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 2018

COMMENTARY

COMMENTARY

The board of directors of Cognition ("the Board") present the unaudited condensed consolidated interim financial results for the six months ended 31 December 2018 ("the period" or "the interim period"), which should be read in conjunction with the audited annual financial statements for the year ended 30 June 2018.

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

Despite difficult trading conditions, the Group's Revenue for the interim period of R83.2 million was marginally higher than the R82.7million reported in the comparative period. Gross Profit improved significantly by 14% to R56.1 million from R49.2 million for the comparative period.

Within the Active Data Exchange Services segment the Group was able to offset declines in traditional fax services with increased sales in MediaWorx resulting in a 19.2% increase in Revenue from R31.6 million to R37.8 million and a significantly improved Gross Profit for this segment that increased by 28.9% from R20.4 million to R26.3 million. This improvement can be attributed to the mix of services rendered within MediaWorx that had lower than normal costs.

The Knowledge Management segment has, for the first time since it's been established, experienced a decline in Revenue of 10.9%, down to R45.6 million from R51.2 million. This is mostly due to a reduction in Revenue from the Group's research assets. Fortunately, the segment benefited from improved margins which, together with increased Incentive and Loyalty services, resulted in a Gross Profit increase of 3.1% from R28.9 million to R29.8 million.

Operating Expenditure of the Group increased by 31%, from R9.9 million to R13.0 million, of which R2.4 million can be attributed to costs associated with the Private Property transaction that was successfully concluded in February 2019. Staff expenditure increased by 12.6% from R26.4 million to R29.7 million. This increase was necessary to accommodate for the increase in business activity and to ensure that the remuneration of staff is competitive within the Group's operating segments and remains market related.

Profit Before Tax of the Group increased by 5.2% from R13.2 million to R13.9 million for the period. Profit after tax was marginally up on the comparative period at R9.4 million (2017: R9.3 million) with the Group's effective tax rate escalating to 32.6% due to corporate transaction fees that are not tax deductible. Earnings per share showed a marginal increase of 1.3% to 6.8 cents per share (2017: 6.7 cents per share).

The Group's Financial position remains healthy with limited long-term financial obligations and adequate Cash resources. The Group aims to use its Cash resources to pursue investment opportunities and to use it as working capital to maintain the Group's Revenue and Agency Revenue growth rate.

Net Asset Value per share increased by 4.7% from December 2017 and Net Tangible Asset Value per share increased by 10.7% to 78.49 cents per share when compared to December 2017.

OPERATIONAL OVERVIEW

OPERATIONAL OVERVIEW

The general market conditions for the period remained challenging with a discernible downturn in the economy resulting in a number of our traditional clients deploying fewer campaigns, promotions or research projects.

ACTIVE DATA EXCHANGE SERVICES

Despite the downturn in the economy, and in particular the promotional environment, MediaWorx services, incorporating SMS, USSD and WhatsApp campaigns, still managed to attract a number of blue-chip clients wanting to engage with consumers to build up much-needed consumer data.

During the period MediaWorx managed approximately 387 campaigns for a number of well-known brands such as: Ackermans, Pep, Cambridge, Amka, AVI, AfriSam, ABInBev, SABC, Defy, Imana, Lucky Star, Lion Match, Unsgaard, Adapt IT, JAM Clothing, Premier Foods, Wi Group, Online, Multichoice, Deli Spices and Bokomo.

Because of the downturn in the economy and consumer disposable income coming under pressure, brands are becoming acutely aware that building rich, up-to-date consumer databases is now more relevant than ever and that it is economically more viable to focus marketing initiatives on personalised offerings at reduced costs and return on effort. This new reality is being galvanised by the recently launched General Data Protection Regulation ("GDPR") and the protracted process of implementing our own Protection of Personal Information Act ("POPIA") which will shortly become a reality.

