

COMMENTARY

The Sekunjalo Group has delivered satisfactory financial results for the six-month period under review as the operations have performed in line with expectations.

There has been an increase in the net asset value (“NAV”) as a result of an increase in the value of the underlying investments and improving the performance of the operations.

Key financial highlights

Group revenue has increased by 27% compared to the prior interim period from R178m to R225m due to the improved operational performance of the underlying businesses.

Profit before taxation for the period has increased by 25% to R24m (2012: R19,3m) as compared to the prior period which is due to the subsidiaries’ consistent performance as a result of the strategies implemented by management over the past three years.

As a result, headline earnings increased by 77% with headline earnings per share (“HEPS”) growing by 1,44c from 1,87c in 2012 to 3,31c for the current period. Earnings per share (“EPS”) grew by 1,43c from 1,87c in 2012 to 3,30c for the current period.

If we exclude the impact of the dividend received in the prior year, cash flow from operating activities increased by R7m over the comparative period.

The Group’s asset base has increased by R114m to R898m from R783m for the period under review.

Net asset value (“NAV”) per share grew to 93,79c from 88,70c in the prior period, while tangible NAV per share grew to 83,83c from 77,68c for the prior period.

Financial liabilities increased by R72m during the period under review to fund the growth of the Group’s subsidiaries and associates.

The Information Technology Communication Division (“ICT”) has achieved operating profits of R26m which are in line with the prior interim period. This was obtained through the implementation and roll-out of the long-term contracts secured during the prior financial years.

Premier Fishing SA (Pty) Ltd (“Premier Fishing”) has achieved an operating profit for the period of R3,4m, the major contributors being the south coast (“SCRL”) and west coast rock lobster (“WCRL”) divisions as well as improved operational efficiencies.

The fishing sector generally performs better in the second half of the year due to the seasonal nature of the industry.

Strategic investments

The Pioneer Food Group transaction concluded in the prior year has started to show increased value at 28 February 2013.

Information technology and communication

Sekunjalo Technology Solutions Group (Pty) Ltd (“Sekunjalo TSG”) is a wholly owned subsidiary of Sekunjalo Investments Limited and focuses on the acquisition and development of niche-market information and communication technology companies.

The ICT division has performed very well, with subsidiaries performing above targets, and generating positive cash flow. This division’s revenue has increased by 42% compared to the corresponding interim period from R73m to R103m due to increased levels of business activity.

Saratoga Software (Pty) Ltd, a software development company which builds custom software solutions for corporate customers, has grown consistently over the past few years and is performing ahead of expectations.

Digital Matter (Pty) Ltd, an innovative technology company, providing mobile software solutions for a range of industry applications including industrial plant and equipment inspection and asset auditing is also performing above expectations.

Health System Technologies (Pty) Ltd (“HST”), a hospital information system (“HIS”) laboratory information system (“LIS”) and pharmacy information system integrator and provider, has continued to deliver steadily on its contract to roll out the centralised HIS and Pharmacy solution to the Provincial Government of the Western Cape hospitals.

It successfully continues the implementation of the national centralised LIS for the National Health Laboratory Services with 202 laboratories of the total 267 laboratories already successfully rolled out.

Fishing

Premier Fishing has steadily maintained its performance with the major contribution coming from the SCRL and WCRL division’s with good catch volumes to date and a weaker rand. Interim results show an operating profit of R3,4m.

Aquaculture

The abalone division has produced good results in the first half of the year. Management expect this trend to continue in the second half of the year.

Healthcare

The core dermatological range of products in the pharmaceutical division continues to show improvement in performance, despite significant competition from generic equivalents.

Biotechnology

Genius Biotherapeutics (formerly Bioclones), South Africa’s largest medical biotechnology company has continued with renovation work at the Centurion plant in order to commence production.

Ribotech (Pty) Ltd (“Ribotech”), a subsidiary of Bioclones, has a production facility for the manufacturing of Granulocyte-Colony Stimulating Factor (“G-CSF”), a product used in the oncology market. The Ribotech facility continues its progress in research and development activities.

Media

A Group subsidiary, espAfrika(Pty) Ltd’s performance for the six months is an expected operating loss as the company has most of its events during the second half of the financial year. espAfrika hosted the Cape Town International Jazz Festival for the 14th year after the reporting date.

Events after reporting date

Subsequent to the reporting date, the Group acquired a 75% stake in World Wide Creative (Pty) Ltd. World Wide Creative is a digital marketing agency. This new investment will be managed under the Sekunjalo TSG division.

Prospects

The Group will continue its focus to grow the ICT and Fishing divisions organically, as the operations continue to produce satisfactory results.

The ICT division has built a strong platform for further organic growth and has positioned itself well to increase its investments by acquisition.

