



COGNITION HOLDINGS LTD

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

UNAUDITED CONSOLIDATED INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2016

COMMENTARY

The board of directors of Cognition ("the board") present the unaudited condensed consolidated interim financial results for the six months ended 31 December 2016 ("the interim period"), which should be read in conjunction with the audited annual financial statements for the year ended 30 June 2016.

The unaudited condensed consolidated interim financial results are available to be viewed on the Company's website: www.cgn.co.za.

The Group's revenue for the interim period compared to the previous corresponding period increased by 47.5% from R82 million to R121 million. This is primarily due to increased business activity within the Knowledge Creation and Management segment of the business which now constitutes 77% of the Group's revenue and 64% of the gross profit.

The historical core business of the Group (Active Data Exchange Services which includes Fax2Email) is still delivering good margins. Revenue has declined from R39 million to R28 million, a 29% decline when compared to the same period last year, however the decline in gross profit was only 14%. The combined gross profit of the Group increased from R40.4 million to R48.2 million, a 20% increase.

Profit before tax increased by 20% from R12 million to R14.5 million and profit after tax increased by 27.1% from R8.8 million in the previous corresponding period to R11.2 million in this reporting period.

During the period under review, the Group used its cash resources to:

- develop new products;
- pay-out R11 million in dividends; and
- increase its working capital to fund the additional revenue of the Group.

The cash resources of the Group remain healthy at R74.2 million.

The net asset value per share of the Group remained steady at 104.88 cents per share.



OPERATIONAL OVERVIEW

The Group has made positive strategic and operational inroads to re-invent itself as an important player in the Knowledge Economy.

Whilst our historical heritage in Active Data Exchange Services (SMS, USSD, IM and faxing solutions) continues to provide good annuity income, we have spent the last two years developing new and exciting products to establish new sources of revenue and open up previously unexplored markets in order to facilitate growth.

Active Data Exchange Services

In simple terminology, these incorporate a wide range of bearer services such as SMS, Interactive Voice Response, USSD, Instant Messaging, email services and the like. These services are all provided via our contracts with the mobile networks (Vodacom, MTN, Cell C and Telkom) on the basis that the Group generates traffic on the networks and, in return, the networks provide the Group with a volume-driven rebate for the traffic. This varies per network based on volume thresholds.

For the Group to “generate the traffic”, we engage with businesses, digital agencies and players within the Fast Moving Consumer Goods environment to create “data pull” strategies or Call2Action campaigns via:

- brands directly;
- advertising agencies; and
- digital platforms.

We have refined this offering via our MediaWorx division which provides three core solutions:

Media Infotainment (“MI”)

MI has a niche market providing media and production outlets with a technical platform to engage with viewers (television) or listeners (radio) for instant interaction in the form of comment lines, voting services or snap polls.

These services are offered to well-known game shows such as Idols, The Voice SA, Big Brother Africa, X-Factor and Strictly Come Dancing.

The collection of this data is basic and incorporates minimalistic demographic data which is typically not used for any further analytics or insights.

Retail Promotions (“RP”)

Generally brands promote their products or services via a competition or promotion which we call “Consumer Engagement”.

We have successfully developed a methodology with these brands to, in addition to promoting the product, also establishing basic communities around these competitions and promotions, through the collection of minimal yet meaningful data in order to facilitate an ongoing interaction with the consumer. To this end we collect, store and normalise demographic and psychographic data for future insights and interactions.

An example of clients operating within this framework include Caxton (publications and magazines), Unilever, Huletts, Pep, Imana and over 100 other well-known brands.

OPERATIONAL OVERVIEW (continued)

Data Investment ("DI")

We have focussed our energies on enhancing our DI initiatives (as these fall within the realm of "Big Data") and the leverage that can be achieved with insights into and around such data. DI applications are applied to clients who are serious about building granular databases to better understand their customers.

Due to the fact that data forms an essential foundation to our Knowledge Economy strategy, we have developed a Business Intelligence ("BI") capability of collecting, normalising, storing and reflecting clients' data in the form of visual representation or topology. This visualisation makes the data instantly meaningful to management in the shortest possible time.

Clients utilising this framework include SAB (all brands), Pep, DStv, Ackermans and Caxton.