The Group's "platform methodology" of data building within the regulatory frameworks of the GDPR and POPIA will enable us to enhance these service offerings in the coming years when personal databases become more valuable and necessary.

MediaWorx continues to provide a "one-stop presence" in the Call2Action market by offering a range of integrated service offerings incorporating: campaign creation (either in association with a digital agency or independently thereof), moderation, prize selection, fulfilment of prizes, web and mobile app development, coupled with consulting services.

DOCUMENT EXCHANGE

These services incorporate Fax2Email, Email2Fax and SecurDox. The anticipated decline in this format of document exchange has continued during the period.

During the period our automated faxing platform switched around 4.6 million minutes (faxing is measured in minutes) versus 7.6 million minutes for the comparable period. Although the number of subscribers remained the same at around 90,000, the average rate per user ("ARPU") declined.

Whilst the decline is anticipated Fax2Email still remains profitable.

OPERATIONAL OVERVIEW

(Continued)

CHANNEL INCENTIVE AND LOYALTY

This division continues to exhibit good opportunities and growth in an environment where incentivising staff and consumers bodes well for encouraging much-needed growth.

The incentive platform, which is proprietary to the Group, provides turnkey solutions to corporates to incentivise staff, agents or third parties for selling their bespoke branded products or solutions.

The platform is multi-dimensional and provides for a web, app and customer interface.

As at the end of the period, 10 339 debit cards are in issue reflecting growth of 24.5% over the comparative period

Good progress was made in the period to increase the number of clients with multiple face-to-face engagements and "test pilots" having been undertaken. We hope to onboard some of these new clients in the last quarter of the current financial year.

Incentivising staff and channel partners has become more of a reality in a market which is contracting and we therefore anticipate positive growth in this division.

KNOWLEDGE MANAGEMENT

Platform Technology

When trading conditions become more challenging and sectors within an economy contract, brands need to be more circumspect about their average cost to communicate or market to consumers. Personalised niche marketing becomes more of a "necessity" than a "luxury". Coupled with the pressures around privacy regulations, brands need to build secure databases with "volunteered", self-curated personal data.

The Group continues to pursue platforms to secure these objectives and "guide" clients to build long-term sustainable platforms that can meaningfully monetise the data in a compliant manner. These initiatives continue to be fostered via our Knowledge 350° process and our Personal Information Management System platform which is aligned to our MediaWorx engagement initiatives.

Research and Analytics

Our research assets comprise: BMi Research Proprietary Limited ("BMi"), BMi Sport Proprietary Limited ("BMi Sport") and Livingfacts Proprietary Limited ("Livingfacts").

BMi offers the following services:

- Advanced Analytics
- Category Quantification
- Commissioned
- Consumer
- In-store Observation Services
- In-store Observation Services (Africa)
- Mystery Shopping
- Print Ads

These collective services are aimed at delivering strategic and tactical insights to assist clients in growing their businesses.

During the period, BMi experienced difficult trading conditions with many of its clients reducing their spend on the services offered by BMi. This resulted in a decline in revenue and corresponding profitability. Good progress was made in the re-development of BMi's Print Ads platform which incorporates: publication and subscription management, data collection, processing and client management via an "on-line" portal.

OPERATIONAL OVERVIEW

(Continued)

BMi Sport provides services that incorporate:

- Sports tracking and sponsorship evaluation
- Socio-economic and sporting impact valuation
- Strategic advertising evaluation
- PR & clippings (radio/TV/print/digital)

The interim period was similarly challenging with many large brands re-evaluating spend within certain sporting codes or looking to re-align spend in different disciplines, such as direct consumer engagement. Many sporting codes have been challenged with internal rifts which have had a negative impact on sponsorships in general.

BMi Sport is currently evaluating the building of databases to support various sporting codes by building up data around spectators and participants to enable niche marketing and engagement.

