African Equity Empowerment Investments Limited
(Incorporated in the Republic of South Africa)
Registration number 1996/006093/06
Share code: AEE and ISIN: ZAE000195731
("AEEI" or "the Group" or "the Company")

Unaudited interim results for the period ended 28 February 2019 and Interim dividend declaration

Financial highlights

- Revenue increased by 31% from the restated R604m to R792m
- Profit for the period increased by 246% to R546m
- Earnings per share increased by 238% from the restated 28.32c to 95.77c
- Headline earnings per share increased by 37% from the restated 28.32c to 38.67c
- Total assets increased by 32% from the restated R7 362m to R9 735m
- Net asset value increased by 8% from R4 910m to R5 319m
- Net cash from operating activities increased to R123m

Group performance

The Group delivered excellent revenue growth resulting from strong contributions from all its underlying investments for the interim period. Group revenue increased by 31% from the restated R604m to R792m, mainly due to the significant revenue achieved from the technology and the fishing and brands divisions. As a result of the change in control, which is detailed below,(refer to "Significant Event"), two months of trading revenue of R356m of the technology division's financial performance, was included in the statement of profit and loss and other comprehensive income.

In the prior interim period, the technology division AYO Technology Solutions "AYO") has been accounted for as an associate. Subsequent to 28 February 2018 it was determined that the associate was at that stage regarded a subsidiary within the Group and not an associate as previously stated and this required a restatement of prior period interim results. In terms of IFRS 5 Non-current assets held for sale, the technology division's revenue and operating expenses have been consolidated into the Group's statement of profit and loss and other comprehensive income. Please refer to "Restatement of prior period" for full details.

Profit for the period increased by 246% from the restated R158m in the prior interim period to R546m due to excellent operational performance of the underlying businesses. The earnings were also positively impacted by the change in control of AYO Technology Solutions ("AYO"),as a consequence this investment in the associate has been derecognised.

The Group's loss before tax for the period decreased from the restated R105m profit to a loss of R498m, mainly due to the loss on the deemed disposal of an associate, which was offset with strong returns from our diversified portfolio.

Headline earnings per share ("HEPS") increased by 37% from 28.32c to 38.67c, while earnings per share ("EPS") increased by 238% from the restated 28.32c to 95.77c for the six months under review. The increase in HEPS over the prior interim period is an indication of the strategic plans at play with good organic and acquisitive earnings growth. The Group's normalised HEPS increased by 120% from 17.23c to 37.95c. Normalised earnings are defined as earnings from continuing operations excluding non-recurring items and once-off fair value adjustments.

The Group's asset base increased by 32% from R7.3bn to R9.7bn due to the additional acquisitive assets and the organic growth of the underlying businesses. Net asset value ("NAV") for the Group increased by 8% from R4.9bn to R5.3bn as a result of the strengthened financial position of the Group. The NAV per share increased from the 999.25c at August year end to 1 082.66c.

Net cash from operating activities increased to R123m as a result of the solid operational performance from the underlying businesses.

Condensed Group Statement of Financial Position

	Unaudited	Unaudited Restated	Unaudited	Audited
	Group to 28 February 2019 R'000	Group to 28 February 2018 R'000	Group to 28 February 2017 R'000	Group to 31 August 2018 R'000
ASSETS				

Non-current assets	4 158 086	2 033 216	1 802 651	6 705 151
Property, plant and equipment	478 563	196 318	152 387	324 229
Goodwill	1 894 903	82 940	81 070	86 201
Intangible assets	367 687	384 560	339 424	277 853
Investments in associates	856 096	809 936	775 167	5 575 997
Investment in joint ventures	33	33	115	-
Other loans receivable	95 865	53 348	9 967	11 808
Other financial assets	424 718	495 719	429 803	419 905
Deferred tax	40 221	10 372	14 718	9 158
Current assets	5 442 730	5 204 746	348 677	657 125
Inventory	199 370	95 225	48 106	56 978
Other financial assets	467 806	-	-	-
Biological assets	76 015	55 873	48 359	68 021
Other loans receivable	6 285	13 855	15 711	3 083
Current tax receivable	5 686	911	1 718	2 168
Trade and other receivables	764 338	327 326	149 901	164 157
Cash and cash equivalents	3 923 230	4 711 556	84 882	362 718
Non-current assets held for sale	134 293	-	-	-
Total assets	9 735 109	7 237 967	2 151 328	7 362 276
Equity and liabilities				
Equity				
Equity attributable to equity holders of parent				
Share capital and share premium	402 240	403 177	403 177	403 177
Reserves	8 074	19 838	8 034	8 034
Retained earnings	4 909 068	(350 027)	962 802	4 498 480
	5 319 412	72 988	1 374 013	4 909 691
Non-controlling interest	3 223 420	6 324 354	74 380	755 358
	8 542 832	6 397 342	1 448 393	5 665 049
LIABILITIES				
Non-current liabilities	218 304	462 983	492 457	1 486 862
Other financial liabilities	117 909	241 925	276 292	208 392
Deferred tax	90 662	218 227	210 528	1 278 257
Other non-current liabilities	9 733	2 831	5 637	213
Current liabilities	853 158	377 642	210 478	210 365
Trade and other payables	604 738	229 939	112 753	105 993
Other financial liabilities	49 227	21 665	25 254	18 328
Current tax payable	90 288	34 718	11 482	21 969
Provisions	63 437	21 806	21 272	27 392
Other current liabilities	-	330	1 910	900
Bank overdraft	45 468	69 184	37 807	35 783
Non-current liabilities held for sale	120 815	-	-	-
Total equity and liabilities	9 735 109	7 237 967	2 151 328	7 362 276
Net asset value per share (cents)	1082.66	14.86	279.65	999.25
Number of ordinary shares in issue (000’s)	491 022	491 339	491 339	491 339

