



FORMERLY SEKUNJALO INVESTMENTS LIMITED

UNAUDITED INTERIM RESULTS
FOR THE PERIOD ENDED
28 FEBRUARY 2015

(Incorporated in the Republic of South Africa)
Registration number 1996/006093/06
Share code: AEE and ISIN: ZAE0000195731
("AEEI" or "the Group" or "the Company")

REVENUE	OPERATING PROFIT	EARNINGS PER SHARE	HEADLINE EARNINGS PER SHARE
↑ 7% from R242m to R259m	↑ 36% from R39m to R53m	↑ 125% from 3.72c to 8.39c	↑ 188% from 3.72c to 10.72c

AEEI Group posts excellent financial performance

COMMENTARY

The AEEI Group posted excellent financial results due to all the underlying operations achieving consistent growth in the first half of the 2015 financial year.

GROUP PERFORMANCE

The Group performed exceptionally well as a result of strong contributions from all its underlying investments.

Group revenue increased by 7% to R259m (2014: R242m) mainly due to greater revenue growth achieved from the marine and technology divisions.

Profit before tax for the period increased by 40% to R46m (2014: R33m), due to improved returns from all our diversified portfolio of businesses.

Group earnings grew by 81% from R19m in the prior interim period to R35m.

Headline earnings per share ("HEPS") increased by 7.00c from 3.72c to 10.72c and earnings per share ("EPS") increased by 4.67c from 3.72c to 8.39c for the six months under review.

As a result of the solid financial performance from the underlying divisions and the adequate management of our working capital, R10,6m net cash from operations was generated (2014: negative R5,6m).

Net asset value ("NAV") of the Group increased to R690m (2014: R496m) as a result of excellent operational performance and greater fair value in the underlying investments. Net asset value per share increased by 22% from 100.23c in the prior period to 122.20c.

The Group's total asset base increased by R286m to R1 245m (2014: R959m), an increase of 30% mainly due to the growth in our operations as well as the increase in our strategic investments.

STRATEGIC INVESTMENTS

The investment in the listed Pioneer Food Group consistently shows increased value since its acquisition. Investments in British Telecommunication Services SA and SAAB SA performed well.

MARINE

The fishing division had a solid financial performance with revenue increasing by 17% from R119m to R139m. Better catch rates, improved pricing, greater sales volumes and the weaker exchange rate, as well as consistent efficiencies had a positive impact on the operating profit of R18m (2014: R15m).

AQUACULTURE

The abalone division continues to produce excellent results, which contributed to the profitability of the marine group, which is encouraging for our future growth plans.

TECHNOLOGY

The ICT division performed satisfactorily, with revenues increasing by 8% to R95m (2014: R88m) from its underlying operations, which are in line with their expectations. The revenue growth experienced in our technology group is both acquisitive and organic. The acquisitive growth results from investments in the second half of 2014.

TOTAL ASSETS	NET ASSET VALUE	NET CASH GENERATED FROM OPERATING ACTIVITIES	ON 23 FEBRUARY 2015 PAID A MAIDEN DIVIDEND OF
↑ 30% from R959m to R1 245m	↑ 39% from R496m to R690m	↑ R16m from (R5,6m) to R10,6m	R9,8m to its shareholders

The technology group achieved an operating profit of R12,5m (2014: R14,7m). The operating margin declined as a result of the operational investment in the technology group as it gears up for growth in line with our expansion plan. The group is moving to a more annuity-based income after successfully implementing its contracts.

HEALTH CARE

The health care division's operating loss was curtailed and they incurred a loss of R0,6m from a loss of R2m in the prior interim period. The natural chemical product range in health care is continuing to produce satisfactory results. Our new business model is bearing fruit for this division.

BIOTECHNOLOGY

Genius Biotherapeutics, South Africa's largest medical biotechnology company, made progress in its dendritic vaccine project and the pre-clinical work is making headway. Our partnership with the University of Cape Town for the dendritic cell vaccine is progressing well.

EVENTS AND TOURISM

Events Social Marketing and Productions Afrika (Pty) Ltd ("espAfrika"), a Group subsidiary, hosted a very successful 16th Cape Town International Jazz Festival in March 2015. The company's performance for the six months is an expected operating loss as espAfrika has most of its bigger events during the second half of the financial year.