Livingfacts develops customised market research solutions to enable companies to develop intelligent strategies. Livingfacts' expertise and solutions offerings are orientated around the following:

- Quantitative
- Qualitative
- Community
- Web and digital
- Secondary data

Livingfacts also experienced similar challenges in the market with budgets being deferred or reduced.

Prospects

Trading conditions will remain challenging and uncertain, particularly leading up to the election. Despite this the core operating divisions have continued to show resilience and provide a much-needed connection between brands and consumers, particularly when niche marketing and communication becomes more relevant. These core assets will provide the foundation for the changing nature of the Group's future strategy.

During November 2018 shareholders were notified of the Group's intention to acquire the 50.01% shareholding in Private Property from CTP Limited, a subsidiary of Caxton and CTP Publishers and Printers Limited, as part of the Group's changing strategy. Post the reporting period under review, shareholders were advised on 7 February 2019 that all the conditions precedent had been fulfilled and the transaction had been concluded. Following the successful Private Property transaction, the Caxton Group effectively holds a 63% stake in Cognition.

This is a very exciting phase in the Group's journey as it is now better placed to exploit the digital economy with the opportunity to acquire appropriate "owner-managed" digital assets from third parties which, together with existing operational divisions, will result in the Group becoming a growth-focussed company within the digital sphere.

The forward-looking strategy will be to blend investments that offer innovative technology platforms with digital opportunities that can be collaborative, creative and flexible.

The opportunity for the Group in its "next chapter" is thus to provide creative scope for each investment to be fully empowered and operate independently, whilst spontaneously leveraging opportunities within the investment portfolio of the Group, with the intention of maximising value for all stakeholders.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Growth	Unaudited as at 31 December 2018 R'000	Unaudited as at 31 December 2017 R'000	Audited as at 30 June 2018 R'000
ASSETS				
Non-current assets	-11.4%	61 564	69 519	65 320
Property, plant and equipment	-12.1%	14 519	16 518	15 458
Intangible assets	-23.2%	12 045	15 686	13 865
Goodwill	0.0%	30 332	30 332	30 332
Investment in associates	0.5%	4 343	4 321	4 606
Unlisted investment	-100.0%	-	1 807	-
Deferred tax asset	-61.9%	325	855	1 059
Current assets	18.9%	152 619	128 334	156 480
Inventory	-100.0%	-	26	-
Current tax receivable	5.8%	202	191	159
Trade and other receivables	88.2%	73 497	39 045	51 930
Cash and cash equivalents	-11.4%	78 920	89 072	104 391
Total assets		214 183	197 853	221 800
EQUITY AND LIABILITIES				
Capital and reserves	4.7%	151 193	144 471	150 052
Share capital	0.0%	137	137	137
Share premium	0.0%	55 973	55 973	55 973
Accumulated profits	6.9%	107 175	100 301	106 081
Change in ownership	0.0%	(12 892)	(12 892)	(12 892)
Attributable to the equity holders of the parent	4.8%	150 393	143 519	149 299
Non-Controlling interests	-16.0%	800	952	753
Non-current liabilities	-67.6%	2 502	7 715	3 078
Interest bearing liabilities	-100.0%	-	6	-
Other financial liabilities	-81.4%	872	4 699	872
Deferred tax liability	-45.8%	1 630	3 010	2 206
Current liabilities	32.5%	60 488	45 667	68 670
Trade and other payables	42.0%	56 400	39 707	64 125
Provisions	-29.0%	1 774	2 500	1 880
Tax payable		2 100	2 425	2 106
Unclaimed dividends	16.0%	196	169	187
Current portion of other financial liabilities	-97.9%	18	866	372
Total equity and liabilities		214 183	197 853	221 800
Net asset value per share (cents)	4.79%	109.28	104.29	108.49
Net tangible asset value per share (cents)	10.78%	78.49	70.85	76.37
Number of shares in issue	0.00%	137 615 798	137 615 798	137 615 798

