



SEKUNJALO
Africa, now is the time.

UNAUDITED INTERIM RESULTS

FOR THE PERIOD ENDED
28 FEBRUARY 2014

COMMENTARY

Sekunjalo Group posts excellent financial performance due to the underlying divisions achieving better than expected results in the first half of the 2014 financial year. Sekunjalo Investments Limited is a JSE-listed subsidiary of Sekunjalo Investment Holdings (Pty) Ltd and part of the Sekunjalo Investments Group.

Net asset value ("NAV") of the Group increased to R496m (2013: R467m) as a result of an excellent operational performance and the improved value in the investments.

Key financial highlights

Group revenue increased by 7%, compared to the prior interim period, from R225m to R242m mainly due to the improved revenues achieved from the fishing division.

Profit before taxation for the period increased by 35% to R32,7m (2013: R24,2m) with increased performance from the underlying investments.

The headline earnings per share increased from 3.31c in 2013 to 3.72c and earnings per share also increased by 0.42c from 3.30c in 2013 to 3.72c for the current interim period.

Cash from operations for the interim period was utilised for additional working capital requirements of R9m for the underlying divisions, which impacted the current reporting period.

The Group's asset base increased by R61m to R959m (2013: R898m) for the period under review. The major reasons for the increase are the additional working capital in current assets and the increase in the value of the strategic investments during the interim period.

NAV per share increased from 93.79c in the prior period to 100.23c, while tangible NAV per share increased from 83.83c to 90.17c for the current period.

Financial liabilities decreased to R170m from R188m in 2013, mainly due to the reduction in preference liabilities on the strategic investments.

Strategic investments

The investment in the listed Pioneer Food Group consistently shows increased value since its acquisition in March 2012. The British Telecommunication Services SA investment also delivered another dividend.

Fishing

Interim results show a strong revenue contribution of R119m (2013: R89m) for the Premier Fishing SA group and its divisions. The fishing division achieved an operating profit for the period of R15m, with the major contributors being the south coast rock lobster and abalone divisions due to better pricing and greater volumes.

Aquaculture

The abalone division produced excellent results in the first half of the year.

Information communication technology

The information communication technology ("ICT") division focuses on the acquisition and development of niche-market information and communication technology companies.

The ICT division performed satisfactorily, with subsidiaries performing well against budgets. The division achieved an operating profit of R14,7m (2013: R26,6m) with the expected completion of the implementation of the hospital information systems ("HIS").

Health System Technologies (Pty) Ltd ("HST"), a HIS, laboratory information system and pharmacy information system integrator and provider, continues to meet its contractual obligations to roll out the centralised HIS and Pharmacy solution to the Provincial Government of the Western Cape hospitals and the National Health Laboratory Services.

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.

Healthcare

The healthcare division's revenue improved by 29% from R8,9m to R11,5m in comparison to the prior interim period. The natural chemical product range in Healthcare is starting to show traction.

Biotechnology

Genius Biotherapeutics (formerly Bioclones), South Africa's largest medical biotechnology company, continues with its development of the dendritic cells vaccine project and the preclinical work is showing good results.

Ribotech (Pty) Ltd, a subsidiary of Bioclones, has a production facility for the manufacturing of granulocyte-colony stimulating factor, a product used in the oncology market. The Ribotech research and development activities are starting to show tangible results.

Media

espAfrika (Pty) Ltd, a Group subsidiary, hosted the Cape Town International Jazz Festival for the 15th year, which was a great success. The company's performance for the six months is an expected operating loss as espAfrika has most of its events during the second half of the financial year.

Prospects

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

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

AmetHst (Pty) Ltd – Parallel arbitration negotiations to resurrect the Gauteng Department of Health and Social Development Hospital Information System and Electronic Health Record contracts are ongoing.

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

The Group's auditors have neither 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.

Changes to the board of directors

Mr Takudzwa Hove was appointed as a non-executive director on 4 September 2013.

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.

Dr MI Survé

Executive chairman

Mr Khalid Abdulla

Chief executive officer

Cape Town

22 April 2014

Condensed group statement of financial position

	Unaudited Group to 28 February 2014 R'000	Unaudited Group to 29 February 2013 R'000	Audited Group to 31 August 2013 R'000
ASSETS			
Non-current assets	750 219	723 636	726 285
Property, plant and equipment	129 239	139 792	126 890
Goodwill	37 325	34 191	37 325
Intangible assets	11 868	14 573	12 783
Investments in associates	108 377	116 606	112 382
Other loan receivables	46 597	61 969	38 763
Other financial assets	403 143	330 525	380 644
Deferred tax	13 742	23 556	17 498
Operating lease asset	–	2 424	–
Current assets	207 297	174 275	174 818
Inventory	30 024	25 234	17 765
Biological assets	42 101	38 787	41 798
Other financial assets	1 575	939	2 275
Current tax receivable	174	157	174
Trade and other receivables	96 909	73 477	70 497
Cash and cash equivalents	36 514	35 681	42 309
Assets of disposal groups classified as held for sale	1 990	–	2 127
TOTAL ASSETS	956 578	897 911	903 230
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	(33 920)	(65 415)	(52 137)
	490 451	458 956	472 234
Non-controlling interest	6 065	8 230	4 762
	496 516	467 186	476 996
Liabilities			
Non-current liabilities			
Other financial liabilities	159 116	147 490	149 239
Operating lease liability	1 120	454	598
Deferred tax	138 947	123 830	132 721
Other non-current liabilities	466	339	36
Current liabilities	163 413	158 612	143 640
Trade and other payables	93 645	73 867	77 848
Other financial liabilities	11 316	24 323	38 864
Current tax payable	4 395	5 849	4 009
Provisions	18 054	16 670	21 369
Other current liabilities	109	–	336
Bank overdraft	35 894	37 903	1 214
TOTAL EQUITY AND LIABILITIES	956 578	897 911	903 230
Net asset value per share (cents)	100.23	93.79	96.50
Tangible net asset value per share (cents)	90.17	83.83	86.26