PROSPECTS

Due to the seasonal nature of the Group, the results are expected to be much stronger in the second half of the financial year.

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

The AEEI Group has built a strong platform for further organic growth and has positioned itself well to increase its investments by acquisitions and partnerships.

The Group's auditors have neither reviewed nor reported on any comments relating to future prospects.

DIVIDENDS

On 4 November 2014, the Board of Directors approved dividends to its shareholders. Dividends of R9,8m were paid to shareholders on 23 February 2015.

The board will review the declaration of further dividends at the financial year ending 31 August 2015.

CHANGES TO THE BOARD OF DIRECTORS

Dr MI Survé resigned from the Board on 6 November 2014. Ms Zenariah Barends was appointed as a non-executive director on 14 November 2014.

APPRECIATION

We wish to acknowledge the support of our staff, Group executives, management, our Board of Directors as well as our strategic partners, stakeholders and business associates for their loyalty and dedication in contributing to the success of the Group.

Professor Vukile Mehana
Non-executive chairman

Mr Khalid Abdulla
Chief executive officer

Cape Town
22 April 2015

Condensed Group statement of financial position

	Unaudited Group to 28 February 2015 R'000	Unaudited Group to 28 February 2014 R'000	Audited Group to 31 August 2014 R'000
ASSETS			
Non-current assets	1 004 625	750 291	971 241
Property, plant and equipment	140 188	129 239	138 266
Goodwill	55 469	37 325	55 469
Intangible assets	319 747	11 868	336 367
Investments in associates	436	108 377	-
Other loan receivables	1 704	46 597	2 065
Other financial assets	475 633	403 143	426 947
Deferred tax	11 156	13 742	11 901
Prepayments	292	-	226
Current assets	238 324	207 297	204 991
Inventory	26 174	30 024	22 305
Biological assets	36 343	42 101	36 014
Other financial assets	2 140	1 575	245
Current tax receivable	521	174	556
Trade and other receivables	119 143	96 909	98 753
Cash and cash equivalents	54 003	36 514	47 118
Non-current assets held for sale	1 852	1 990	1 852
TOTAL ASSETS	1 244 801	959 578	1 178 084
EQUITY AND LIABILITIES			
Equity			
Equity attributable to equity holders of parent			
Share capital and share premium	403 177	403 177	403 177
Reserves	8 034	121 194	8 034
Retained income/(Accumulated losses)	189 215	(33 920)	157 825
	600 426	490 451	569 036
Non-controlling interest	89 698	6 065	96 036
	690 124	496 516	665 072
Liabilities			
Non-current liabilities	357 482	299 649	347 935
Other financial liabilities	139 752	159 116	135 445
Operating lease liability	2 436	1 120	1 794
Deferred tax	215 044	138 947	210 489
Other non-current liabilities	250	466	207
Current liabilities	197 195	163 413	165 077
Trade and other payables	122 904	93 645	98 873
Other financial liabilities	20 434	11 316	27 933
Current tax payable	8 595	4 395	6 715
Provisions	17 626	18 054	26 507
Other current liabilities	234	109	297
Bank overdraft	27 402	35 894	4 752
TOTAL EQUITY AND LIABILITIES	1 244 801	959 578	1 178 084
Net asset value per share (cents)	122.20	100.23	115.81

Condensed Group statement of comprehensive income

	Unaudited Group to 28 February 2015 6 months R'000	Unaudited Group to 28 February 2014 6 months R'000	Audited Group to 31 August 2014 12 months R'000
Revenue	258 874	242 047	620 549
Cost of sales	(178 010)	(164 475)	(426 222)
Gross profit	80 864	77 572	194 327
Other income	4 290	3 661	4 710
Other operating expenses	(80 904)	(64 809)	(146 762)
Fair value adjustments	48 686	22 498	46 303
Gain on deemed disposal	-	-	22 556
Investment revenue	3 354	7 808	12 401
Loss from equity accounted investments	-	(4 005)	(6 179)
Finance cost	(10 367)	(9 985)	(19 164)
Profit before taxation	45 923	32 740	108 192
Taxation	(10 624)	(13 220)	(5 759)
Profit for the period	35 299	19 520	102 433
Total comprehensive income for the period	35 299	19 520	102 433
Total comprehensive income attributable to:			
Equity holders of the parent	41 217	18 217	96 802
Non-controlling interest	(5 918)	1 303	5 631
	35 299	19 520	102 433
Basic and diluted earnings per ordinary share (cents)	8.39	3.72	19.76
Weighted (and fully diluted) average number of ordinary shares in issue (000s)	491 339	489 339	489 887

