

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 2018

Condensed Group Statement of Financial Position

	Unaudited Group to 28 February 2018 R'000	Restated Unaudited Group to 28 February 2017 R'000	Unaudited Group to 28 February 2016 R'000	Audited Group to 31 August 2017 R'000
Assets				
Non-current assets	8 932 902	1 802 651	1 273 331	1 855 213
Property, plant and equipment	189 584	152 387	151 712	154 527
Goodwill	41 216	81 070	56 832	82 940
Intangible assets	371 284	339 424	329 365	384 027
Investments in associates	7 774 204	775 167	9	780 559
Investment in joint ventures	-	115	-	33
Other loans receivable	53 348	9 967	6 880	8 366
Other financial assets	494 957	428 803	711 902	425 524
Deferred tax	8 306	14 718	14 460	17 578
Prepayments	3	1 000	2 171	1 659
Current assets	762 762	348 677	262 534	966 940
Inventory	57 679	48 106	43 622	64 181
Biological assets	55 873	48 359	46 262	54 323
Other loans receivable	11 297	15 711	11 981	26 771
Current tax receivable	231	1 718	154	1 591
Trade and other receivables	168 407	149 901	100 760	195 050
Cash and cash equivalents	469 275	84 882	59 755	625 024
Total assets	9 695 664	2 151 328	1 535 865	2 822 153
Equity and liabilities				
Equity				
Equity attributable to equity holders of parent				
Share capital and share premium	403 177	403 177	403 177	403 177
Reserves	8 029	8 034	8 034	8 030
Retained income	7 915 389	962 802	357 594	866 286
Non-controlling interest	8 326 595	1 374 013	768 805	1 277 493
	684 321	74 380	78 366	760 627
	9 010 916	1 448 393	847 171	2 038 120
Liabilities				
Non-current liabilities	460 998	492 457	503 666	461 302
Other financial liabilities	241 887	276 292	255 647	245 622
Deferred tax	218 323	210 528	245 188	211 046
Other non-current liabilities	788	5 637	2 831	4 634
Current liabilities	223 750	210 478	185 028	322 371
Trade and other payables	99 932	112 753	107 578	169 984
Other financial liabilities	16 947	25 254	12 007	47 232
Current tax payable	30 563	11 482	9 093	32 506
Provisions	10 073	21 272	20 932	27 642
Other current liabilities	78	1 910	1 580	485
Bank overdraft	66 157	37 807	33 838	44 522

Liabilities of disposal group	-	-	-	360
Total equity and liabilities	9 695 664	2 151 328	1 535 865	2 822 153
Net asset value per share (cents)	1 694.67	279.65	156.47	260.00
Tangible net asset value per share (cents)	1 610.72	194.07	77.87	164.96
Number of ordinary shares in issues (000's)	491 339	491 339	491 339	491 339

