingFacts Proprietary Limited for 30 June 2017.

7. Financial assets by category

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

Group - 2017	Loans and receivables	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
	128 898 780	**1 429 529**	**130 328 309**

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

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
	13 462 878	**1 496**	**13 464 374**

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

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

8. Deferred tax asset/(liability)

	Group 2017	Group 2016	Company 2017	Company 2016
Deferred tax liability	(2 766 200)	(3 434 554)	-	-
Deferred tax asset	1 090 381	840 329	-	-
Total net deferred tax liability	**(1 675 819)**	**(2 594 225)**	-	-
Reconciliation of deferred tax asset / (liability)				
At beginning of year	(2 594 225)	(3 645 159)	-	-
Property, plant and equipment	83 012	17 188	-	-
Intangible assets	(274 618)	(643 396)	-	-
Provisions	794 421	430 539	-	-
Revenue accrual	540 463	23 388	-	-
Work-in-progress	-	1 018 654	-	-
Prepaid expenses	(39 854)	-		
Tax losses available for set off against future taxable income	(185 018)	204 561	-	-
	(1 675 819)	**(2 594 225)**	-	-
Categories of temporary differences				
Property, plant and equipment	87 038	4 026	-	-
Intangible assets	(4 171 333)	(3 896 715)	-	-
Provisions	1 594 586	800 165	-	-
Revenue accrual	655 721	115 258	-	-
Prepaid expenses	(67 854)	(28 000)	-	-
Taxable losses available for set off against future taxable income	226 023	411 041	-	-
	(1 675 819)	**(2 594 225)**	-	-

9. Unlisted investment

	Group 2017	Group 2016	Company 2017	Company 2016
Tysflo Proprietary Limited	1 660 000	-	1 660 000	-
	1 660 000	**-**	**1 660 000**	**-**

During the year the Group made an investment into Tysflo Proprietary Limited, a company that is developing a unique video broadcasting platform. The Group acquired a 17% interest in Tysflo Proprietary Limited and does not have significant influence thereon. It is accounted for at cost by the Group and by the Company.

10. Inventories

	Group 2017	Group 2016	Company 2017	Company 2016
Finished goods	25 730	1 203 292	-	-
	25 730	1 203 292	-	-
Allowance for obsolete inventory	-	(903 430)	-	-
	25 730	**299 862**	**-**	**-**

Inventory amounting to R25 730 (2016: R26 165) is carried at net realisable value.

11. Trade and other receivables

	Group 2017	Group 2016	Company 2017	Company 2016
Trade receivables	46 808 973	37 233 330	11 777 265	8 981 336
VAT	-	-	1 496	5 446
Sundry debtor	-	1 735 944	-	1 735 944
Other receivables	810 717	216 806	-	-
Prepayments	1 429 529	1 314 231	-	-
	49 049 219	**40 500 311**	**11 778 761**	**10 722 726**

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 2017 amounted to R46 808 973 (2016: R37 233 330).

Included in the Group's trade receivables balance are debtors with a carrying amount of R3 465 025 (2016: R3 674 494), which are past due at the reporting date for which the Group has not provided, as there has been no significant changes in the credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances. The credit terms of the past due trade receivables have not been renegotiated.

In determining the recoverability of trade receivables, the Group considers any change in credit quality of the trade receivables, from the date the credit was initially granted up to the reporting date.

Trade receivables that are less than 60 days past due are not considered impaired, except if there is a specific indication that it may be impaired. Trade receivables that are more than 60 days past due are individually assessed. Customers with no history of default and from whom the full amount are expected to be recovered are not provided for.

The average credit period on sales is 30 days from statement. No interest was charged on trade receivables for the period under review.

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

30 days past due	1 837 359	876 826	-	-
60 days past due	922 291	1 069 290	-	-
90 days past due	705 375	1 728 378	-	-
	3 465 025	**3 674 494**	**-**	**-**

12. Cash and cash equivalents

	Group 2017	Group 2016	Company 2017	Company 2016
Cash and cash equivalents consist of:				
Cash on hand	33 200	36 775	-	-
Bank balances	81 245 890	79 484 868	88 619	43 697
	81 279 090	**79 521 643**	**88 619**	**43 697**

13. SHARE CAPITAL

	Group 2017	Group 2016	Company 2017	Company 2016
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 2016	137 528	137 616	137 616	137 616
Treasury shares held by FoneWorx Proprietary Limited issued shares at R0.001 each	-	(88)	-	-
Treasury shares disposed by FoneWorx Proprietary Limited issued shares at R0.001 each	88	-	-	-
	137 616	**137 528**	**137 616**	**137 616**
Issued				
137 615 798 (2015: 137 615 798) shares of R0.001 each	137 616	137 528	137 616	137 616
Share premium (Refer to note 14)	55 972 835	55 806 392	55 972 835	55 972 835
	56 110 451	**55 943 920**	**56 110 451**	**56 110 451**

The 112 384 202 (2016: 112 384 202) unissued shares are under the control of the directors, subject to Section 36 of the Companies Act and the Listings Requirements of the JSE Limited, in terms of a resolution passed at the Annual General Meeting in December 2016. The authority is valid until the forthcoming Annual General Meeting.