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Growth Restated	Unaudited six months ended 31 Dec 2018 R'000	Unaudited six months ended 31 Dec 2017 R'000	Audited year ended 30 June 2018 R'000
Gross Revenue	5.1%	210 654	200 367	351 077
Less Agency Revenue	8.3%	(127 415)	(117 610)	(193 193)
Revenue	0.6%	83 239	82 757	157 884
Cost of Sales	-19.2%	**(27 074)**	**(33 501)**	**(62 244)**
Gross profit	14.0%	**56 165**	**49 256**	**95 640**
Other operating income	-10.2%	**858**	**955**	**5 418**
Staff costs	12.6%	**(29 703)**	**(26 389)**	**(52 587)**
Depreciation and amortisation expense	-6.2%	**(3 592)**	**(3 828)**	**(7 650)**
Other operating expenses	31.4%	**(13 032)**	**(9 917)**	**(18 357)**
Finance costs	-77.2%	**(23)**	**(101)**	**(983)**
Income from associates	-12.7%	**165**	**189**	**475**
Investment income	0.3%	**3 098**	**3 089**	**6 466**
Profit before tax	5.1%	**13 936**	**13 254**	**28 422**
Income tax expense	15.4%	**(4 540)**	**(3 935)**	**(7 825)**
Profit for the period	0.8%	**9 396**	**9 319**	**20 597**
Other comprehensive income				
Total comprehensive income for the year	0.8%	**9 396**	**9 319**	**20 597**
Profit attributable to:				
Non-controlling interest	-50.0%	**47**	**94**	**87**
Owners of the wparent	1.3%	**9 349**	**9 225**	**20 510**
Weighted average number of shares in issue	0.0%	**137 615 798**	**137 615 798**	**137 615 798**
Basic earnings per share (cents)	1.3%	**6.79**	**6.70**	**14.90**
Headline earnings per share (cents)	1.3%	**6.79**	**6.70**	**14.88**
Diluted earnings per share (cents)	1.3%	**6.79**	**6.70**	**14.90**
Diluted headline earnings per share (cents)	1.3%	**6.79**	**6.70**	**14.88**

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	Non-Controlling Interest R'000	Total Equity R'000
Audited balance at 1 July 2017	**137**	**55 973**	**(12 892)**	**43 218**	**102 774**	**145 992**	**857**	**146 849**
Changes in equity								
Total comprehensive income for the period	-	-	-	-	9 225	**9 225**	**95**	**9 320**
Dividends	-	-	-	-	(11 698)	**(11 698)**	**-**	**(11 698)**
Total changes	**-**	**-**	**-**	**-**	**(2 473)**	**(2 473)**	**95**	**(2 378)**
Unaudited balance at 1 January 2018	**137**	**55 973**	**(12 892)**	**43 218**	**100 301**	**143 519**	**952**	**144 471**
Changes in equity								
Total comprehensive income for the period	-	-	-	-	11 284	**11 284**		**11 284**
Sale of own/treasury shares	-	-	-	-	-	**-**	**(7)**	**(7)**
Dividends	-	-	-	-	(5 504)	**(5 504)**	**(192)**	**(5 696)**
Total changes	**-**	**-**	**-**	**-**	**5 780**	**5 780**	**(199)**	**5 581**
Audited balance at 1 July 2018	**137**	**55 973**	**(12 892)**	**43 218**	**106 081**	**149 299**	**753**	**150 052**
Changes in equity								
Total comprehensive income for the period	-	-	-	-	9 349	**9 349**	**47**	**9 396**
Dividends	-	-	-	-	(8 255)	**(8 255)**	**-**	**(8 255)**
Total changes	**-**	**-**	**-**	**-**	**1 094**	**1 094**	**47**	**1 141**
Unaudited balance at 31 December 2018	**137**	**55 973**	**(12 892)**	**43 218**	**107 175**	**150 393**	**800**	**151 193**