Condensed Group Statement of Profit and Loss
and Other Comprehensive Income

	Unaudited	Unaudited Restated	Unaudited	Audited
	Group to 28 February	Group to 28 February	Group to 28 February	Group to 31 August

	2019 6 months	2018 6 months	2017 6 months	2018 12 months
	R'000	R'000	R'000	R'000
Revenue	791 538	604 391	454 878	700 691
Cost of sales	(456 618)	(379 184)	(287 912)	(410 192)
Gross profit	334 920	225 207	166 966	290 499
Other income	10 585	60 431	5 390	11 467
Other operating expenses	(185 684)	(224 533)	(136 668)	(256 060)
Net impairments, impairment reversals and write off	-	(1 651)	(352)	(140 319)
Fair value adjustments	4 588	70 180	551 437	(5 414)
Gain on deemed disposal of subsidiaries	-	-	-	6 049 029
Gain on bargain purchase	-	-	-	952
Loss on deemed disposal of associate	(795 451)	-	-	-
Shared based payment (B-BBEE)	-	(11 809)	-	-
Profit from equity accounted investments	86 494	29 377	9 070	57 914
Investment revenue	60 248	53 854	2 119	33 421
Finance cost	(13 848)	(12 091)	(12 580)	(30 839)
Profit/ (Loss) before taxation	(498 148)	188 965	585 382	6 010 650
Taxation	1 044 363	(30 631)	(136 781)	(1 062 789)
Profit from continuing operations	546 215	158 335	448 601	4 947 861
Discontinued operations				
Profit from discontinued operations	-	-	-	159 533
Profit and total comprehensive income for the period	546 215	158 335	448 601	5 107 394
Total comprehensive income attributable to:				
Equity holders of the parent	470 526	139 133	455 232	4 992 064
Non-controlling interest	75 689	19 202	(6 631)	115 330
	546 215	158 335	448 601	5 107 394
Basic and diluted earnings per ordinary share (cents)	95.77	28.32	92.65	1016.01
Headline and diluted earnings per ordinary share (cents)	38.67	28.32	92.71	24.24
Weighted (and fully diluted) average number of ordinary shares in issue (000s)	491 329	491 339	491 339	491 339

Condensed Group Statement of Changes in Equity
For the period ended 28 February 2019

	Attributable To Parent	Non-Controlling interest	Total Equity
	R'000	R'000	R'000
Balance at 01 September 2016	916 452	84 583	1 001 035
Profit for the period	455 232	(6 631)	448 601
Dividends paid	(16 221)	(5 455)	(21 676)
Changes in ownership interest control not lost	18 550	(11 150)	7 400
Business combinations	-	13 033	13 033
Restated balance at 28 February 2017	1 374 013	74 380	1 448 393
Profit for the period	21 857	58 214	80 071
Other comprehensive income	(4)	-	(4)
Dividends paid	(9 583)	(530)	(10 113)
Changes in ownership interest - control not lost	(109 905)	631 694	521 789
Business combinations	1 115	(3 131)	(2 016)
Balance at 31 August 2017	1 277 493	760 627	2 038 120
Profit for the period	139 133	19 202	158 335
Other comprehensive income	11 808	-	11 808
Changes in ownership interest			

- additional shares acquired	(4 826)	(1 705)	(6 531)
Changes in ownership interest (dilution) - control not lost	(1 323 596)	5 576 377	4 252 781
Dividends paid	(27 024)	(30 147)	(57 171)
Balance at 28 February 2018	72 988	6 324 354	6 397 342
Profit for the period	4 852 917	94 780	4 947 697
Dividends paid	(16 214)	-	(16 214)
Changes in ownership interest- control lost	-	(5 715 462)	(5 715 462)
Business combinations and additional share purchased	-	51 686	51 686
Balance at 31 August 2018	4 909 691	755 358	5 665 049
Business combinations	-	20 451	20 451
Change in ownership interest (deemed disposal) - control gained	41	2 371 922	2 371 963
Shares repurchased	(937)	-	(937)
Profit for the period	470 526	75 689	546 215
Dividends paid	(59 909)	-	(59 909)
Balance at 28 February 2019	5 319 412	3 223 420	8 542 832