Condensed Group Statement of Profit and Loss and Other Comprehensive Income

	Unaudited Group to 28 February 2018 R'000 6 months R'000	Restated Unaudited Group to 28 February 2017 R'000 6 months R'000	Unaudited Group to 28 February 2016 R'000 6 months R'000	Audited Group to 31 August 2017 R'000 12 months R'000
Revenue	604 390	454 878	305 318	1 052 196
Cost of sales	(379 183)	(287 912)	(207 594)	(654 210)
Gross profit	225 207	166 966	97 724	397 986
Other income	60 431	5 390	3 761	3 960
Other operating expenses	(166 834)	(136 668)	(78 752)	(297 289)
Net impairments, impairment reversals and write-off	(1 651)	(352)	-	(2 605)
Fair value adjustments	70 180	551 437	50 405	535 083
Gain on deemed disposal of subsidiaries	8 195 907	-	465	-
Gain on sale of business	-	-	-	6 019
Gain on bargain purchase	-	-	-	11 898
Share based payment (B-BBEE)	(11 809)	-	-	-
Profit from equity accounted investments	29 377	9 070	-	30 203
Investment revenue	53 854	2 119	11 234	23 903
Finance cost	(12 091)	(12 580)	(11 069)	(28 267)
Profit before taxation	8 442 571	585 382	73 768	680 891
Taxation	(30 633)	(136 781)	(16 261)	(155 029)
Profit from continuing operations	8 411 938	448 601	57 507	525 862
Discontinued operations	-	-	-	-
Loss from discontinued operations	-	-	-	2 810
Profit for the year	8 411 938	448 601	57 507	528 672
Other comprehensive income	(5)	-	-	(4)
Total comprehensive income	8 411 933	448 601	57 507	528 668
Total comprehensive income attributable to:				
Equity holders of the parent	8 392 732	455 232	68 991	477 085
Non-controlling interest	19 202	(6 631)	(11 484)	51 583
	8 411 933	448 601	57 507	528 668
Basic and diluted earnings per ordinary share (cents)	1 708.13	92.65	14.04	97.10
Headline and diluted earnings per ordinary share (cents)	40.06	92.71	14.02	94.89
Weighted (and fully diluted) average number of ordinary shares in issue (000s)	491 339	491 339	491 339	491 339

Condensed Group Statement of Changes in Equity
For the period ended 28 February 2018

	Attributable To Parent R'000	Non- Controlling interest R'000	Total Equity R'000
Balance at 31 August 2015	712 106	92 443	804 549
Profit/(loss) for the period	68 991	(11 484)	57 507

Dividends paid	(12 292)	(2 593)	(14 885)
Balance at 28 February 2016	768 805	78 366	847 171
Profit for the period	147 632	3 388	151 020
Dividends paid	-	359	359
Changes in ownership interest control not lost	15	2 470	2 485
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	8 392 736	19 202	8 411 938
Other comprehensive income	11 808	-	11 808
Changes in ownership interest - additional shares acquired	(4 826)	(1 705)	(6 531)
Changes in ownership interest - (disposal and share issue) control not lost	(1 323 592)	1 323 592	-
Dividends paid	(27 024)	(30 147)	(57 171)
Changes in ownership interest (disposal) control lost	-	(1 387 248)	(1 387 248)
Balance at 28 February 2018	8 326 595	684 321	9 010 916

Condensed Group Statement of Cash Flows

	Unaudited Group to 28 February 2018 R'000	Restated Unaudited Group to 28 February 2017 R'000	Audited Group to 31 August 2017 R'000
Cash generated by operations	13 823	52 219	73 478
Investment revenue	60 280	2 119	23 903
Finance cost	(12 091)	(12 580)	(28 267)
Other operating activities	(19 467)	(6 643)	10 418
Net cash flows from operating activities	42 545	35 115	79 532
Cash flows from investing activities			
Net movement in property, plant and equipment	(52 733)	(15 665)	(24 485)
Net movement in intangible assets	(747)	(2 399)	(1 859)
Business combination	-	(5 755)	(1 559)
Deemed disposal of businesses and sale of business	(4 239 253)	-	(2 300)
Movement in other investing activities	(30 933)	(6 507)	14 980
Purchase of financial assets	-	-	(14 118)
Net cash flows from investing activities	(4 323 666)	(30 326)	(29 341)
Cash flows from financing activities			
Repayment of other financial liabilities	(34 378)	(14 548)	(46 006)
Receipt of other financial liabilities	-	20 379	45 519
Change in ownership	4 195 286	-	507 518
Dividends paid including minorities	(57 171)	(18 614)	(31 789)
Net cash flows from financing activities	4 103 737	(12 783)	475 242
Total cash movement for the period	(177 384)	(7 994)	525 433
Cash and cash equivalent at the beginning of the period	580 502	55 069	55 069
Cash and cash equivalents at the end of the period	403 118	47 075	580 502