Faxing Solutions

As previously reported, our Fax2Email volumes have declined over the last three years as a natural evolution of changing technology and innovation. While we currently have an active database of over 150 000 subscribers, the average rate per user ("ARPU") has declined. Fax2Email continues to provide annuity income and positive cash flows, and requires minimal resources given that the process is fully automated.

Email2Fax, being the opposite to Fax2Email, which enables the sending of a fax from a PC, continues to grow by approximately 8% year on year, albeit off a low base. This is a prepaid service with no risk of bad debt.

Whilst faxing is showing a decline, there is still a need for companies, SMMEs, professionals and individuals to send documents securely in the digital environment.

An evaluation of the market reflects a number of sectors, including medical, insurance, financial and legal, that require secure transfer of documents with authentication and irrefutable audit trails.

To service these markets, the Group has, over the last year, developed a new platform called SecurDox which embraces Blockchain encryption technology, enabling both the sender and receiver to extract a certificate that contains an authenticated audit trail of "send" and "receive" and other key metadata.

The SecurDox platform is cloud-based with a choice of three security features, being Life, Premium or Platinum, the latter being the most secure with private keys being required on the sender's and receiver's devices to access a document. All options incorporate Blockchain encryption. SecurDox was fully launched in February 2017, post this six month reporting period. Accordingly, revenue for this new product is only anticipated in the second half of this financial year. We expect to replace the declining revenue from Fax2Email with SecurDox revenue.

Knowledge Creation and Management

Any forward-thinking business, especially in the new digital economy, needs to use data to maximise returns. Our philosophy is to place our clients in a position where they can have “a single source of truth” of their aggregated consumer data. This involves collecting raw data and adding context and meaning via normalisation so that the client can extract insights and have the ability to communicate on a one-to-one basis with their customers.

This is a journey and requires clients to have a paradigm shift around engaging in a new digital economy to boost revenue.

To provide this “single source of truth” we have developed complementary routes to market, incorporating:

- Research capabilities;
- Channel incentive programmes; and
- mibubble, incorporating Knowledge 350°.

Research Capabilities

These are executed via four distinct brands: BMi Research Proprietary Limited (“BMi Research”), BMi Sport Proprietary Limited (“BMi Sport”), Livingfacts Proprietary Limited (“Livingfacts”) and Cognition Insights, a division of Cognition.

BMi Research performed extremely well in the six months under review under the strong leadership of the CEO, Gareth Pearson. The company represents exceptionally strong brands in its service delivery and continues to make inroads into new markets in both South Africa and Africa. BMi Research provides the following services:

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

OPERATIONAL OVERVIEW (continued)

Under the guidance of the CEO, Dave Sidenberg, BMi Sport has undergone a number of operational and strategic changes during the period under review. The company has positioned itself to be a leader in niche markets such as:



Sports tracking & sponsorship evaluation



Strategic advertising evaluation



Socio-economic & sporting impact valuation



PR & clippings (Radio / TV / Print / Digital)

The strategic and operational changes undertaken in the last six months are expected to yield positive results going forward.

Livingfacts provides strategic and personal services to a broad range of blue chip clients under the strong leadership of the CEO, Marylou Kneale. The services offered by Livingfacts include:



Qualitative Research



Quantitative Research



Customer differentiation strategies



Desk research



Data, Information, Knowledge

Cognition Insights, headed by Laurie Cunningham, provides a niche service around building communities of individuals who share common interests. A bespoke platform (MyPoint) has been developed by the Group to facilitate surveys to community members.

All divisions within the Group embrace the services of the extensive internal research capabilities to assist clients in achieving the journey towards a single source of truth and to provide empirical data services.

With highly focussed management teams, we anticipate continued growth from all of these businesses.

Channel Incentive Programmes

Channel Incentive Programmes is a new division, discipline and route to market which the Group has developed over the last 16 months. During this period, we have built and refined an incentive platform for clients which now offers huge potential going forward. The incentive platform is a proprietary platform with a defined set of business rules to accommodate various clients operating in different sectors of the economy.

Our proprietary incentive offering incorporates:

- A registration platform;
- FICA platform;
- Card logistics platform;
- Moderation platform; and
- Financial settlement platform.

The underlying philosophy is a platform designed to provide our clients with:

- Motivation tools;
- Staff or agent behaviour modification;
- Morale enhancement;
- Recognition and reward for effort; and
- Recognition and reward.