Condensed Group Statement of Cash Flows

	Unaudited	Unaudited Restated	Audited
	28 February 2019	28 February 2018	31 August 2018
	R'000	R'000	R'000
Cash generated by operations	114 049	(56 211)	174 263
Investment revenue	65 244	60 280	64 855
Finance cost	(13 848)	(12 091)	(31 217)
Other operating activities	(42 286)	(19 466)	(77 087)
Net cash flows from operating activities	123 159	(27 448)	130 814
Cash flows from investing activities			
Net movement in property, plant and equipment	(67 357)	(52 733)	(120 059)
Net movement in intangible assets	(55 678)	(747)	(8 059)
Net movement in biological assets	(2 994)	-	-
Business combination	3 307 077	-	(77 217)
Deemed disposal of businesses and sale of business	-	-	(4 303 642)
Movement in other investing activities	(115 775)	(30 933)	671
Sale/(Purchase)of financial assets	287 425	-	(85 056)
Movement from investment in associates	108 034	-	18 746
Net cash flows from investing activities	3 460 732	(84 413)	(4 574 616)
Cash flows from financing activities			
Repayment of other financial liabilities	(10 572)	(34 378)	(80 573)
Proceeds from other financial liabilities	37 417	-	20 492
Proceeds from share issue	-	4 265 280	-
Change in ownership	-	-	4 322 111
Dividends paid including minorities	(59 909)	(57 171)	(71 795)
Net cash flows from financing activities	(33 065)	4 173 731	4 190 235
Total cash movement for the period	3 550 827	4 061 870	(253 567)
Cash and cash equivalent at the beginning of the period	326 935	580 502	580 502
Cash and cash equivalents at the end of the period	3 877 762	4 642 372	326 935

Condensed Group Segmental Report 2019

Condensed Group Segmental Report - 28 February 2019

Combined

	Fishing and brands Unaudited R'000	Technology Unaudited R'000	Telecommu-nications Unaudited R'000	Combined technology and telecommu-nication Unaudited R'000	Health and beauty Unaudited R'000	Bio-technology Unaudited R'000	Events and tourism Unaudited R'000	Corporate Unaudited R'000	Food Unaudited R'000	corporate and strategic invest-ments Unaudited R'000	Group Unaudited R'000
Revenue	286 920	358 736	-	358 736	22 996	-	25 072	96 336	5 247	101 583	795 307
External revenue	286 180	355 707	-	355 707	22 996	-	25 072	96 336	5 247	101 583	791 538
Internal revenue	740	(3 029)	-	3 029	-	-	-	-	-	-	3 769
Segment results											
Profit/(Loss) before tax	69 019	171 021	41 793	212 814	4 956	(4 547)	(5 180)	(775 572)	362	(775 210)	(498 148)
Profit/(Loss) after tax	50 945	146 626	41 793	188 419	4 607	(2 727)	(2 501)	307 110	362	307 472	546 215
Included in segment results:											
Loss on deemed disposal of subsidiary	-	-	-	-	-	-	-	(795 451)	-	-	(795 451)
Depreciation and amortisation	(7 157)	(1 496)	-	(1 496)	(89)	(1 100)	(710)	(36)	-	(36)	(10 589)
Fair valuation of investments	-	14 877	-	14 877	-	-	-	(10 289)	-	(10 289)	4 588
Non-current assets	488 480	551 653	818 918	1 370 571	40 221	191 243	19 587	2 047 984	-	2 047 984	4 158 086
Current assets	522 828	4 666 215	20	4 666 235	19 322	2 496	39 337	192 466	45	192 532	5 442 730
Non-current liabilities	129 792	29 249	-	29 249	12 095	46 846	7 122	(127 616)	120 815	(6 800)	218 304
Current liabilities	107 867	508 852	18	508 871	4 405 614	37 178		194 223	-	194 223	853 159
Profit from associates	-	63 527	22 967	86 494	-	-	-	-	-	-	86 494
Capital expenditure	116 400	8 459	-	8 459	-	-	70	224	-	224	125 153

Notes

The Events and Tourism division excludes Magic 828 Proprietary Limited ("Magic 828") as the company was managed under the corporate office for the first six months. Additionally, the investment in BT Communications Services South Africa Proprietary Limited was previously disclosed under Corporate has and is now disclosed under the Technology segment.