	Fishing and brands Unaudited 28 February 2018 R'000	Technology Unaudited 28 February 2018 R'000	Tele- communication Unaudited 28 February 2018 R'000	technology and tele- communication Unaudited 28 February 2018 R'000	Health and beauty Unaudited 28 February 2018 R'000	Bio- technology Unaudited 28 February 2018 R'000	Events and tourism Unaudited 28 February 2018 R'000	Corporate Unaudited 28 February 2018 R'000	Group Unaudited 28 February 2018 R'000
Revenue	184 580	348 672	-	348 672	24 171	-	41 845	43 430	642 698
External revenue	183 428	348 665	-	348 665	24 171	-	38 955	9 170	604 390
Internal revenue	1 152	7	-	7	-	-	2 890	34 260	38 308
Segment results									
Operating profit/(loss)	21 659	45 832	(24)	45 808	3 036	(7 973)	(5 865)	8 314 766	8 371 431
Included in segment results:									
Net (impairments)/impairment reversals and write-offs	-	-	-	-	-	-	-	(1 651)	(1 651)
Depreciation and amortisation	(7 534)	(1 894)	-	(1 894)	(76)	(1 131)	(106)	(619)	(11 360)
B-BBEE share based payment	-	(11 809)	-	(11 809)	-	-	-	-	(11 809)
Gain on deemed disposal of subsidiary	-	-	-	-	-	-	-	8 195 907	8 195 907
Fair valuation of investments	-	-	-	-	-	-	-	70 180	70 180
Non-current assets	199 032	-	809 936	809 936	40 313	368 342	10 056	7 505 224	8 932 902
Current assets	664 895	-	5	5	21 530	549	38 926	36 857	762 762
Non-current liabilities	96 316	-	-	-	15 923	89 367	753	258 640	460 998
Current liabilities	104 341	-	24	24	11 385	1 033	40 415	66 552	223 750
Profit from associates	-	-	29 377	29 377	-	-	-	-	29 377
Capital expenditure	51 141	2 277	-	2 277	-	-	39	22	53 479

Condensed Group Segmental Report - 2017

	Fishing and brands Unaudited 28 February 2017 R'000	Technology Unaudited 28 February 2017 R'000	Tele- communication Unaudited 28 February 2017 R'000	Combined technology and tele- communication Unaudited 28 February 2017 R'000	Health and beauty Unaudited 28 February 2017 R'000	Bio- technology Unaudited 28 February 2017 R'000	Events and tourism Unaudited 28 February 2017 R'000	Corporate Unaudited 28 February 2017 R'000	Group Restated Unaudited 28 February 2017 R'000
Revenue	182 527	236 390	-	236 390	2 647	4	28 114	20 725	470 407
External revenue	182 527	233 683	-	233 683	2 647	4	26 788	9 229	454 878
Internal revenue	-	2 707	-	2 707	-	-	1 326	11 496	15 529
Segment results									
Operating profit/(loss)	25 311	27 179	569 998	597 177	(966)	(8 079)	(3 502)	(23 168)	586 773
Included in segment results:									
Net (impairments)/impairment reversals and write-offs	-	-	-	-	-	-	-	(352)	(352)
Depreciation and amortisation	(7 067)	(2 125)	-	(2 125)	(850)	(1 748)	(109)	(705)	(12 604)
B-BBEE share based payment	-	-	-	-	-	-	-	-	-
Gain on deemed disposal of subsidiary	-	-	-	-	-	-	-	-	-
Fair valuation of investments	-	-	570 000	570 000	-	-	-	(18 563)	551 437
Non-current assets	152 440	72 113	864 448	936 561	3 983	350 066	9 719	349 882	1 802 651
Current assets	181 336	118 069	6	118 075	5 408	-	35 614	8 245	348 677
Non-current liabilities	94 596	20 314	-	20 314	-	91 066	1 160	285 321	492 457
Current liabilities	90 492	51 720	-	51 720	1 624	938	32 394	33 309	210 478
Profit from associates	-	151	8 919	9 070	-	-	-	-	9 070

Capital expenditure 8 148 4 305 - 4 305 - 16 45 (123) 12 391

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 Technology.