Having developed the platform with a number of small clients, we concluded an agreement with a large well-known mobile phone brand which has enabled us to issue over 10 000 bank cards as the methodology for agents of the client to receive rewards. The incentive platform has moderated over 300 000 claims in the last six months exceeding R45.4 million in value.

Subsequent to this interim reporting period, we have concluded an agreement with our second client, a large appliance company, to provide them with a nationwide incentive programme.

We have identified this platform as an important strategic growth pillar for the Group and our focus is to grow this division aggressively.

OPERATIONAL OVERVIEW (continued)

mibubble Incorporating Knowledge 350°

The world has developed "Exchanges" or "Clearing Houses" for a number of asset classes such as stocks/shares, foreign currency, commodities and futures. These exchanges act as an interface between "buyers" and "sellers".

The World Economic Forum has referred to Personal Data as the New Asset Class. Individuals are producers, creators and owners of their digital activities (data), yet there are no rules, norms, structures or frameworks for an equitable exchange of the data between buyers (businesses) and sellers (individuals).

Based on expansive research in the USA and Europe, there is a clear need for a platform to establish a framework to launch an "Exchange Platform Clearing House" for personal data. mibubble is such a platform and, via its structure, philosophy and framework, establishes a trusted framework for:

- Transparency;
- Trust;
- Control; and
- Value.

In addition, its structure creates an important forensic oversight element to enable the four key elements (transparency, trust, control and value) to be assessed on an ongoing basis.

mibubble provides the platform for consumers to store, manage and share their personal data (demographic, psychographic and ethnographic), documents, medical information etc with businesses of their choice. mibubble is a trusted infomediary that acts as a "Clearing House" to manage the exchange of value and never owns the consumers' data. mibubble is a "custodian" for the data and a facilitator for the exchange.

mibubble, which is available as an App for Android and Apple, is also a fully integrated website. The solution is an intricate integration of 16 modules incorporating documents, medical, passwords, extended profiles, loyalty cards, payment gateways, e-wallets, financial indicators, community surveys, credit reports, supplier interaction and a fully-fledged loyalty programme.

The solution is managed with the proprietary mibubble platform which incorporates:

- an Administration Portal;
- a Finance Engine;
- a Vendor Management Portal;
- a Loyalty Partner Portal;
- a Marketing Engine/Portal; and
- a Knowledge 350°™ BI tool for insights.

The platform was built over a twelve month period and the IP is owned by Cognition.

The solution and platform are designed to operate in any geographic location or country-specific ecosystem.

mibubble has been patented and will be launched during the second quarter of 2017.

Our proprietary Data Management Platform ("DMP") within mibubble is a radical paradigm shift as it enables consumers to self-curate their own demographic, psychographic and ethnographic data and then share categories of this data with businesses of their choice for reward.

Once subscribers have completed their extended profiles the data is stored in the DMP and then visually displayed in our proprietary Knowledge 350° BI tool in visual format.

Our clients can then communicate directly with each and every customer on a one-to-one basis via the mibubble marketing platform.

mibubble, via its patented process, enables businesses (our clients) to access consumers' data, using data obfuscation and anonymisation, thereby avoiding the need to comply with the Protection of Personal Information Act (Act 4 of 2013) and General Data Protection Regulation.

We believe that mibubble is extremely innovative and will be a game changer, particularly when regulation and privacy legislation becomes a reality in South Africa and the rest of the world.

Acquisition of an interest in Tysflo

The group acquired a 17% interest in Tysflo, an embryonic hardware and software platform which is an online TV solution comprising linear TV, VOD clips, events, branded channels and user generated content.

PROSPECTS

Over the last six months the Group has taken the appropriate strategic and operational steps required to transform into the "Knowledge Economy" and to proactively move onto a new growth trajectory.

Our historical Active Data Exchange services continue to provide good annuity income and the necessary stability to enable us to develop our new, innovative platforms (SecurDox, Channel Incentives and mibubble).

Our energy is now focussed on the marketing and deployment of the aforementioned new and exciting platforms, opening new markets and opportunities for the Group. We believe that the products which we are introducing are disruptive technologies to the industry.