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Unaudited six months ended 31 Dec 2018 R'000	Unaudited six months ended 31 Dec 2017 R'000	Audited year ended 30 June 2018 R'000
Cash flow from operating activities	(16 029)	21 848	50 601
Net cash generated from operations	(14 673)	21 347	52 772
Finance costs	(23)	(101)	(983)
Investment income	3 098	3 089	6 466
Normal tax paid	(4 431)	(2 487)	(7 654)
Cash flow from investing activities	(833)	(1 418)	(514)
Purchase of property, plant and equipment	(252)	(723)	(1 232)
Proceeds on disposal of property, plant and equipment	-	-	56
Purchase of intangible asset	(581)	(548)	(998)
Sale of unlisted investment	-	-	1 807
Purchase of unlisted investment	-	(147)	(147)
Cash flow from financing activities	(354)	(940)	(9 599)
Dividends paid	(8 255)	(11 697)	(17 376)
Net increase in cash and cash equivalents	(25 471)	7 793	23 112
Cash and cash equivalents at beginning of the period	104 391	81 279	81 279
Cash and cash equivalents at the end of the period			
	78 920	89 072	104 391

BASIS OF PREPARATION

The unaudited condensed consolidated interim results for the six months ended 31 December 2018 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 2018.

Accounting policies and computations are consistently applied as in the annual financial statements for the year ended 30 June 2018 except for the application of the following:

IFRS 9: Financial Instruments

The Group has applied the expected credit loss method as detailed in IFRS 9 by using the simplified approach. The application of a provision matrix to the Group's trade receivables based on historic default rates with an adjustment for forward looking events has not resulted in a different position from the previous standard.

The application of IFRS 9 has not resulted in the reclassification of any of the Group's financial assets and liabilities.

IFRS 15: Revenue from Contracts with Customers.

The Group principally generates revenue by providing Active Data Exchange Services and Knowledge Management Services. These services are typically delivered within a short-term basis and revenue is recognised in the month that the service is rendered. Revenue is measured based on the consideration specified in the contract and sales terms and excludes amounts collected in terms of agency services. The Group does disclose Gross Revenue including agency services for enhanced disclosure purposes. Upon adoption of this standard the Group was not required to restate its retained earnings as at 30 June 2018.

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 2018 have not been reviewed by the Group's auditor.

BASIS OF PREPARATION

(Continued)

CASH GENERATED (USED IN) OPERATIONS

	Unaudited six months ended 31 Dec 2018 R'000	Unaudited six months ended 31 Dec 2017 R'000	Audited year ended 30 June 2018 R'000
A RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS			
Profit before taxation	13 936	13 254	28 422
Adjustments for:	674	(2 761)	(2 379)
Depreciation	3 592	3 828	7 650
Provisions	(106)	(3 412)	(4 033)
Finance costs	23	101	983
(Profit) on disposal of property, plant and equipment	-	-	(38)
Dividend received from associates	428	-	-
Income in associates	(165)	(189)	(475)
Investment income	(3 098)	(3 089)	(6 466)
Operating profit before working capital changes			
Working capital changes	(29 283)	10 854	26 729
Decrease in inventory	**-**	**-**	**26**
(Increase) / Decrease in trade and other receivables	**(21 567)**	**10 004**	**(2 881)**
(Decrease) / Increase in trade and other payables	**(7 716)**	**850**	**29 584**
Cash utilised in / generated from operations	**(14 673)**	**21 347**	**52 772**
TRADE AND OTHER RECEIVABLES			
Trade receivables	**68 420**	**33 053**	**45 398**
VAT	**-**	**469**	**516**
Other receivables	**271**	**212**	**665**
Prepayments	**560**	**1 106**	**1 207**
Share loans to directors and staff	**4 246**	**4 205**	**4 143**
	73 497	**39 045**	**51 929**

BASIS OF PREPARATION

(Continued)

Expected credit loss:

The Group applies the IFRS 9 simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component. The expected credit loss is determined on an individual customer basis. Amounts due over 60 days are assessed for recoverability. However, the Group reviews all debtors individually, taking into account individual circumstances and past payment history.