Determination of headline earnings

		Unaudited 28 February 2018 R'000	Restated Unaudited 29 February 2017 R'000	Unaudited 28 February 2016 R'000	Audited 31 August 2017 R'000
Earnings attributable to ordinary equity holders of parent entity	IAS 33	8 392 732	455 232	68 991	477 085
Adjusted for:					
Impairment of intangible assets	IAS 38	-	-	241	-
Loss on disposal of property, plant and equipment	IAS 16	-	284	-	2 048
Gain on disposal of subsidiaries	IFRS 3	-	-	(335)	(4 334)
Gain on bargain purchase	IFRS 3	-	-	-	(8 567)
Gain on deemed disposal of subsidiary	IFRS 10	(8 195 907)	-	-	-
Headline earnings		196 825	455 516	68 897	466 232
Normalised headline earnings		154 174	27 601	27 901	61 861
Headline earnings per ordinary share (cents)		40.06	92.71	14.02	94.89
Normalised headline earnings per ordinary shares (cents)		31.38	5.62	5.68	12.59

Reconciliation of reportable segments profit or loss

		Unaudited 28 February 2018 R'000	Restated Unaudited 29 February 2017 R'000	Unaudited 28 February 2016 R'000	Audited 31 August 2017 R'000
Total operating profit for reportable segments		8 371 431	586 773	73 603	655 052
Adjusted for:					
Profit from equity accounted investments		29 377	9 070	-	30 203
Investment revenue		53 854	2 119	11 234	23 903
Finance cost		(12 091)	(12 580)	(11 069)	(28 267)
Profit before taxation		8 442 571	585 382	73 768	680 891
Taxation		(30 633)	(136 781)	(16 261)	(155 029)
Profit for the period and total comprehensive income from continuing operations		8 411 938	448 601	57 507	525 862
Loss from discontinued operations		-	-	-	2 810
Other comprehensive income		(5)	-	-	(4)
Profit for the period and total comprehensive income		8 411 933	448 601	57 507	528 668

Financial highlights

- Revenue increased by 33% from the restated R455m to R604m.
- Operating profit increased by 1326% from the restated R587m to R8 371m.
- Earnings per share increased by 1 744% from the restated 92.65 cents to 1 708.13 cents.
- Normalised headline earnings per share increased by 459% from the restated 5.62 cents to 31.38 cents.
- Total assets increased by 351% from the restated R2 151m to R9 696m.
- Net asset value increased by 522% from the restated R1 448m to R9 011m
- Net cash from operating activities increased by 23% from R35m to R43m.

Group performance

For the six months under review revenue for the Group was exceptional, with outstanding operating profits and asset growth, due to the strong contributions from all the underlying operations and investments. The consistent increase in earnings and asset growth during a period of ongoing economic volatility, demonstrates the Group's efficient and effective business model during challenging market conditions.

Group revenue increased significantly by 33% from the restated R455m to R604m, mainly due to the consistent growth in revenue from all our divisions and especially the technology associate which is in-line with its organic and acquisitive growth strategy as well as the improvement in the health and beauty division.

The Group's operating profit increased by 1 326% from the restated R587m to R8 371m due to the consistent organic and acquisitive growth, as well as efficiencies achieved fishing and brands, technology, health and beauty, as well as its strategic investments.

Group earnings grew by 1773% from the restated R449m in the prior interim period to R8 412m. The earnings increased substantially, mainly as a result of a once-off gain from a deemed disposal of a subsidiary. More details are reflected in the section further below.

Headline earnings per share ("HEPS") decreased from 92.71c to 40.06c, while earnings per share ("EPS") increased from the restated 92.65c to 1 708.13c for the six months under review. The decrease in HEPS is as a result of the prior year interim period being restated and including a once-off fair value adjustment prior to BT Communication Services South Africa ("BT") becoming an associate.