Condensed group statement of comprehensive income

	Unaudited Group to 28 February 2014 R'000	Unaudited Group to 29 February 2013 R'000	Audited Group to 31 August 2013 R'000
Revenue	242 047	225 339	569 198
Cost of sales	(164 475)	(149 271)	(390 711)
Gross profit	77 572	76 068	178 487
Other income	3 661	3 834	3 949
Other operating expenses	(64 809)	(63 103)	(181 513)
Fair value adjustments	22 498	16 074	66 193
Investment revenue	7 808	4 768	19 935
Loss from equity accounted investments	(4 005)	(4 350)	(8 039)
Finance cost	(9 985)	(9 048)	(20 347)
Profit before taxation	32 740	24 243	58 665
Taxation	(13 220)	(8 094)	(28 313)
Profit for the period	19 520	16 149	30 352
Total comprehensive income	19 520	16 149	30 352

Total comprehensive income/(loss) attributable to:

Equity holders of the parent	18 217	16 134	29 734
Non-controlling interest	1 303	15	618
	19 520	16 149	30 352

Basic and diluted earnings per ordinary share (cents)	3.72	3.30	6.08
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Weighted (and fully diluted) average number of ordinary shares in issue (000s)	489 339	489 339	489 339
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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 2012	442 823	9 041	451 864
Profit for the period	29 734	618	30 352
Dividends paid	–	(2 218)	(2 218)
Change in ownership – control not lost	(323)	(2 580)	(2 903)
Business combinations	–	(99)	(99)
Balance at 31 August 2013	472 234	4 762	476 996
Profit for the period	18 217	1 303	17 168
Balance at 28 February 2014	490 451	6 065	494 164

Condensed group statement of cash flows

	Unaudited Group to 28 February 2014 R'000	Unaudited Group to 29 February 2013 R'000	Audited Group to 31 August 2013 R'000
Cash flows from operating activities	(5 697)	2 432	42 959
Cash flows from investing activities	(7 385)	(13 369)	(13 487)
Cash flows from financing activities	(27 394)	(30 971)	(28 063)
Total cash movement for the period	(40 476)	(41 908)	1 409
Cash and cash equivalents at the beginning of the period	41 095	39 686	39 686
Cash and cash equivalents at the end of the period	619	(2 222)	41 095

Condensed group segmental report

	Information Technology Unaudited Group to 28 February 2014	Fishing Unaudited Group to 28 February 2014	Healthcare Unaudited Group to 28 February 2014	Bio-technology Unaudited Group to 28 February 2014	Corporate Unaudited Group to 28 February 2014	Group Unaudited Group to 28 February 2014
	R'000	R'000	R'000	R'000	R'000	R'000
Revenue	88 492	119 020	11 547	-	22 988	242 047
External sales	88 492	119 020	11 547	-	22 988	242 047
Segment results						
Operating profit/(loss)	14 713	15 064	(2 072)	-	11 217	38 922
Included in segment results:						
Fair valuation of investments	-	-	-	-	22 498	22 498
Carrying amount of assets	77 170	249 082	37 739	154 180	441 407	956 686
Carrying amount of liabilities	39 919	129 341	9 138	24 909	259 755	462 522
Loss from associate	-	-	-	(4 005)	-	(4 005)
2013						
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)

Notes

The Media division is managed under the corporate office for the first six months as the bulk of the revenue is generated in the second half of the year.

Determination of headline earnings

		Unaudited Group to 28 February 2014 R'000	Unaudited Group to 28 February 2013 R'000	Audited Group to 31 August 2013 R'000
Earnings attributable to ordinary equity holders of parent entity	<i>IAS 33</i>	18 217	16 134	29 734
<i>Adjusted for:</i>				
Loss on disposal of property, plant and equipment	<i>IAS 36</i>	9	85	95
Headline earnings		18 226	16 219	29 829
Headline earnings per ordinary share (cents)		3.72	3.31	6.10

BASIS OF PREPARATION

The condensed 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 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 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 Natasha September BCom (Hons), CA(SA).



DIRECTORS

Dr M Iqbal Survé* (Executive chairman); Khalid Abdulla* (Chief executive officer); Rev. Dr Vukile Mehana; Johannes Mihe Gaomab; Salim Young; Aziza Amod; Takudzwa Hove; Cherie Felicity Hendricks*; Chantelle Ah Sing* *Executive directors

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Grant Thornton Cape

SPONSOR

PSG Capital

SEKUNJALO INVESTMENTS LIMITED

(Incorporated in the Republic of South Africa)

Registration number 1996/006093/06

Share code: SKJ

ISIN: ZAE000017893