Condensed Group Segmental Report 2018

Condensed Group Segmental Report 28 February 2018

	Fishing and brands Unaudited R'000	Technology Unaudited R'000	Telecommu-nications Unaudited R'000	Combined technology and telecommu-nication Unaudited R'000	Health and beauty Unaudited R'000	Bio- Unaudited R'000	Events and tourism Unaudited R'000	Corporate Unaudited R'000	Food Unaudited R'000	Combined corporate and strategic invest-ments Unaudited R'000	Group Unaudited R'000
Revenue	184 580	348 672	-	348 672	24 171	-	41 845	38 755	4 675	43 430	642 698
External revenue	183 428	348 665	-	348 665	24 171	-	38 956	4 495	4 675	9 170	604 391
Internal revenue	1 151	7	-	7	-	-	2 889	34 260	-	34 260	38 301
Segment results											
Profit/ (Loss) before taxation	35 853	83 814	29 377	113 191	2 674	(7 968)	(5 755)	43 611	7 360	50 971	188 965
Profit/(Loss) after taxation	23 528	68 648	29 353	98 002	1 948	(31 075)	(5 544)	64 116	7 360	71 477	158 335

Included in segment results:											
Net (impairments)/ impairment reversals and write offs	-	-	-	-	-	-	-	(1 651)	-	(1 651)	(1 651)
Depreciation and amortisation	(7 534)	(1 894)	-	(1 894)	(76)	(1 131)	(106)	(619)	-	(619)	(11 360)
BBBEE Share based payment	-	(11 809)	-	(11 809)	-	-	-	-	-	-	(11 809)
Fair valuation of investments				-	-	-	-	62 716	7 464	70 180	70 180
Non-current assets	199 032	83 508	809 936	893 443	40 313	368 342	10 056	305 480	216 555	522 035	2 033 221
Current assets	664 895	4 442 078	5	4 441 989	21 530	549	38 926	36 761	96	36 857	5 204 746
Non-current liabilities	96 316	21 001	-	21 001	15 923	89 367	753	116 427	123 290	239 624	462 983
Current liabilities	104 341	153 890	24	153 913	11 385	1 033	40 415	66 555	-	66 555	377 642
Profit from associates	-	29 377	-	29 377	-	-	-	-	-	-	29 377
Capital expenditure	51 549	2 277	-	2 277	-	-	39	22	-	22	53 887

Determination of headline earnings

		Unaudited 28 February 2019 R'000	Restated 29 February 2018 R'000	Unaudited 28 February 2017 R'000	Audited 31 August 2018 R'000
Earnings attributable to ordinary equity holders of parent entity	IAS 33	470 526	139 133	455 232	4 992 064
Adjusted for:					
Impairment of intangible assets	IAS 38	-	-	-	95 625
Impairment of goodwill IAS 36	-	-	-		11 937
Loss on disposal of property, plant and equipment	IAS 16	143	-	284	3 541
Gain on disposal of associates	IAS 28	-	-	-	(1 491)
Loss on disposal of subsidiaries	IFRS 3	-	-	-	1 985
Gain on bargain purchase	IFRS 3	-	-	-	(952)
Gain/Loss on deemed disposal of associate/subsidiary	IFRS 10	617 270	-	-	(4 953 624)
Deferred tax effect on deemed disposal of associate	IAS 12	(897 920)	-	-	-
Headline earnings		190 019	139 133	455 516	119 085
Normalised headline earnings		186 459	84 673	27 601	123 297
Headline earnings and diluted headline earnings per ordinary share (cents)		38.67	28.32	92.71	24.24
Normalised headline earnings per ordinary share (cents)		37.95	17.23	5.62	25.09

Reconciliation of reportable segments profit or loss

	Unaudited 28 February 2019 R'000	Restated 29 February 2018 R'000	Unaudited 28 February 2017 R'000	Audited 31 August 2018 R'000
Total loss before tax for reportable segments	(498 148)	105 152	585 382	6 010 650
Taxation	1 044 363	(15 465)	(136 781)	(1062 789)
Profit from continuing operations	546 215	89 687	448 601	4 947 861
Profit from discontinued operations	-	68 648	-	159 533
Profit for the period and total comprehensive income	546 215	158 335	448 601	5 107 394

Divisional performance

Fishing and brands

The fishing and brands division delivered a strong performance for the period under review with revenue increasing by 56% and operating profit increasing by 92% compared to the prior period. The increase in operating profit is mainly attributable to the excellent catches and strong sales performance of the squid division, which was offset by the lower operational performance of the lobster division with low landings being experienced and the expected performance from pelagic division.

The abalone division continued to focus on its expansion plans and have already increased its spat production from an average of 100 000 spat per month to approximately 200 000 spat. Sales volumes remained constant to that of the prior period, as the abalone farm continues to strategically grow out it's abalone to larger sizers in order to meet market demand, thereby maximising the value received for their abalone. The farm expansion project is on track as planned.

Technology

The information and communications technology ("ICT") subsidiary, AYO Technology Solutions Limited ("AYO") is one of the largest Broad-Based Black Economic Empowerment ("B-BBEE") information and communications technology ("ICT") companies in South Africa. AYO delivers end-to-end ICT solutions to multiple industries in South Africa's public and private sectors through strategic partnerships. These partnerships enable them to service customers across the African continent, North America, Europe and Mauritius.

The ICT subsidiary achieved significant growth in profit after tax and for the first four months of the interim period, this contributed significantly to the Group's profit from equity accounted investments. In addition to that, due to the change in control (as referred to under "Significant Events"), the ICT investment was treated as a subsidiary from the 21st of December 2018 and two months of trading revenue and expenses was consolidated into the Group's results. AYO achieved significant organic growth in its various businesses and its acquisition growth is strong as it builds on its platforms driven by its "Go to Market" strategy.