Group's normalised HEPS increased by 459% from 5.62 cents to 31.38 cents. Normalised earnings are defined as earnings from continuing operations excluding non-recurring items and once off fair value and/or gain on disposal adjustments.

Profit before tax for the period under review increased by 1343% from the restated R585m to R8 443m with strong returns from our diversified portfolio and the gain on deemed disposal of subsidiaries.

The Group's asset base increased by 351% from the restated R2 151m to R9 696m mainly due the increased fair value gain in the investment in associates since the comparative interim period and the growth in current assets.

Net asset value ("NAV") of the Group increased by 492% from the restated R1.4bn to R8.3bn as a result of the excellent operational performance and the greater fair value in the underlying investments. The NAV per share increased by 506% from the restated 279.65c in the prior period to 1 694.67c.

As a result of the solid financial performance from the underlying businesses during a tough economic environment, net cash generated from operating activities increased by 23% from the restated 2017 interim results after providing for the significant working capital needs of R103m.

Fishing and brands

The fishing and brands division performed as expected with revenue remaining stable at R183m for the interim period. While the strengthening of the Rand impacted negatively on the revenue of the fishing and brands division, this was offset by further efficiencies and increased sales volumes in the squid and lobster divisions, as well as an increase in market prices for all divisions.

The abalone division performed well to date while construction for the expansion of the abalone farm is on track in line with the expansion plans. The farm also continued to focus on increasing spat production, additional animal rearing capacity divisions, and stock holding in preparation for the farm expansion.

Subsequent to the interim period, all the conditions precedent were met for the acquisition of a majority stake in Talhado Fishing Enterprises (Pty) Ltd ("Talhado"). The results of Talhado were not consolidated into the fishing and brands division during the period under review. For more details, refer to acquisition of business subsequent to the interim period under the significant events disclosure.

Technology

During the period under review, the Group's previous subsidiary, AYO Technology Solutions Limited ("AYO") was successfully separately listed on 21 December 2017. The Group now holds 49% equity in AYO since listing. This investment has been accounted for as an associate as at the period ended 28 February 2018.

The information and communications technology ("ICT") associate, AYO listed on the Johannesburg Stock Exchange ("JSE") as a leading Broad-Based black economic empowerment ("B-BEEE") ICT company with strong management expertise and a sound track record. The current improving market conditions and regulation pertaining to B-BEEE have set them in good stead to capture the growing ICT spend across the South African market. The ICT associate is currently servicing customers in Southern and Northern Africa, Europe and Mauritius. Its strategic alliance, with BT, provides it with access to global technology trends as well as access to the global market.

During the interim period under review, the Group relinquished control of AYO resulting in the division becoming an associate in February 2018. Refer to Significant

events below for more details.

The ICT associate (AYO) has effectively been listed for two months of this reporting period. However in the five months since listing they have already shown excellent organic progress in delivering on its planned strategy.

In the short time frame since listing, our associate had a successful first few months operational performance, although certain key projects and transactions are still being finalised resulting in their management team expecting a much improved and accelerated performance in the second half of the current financial year.

Within the first few months of this associate being listed, the associate concluded a significant contract with a multinational client, further details of which are expected to be announced over the coming days.

The ICT associate achieved significant growth in revenue of 49% from R234m to R349m mainly as a result of obtaining new customer contracts in the financial service sector which leverages the strategy to gain market share through its B-BBEE and strong management credentials. The total profit before tax for the associate increased by 173% from R30m to R82m, which shows the consistency in growth plans.

The Group also holds a 30% equity interest in BT. This investment was accounted for as an associate.

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 acquisition of Orleans Cosmetics Proprietary Limited in the prior year combined with the existing business has led to revenue increasing by 700% from R3m to R24m and operating profit increasing by 413% from a loss of R0,96m to a R3m profit.