Amethst (Pty) Ltd – Parallel arbitration negotiations to resurrect the Gauteng Department of Health and Social Development (“GDOHSD”) Hospital Information System (“HIS”) and Electronic Health Record (“EHR”) contracts are ongoing.

As an investment holding group, we expect a challenging year for the global economy and believe that our businesses will grow steadily from the successes of the past.

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

Dividends

No dividends have been declared for the current period. The board continues to work towards the payment of dividends in the foreseeable future.

Appreciation

We wish to acknowledge the support of our staff, Group executives, management, our board of directors as well as our stakeholders and business partners for their loyalty and dedication to the Group in producing these satisfactory results.

<p>Dr MI Survé Executive chairman</p> <p>Cape Town 18 April 2013</p>	<p>Mr K Abdulla Chief executive officer</p>
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DIRECTORS
*Dr M Iqbal Survé (Executive chairman); *Khalid Abdulla (Chief executive officer); Rev. Dr Vukile Mehana; Johannes Mihe Gaomab; Salim Young; Aziza Amod; *Cherie Felicity Hendricks; *Chantelle Ah Sing (*Executive directors)
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THE SEKUNJALO INVESTMENT GROUP

Sekunjalo Investments Limited (SIL)
Incorporated in the Republic of South Africa
Registration number 1996/006093/06
Share code: SKJ ISIN: ZAE000017893
(“Sekunjalo” or “the Company” or “the Group”)



unaudited interim results
for the period ended
28 february 2013

Profit before taxation
increased by
25% to **R24m**

Headline earnings from
continuing operations
↑ 77% to **R16m**

Group revenue **↑**
27% to **R225m**

Tangible net asset
value **↑ 8%**

condensed group statement of comprehensive income

	Unaudited 28 February 2013 R'000	Unaudited 29 February 2012 R'000	Audited 31 August 2012 R'000
Revenue	225 339	178 090	455 860
Cost of sales	(149 271)	(110 524)	(305 131)
Gross profit	76 068	67 566	150 729
Other income	3 834	1 745	3 700
Other operating expenses	(63 103)	(53 060)	(125 252)
Fair value adjustments	16 074	10 342	30 081
Investment revenue	4 768	3 175	17 334
Loss from equity accounted investments	(4 350)	(3 628)	(9 211)
Finance cost	(9 048)	(6 798)	(19 251)
Profit before taxation	24 243	19 342	48 130
Taxation	(8 094)	(12 419)	(29 931)
Profit for the period	16 149	6 923	18 199
Total comprehensive income	16 149	6 923	18 199
Total comprehensive income/(loss) attributable to:			
Equity holders of the parent	16 134	9 159	17 953
Non-controlling interest	15	(2 236)	246
	16 149	6 923	18 199
Basic and diluted earnings per ordinary share (cents)	3,30	1,87	3,67
Weighted (and fully diluted) average number of ordinary shares in issue (000s)	489 339	489 339	489 339

BASIS OF PREPARATION

The condensed consolidated financial statements are prepared in accordance with the JSE Limited ("JSE") Listings Requirements for preliminary reports and the requirements of the Companies Act of South Africa, 2008, as amended, applicable to summarised financial statements. The JSE Listings Requirements require preliminary 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 also that they, as a minimum, contain

condensed group statement of changes in equity

	Attributable to parent R'000	Non- controlling interest R'000	Total equity R'000
Balance at 1 September 2011	424 870	10 195	435 065
Profit for the period	17 953	246	18 199
Dividends paid	–	(1 400)	(1 400)
Balance at 31 August 2012	442 823	9 041	451 864
Profit for the period	16 134	15	16 149
Dividends paid	–	(827)	(827)
Balance at 28 February 2013	458 957	8 230	467 186

condensed group statement of cash flows

	Unaudited 28 February 2013 R'000	Unaudited 29 February 2012 R'000	Audited 31 August 2012 R'000
Cash flows from operating activities	2 432	2 578	53 302
Cash flows from investing activities	(13 369)	(4 578)	(96 437)
Cash flows from financing activities	(30 971)	5 215	90 408
Total cash movement for the period	(41 908)	3 215	47 273
Cash and cash equivalents at the beginning of the period	39 686	(7 587)	(7 587)
Cash and cash equivalents at the end of the period	(2 222)	(4 372)	39 686

the information required by IAS 34 – *Interim Financial Reporting*. The accounting policies applied in the preparation of the summarised consolidated financial statements from which the summary consolidated financial statements were derived are in terms of IFRS and are consistent with the accounting policies applied in the preparation of the previous consolidated annual financial statements.