Despite difficult trading conditions within South Africa, we are confident that our new platforms will open up new revenue streams and complementary opportunities.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Growth	Unaudited as at 31-Dec 2016 R'000	Unaudited as at 31-Dec 2015 R'000	Audited as at 30-Jun 2016 R'000
ASSETS				
Non-current assets	5.8%	70 949	67 061	68 169
Property, plant and equipment	-8.5%	17 311	18 916	18 036
Intangible assets	18.8%	16 827	14 165	14 740
Goodwill	24.5%	30 332	24 362	30 332
Investment in associates	43.7%	5 633	3 919	4 221
Loans receivable	-100.0%	-	4 496	-
Investments	-100.0%	-	176	-
Deferred tax asset	-17.6%	846	1 027	840
Current assets	20.8%	126 390	104 660	120 322
Inventory	-34.8%	275	422	300
Current tax receivable		514	-	-
Trade and other receivables	40.9%	51 359	36 461	40 500
Cash and cash equivalents	9.5%	74 242	67 777	79 522
Total assets		197 339	171 721	188 491
EQUITY AND LIABILITIES				
Capital and reserves	6.8%	147 247	137 821	146 907
Share capital	0.0%	137	137	137
Share premium	-0.3%	55 806	55 973	55 806
Accumulated profits	10.0%	94 524	85 959	95 171
Change in ownership		(6 135)	(5 844)	(6 135)
Attributable to the equity holders of the parent	6.0%	144 332	136 225	144 979
Non-Controlling interests		2 915	1 596	1 928
Non-current liabilities	42.2%	11 562	8 128	12 270
Interest bearing liabilities	-72.7%	861	3 150	1 813
Other Financial Liabilities	321.5%	7 022	1 666	7 022
Deferred tax liability	11.1%	3 679	3 312	3 435
Current liabilities	49.5%	38 530	25 772	29 314
Trade and other payables	64.6%	34 412	20 910	24 358
Provisions	26.9%	1 656	1 305	1 997
Tax payable		-	869	154
Unclaimed dividends	7.2%	149	139	150
Current portion of non-current liabilities	-9.3%	2 313	2 549	2 655
Total equity and liabilities		197 339	171 721	188 491
Net asset value per share (cents)	6.02%	104.95	98.99	105.42
Net tangible asset value per share (cents)	-0.47%	70.66	70.99	72.76
Number of shares in issue	-0.06%	137 527 659	137 615 798	137 527 659

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Growth	Unaudited 6 months ended 31-Dec 2016 R'000	Unaudited 6 months ended 31-Dec 2015 R'000	Audited 12 months ended 30-Jun 2016 R'000
Revenue	47.5%	121 050	82 079	173 893
Cost of Sales	74.6%	(72 780)	(41 686)	(92 439)
Gross profit	19.5%	48 270	40 393	81 454
Other operating income	-50.3%	391	787	2 228
Staff costs	15.0%	(24 122)	(20 968)	(43 154)
Depreciation and amortisation expense	8.3%	(3 186)	(2 942)	(6 486)
Other operating expenses	18.0%	(9 747)	(8 261)	(16 524)
Finance costs	-16.3%	(210)	(251)	(518)
Income from associates	11.1%	431	388	631
Investment income	-9.4%	2 599	2 868	5 158
Profit before tax	20.1%	14 427	12 013	22 789
Income tax expense	0.8%	(3 223)	(3 198)	(4 207)
Profit for the period	27.1%	11 204	8 815	18 582
Other comprehensive income				
Total comprehensive income for the year	27.1%	11 204	8 815	18 582
Profit attributable to:				
Non-controlling interest	54.8%	843	544	355
Owners of the parent	25.3%	10 361	8 272	18 227
Weighted average number of shares in issue	-0.1%	137 527 659	137 615 798	137 565 088
Basic earnings per share (cents)	25.3%	7.53	6.01	13.25
Headline earnings per share (cents)	25.3%	7.53	6.01	13.25
Diluted earnings per share(cents)	25.3%	7.53	6.01	13.25