14. SHARE PREMIUM

	Group 2017	Group 2016	Company 2017	Company 2016
Balance at beginning of period	55 806 392	55 972 835	55 972 835	55 972 835
Less: Premium of Treasure shares held by FoneWorx Proprietary Limited purchased on 3 December 2015	-	(166 443)	-	-
Add: Premium of Treasure shares sold by FoneWorx Proprietary Limited on 30 June 2017	166 443	-	-	-
	55 972 835	**55 806 392**	**55 972 835**	**55 972 835**

15. 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 an additional acquisition in terms of IFRS 10. 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

Effect in equity due to additional investment in subsidiary	Group 2017	Group 2016	Company 2017	Company 2016
BMi Sport Group	6 757 481	-	-	-
BMi Research Propriety Limited	6 135 464	6 135 464	-	-
	12 892 945	**6 135 464**	**-**	**-**

16. Other financial liabilities

	Group 2017	Group 2016	Company 2017	Company 2016
Contingent consideration				
BMi Research	4 332 601	7 022 630	4 332 601	7 022 630
The contingent consideration reflects the Group's estimate of what would be payable in terms of BMi Research top up purchase price. It is estimated that the final top up will be made by 31 March 2018. This amount is shown at a present value of future obligations using a post tax rate of 6.84%. If BMi Research achieves a three year Profit after tax above R10 483 200 then a further purchase consideration will be made to the sellers of R4 540 000. During the year under review a payment of R3 000 000 was made in terms of the initial Sale of Share agreement.				
BMi Sports Group	3 204 724	-	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 current financial year and is estimated to be paid by 30 September 2020. This amount is shown at a present value of future obligations using a post tax rate of 6.84%. If BMI Sport Group achieves a three year combined profit after tax for the 2018, 2019 and 2020 financial years that is more than R13.50 million up to R19.00 million then a further purchase consideration of between R500 000 and R4 000 000 will be payable to the seller.				
	7 537 325	**7 022 630**	**7 537 325**	**7 022 630**
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.	3 094 509	-	3 094 509	-
	10 631 834	**7 022 630**	**10 631 834**	**7 022 630**
Non-current liabilities				
Fair value through profit or loss	3 204 723	7 022 630	3 204 723	7 022 630
Other loan	1 494 509	-	1 494 509	-
	4 699 232	**7 022 630**	**4 699 232**	**7 022 630**
Current liabilities				
Fair value through profit or loss	4 332 602	-	4 332 602	-
Other loan	1 600 000	-	1 600 000	-
	5 932 602	**-**	**5 932 602**	**-**
Total other financial liabilities	**10 631 834**	**7 022 630**	**10 631 834**	**7 022 630**

17. INTEREST BEARING LIABILITIES

	Group 2017	Group 2016	Company 2017	Company 2016
Minimum instalment payments due				
- within one year	1 551 179	3 218 873	-	-
- in second to fifth year inclusive	395 573	1 691 547	-	-
	1 946 752	4 910 420	-	-
less: future finance charges	(134 105)	(442 707)	-	-
Present value of minimum instalment payments	**1 812 647**	**4 467 713**	-	-
Present value of minimum instalment payments due				
- within one year	1 438 673	2 655 183	-	-
- in second to fifth year inclusive	373 974	1 812 530	-	-
	1 812 647	**4 467 713**	-	-
Non-current liabilities	373 974	1 812 530	-	-
Current liabilities	1 438 673	2 655 183	-	-
	1 812 647	**4 467 713**	-	-
Instalment sale agreements				
Minimum instalment payments due				
- within one year	1 151 204	1 526 392	-	-
- in second to fifth year inclusive	395 573	1 417 259	-	-
	1 546 777	2 943 651	-	-
less: future finance charges	(128 516)	(353 580)	-	-
	1 418 261	**2 590 071**	-	-
Present value of minimum instalment payments due				
- within one year	1 044 287	1 171 810	-	-
- in second to fifth year inclusive	373 974	1 418 261	-	-
	1 418 261	**2 590 071**	-	-

It is the Group's policy to purchase certain equipment and motor vehicles under instalment sale agreements. The average agreement term is three to five years and the instalment sale agreements bear interest at various rates linked to the prime bank rate and are repayable in monthly instalments of R117 415 (2016: 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 R1 299 783 (2015: R2 584 133). The current portion relating to the instalment sales agreements amount to R1 044 287 (2016: R1 171 810) and the non-current portion relating to the instalment sales agreements amounts to R373 974 (2016: R1 418 261).

17. INTEREST BEARING LIABILITIES (CONTINUED)

	Group 2017	Group 2016	Company 2017	Company 2016
Mortgage Bond				
Minimum instalment payments due				
- within one year	399 975	1 692 481	-	-
- in second to fifth year inclusive	-	274 288	-	-
	399 975	1 966 769	-	-
less: future finance charges	(5 589)	(89 127)	-	-
	394 386	**1 877 642**	-	-
Present value of minimum instalment payments due				
- within one year	394 386	1 483 373	-	-
- in second to fifth year inclusive	-	394 269	-	-
	394 386	**1 877 642**	-	-

Included in the interest bearing liabilities is the long-term loan secured by a bond registered over ERF 1636, Ferndale. The bond is repayable over 10 years at an interest rate of prime minus 1% and repayable in monthly instalments of R131 873 (2016: R131 873). The carrying amount of property as reflected in the accounting records of the subsidiary is R9 876 387 (2016: R9 922 095). The current portion relating to the long-term loan amounts to R394 386 (2016: R1 483 373) and the non-current portion relating to the long-term loan amounts to Rnil (2016: R394 269).

18. PROVISIONS

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**

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

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.

19. Trade and other payables

	Group		Company	
	2017	2016	2017	2016
Trade payables	8 564 455	6 892 363	-	-
Amounts received in advance	7 022 340	6 211 777	-	-
VAT	1 185 839	1 455 408	-	-
Third party prize money	11 160 745	7 109 315	-	-
Accruals	4 990 323	2 687 625	3 621 460	1 749 345
	32 923 702	**24 356 488**	**3 621 460**	**1 749 345**

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.