The unaudited interim financial results were prepared by Takudzwa Hove BCom (Hons), CA(SA) (ACMA).

condensed group segmental report

	Information Technology Unaudited 28 February 2013 R'000	Fishing Unaudited 28 February 2013 R'000	Healthcare Unaudited 28 February 2013 R'000	Biotechnology Unaudited 28 February 2013 R'000	Corporate Unaudited 28 February 2013 R'000	Group Unaudited 28 February 2013 R'000
Revenue	103 686	89 404	8 984	–	23 265	225 339
External sales	103 686	89 404	8 984	–	23 265	225 339
Segment results						
Operating profit/(loss)	26 625	3 430	(3 868)	(4)	6 690	32 873
Included in segment results: Fair valuation of investments	–	–	–	–	16 074	16 074
Carrying amount of assets	68 283	250 705	31 622	177 435	369 866	897 911
Carrying amount of liabilities	33 541	124 498	11 888	24 909	235 889	430 725
Loss from associate				(4 350)	–	(4 350)

	Information Technology Unaudited 29 February 2012 R'000	Fishing Unaudited 29 February 2012 R'000	Healthcare Unaudited 29 February 2012 R'000	Biotechnology Unaudited 29 February 2012 R'000	Corporate Unaudited 29 February 2012 R'000	Group Unaudited 29 February 2012 R'000
Revenue	73 184	76 017	9 219	–	19 670	178 091
External sales	73 184	76 017	9 219	–	19 670	178 091
Discontinued operations	–	–	–	–	–	–
Segment results						
Operating profit/(loss)	26 436	1 122	(2 592)	–	1 627	26 593
Included in segment results: Fair valuation of investments	–	–	–	–	10 342	10 342
Carrying amount of assets	79 771	250 348	35 072	172 229	246 385	783 805
Carrying amount of liabilities	37 785	116 437	10 903	18 682	158 010	341 817
Loss from associate	–	–	–	(3 628)	–	(3 628)

Notes:

1. Revenue for the Fishing segment is highly seasonal. The majority of the sales occur in the second half of the year. During the prior year annual external sales for the segment amounted to R207m. The corresponding interim sales were R76m.

note – determination of headline earnings

	Unaudited 28 February 2013 R'000	Unaudited 29 February 2012 R'000	Audited 31 August 2012 R'000
Earnings attributable to ordinary equity holders of parent entity	16 134	9 159	17 953
<i>Adjusted for:</i>			
Loss on disposal of property, plant and equipment	85	7	122
Impairment of intangible assets	–	–	275
Headline earnings	16 219	9 166	18 350
Headline earnings per ordinary share (cents)	3,31	1,87	3,75

abridged group statement of financial position

	Unaudited 28 February 2013 R'000	Unaudited 29 February 2012 R'000	Audited 31 August 2012 R'000
ASSETS			
Non-current assets	723 636	599 223	673 555
Property, plant and equipment	139 792	139 786	135 500
Goodwill	34 191	34 191	34 191
Intangible assets	14 573	19 714	15 642
Investments in associates	116 606	126 564	120 956
Other loan receivables	61 969	45 668	25 322
Other financial assets	330 525	207 991	314 451
Deferred tax	23 556	23 280	25 219
Operating lease asset	2 424	2 029	2 274
Current assets	174 275	184 582	181 748
Inventory	25 234	20 173	17 851
Biological assets	38 787	35 027	38 537
Other financial assets	939	3 886	1 464
Current tax receivable	157	154	209
Trade and other receivables	73 477	93 817	77 434
Cash and cash equivalents	35 681	31 525	46 253
TOTAL ASSETS	897 911	783 805	855 303
EQUITY AND LIABILITIES			
Equity			
Equity attributable to equity holders of parent			
Share capital and share premium	403 177	403 177	403 177
Reserves	121 194	121 194	121 194
Accumulated losses	(65 415)	(90 342)	(81 548)
	458 956	434 029	442 823
Non-controlling interest	8 230	7 959	9 041
	467 186	441 988	451 864
Liabilities			
Non-current liabilities	272 113	190 455	253 872
Other financial liabilities	147 490	83 683	129 949
Operating lease liability	454	192	734
Deferred tax	123 830	104 739	123 189
Other non-current liabilities	339	1 841	–
Current liabilities	158 612	151 362	149 567
Trade and other payables	73 867	74 237	85 806
Other financial liabilities	24 323	15 636	37 784
Current tax payable	5 849	8 739	2 593
Provisions	16 670	16 782	16 766
Other current liabilities	–	71	51
Bank overdraft	37 903	35 897	6 567
TOTAL EQUITY AND LIABILITIES	897 911	783 805	855 303
Net asset value per share (cents)	93,79	88,70	90,49
Tangible net asset value per share (cents)	83,83	77,68	80,31