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share Capital R'000	Share Premium R'000	Change in ownership R'000	Total Share Capital R'000	Retained Income R'000	Attributable to Equity Holders R'000	Controlling Interest R'000	Non-Controlling Interest R'000	Total Equity R'000
Audited balance at 1 July 2015	137	55 973	-	56 110	94 200	150 310	1 467	151 777	
Changes in equity									
Total comprehensive income for the period	-	-	-	-	8 815	8 815	544	9 359	
Dividends	-	-	-	-	(17 057)	(17 057)	-	(17 057)	
Non-Controlling interest as a result of acquisition	-	-	-	-	-	-	4 761	4 761	
Changed in ownership in subsidiary	-	-	(5 844)	(5 844)	-	(5 844)	(5 176)	(11 020)	
Total changes	-	-	(5 844)	(5 844)	(8 242)	(14 086)	129	(13 957)	
Audited balance at 1 January 2016	137	55 973	(5 844)	50 266	85 958	136 224	1 596	137 820	
Changes in equity									
Total comprehensive income for the period	-	-	-	-	9 411	9 411	(189)	9 222	
Purchase of own/treasury shares	-	(167)	-	(167)	-	(167)	-	(167)	
Dividends	-	-	-	-	(199)	(199)	-	(199)	
Changed in ownership in subsidiary	-	-	(291)	(291)	-	(291)	291	-	
Non-controlling interest as result of purchase price allocation	-	-	-	-	-	-	408	408	
Non-controlling interest as result of acquisition	-	-	-	-	-	-	(178)	(178)	
Total changes	-	(167)	(291)	(458)	9 212	8 754	332	9 086	
Audited balance at 1 July 2016	137	55 806	(6 135)	49 808	95 170	144 978	1 928	146 906	
Changes in equity									
Total comprehensive income for the period	-	-	-	-	10 361	10 361	843	11 204	
Non-controlling interest as result of purchase price allocation	-	-	-	-	-	-	144	144	
Changed in ownership in subsidiary	-	-	-	-	-	-	-	-	
Dividends	-	-	-	-	(11 008)	(11 008)	-	(11 008)	
Total changes	-	-	-	-	(647)	(647)	987	340	
Unaudited balance at 31 December 2016	137	55 806	(6 135)	49 808	94 523	144 331	2 915	147 246	

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Unaudited 6 months ended 31-Dec 2016 R'000	Unaudited 6 months ended 31-Dec 2015 R'000	Audited 12 months ended 30-Jun 2016 R'000
Cash flow from operating activities	12 399	4 909	21 107
Net cash generated from operations	13 672	3 893	22 705
Finance costs	(210)	(251)	(261)
Investment income	2 599	2 868	5 158
Normal tax paid	(3 662)	(1 602)	(6 495)
Cash flow from investing activities	(5 377)	(16 695)	(19 291)
Purchase of property, plant and equipment	(100)	(3 350)	(3 660)
Purchase of intangible asset	(1 385)	-	(733)
Business combination	-	898	898
Purchase of additional equity in Subsidiary	-	(11 019)	(11 019)
Increase in investment	-	(176)	-
(Increase) / Decrease Investment in Associate	(1 412)	184	(880)
Normal Product Development costs	(2 480)	(3 232)	(3 897)
Cash flow from financing activities	(1 294)	1 467	(188)
Dividends paid	(11 008)	(17 043)	(17 245)
Net (decrease) in cash and cash equivalents	(5 280)	(27 362)	(15 617)
Cash and cash equivalents at beginning of the period	79 522	95 139	95 139
Cash and cash equivalents at end of the period	74 242	67 777	79 522

BASIS OF PREPARATION

The unaudited condensed consolidated interim results for the six months ended 31 December 2016 have been prepared in accordance with International Financial Reporting Standards ("IFRS") and are presented in terms of the disclosure requirements set out in International Accounting Standards ("IAS") 34, as well as the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the Listings Requirements of the JSE Limited and the requirements of the Companies Act 2008 (Act 71 of 2008), as amended. The unaudited condensed consolidated interim financial information should be read in conjunction with the audited annual financial statements for the year ended 30 June 2016.

Accounting policies and computations are consistently applied as in the annual financial statements for the year ended 30 June 2016.

During the interim period, the Group adopted those standards and interpretations in issue and effective for the interim period. The adopting of these new and amended standards and interpretations has not had a significant impact on the Group's adopted accounting policies.

These financial statements have been compiled under the supervision of the Financial Director, Pieter Scholtz.

The unaudited condensed consolidated interim results for the six months ended 31 December 2016 have not been reviewed by the Group's auditor.