20. Financial liabilities by category

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

Group - 2017	Financial liabilities at amortised cost	Non financial instruments	Total
Contingent consideration	10 631 834	-	10 631 834
Interest bearing liabilities	1 812 647	-	1 812 647
Trade and other payables	24 715 523	8 208 179	32 923 702
Unclaimed dividends	169 069	-	169 069
	37 329 073	**8 208 179**	**45 537 252**

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

Company - 2017	Financial liabilities at amortised cost	Total
Loan from Group company	21 221 131	21 221 131
Contingent consideration	10 631 834	10 631 834
Trade and other payables	3 621 460	3 621 460
Unclaimed dividends	169 069	169 069
	35 643 494	**35 643 494**

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

21. REVENUE

	Group 2017	Group 2016	Company 2017	Company 2016
Gross Revenue	279 699 557	173 892 818	82 528 818	33 058 829
Less: Agency Revenue	(129 193 104)	(38 865 354)	(74 004 016)	(28 916 862)
Revenue	**150 506 453**	**135 027 464**	**8 524 802**	**4 141 967**

22. OPERATING PROFIT/(LOSS)

	Group 2017	Group 2016	Company 2017	Company 2016
Operating profit/(loss) for the year is stated after accounting for the following:				
Operating lease charges				
Premises	493 147	460 706	-	-
Equipment	115 678	72 901	-	-
	608 825	**533 607**	-	-
Depreciation and amortisation	6 982 720	6 485 545	-	-
Employee costs	52 312 480	43 154 405	216 000	206 000
Insurance	708 989	672 926	-	-
Profit on disposal of fixed assets	11 106	527	-	-
Fees relating to listing on JSE	1 012 612	497 460	1 012 612	467 460
Legal Fees	143 838	162 738	-	-
Telecommunication charges	3 613 933	3 857 869	-	-

23. DIRECTORS' EMOLUMENTS

2017	Emoluments	Travel allowance	Total
G Groenewaldt	1 785 390	-	1 785 390
MA Smith	2 613 070	-	2 613 070
P A Scholtz	1 831 484	73 000	1 904 484
AG 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**

2016			
G Groenewaldt	1 654 000	-	1 654 000
MA Smith	2 730 000	-	2 730 000
PA Scholtz	1 758 000	48 000	1 806 000
A G Mancha*	106 000	-	106 000
R Pitt*	100 000	-	100 000
G Mooney**	-	-	-
P Jenkins**	-	-	-
M du Plessis**	-	-	-
P Greyling**	-	-	-
	6 348 000	**48 000**	**6 396 000**

* Independent Non Executive Directors.

Prescribed Officer is SA Kleynhans(2016: PA Sholtz).

** These directors do not receive remuniration 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.

24. Investment income

	Group 2017	Group 2016	Company 2017	Company 2016
Dividend revenue				
Subsidiaries - Local	-	-	11 009 264	16 513 896
Associates - Local	-	-	476 841	453 285
	-	-	**11 486 105**	**16 967 181**
Interest received				
Bank	5 617 407	5 158 033	198 699	516 519
	5 617 407	**5 158 033**	**11 684 804**	**17 483 700**

25. Finance costs

	Group 2017	Group 2016	Company 2017	Company 2016
Finance leases	240 455	257 442	-	-
Bank	6 958	25 946	-	-
Mortgage bond	103 839	223 232	-	-
SARS	96 726	11 277	-	-
	447 978	**517 897**	-	-

26. Taxation

	Group 2017	Group 2016	Company 2017	Company 2016
Major components of the tax expense/ (income)				
Current				
Local income tax - current period	8 841 686	5 163 564	-	-
Local income tax recognised in current tax for prior periods	191 157	-	(27 224)	-
Securities Tax	-	27 500	-	27 500
	9 032 843	**5 191 064**	**(27 224)**	**27 500**
Deferred				
Originating and reversing temporary differences	(918 405)	(983 681)	-	-
	8 114 438	**4 207 383**	**(27 224)**	**27 500**
Reconciliation of the tax expense				
Reconciliation between accounting profit and tax expense.				
Accounting profit	27 639 367	22 789 344	6 449 218	18 529 429
Tax at the applicable tax rate of 28% (2016: 28%)	7 739 023	6 381 016	1 805 781	5 188 240
Tax effect of adjustments on taxable income				
Impairment/(Reversal) of impairment of intercompany loans	-	-	1 012 355	(101 993)
Under/(Over) provision prior year	94 593	(571 820)	(27 244)	-
Permanent differences	537 615	(1 112 930)	(2 818 136)	(5 086 247)
Income from associates	(388 050)	(631 405)	-	-
Tax losses available for set off against future taxable income	131 257	115 022	-	-
Securities tax	-	27 500	-	27 500
	8 114 438	**4 207 383**	**(27 244)**	**27 500**

Gross estimated tax losses of certain subsidiaries at 30 June 2017, available for offset against future taxable income amounted to R825 000 (2016: R1 million). A deferred tax asset has not been raised in respect of these losses due to the uncertainty around those subsidiaries' ability to generate future taxable profits against which the deferred tax asset may be utilised. Had a deferred tax asset been raised it would have amounted to R231 000 (2016: R280 000).