AEEI's associate investment in BT Communication Services SA Proprietary Limited continually produces consistent earnings and it contributed positively to the Group's profit from equity accounted investments.

Health and beauty

The companies in the health and beauty division, focuses on the importation and distribution of cosmetic brands as well as the manufacturing, sales and marketing of an extensive range of natural products that are human, animal and plant safe and internationally recognised in the food, agriculture, hygiene, beauty and general health sectors.

The revenue from the health and beauty business slowed down in the first half of the year due to subdued customer and consumer demand in the current economic climate. Management expects an improvement in the businesses in the second half of the year.

Biotechnology

Genius Biotherapeutics, one of Africa's largest medical biotechnology companies, in collaboration with research partners at the University of Cape Town strive to start the clinical trials on breast cancer in the next few months.

The dendritic cell vaccine project progressed with the completion of the clean rooms at the University of Cape Town in preparation for the upcoming human clinical trials.

Events and tourism

The events and tourism division manages and owns an events planning and production company, espAfrika Proprietary Limited ("espAfrika"), a travel services company, Tripos Travel Proprietary Limited ("Tripos Travel") and a radio station Magic 828 Proprietary Limited ("Magic 828")(managed under the corporate division).

espAfrika a Group subsidiary, hosted a very successful 20th Cape Town International Jazz Festival post interim period. The company's performance for the six months is as expected as espAfrika hosts most of its events during the second half of the financial year.

Magic 828 which has been in existence for just over 3 years and contributed to the Group's gross revenue for the period and with its extensive marketing campaign has seen its listenership consistently increasing over the interim period.

Under the current economic climate, Tripos Travel managed its cost structure under declining revenue and remains positive that it will achieve break even in the second half of the year.

Strategic investments

The Group's strategic investments consist of: Pioneer Foods Group Limited ("Pioneer"), Sygnia Limited ("Sygnia"), Saab Grintek Defence Proprietary Limited ("SGD") and BT Communications Services South Africa Proprietary Limited ("BT") which is now reported under the technology division / segment.

AEEI has minority equity stakes in SGD, Sygnia and Pioneer. These investments have shown improvement in its investment value since the date of the acquisitions. Consistent growth in earnings and regular dividends are received from all the strategic investments.All of The Pioneer Food Limited Food's shares were disposed of on the 15th of March 2019 and all of the Quantum Food shares are expected to be disposed of on or before the 31 May 2019. Refer to Events after Reporting period for full details.

Significant events

Change in control - associate becomes a subsidiary

During the interim period, the Group regained control over AYO as defined by IFRS 10, and subsequently consolidated AYO from the date of control being 21 December 2018. The change in control stemmed from AEEI ability to direct the relevant activities of AYO based on the IFRS 10 assessment.

The fair value calculation of the rights to customer contracts, work force, and assets are provisional. The provisional fair values of the identifiable assets and liabilities are show below:

Property, plant and equipment	95 633
Goodwill	90 871
Intangible assets	22 369
Investment in associate	145 211
Other financial assets	918 377
Deferred tax	48 010
Inventories	111 642
Trade and other receivables	326 627
Cash and cash equivalents	3 341 216
Trade and other payables	(285 844)
Other financial liabilities	(53 686)
Provisions	(18 669)
Current tax payable	(57 867)
Total identifiable net assets	4 683 890
Non-controlling interests	(2 371 922)
Fair value of previously held interest	(4 008 857)
Goodwill	1 696 889
Total	-
Net cash outflow on acquisition date:	
Cash consideration paid	-
Cash acquired	3 308 684
Net cash inflow	3 308 684

Goodwill is attributable to the strong position and profitability in AYO Technology Solutions trading in the technology market and additional customer contracts and are additional acquisitions are expected to arise in the future.

Revenue of R356m has been included in the Group`s trading results since the effective date.

Acquisition of subsidiary during the period

On 9 February 2019, the AEEI Group concluded the acquisition of an effective 80% shareholding in Saab Grintek Technologies Proprietary Limited, now known as SGT Solutions Proprietary Limited ("SGT Solutions") via a special purpose vehicle, Main Street 1653 Proprietary Limited for a purchase consideration of R100m. The consideration includes a cash portion of R60m and a contingent consideration of R40m, if the company achieves profit warranties for the next two years.

SGT Solutions is a turnkey solutions integrator specialising in the design, supply, deployment, commissioning and maintenance of multi-technology telecommunication systems for mobile broadband and converged solutions, through partnerships with their customers and technology providers. The company specialises in integrated, leading-edge and comprehensive solutions across the entire spectrum of telecommunications. The company earns annual revenue in excess of R450m for the full year commencing 1 January 2018 and generates profit of R26m annually.