The Group continuously monitors the credit quality of customers. Where available, external credit checks on customers are obtained and used. The Company's policy is to deal only with credit worthy counterparties. The credit terms are between 30 and 120 days depending the nature of the service rendered and the customer. The ongoing credit risk is managed through regular review of ageing analysis.

31 December 2018					
Trade receivables days past due	**Current**	**More than 60 days**	**More than 90 days**	**More than 120 days**	**Total**
	R'000	**R'000**	**R'000**	**R'000**	**R'000**
Expected credit loss rate	0%	0%	0.00%	0.2%	
Gross carrying amount	56 604	3 080	4 025	4 711	**68 420**
Life expected credit loss	-	-	-	7	7
31 December 2017					
Trade receivables days past due	**Current**	**More than 60 days**	**More than 90 days**	**More than 120 days**	**Total**
	R'000	**R'000**	**R'000**	**R'000**	**R'000**
Expected credit loss rate	**0%**	**0%**	**0.00%**	**0.1%**	
Gross carrying amount	**31 255**	**1**	**327**	**1 470**	**33 053**
Life expected credit loss	**-**	**-**	**-**	**1**	**1**
30 June 2018					
Trade receivables days past due	**Current**	**More than 60 days**	**More than 90 days**	**More than 120 days**	**Total**
	R'000	**R'000**	**R'000**	**R'000**	**R'000**
Expected credit loss rate	**0%**	**0%**	**0.00%**	**0.2%**	
Gross carrying amount	**42 970**	**473**	**846**	**1 109**	**45 398**
Life expected credit loss	**-**	**-**	**-**	**2**	**2**

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 have been identified as the executive committee members who make strategic decisions. The CODM have organised the operations of the Company based on its brands and this has resulted in the creation of the following reportable segments:

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

	Unaudited six months ended 31 Dec 2018 R'000	Unaudited six months ended 31 Dec 2017 R'000	Audited year ended 30 June 2018 R'000
Gross Revenue			
Active Data Exchange Services	67 877	106 411	137 867
Knowledge Creation and Management	142 777	93 956	213 210
	210 654	200 367	351 077
Revenue Generated as agency service			
Active Data Exchange Services	(30 228)	(74 835)	(84 259)
Knowledge Creation and Management	(97 187)	(42 775)	(108 934)
	(127 415)	(117 610)	(193 193)
Revenue			
Active Data Exchange Services	37 649	31 576	53 608
Knowledge Creation and Management	45 590	51 181	104 276
	83 239	82 757	157 884
Cost of sales			
Active Data Exchange Services	(11 295)	(11 175)	(18 092)
Knowledge Creation and Management	(15 779)	(22 326)	(44 152)
	(27 074)	(33 501)	(62 244)
Gross profit			
Active Data Exchange Services	26 354	20 401	35 516
Knowledge Creation and Management	29 811	28 855	60 124
	56 165	49 256	95 640