27. Cash generated from/(utlised by) operations

	Group 2017	Group 2016	Company 2017	Company 2016
Profit before taxation	27 639 367	22 789 344	6 449 218	18 529 429
Adjustments for:				
Depreciation and amortisation	6 982 720	6 485 545	-	-
Net profit on disposal of property, plant and equipment	(11 107)	(527)	-	-
Income from equity accounted investments	(388 050)	(631 405)	-	-
Dividends received	-	-	(11 486 105)	(16 967 181)
Interest received	(5 617 407)	(5 158 033)	(198 699)	(516 519)
Finance costs	447 978	517 897	-	-
Movements in provisions	-	676 778	-	-
Reversal of impairment	-	10 764	-	-
Contingent consideration reversed to income	309 972	(1 666 341)	-	-
Impairment of loans to Group companies	-	-	3 615 554	-
Changes in working capital:				
Inventories	274 132	110 537	-	-
Trade and other receivables	(8 548 908)	(2 712 521)	(1 056 035)	(6 560 085)
Trade and other payables	8 529 174	2 282 927	1 872 115	(54 299)
	29 617 871	**22 704 965**	**(803 952)**	**(5 568 655)**

28. Tax paid

	Group 2017	Group 2016	Company 2017	Company 2016
Balance at beginning of the year	(154 178)	(950 678)	(48 958)	(189 340)
Current tax for the year recognised in profit or loss	(9 032 843)	(5 191 064)	27 223	(27 501)
Acquired through business combination	-	(507 938)	-	-
Balance at end of the year	1 265 336	154 178	(76 852)	48 958
	(7 921 685)	**(6 495 502)**	**(98 587)**	**(167 883)**

29. Dividends paid

	Group 2017	Group 2016	Company 2017	Company 2016
Balance at beginning of the year	(149 696)	(138 932)	(149 696)	(138 932)
Dividends	(11 201 764)	(17 256 396)	(11 009 264)	(16 513 896)
Balance at end of the year	169 069	149 696	169 069	149 696
	(11 182 391)	**(17 245 632)**	**(10 989 891)**	**(16 503 132)**

30. Contingencies

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

In the period under review, management appointed an engineering specialist to assist the company to resolve this matter. At the date of this report the matter has still not been resolved but management accounted for a portion of this liability by creating adequate provision within the financial statements, however there is still a contingent liability of R750 000 that management believes is unjustified and as such management has not provided for it.

31. RELATED PARTIES

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

Related-party relationships where control exists are:

Related party	Nature of relationship
Companies	
FoneWorx Proprietary Limited	Subsidiary
Four Rivers Trading 123 Proprietary Limited	Subsidiary
Interconnective Solutions Management Services Proprietary Limited	Subsidiary
Retail Card Club Proprietary Limited	Subsidiary
SurveyOnLine Proprietary Limited	Subsidiary
Cognition Analytics Proprietary Limited	Subsidiary
Carbonworx Proprietary Limited	Subsidiary
VM Advertising Proprietary Limited	Subsidiary
Foneworx Kenya Limited	Subsidiary
Foneworx Global Communications Limited	Subsidiary
Foneworx Zambia Limited	Subsidiary
BMI Sponsorwatch Proprietary Limited	Subsidiary
BMI Sports Info Proprietary Limited	Subsidiary
Sponsorvalue Research Services Proprietary Limited	Subsidiary
Foneworx Namibia Proprietary Limited	Subsidiary
BMi Research Proprietary Limited	Subsidiary
Adcheck Proprietary Limited	Subsidiary
Living Facts Proprietary Limited	Associate
Tysflo Proprietary Limited	Investment
Caxton and CTP Publishers and Printers Limited	Significant shareholder
Directors of Cognition Holdings Limited	
Mark Allen Smith	
Pieter Albertus Scholtz	
Graham Groenewaldt	
Ashvin Mancha	
Gaurang Mooney	
Paul Jenkins	Director of Caxton and CTP Publishers and Printers Limited
Roger Pitt	
Marc du Plessis	
Piet Greyling	Director of Caxton and CTP Publishers and Printers Limited

Related party balances and transactions

Directors

Directors' emoluments are set out in note 23.

There are no other key management personnel.

Investments and loans

Related party investments and loans of the holding company are reflected in the following notes 5 & 6.

Dividends

Dividends were received from Foneworx Proprietary Limited amounting to R11 009 264 (2016: R16 513 896).

Revenue and debtors

Trade receivables balances at year end R11 009 265 (2016: R16 493 790)

Transactional purchases paid to Foneworx Proprietary Limited amounting to R82 528 819 (2016: R33 058 829).

32. Earnings per share

Earnings per share

The calculation of earnings per share is based on profits of R18 612 289 attributable to equity holders of the parent (2016: R18 226 680) and a weighted average of 137 615 798 (2016: 137 565 088) ordinary shares in issue during the year	13.52 cents	13.25 cents
Headline earnings per share The calculation of headline earnings per share is based on profits of R18 604 293 attributable to equity holders of the parent (2016: R18 226 301) and a weighted average of 137 615 798 (2016: 137 565 088) ordinary shares in issue during the year	13.52cents	13.25cents
Reconciliation between earnings and headline earnings		
Profit attributable to ordinary shareholders of parent	18 612 289	18 226 680
Profit on disposal of property, plant and equipment	(11 106)	(527)
Tax effect of the disposal of property, plant and equipment	3 110	148
Headline earnings	**18 604 293**	**18 226 301**
Diluted earnings per share The calculation of diluted earnings per share is based on profits of R18 612 289 (2016: R18 223 974) and a weighted average of 137 615 798 (2016: 137 615 798) ordinary shares issued during the year	13.52cents	13.25cents
Reconciliation between earnings and diluted earnings per share:		
Weighted average number of shares used in the calculation of earnings per share	137 615 798	137 565 088

33. Dividends per share

Dividends per share The calculation of dividends per share is based on dividends of R 11 009 264 attributable to equityholders of the parent (2016: R16 513 896) and a weighted average of 137 615 798 (2016: 137 615 798) ordinary shares in issue during the year	8.00cents	12.00cents

34. Risk management

Capital risk management

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

The capital structure of the Group consists of debt, which includes borrowings disclosed in note 17, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital and premium, reserves and retained income as disclosed in notes 12, 13 and 14, respectively.