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 2013	472 234	4 762	476 996
Profit for the period	96 802	5 631	102 433
Dividends paid	-	(1 148)	(1 148)
Business combinations	-	86 791	86 791
Balance at 31 August 2014	569 036	96 036	665 072
Profit/(loss) for the period	41 217	(5 918)	35 299
Dividends paid	(9 827)	(420)	(10 247)
Balance at 28 February 2015	600 426	89 698	690 124

Condensed Group statement of cash flows

	Unaudited Group to 28 February 2015 R'000	Unaudited Group to 28 February 2014 R'000	Audited Group to 31 August 2014 R'000
Cash flows from operating activities	10 672	(5 697)	57 028
Cash flows from investing activities	(12 959)	(7 385)	(30 118)
Cash flows from financing activities	(13 478)	(27 394)	(25 639)
Total cash movement for the period	(15 765)	(40 476)	1 271
Cash and cash equivalents at the beginning of the period	42 366	41 095	41 095
Cash and cash equivalents at the end of the period	26 601	619	42 366

Condensed Group segmental report

	Technology Unaudited Group to 28 February 2015 R'000	Marine Unaudited Group to 28 February 2015 R'000	Health care Unaudited Group to 28 February 2015 R'000	Bio- technology Unaudited Group to 28 February 2015 R'000	Corporate Unaudited Group to 28 February 2015 R'000	Group Unaudited Group to 28 February 2015 R'000
28 February 2015						
Revenue	95 587	139 584	8 856	-	14 847	258 874
External sales	95 587	139 584	8 856	-	14 847	258 874
Segment results						
Operating profit/(loss)	12 541	18 633	(610)	(19 695)	42 067	52 936
Included in segment results:						
Reversal of impairments/(impairments)	-	-	436	(15 200)	-	(14 764)
Fair valuation of investments	-	-	-	-	48 686	48 686
Carrying amount of assets	94 841	247 052	29 165	337 448	536 295	1 244 801
Carrying amount of liabilities	56 506	128 049	8 563	85 735	275 824	554 677
28 February 2014						
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	438 515	956 686
Carrying amount of liabilities	39 919	129 341	9 138	24 909	259 215	462 522
Loss from associate	-	-	-	(4 005)	-	(4 005)

Notes

The Events and Tourism division was 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 2015 R'000	Unaudited Group to 28 February 2014 R'000	Audited Group to 31 August 2014 R'000
Earnings attributable to ordinary equity holders of parent entity	<i>IAS 33</i>	41 217	18 217	96 802
<i>Adjusted for:</i>				
Impairment of intangible assets	<i>IAS 38</i>	10 944	-	-
Loss on disposal of property, plant and equipment	<i>IAS 16</i>	523	9	100
Gain on deemed disposal of associate	<i>IFRS 3</i>	-	-	(18 350)
Headline earnings		52 684	18 226	78 552
Headline earnings per ordinary share (cents)		10.72	3.72	16.03

Reconciliation between operating profit and profit before tax

		Unaudited Group to 28 February 2015 R'000	Unaudited Group to 28 February 2014 R'000	Audited Group to 31 August 2014 R'000
Operating profit		52 936	38 922	98 578
Investment revenue		3 354	(9 985)	(19 164)
Gain on deemed disposal		-	-	22 556
Loss from equity accounted investments		-	(4 005)	(6 179)
Profit before tax		45 923	32 740	108 192

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 necessitates that financial reports 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

Khalid Abdulla* (Chief executive officer);
Prof Vukile Mehana (Non-executive chairman);
Salim Young; Johannes Mihe Gaomab; Aziza Amod; Takudzwa Hove;
Cherie Felicity Hendricks*; Chantelle Ah Sing*; Zenariah Barends

*Executive directors

COMPANY SECRETARY

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SPONSOR

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