The fair value calculation of the acquired rights to customer lists, work force, brand and assets are provisional. The provisional fair values of the identifiable assets and liabilities are shown below:

Property, plant and equipment	3 179
Intangible assets	26 594
Deferred Tax Assets	14 186
Inventories	65 090
Trade and other receivables	53 028
Other financial assets	3 845
Current tax payable	765
Cash and cash equivalents	25 861
Other financial liabilities	(8 550)
Trade and other payables	(85 389)
Provisions	(15 159)
Total identifiable net assets	83 451
Non-controlling interests	(16 691)
Goodwill	21 514
Total purchase price	88 274
Consideration paid	
Cash	60 000
Present value of contingent consideration	28 274
Net cash outflow on acquisition date:	
Cash consideration paid	(60 000)
Cash acquired	25 861
Net cash outflow	(34 139)

The acquisition related costs of R1.3m have been included in the operating expenses in the statement of profit and loss and other comprehensive income.

Goodwill is attributable to the strong position and profitability in SGT Solutions trading in the telecommunications market and synergies are expected to arise after the Company's acquisition of the new subsidiary.

Revenue of R41.2m has been included in the Group`s trading results since the effective date.

Restatement of the prior period

The Group held an 80% equity interest in AYO as at 31 August 2017. On 21 December 2017 AYO listed on the main board of the Johannesburg Stock Exchange (JSE), whereby AYO issued shares under a private placement resulting in a further dilution of the Group's shareholding to 49.36%. For the interim financial statements for the period ended 28 February 2018 management was of the view that the Group lost control of its subsidiary. The effective date of this loss of control was 21 February 2018. Subsequent to 28 February 2018, it was assessed that the effective date of this loss of control was 24 August 2018. Therefore, for the six months period ending 28 February 2018, AYO was still a subsidiary within the Group and not an associate as previously stated. This error of judgment has been classified as a prior period error, requiring a retrospective restatement of the interim financial statements for the period ended 28 February 2018. The above restatement had an effect on the reported earnings per the statement of profit and loss and other comprehensive income, statement of financial position and statement of cash flows as detailed in the table below:

R'000	As previously stated	Restatement of investment in associate to subsidiary	Restated
28 February 2018			
Consolidated Statement of Financial Position			
Assets			
Non-current assets	8 932 902	(6 899 681)	2 033 221
Property, plant and equipment	189 584	6 729	196 313
Goodwill	41 216	41 724	82 940
Intangible assets	371 284	13 276	384 560

Investment in associate	7 774 204	(6 964 268)	809 936
Other financial assets	494 597	1 122	495 719
Deferred tax	8 306	2 066	10 372
Current assets	762 762	4 441 984	5 204 746
Inventory	57 679	37 546	95 225
Other loans receivable	11 297	2 558	13 855
Current tax receivable	231	680	911
Trade and other receivables	168 407	158 919	327 326
Cash and cash equivalents	469 275	4 242 281	4 711 556
Total assets	9 695 664	(2 457 687)	7 237 967
Equity and liabilities			
Reserves	8 029	11 809	19 838
Retained earnings	7 915 389	(8 265 416)	(350 027)
Non-controlling interest	684 321	5 640 033	6 324 354
Equity attributable to equity holders of parent	8 326 595	(1 929 253)	6 397 342
Liabilities			
Non-current liabilities	460 998	1 985	462 983
Other financial liabilities	241 887	38	241 925
Deferred tax	218 323	(96)	218 227
Other non-current liabilities	788	2 043	2 831
Current liabilities	223 750	130 006	377 642
Trade and other payables	99 932	153 893	229 939
Other financial liabilities	16 947	4 718	21 665
Current tax payable	30 563	4 155	34 718
Provisions	10 073	11 733	21 806
Other current liabilities	78	252	330
Bank overdraft	66 157	3 027	69 184
Total equity and liabilities	9 695 664	(2 457 697)	7 237 967
Net asset value per share (cents)	1694.67	(1 679.82)	14.86
Consolidated Profit and Loss and Other Comprehensive Income			
Other operating expenses	(166 834)	(57 697)	(224 544)
Gain on deemed disposal of subsidiaries	8 195 907	(8 195 907)	-
Profit before tax	8 442 571	(8 253 605)	188 968
Taxation	(30 633)	-	-
Profit from continuing operations	8 411 938	(8 253 603)	89 687
Profit from equity accounted investments	29 377	-	29 377
Profit for the year	8 411 938	(8 253 603)	158 335
Total comprehensive income	8 411 933	(8 253 603)	158 335
Basic and diluted earnings per ordinary share (cents)	1 708.13	(1 679.81)	28.32
Headline earnings per ordinary share (cents)	40.06	(11.74)	28.32
Condensed Group Statement of Cash Flows			
Cash generated by operations	13 823	(70 034)	(56 211)
Net cash flows from operating activities	42 545	(69 993)	(27 448)
Deemed disposal of business and sale of business	(4 239 253)	4 239 253	-
Net cash flows from investing activities	(4 323 666)	4 239 253	(84 413)
Change in ownership	4 195 286	(4 195 286)	-
Proceeds from share issue	-	4 265 280	4 265 280
Net cash flows from financing activities	4 103 737	69 994	4 173 731
Cash and cash equivalents at the end of the period	403 118	4 239 254	4 642 372

Investment in BT associate

The objective of a fair value measurement is to estimate the price at which an ordinary transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions. This is a difficult process as it requires making judgments about future expectations. When management originally considered the fair value of the investment in BT, they relied on what they deemed to be reliable information.