Currently the Group's cash and cash equivalents of R81.3 million (2016: R79.5 million) exceeds its interest bearing debt of R1.8 million (2016: R4.5 million) as set out in note 12 & 17 by 45.17 times (2016: 17.67 times).

34. Risk management

Interest rate risk

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

The Group's exposure to interest rates on financial assets are R81.3 million (2016: R79.5 million) and financial liabilities are R1.8 million (2016: R4.5 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 R997 125 (2016: R967 145).

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 increased by R997 125 (2016: R967 145).

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. 44.15% 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 R1 596 994 (2016: R5 102 041). 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 - 2017	Group - 2016	Company - 2017	Company - 2016
Loans to group companies	-	-	1 596 994	5 102 041
Trade and other receivables	47 619 690	39 186 080	11 778 761	10 722 726
Cash and cash equivalents	81 279 090	79 521 643	88 619	43 697

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.

34. Risk management (continued)

Group

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	-
Unclaimed dividends	169 069	169 069	169 069	-	-
Trade and other payables	23 671 627	23 671 627	23 671 627	-	-
Contingent consideration	7 537 325	7 537 325	-	7 537 325	-

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

Company

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	-	-
Unclaimed dividends	169 069	169 069	169 069	-	-
Trade and other payables	6 715 969	6 175 969	6 715 969	-	-
Contingent consideration	7 537 325	7 537 325	-	7 537 325	-

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

35. Segment reporting

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

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

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

	2017	2016
Gross Revenue		
Active Data Exchange Services	122 714 679	75 310 430
Knowledge Creation and Management	156 984 878	98 592 388
	279 699 557	**173 892 818**
Revenue generated as agency services		
Active Data Exchange Services	(55 489 089)	(9 948 492)
Knowledge Creation and Management	(73 704 015)	(28 916 862)
	(129 193 104)	**(38 865 354)**
Revenue		
Active Data Exchange Services	67 225 591	65 361 938
Knowledge Creation and Management	83 280 862	69 665 526
	150 506 453	**135 027 464**
Cost of sale		
Active Data Exchange Services	(23 379 908)	(28 213 870)
Knowledge Creation and Management	(27 331 971)	(25 360 118)
	(50 711 879)	**(53 573 988)**
Gross Profit		
Active Data Exchange Services	43 845 683	37 148 068
Knowledge Creation and Management	55 948 891	44 305 408
	99 794 574	**81 453 476**

The accounting policies applied to the operating segments are the same as those described in the basis of preparation paragraph above. Active Data Exchange Services are provided within South Africa as well as in 36 African countries ("Africa Sales"). Within the period under review 4.20% (2016: 4.78%) of its revenue can be attributed to Africa Sales. The Company allocates revenue to each country based on the relevant domicile of the client. All of the Company's assets are located in South Africa.

Active Data Exchange Services currently generates 44.15% (2016: 54.92%) of its revenue through three large network service providers. The reconciliation of the gross profit to the profit before taxation is provided in the statement of comprehensive income. The CODM reviews these income and expense items on a group basis and not per individual segment. All assets and liabilities are reviewed on a group basis by the CODM.

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.

36. Securities and guarantees

The Group's banking facilities are secured as follows:

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

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

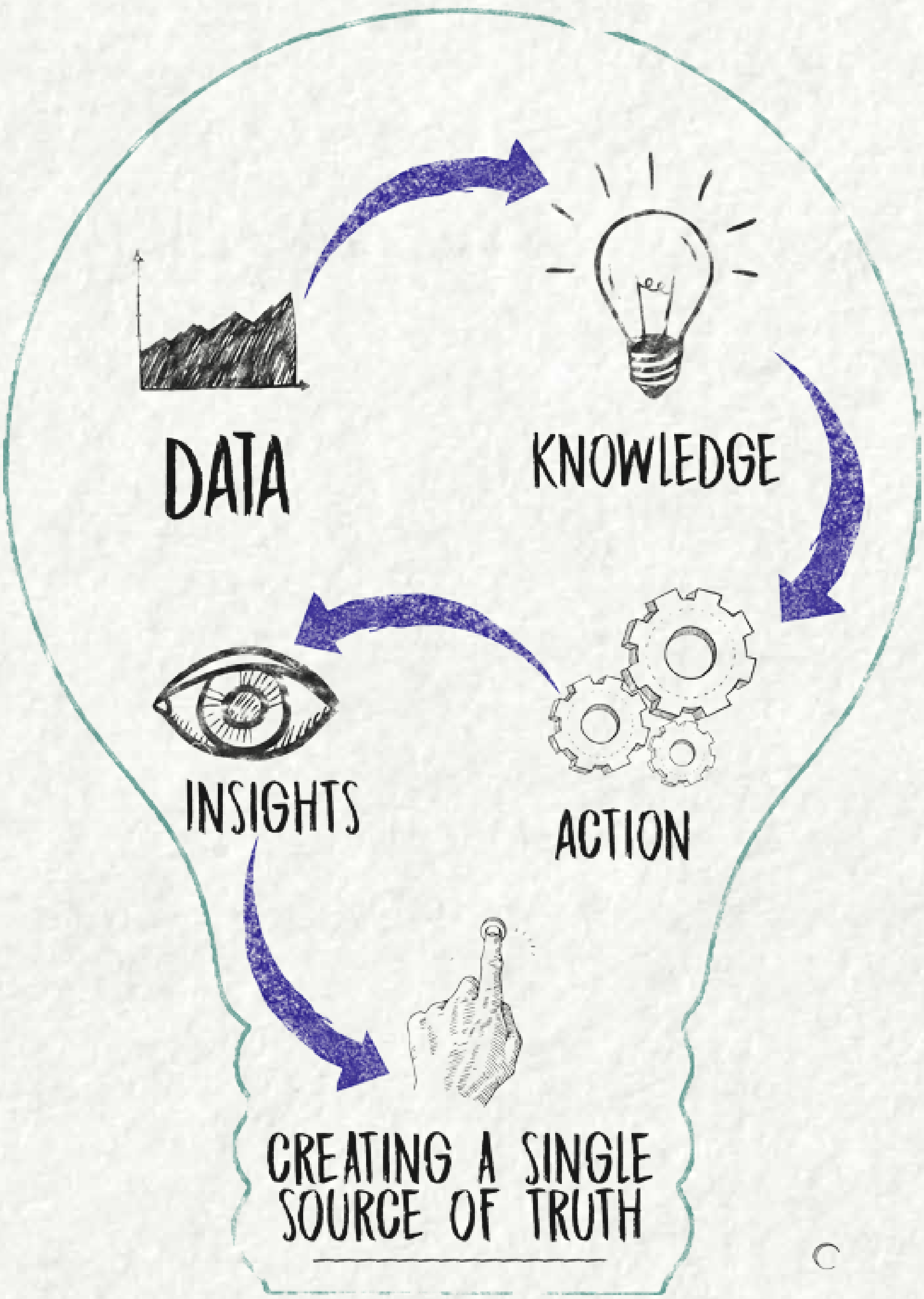
- Virtual Payment Solutions Proprietary Limited R50 000 (2016: R50 000).

37. Reclassification of comparatives

During the past two years the Group started offering services that is classified as agency revenue in terms of IAS18 and as such the Group reclassified revenue generated through these services separately in the Statement of Profit or Loss and other comprehensive income for enhanced disclosure purposes. The above reclassification has not resulted in any changes to the reported Gross Profit for the previous year.

2016

	Group			Company		
	Prior to re-classification	Reclassification	After reclassification	Prior to re-classification	Reclassification	After reclassification
Gross Revenue	-	173 892 818	173 892 818	-	33 058 829	33 058 829
Less: Agency revenue	-	(38 865 354)	(38 865 354)	-	(28 916 862)	(28 916 862)
Revenue	173 892 818	(38 865 354	135 027 464	33 058 829	(28 916 862)	4 141 967
Cost of sales	(92 439 342)	38 865 354	(53 573 988)	(33 058 829)	28 916 862	(4 141 967)
Gross profit	81 453 476	-	81 453 476	-	-	-


DATA
KNOWLEDGE
INSIGHTS
ACTION
CREATING A SINGLE SOURCE OF TRUTH

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 19th Annual General Meeting of shareholders of Cognition ("Annual General Meeting") will be held at 10:00 on Friday, 1 December 2017 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 Companies Act"), the record date for the purposes of determining which shareholders of the Company are entitled to participate in and vote at the Annual General Meeting is Friday, 24 November 2017. Accordingly, the last day to trade Cognition shares in order to be recorded in the Register to be entitled to vote will be Tuesday, 21 November 2017.

1. To receive, consider and adopt the annual financial statements of the Company and the Group for the financial year ended 30 June 2017, including the reports of the auditors, directors and the Audit and Risk Committee.

   Note: A copy of the annual financial statements appears on pages 51 to 89 of the Annual Report to which this notice is attached.

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

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

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

   An abbreviated curriculum vitae in respect of each director offering himself for re-election appears on pages 5 to 6 of the annual report to which this notice is attached.

5. To re-appoint Roger Pitt as a member and chairman of the Company's Audit and Risk Committee.

6. To re-appoint Gaurang Mooney as a member of the Company's Audit and Risk Committee.

7. To re-appoint Ashvin Mancha as a member of the Company's Audit and Risk Committee.

   An abbreviated curriculum vitae in respect of each member of the Audit and Risk Committee appears on pages 5 to 6 of the annual report to which this notice is attached.

8. To confirm the re-appointment of Grant Thornton Johannesburg Partnership. as independent auditors of the Company with Mr **Jacques Barradas** being the individual registered auditor who has undertaken the audit of the Company for the ensuing financial year and to authorise the directors to determine the auditors' remuneration.

   The minimum percentage of voting rights required for each of the resolutions set out in item numbers 1 to 8 above to be adopted is more than 50% (fifty percent) of the voting rights exercised on each of the resolutions by shareholders present or represented by proxy at the Annual General Meeting.

   As special business, to consider and, if deemed fit, to pass, with or without modification, the following resolutions:

9. ORDINARY RESOLUTION NUMBER 1

Approval of remuneration policy

"**Resolved that** the remuneration policy of the directors of Cognition, as set out on page 41 of the annual report to which this notice is attached, be and is hereby approved as a non-binding advisory vote of shareholders of the Company in terms of the King III Report on Corporate Governance."

Note: 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 Cognition's remuneration policy.

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 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, the Memorandum of Incorporation of the Company and the Listings Requirements of JSE Limited ("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 50% (fifty percent) of the votes exercised on such resolutions by shareholders present or represented by proxy at the meeting.