CASH GENERATED (USED IN) OPERATIONS

	Unaudited 6 months ended 31-Dec 2016 R'000	Unaudited 6 months ended 31-Dec 2015 R'000	Audited 12 months ended 30-Jun 2016 R'000
A RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS			
Profit before taxation	14 427	12 013	22 789
Adjustments for:	25	(78)	235
Depreciation	3 186	2 942	6 486
Provisions	(341)	(15)	677
Finance costs	210	251	518
(Profit) / Loss on disposal of property, plant and equipment	-	-	(1)
Reversal of impairment	-	-	10
Contingent Consideration	-	-	(1 666)
Income in associates	(431)	(388)	(631)
Investment income	(2 599)	(2 868)	(5 158)
Operating profit before working capital changes			
Working capital changes	(780)	(8 042)	(319)
Decrease / (Increase) in inventory	25	(11)	110
Decrease / (increase) in trade and other receivables	(10 858)	(9 794)	(2 712)
(Decrease) / Increase in trade and other payables	10 053	1 763	2 283
Cash generated from operations	13 672	3 893	22 705

SEGMENTAL REPORTING

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

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

	Unaudited 6 months ended 31-Dec 2016 R'000	Unaudited 6 months ended 31-Dec 2015 R'000	Audited 12 months ended 30-Jun 2016 R'000
Revenue			
Active Data Exchange Services	27 893	38 967	73 574
Knowledge Creation and Management	93 157	43 112	100 319
	121 050	82 079	173 893
Cost of sales			
Active Data Exchange Services	(10 893)	(19 037)	(35 073)
Knowledge Creation and Management	(61 887)	(22 649)	(57 366)
	(72 780)	(41 686)	(92 439)
Gross Profit			
Active Data Exchange Services	17 000	19 930	38 501
Knowledge Creation and Management	31 270	20 463	42 953
	48 270	40 393	81 454

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, 5.5% (2015: 3.6%) of the Company's 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 62.5% (2015: 64.3%) of its revenue through three large network service providers and Knowledge Creation and Management derived 53.3% (2015: 18.9%) from one client. The reconciliation of the gross profit to 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.

Reconciliation between earnings and headline earnings

	Unaudited 6 months Ended 31-Dec 2016 R'000	Unaudited 6 months ended 31-Dec 2015 R'000	Audited 12 months as at 30-Jun 2016 R'000
The calculation of earnings per share is based on profits of R10.3 million attributable to equity holders of the parent (2015: R8.3 million) and a weighted average of 137 527 659 (2015: 137 615 798) ordinary shares in issue during the period.	7.53 cents	6.01 cents	13.25 cents
The calculation of headline earnings per share is based on profits of R10.3 with no adjustments in the current period (2015: R8.3 million with no adjustments) and a weighted average of 137 527 659 (2015:137 615 798) ordinary shares in issue during the period.	7.53 cents	6.01 cents	13.25 cents
Reconciliation between earnings and headline earnings			
Profit attributable to equity holders of parent	10 362	8 272	18 227
After Tax effect on profit on disposal of property, plant and equipment:	-	-	-
Headline earnings	10 362	8 272	18 227
The calculation of diluted earnings per share is based on profits of R10.3 million attributable to equity holders of the parent (2015: R8.3 million) and a weighted average of 137 527 659 (2015: 137 615 798) ordinary shares in issue during the period.	7.53 cents	6.01 cents	13.25 cents
There were no instruments issued during the current period that have a dilutive impact.			

DIVIDEND POLICY

As the Group has traditionally paid annual dividends, the board has accordingly decided that no interim dividend be declared.

DIRECTORATE

There were no changes to the board during the interim period.

SUBSEQUENT EVENTS

The board is not aware of any material events that have occurred between the end of the interim period and the date of this report.

APPRECIATION

We would like to thank our customers, partners, dealers, staff and other service providers for their continued support, loyalty and dedication.

For and on behalf of the board

Ashvin Mancha

Chairman

Mark Smith

Chief Executive Officer

Pieter Scholtz

Financial Director

Johannesburg

22 March 2017



Directors: Ashvin Mancha#* - Chairman,
Mark Smith – Chief Executive Officer,
Pieter Scholtz - Financial Director,
Gaurang Mooney* (Botswana),
Graham Groenewaldt – Sales Director,
Paul Jenkins#*, Roger Pitt#*,
Marc du Plessis#, Piet Greyling#

Non-executive

* *Independent*

Website: www.cgn.co.za

Company Secretary: Stefan Kleynhans

Sponsor: Merchantec Capital

Transfer Secretaries: Computershare Investor Services Proprietary Limited