During the financial year-end period ending 31 August 2018, it came to management's attention that the information was not reliable as initially applied. Management obtained an external independent valuation which reflected a much higher amount than what was disclosed in the interim financial statements as at 28 February 2018. This error of judgment has been classified as a prior period error, requiring a retrospective restatement of the interim financial statements for the period ended 28 February 2018. The annual financial statements at 31 August 2018 were corrected after the valuation was adjusted.

Events after reporting period

Acquisition of subsidiary
On 13 December 2018, AEEI acquired 76% of the ordinary share capital in Global Command and Control Technologies Proprietary Limited ("GCCT"). GCCT purchased the command, control, training and simulation business as a going concern from Saab Grintek Defence Proprietary Limited for a cash consideration of R23m. The effective date of the transaction when the conditions precedent was fulfilled is 1 March 2019. AEEI acquired this business to strengthen its intellectual asset base and to expand its footprint into Africa as part of its strategic objectives.

A reasonable estimate cannot be made on the financial effects on the AEEI Group as it is impracticable to obtain provisional financial information.

Disposal of the Pioneer Foods Group Limited investment
On 26 February 2019, the AEEI Board of directors accepted the non-binding offer by Pioneer Foods Group Limited to repurchase 1 589 998 Pioneer Foods shares in Pioneer Foods Limited and 1 598 998 Quantum Foods shares in Quantum Foods Holding Limited for the purchase consideration of R78.19 and R3.30 per share respectively. The proceeds will be used to redeem all outstanding liabilities in respect of the A preference shares and B preference shares as well as settle all outstanding dividends on the latter shares.

The financial impact on AEEI is the net proceeds received from the disposal of the Pioneer Foods shares, before any tax liability, amounts to R12 750 856 on the effective date, being 15 March 2019. The regulatory approval of the repurchase of the Quantum Foods shares has not yet been obtained as at the reporting date and the disposal effective date is expected to be before 31 May 2019. The Pioneer transaction has been disclosed as Non-current assets held for sale in the Group Statement of Financial Position.

Share repurchases

During the interim period, and as approved at the AGM relating to general share repurchase, the Company bought back 317 000 shares representing 0.06% of the total shares in issue prior to the repurchase. The shares were purchased at an average price of R2.95 per share for a total cash consideration of R 936 887.

Fair value information

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:
Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.
Level 2: Other techniques for all inputs which have a significant effect on the recorded fair value and are observable, either directly or indirectly.
Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

As at 28 February 2019, the Group held the following instruments measured at fair value:

2019	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
Listed shares	186 671	-	-	186 671
Unlisted shares	-	-	250 367	250 367
Biological assets	-	-	68 021	68 021
Total	186 671	-	318 388	505 059

2018	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
Listed shares	250 100	-	-	250 100
Unlisted shares	-	-	244 857	244 857
Biological assets	-	-	55 873	55 873
Total	250 100	-	300 730	550 830

Refer to fair value adjustments in the Group's Statement of Comprehensive Income

Reporting entity

African Equity Empowerment Investments Limited ("AEEI") is a Company domiciled in South Africa. These condensed consolidated interim financial statements as at and for the six months ended 28 February 2019 comprises AEEI the Company and its subsidiaries ("The Group") and its interest in associates and joint ventures. AEEI is a majority black-controlled entity, which holds interests in six sectors and promotes Broad-Based Black Economic Empowerment and sound corporate governance and ethical practices.

Use of judgments and estimates

In preparing these condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited consolidated financial statements as at and for the year ended 31 August 2018.

Measurement of fair values

The Group has an established control framework with respect to the measurement of fair values. The fair valuation calculations are performed by the Group's finance department and operational team on an annual basis. The finance department reports to the Group's Chief Financial Officer. The valuation reports are approved by the investment committee in accordance with the Group's reporting policies.

Basis of preparation

The condensed interim consolidated financial statements are prepared in accordance with the JSE Limited ("JSE") Listings Requirements and the requirements of the Companies Act of South Africa, 2008 as amended, applicable to summarised financial statements. The JSE Listings Requirements require financial reports to be prepared in accordance with the framework concepts, the measurement and recognition requirements of International Financial Reporting Standards ("IFRS"), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and also that they, as a minimum, contain the information required by IAS 34 'Interim Financial Reporting'. The accounting policies applied in the preparation of the unaudited interim results for the period ended 28 February 2019 are in terms of IFRS and are consistent with the accounting policies applied in the preparation of the previous consolidated annual financial statements, except for adoption of accounting policies below.

The unaudited interim financial results were prepared by Christo Botes, financial manager, CA(SA), and Rufaro Chanakira, CA(SA), financial controller, under the supervision of Chantelle Ah Sing, chief financial officer and were not reviewed or audited by the Group's external auditors, BDO Cape Incorporated.