11. ORDINARY RESOLUTION NUMBER 3

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

"**Resolved that** the directors of Cognition 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, the Memorandum of Incorporation of the Company and its subsidiaries and the JSE Listings Requirements from time to time.

The JSE Listings Requirements currently provide, *inter alia*, that:

- this general authority will be valid until the earlier of the Company's next Annual General Meeting or the expiry of a period of 15 (fifteen) months from the date that this authority is given;
- the securities which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such securities or rights that are convertible into a class already in issue;
- any such issue may only be made to "public shareholders" as defined in the JSE Listings Requirements and not to related parties;
- the securities which are the subject of a general issue for cash may not exceed 15% (fifteen percent) of the number of listed securities, excluding treasury shares, as at the date of this notice, being 20 642 370 securities. Any securities issued under this authorisation will be deducted from the aforementioned 20 642 370 listed securities. In the event of a sub-division or a consolidation the authority will be adjusted to represent the same allocation ratio;
- in determining the price at which securities may be issued in terms of this authority, the maximum discount permitted will be 10% (ten percent) of the weighted average traded price of such securities measured over the 30 (thirty) business days prior to the date that the price of the issue is agreed in writing between the issuer and the party/ies subscribing for the securities;
- an announcement giving full details, including the number of securities issued, the average discount to the weighted average traded price of the securities over 30 (thirty) business days prior to the date that the issue is agreed in writing being the issue and the parties subscribing for the securities and in respect of options and convertible securities, the effects of the issue on the statement of financial position, net asset value per share, net tangible asset value per share, the statement of profit and loss and other comprehensive income, earnings per share and headline earnings per share and, if applicable, diluted earnings and headline earnings per share, or in respect of an issue of shares, an explanation, including supporting documents (if any), of the intended use of the funds will be published when the Company has issued securities representing, on a cumulative basis within the earlier of the Company's next Annual General Meeting or the expiry of a period of 15 (fifteen) months from the date that this authority is given, 5% (five percent) or more of the number of securities in issue prior to the issue; and
- whenever the Company wishes to use repurchased shares, held as treasury stock by a subsidiary of the Company, such use must comply with the JSE Listings Requirements as if such use was a fresh issue of ordinary shares."

Under the JSE Listings Requirements, ordinary resolution number 3 must be passed by a 75% (seventy five percent) majority of the votes cast in favour of the resolution by all members present or represented by proxy at the Annual General Meeting.

12. SPECIAL RESOLUTION NUMBER 1

General approval to acquire shares

"**Resolved**, by way of a general approval that Cognition 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, 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 acquisitions of ordinary shares in the aggregate in any one financial year may not exceed 20% (twenty percent) of the Company's issued ordinary share capital;
- the Company may only effect the repurchase once a resolution has been passed by Board confirming that the Board has authorised the repurchase, that the Company has passed the solvency and liquidity test ("test") and that since the test was done there have been no material changes to the financial position of the Group;
- the Company or its subsidiaries may not acquire ordinary shares during a prohibited period as defined in paragraph 3.67 of the JSE Listings Requirements;
- an announcement will be published once the Company has cumulatively repurchased 3% (three percent) of the number of the ordinary shares in issue at the time this general authority is granted ("initial number"), and for each 3% (three percent) in aggregate of the initial number acquired thereafter."

Explanatory note

The purpose of this special resolution number 1 is to obtain an authority for, and to authorise, the Company and the Company's subsidiaries, by way of a general authority, to acquire the Company's issued ordinary shares.

It is the intention of the directors of the Company to use such authority should prevailing circumstances (including tax dispensations and market conditions) in their opinion warrant it.

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

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

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

- major shareholders of the Company – page 44; and
- share capital of the Company – page 76.

12.2 Material change

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

12.3 Directors' responsibility statement

The directors, whose names are given on page 4 to 6 and of the annual report of which this notice forms part, collectively and individually accept full responsibility for the accuracy of the information pertaining to special resolution number 1 and certify that to the best of their knowledge and belief there are no facts in relation to special resolution number 1 that have been omitted which would make any statement in relation to special resolution number 1 false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that special resolution number 1 together with this notice contains all information required by law and the JSE Listings Requirements in relation to special resolution number 1.

12. Special resolution number 1 (continued)

12.4 Adequacy of working capital

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

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

13. Special resolution number 2

Financial assistance for subscription of securities

"**Resolved that**, as a special resolution, in terms of section 44 of the Companies Act, the shareholders of Cognition 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 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, the shareholders of Cognition 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, 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."

14. SPECIAL RESOLUTION NUMBER 3 (CONTINUED)

Explanatory note

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

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

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

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

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

(c) in as much as the Section 45 Board Resolution contemplates that such financial assistance will in the aggregate exceed one-tenth of one percent of the Company's net worth at the date of adoption of such resolution, the Company hereby provides notice of the Section 45 Board Resolution to shareholders of the Company. Such notice will also be provided to any trade union representing any employees of the Company.

15. SPECIAL RESOLUTION NUMBER 4

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

Type of fee	Proposed retainer fee per month in ZAR for the year ending 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.

16. ORDINARY RESOLUTION NUMBER 4

Signature of documents

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

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

17. OTHER BUSINESS

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

Voting and proxies

Special resolutions to be adopted at this Annual General Meeting require approval from at least 75% (seventy five percent) of the votes exercised on such resolutions by shareholders present or represented by proxy at the meeting. Ordinary resolutions to be adopted at this Annual General Meeting require approval from a simple majority, which is more than 50% ((fifty percent) of the votes exercised on such resolutions by shareholders present or represented by proxy at the meeting.