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, 7.8% (2017: 1.8%) 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 generate 15.8% (2017: 27.2%) of its revenue through three large network service providers. 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 six months ended 31 Dec 2018 R'000	Unaudited six months ended 31 Dec 2017 R'000	Audited year ended 30 June 2018 R'000
The calculation of earnings per share is based on profits of R9.3 million attributable to equity holders of the parent (2017: R9.2 million) and a weighted average of 137 615 798 (2017: 137 615 798) ordinary shares in issue during the period.	6.79 Cents	6.70 Cents	14.90 Cents
The calculation of headline earnings per share is based on profits of R9.3 million with no adjustments in the current period (2017 adjusted: R9.2 million) and a weighted average of 137 615 98 (2017:137 615 798) ordinary shares in issue during the period.	6.79 Cents	6.70 Cents	14.88 Cents
There were no instruments issued during the current period that have a dilutive impact.			
Reconciliation between earnings and headline earnings			
Profit attributable to equity holders of the parent	9 349	9 225	20 510
After Tax effect on profit on disposal of property, plant and equipment:	-	-	(28)
Headline earnings	9 349	9 225	20 482
The calculation of diluted earnings per share is based on profits of R9,3 million attributable to equity holders of the parent (2017: R9,2 million) and a weighted average of 137 615 798 (2017: 137 615 798) ordinary shares in issue during the period.	6.79 Cents	6.70 Cents	14.90 Cents
There were no instruments issued during the current period that have a dilutive impact.			
Tax Rate Reconciliation			
Local income tax - Current period	**4 446**	**3 455**	**8 337**
Deferred tax - originating and reversing temporary differences	**94**	**(480)**	**(512)**
	4,540	**3,935**	**7,825**
Reconciliation between applicable tax rate and average effective tax rate.			
Accounting profit	**13 936**	**13 254**	**28 422**
Tax at applicable rate (28%)	**3 902**	**3 711**	**7 958**
Permanent differences	**803**	**413**	**342**
Income from associates	**(165)**	**(189)**	**(475)**
	4 540	**3 935**	**7 825**
Effective Tax rate	32.58%	29.69%	27.53%

Included in the permanent differences for the period is the tax on an amount of R2,5 million that is not deductible as it relates to the Private Property transaction.

DIVIDEND POLICY

Although an interim dividend was declared in 2017 the Group traditionally only pays an annual dividend. The Board has decided to not declare an interim dividend and to rather preserve cash for acquisition purposes.

DIRECTORATE

During the interim period, Dennis Lupambo was reclassified as an Independent Non-Executive Director. After the interim period, Trevor Ahier was reclassified as an Independent Non-Executive Director. There were no further changes to the Board.

SUBSEQUENT EVENTS

Acquisition of subsidiary

On 7 December 2018 shareholders voted in favour of the Company acquiring 50.01% of the shareholding of Private Property South Africa Proprietary Limited held by CTP Limited, a subsidiary of Caxton and CTP Publishers and Printers Limited. The transaction was finalised on 4 February 2019 when the Company issued 105 833 333 shares as a purchase consideration to CTP Limited at R1.20 per share totalling R127 million.

Following on the finalisation of the transaction and the issue of the shares, Caxton and CTP Publishers and Printers Limited, directly and indirectly holds and controls 63.01% of the shareholding in the Company.

The fair value of the net assets acquired amounted to R18 million, resulting in goodwill of R108.9 million at acquisition.

The fair values of the identifiable net assets and liabilities of Private Property as at the date of acquisition were:

	R'000
Total Assets	
Fixed assets	1 096
Cash	29 207
Debtors	2 535
Loans receivable	11 432
Deferred Taxation	668
	44 938
Liabilities	
Trade Creditors	(8 782)
Net Asset Value	**36 157**
Non- controlling interest	(18 075)
Net Fair Asset Value held by Group	**18 082**
Goodwill	108 918
Purchase consideration by issue of shares	**127 000**

Buy back of shares pursuant to Section 164 of the Companies Act

Post the period and pursuant to section 164 of the Companies Act (No 71 of 2008) Cognition concluded a Settlement Agreement with shareholders holding 14 086 110 shares. In terms of the Settlement Agreement Cognition has agreed to buy back 14 086 110 shares at a fair value to be determined by an independent expert. At the time of reporting the fair value has yet to be determined. Cognition will pay the shareholders the fair value of the shares as determined by the independent expert and the shares will be cancelled.

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
15 March 2019

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

Non-executive
* *Independent*

Website: www.cgn.co.za

Company Secretary: Stefan Kleynhans

Sponsor: Merchantec Capital

Transfer Secretaries: Computershare Investor Services Proprietary Limited