Accounting policies

During the current reporting period, the Group adopted the following newly effective standards for the first time which did not have a material impact on the annual financial statement:
-IFRS 9 Financial instruments
-IFRS 15 Revenue from contracts with customers

IFRS 9 Financial Instruments

The Group has assessed the impact of IFRS 9, including the application of the expected credit loss ("ECL") model for the measurement of the impairment allowance of our trade and other receivables (through the application of the simplified approach) as well as other loans receivable using the provision matrix for measuring the loss allowance for receivables. For financial assets and financial liabilities, the existing classification and measurement requirements of IAS 39 will remain the same under IFRS 9, except the loans and receivables will be classified as financial assets at amortised cost.

The impairment of trade and other receivables are recognised under lifetime expected credit loss basis did not result in a change in IAS 39 allowances due to the short-term nature of trade and other receivables.

Based on the detailed impact assessment performed in the various divisions, the application of IFRS 9 had no significant impact on the reported earnings or the financial position for the reporting period under review.

IFRS 15 Revenue from contracts with customers

IFRS 15 replaces all existing revenue requirements in IAS 18 and applies to all revenue arising from contracts with customers, unless the contracts are in the scope of the standards on leases, insurance contracts and financial instruments. However, given the nature of revenue streams and contracts with customers, the adoption of the standard did not materially affect the manner of revenue recognition, and therefore no transitional adjustment is required to the opening retained income at the date of the initial application. The Group will include enhanced revenue disclosures related to the nature and timing of the service obligations.

Transition Method
The Group has transitioned to IFRS 9 and IFRS 15 retrospectively, by using the cumulative effect of initial application as an adjustment to the opening retained income. Comparative information has therefore not been restated and continues to be reported under the previous applicable IAS 39 & IAS 18 standards. Based on the impact assessment above, no adjustment was required to adjust the retained earnings or any financial statement items by the application of IFRS 9 and 15 on 1 September 2018.

Prospects

The Group will continue with its strategic focus to grow the value of our core operational investments and improve the value add to our strategic and associate investments.

The AEEI Group continues to build on its solid platform for further organic growth and has positioned itself well to further increase its investments by acquisition. Management continues to focus on the last year of its five-year strategic plan ("Vision 2020 Vision") and has firmed up its acquisition pipeline for both the fishing and brands and the technology division.

The Group's auditors have not reviewed nor reported on any comments relating to future prospects.

Changes in the directorate

At the Annual General Meeting ("AGM") held on 18 January 2019, Messrs AM Salie, TT Hove, JM Gaomab and Ms Barends did not make themselves available for re-election at the AGM and voluntary elected to step off the Board and accordingly the requisite resolutions were withdrawn.

Ms CF Hendricks voluntary elected to step off the Board as a director of the Company but continues her role as an executive in the capacity of Corporate Affairs and Sustainability.

Accordingly, Messrs AM Salie, TT Hove, JM Gaomab, Ms Z Barends and Ms CF Hendricks are therefore no longer directors to the Board effective 18 January 2019.

Mr I Amod was appointed as an independent non-executive director to the Board of AEEI effective 21 January 2019.

Reverend Dr VC Mehana resigned as an independent non-executive director and Chairman of the Board effective 14 March 2019, due to his commitments as a director of other boards and is no longer a director of the AEEI Board.

The Board further advises that Aziza Amod has been appointed as the acting chairperson and Advocate Dr Ngoako Ramatlhodi as the acting audit chairman.

Dividends

The Board of directors are pleased to announce that it has approved and declared an interim dividend of 11.00 cents per share for the six-month period ended 28 February 2019 from income reserves. The interim dividend amount, net of South African dividend tax of 20% which equates to 2.20 cents per share, is therefore 8.80 cents per share for those shareholders that are not exempt from dividend tax.

The number of ordinary shares in issue at declaration date is 491 022 434 and the income tax number of the Company is 9314001034.

The salient dates of this dividend distribution are:

Gross dividend (cents per share)	11.00
Dividend net of dividend withholding tax	8.80
Last day to trade cum dividend	Tuesday, 28 May 2019
Trading ex-dividend commences	Wednesday, 29 May 2019
Record date	Friday, 31 May 2019
Date of payment	Monday, 3 June 2019

Share certificates may not be dematerialised or rematerialised between Wednesday, 29 May 2019 and Friday, 31 May 2019, both days inclusive.

Appreciation

We wish to thank our employees, Group executives, management, our Board of directors as well as our strategic partners, stakeholders and business partners for their loyalty and dedication in contributing to the success of the Group.

Mrs Aziza Amod	Mr Khalid Abdulla
Acting non - executive chairman	Chief executive officer

Cape Town
9 May 2019

Directors
*Khalid Abdulla (chief executive officer); Aziza Amod (acting non-executive Chairman); *Chantelle Ah Sing; Ismet Amod (appointed 18 January 2019) and Advocate Dr Ngoako Ramatlhodi *Executive directors*

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