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

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

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

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

Proxy forms should be forwarded to reach the transfer secretaries, Computershare Investor Services Proprietary Limited, at least 48 hours excluding Saturdays, Sundays and public holidays, before the time of the meeting, provided that any proxy form not delivered to the transfer secretaries by this time may be handed to the Chairperson of the Annual General Meeting prior to the commencement of the Annual General Meeting, at any time before the appointed proxy exercises any shareholder rights at the Annual General 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 2017
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 19th Annual General Meeting of shareholders of the Company to be held at the offices of the Company, Cognition House, Corner Bram Fischer Drive and Will Scarlet Road, Ferndale, Randburg, at 10:00 on Friday, 1 December 2017 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:

		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 2017			
2.	To re-elect Gaurang Mooney to the Board of Cognition Holdings Limited			
3.	To re-elect Piet Greyling to the Board of Cognition Holdings Limited			
4.	To re-elect Marc du Plessis to the Board of Cognition Holdings Limited			
5.	To re-appoint Roger Pitt as a member and chairman of the Company's Audit and Risk Committee.			
6.	To re-appoint Gaurang Mooney as a member of the Company's Audit and Risk Committee.			
7.	To re-appoint Ashvin Mancha as a member of the Company's Audit and Risk Committee.			
8.	To confirm the re-appointment of Grant Thornton Johannesburg Partnership as auditor of the Company together with Mr **Jacques Barradas** for the ensuing financial year			

FORM OF PROXY

		Number of ordinary shares		
		For	Against	Abstain
9.	**Ordinary resolution number 1** Approval of the remuneration policy			
10.	**Ordinary resolution number 2** Control of authorised but unissued ordinary shares			
11.	**Ordinary resolution number 3** Approval to issue ordinary shares, and to sell treasury shares, for cash			
12.	**Special resolution number 1** General approval to acquire shares			
13.	**Special resolution number 2** Financial assistance for subscription of securities			
14.	**Special resolution number 3** Loans or other financial assistance to directors			
15.	**Special resolution number 4** Approval of non-executive director's remuneration			
16.	**Ordinary resolution number 4** Signature of documents			

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

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

Signed at ______________________________ on ______________ 2017

Signature ______________________________

Assisted by (if applicable) ______________________________

Notes to proxy

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

   In terms of section 58 of the Companies Act:-

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

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

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

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

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

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

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

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

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

Notes to proxy

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

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

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

13. Where there are joint holders of ordinary shares:

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

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

Hand deliveries to:	Postal deliveries to:
Computershare Investor Services Proprietary Limited	Computershare Investor Services Proprietary Limited
Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196	PO Box 61051, Marshalltown, 2107

to be received by no later than 10:00 on Tuesday, 28 November 2017 (or 48 (forty-eight) hours before any adjournment of the Annual General Meeting which date, if necessary, will be notified on SENS).

15. A deletion of any printed matter and the completion of any blank space need not be signed or initialled. Any alteration or correction must be signed and not merely initialled.

Summary of the rights of a shareholder to be represented by proxy, as set out in section 58 of the Companies Act:

A proxy appointment must be in writing, dated and signed by the shareholder appointing a proxy, and, subject to the rights of a shareholder to revoke such appointment (as set out below), remains valid only until the end of the relevant shareholders' meeting.

A proxy may delegate the proxy's authority to act on behalf of a shareholder to another person, subject to any restrictions set out in the instrument appointing the proxy.

The appointment of a proxy is suspended at any time and to the extent that the shareholder who appointed such proxy chooses to act directly and in person in the exercise of any rights as a shareholder.

The appointment of a proxy is revocable by the shareholder in question cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and to the Company. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of (a) the date stated in the revocation instrument, if any; and (b) the date on which the revocation instrument is delivered to the Company as required in the first sentence of this paragraph.

If the instrument appointing the proxy or proxies has been delivered to the Company, as long as that appointment remains in effect, any notice that is required by the Companies Act or the Company's Memorandum of Incorporation to be delivered by the Company to the shareholder, must be delivered by the Company to (a) the shareholder, or (b) the proxy or proxies, if the shareholder has (i) directed the Company to do so in writing; and (ii) paid any reasonable fee charged by the Company for doing so.

Attention is also drawn to the "Notes to proxy".

The completion of a form of proxy does not preclude any shareholder from attending the Annual General Meeting.

SHAREHOLDERS' DIARY

Financial year end	30 June 2017
Annual report and financial statements	27 September 2017
Annual general meeting	1 December 2017
Half-year report	February 2018

DIRECTORS AND ADMINISTRATION

Company registration number
1997/010640/06

JSE share code
CGN

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

Directors

Executive

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

Non-executive
Ashvin Govan Mancha* BProc – Chairman
Gaurang Mooney* BA (Botswana)
Piet Greyling BCom, BCompt (Hons)
Paul Jenkins* BCom, LLB
Marc du Plessis BCom (Commercial Accounting)
Roger Pitt* BCom (Hons)(Acc), CA(SA))

(* Independent)

Business address and registered office

Cognition House
Corner Bram Fischer Drive and Will Scarlet Road
Ferndale, Randburg, 2194,
PO Box 3386, Pinegowrie, 2123
Telephone +27 11 293 0000
Fax 086 610 1000, +27 11 787 2137

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

Auditor

Grant Thornton Johannesburg Partnership

Attorneys

Martini-Patlansky Attorneys
Richards Attorneys

Bankers

First National Bank Limited
Investec Bank Limited

Company Secretary

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

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