Biotechnology

Genius Biotherapeutics South Africa, one of Africa's largest medical biotechnology companies, made good progress with its research and development activities as it prepares pre-clinical data on extreme drug resistant tuberculosis.

The dendritic cell vaccine project obtained final approval from the Medicines Control Council to commence with Phase 1 human clinical trials on breast cancer, provided that the clinical trials are performed in a validated clean room facility. The construction of clean rooms at the University of Cape Town is due to be completed by June 2018.

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 (managed under the corporate division).

espAfrika a Group subsidiary, hosted a very successful 19th Cape Town International Jazz Festival post interim period. In terms of performance, the company expected to have an operating loss for the six months, as espAfrika hosts most of its events during the second half of the financial year.

Magic 828 which has been in existence for less than 36 months, contributed to Group gross revenue of R3m for the period and increased its listenership in the Western Cape region to more than 100 000 listeners.

Tripos Travel engaged in a turnaround strategy since 2016 which led to revenue increasing by 30% from R27m to R35m for the six months ended 28 February 2018.

Strategic investments

The Group's strategic investments consist of: Pioneer Foods Group ("Pioneer Foods"), Sygnia Limited ("Sygnia") and Saab Grintek Defence Proprietary Limited ("SGD") and BT which is now managed and reported under technology division and telecommunications.

AEEI has a minority equity stakes in SGD, Sygnia and Pioneer Foods. 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.

AEEI owns the following equity interest in the above strategic investments:

- 25% + 1 share in SGD
- 0.75% in Pioneer Foods
- 1.73% in Sygnia

Significant events

Acquisition of business subsequent to interim period

On 30 November 2017, the fishing and brands division announced the acquisition of a 50.31% stake in Talhado for a consideration of R85m, subject to the fulfilment of certain conditions precedent. The conditions precedent have now been fulfilled and the transaction implemented. The fishing and brands division acquired Talhado for its squid fishing rights, brand and processing facilities, aiming to enhance the group's footprint in the squid sector. Talhado is the largest squid company in South Africa.

The fishing and brands pro forma results, including Talhado are available for review on www.premierfishing.co.za.

Investment becomes an associate and changes in control

The Group held an 80% equity interest in AYO as at 31 August 2017. Prior to the listing of AYO, a decision was made to issue 10% of its shares to a B-BBEE Consortium, which resulted in a dilution of the Group's investment in AYO to 69.55%. On 21 December 2017 AYO listed on the main board of the JSE, whereby AYO issued shares under a private placement resulting in a further dilution of the Group's shareholding to 49.36%. Please refer to the statement of changes in equity for the effect of the transaction on retained earnings and non-controlling interest without a loss of control on this date.

This investment was accounted for as a subsidiary up to 21 February 2018 with its financial results being consolidated into the Groups' interim results, where after the Group relinquished control over AYO by the restructure of the Board.

The above resulted in AYO becoming an associate on 21 February 2018.

The effect of the transaction is therefore as follows:

	Unaudited 28 February 2018 R'000
Derecognise assets (including goodwill) and liabilities at date control is lost IFRS10.B98(a)	(4 408 394)
Derecognise non-controlling interest IFRS10.B98(a)	5 640 033
Net assets value derecognised	1 231 639
Fair value of remaining interest in AYO IFRS10.B98(b)	6 964 268
Gain on deemed disposal of subsidiary	8 195 907
Investment in associate	
Balance as at 01 September 2017	780 559
Amount transferred to investment in associate	6 964 268
Share of profits in associate	29 377
Dividend received from associate	-
Investment in associate as at 28 February 2018	7 774 204

No impairment has been taken into account as the value in use of the investment exceeded the carrying amount of the investment.

IFRS 2 B-BBEE share based payment

Within technology, AYO issued 31 960 000 shares at an issue price of R1.50 per share to a B-BBEE Consortium. At the date of issuance, the fair value of the AYO shares exceeded the issue price of R1.50. In line with IFRS 2, the discount offered resulted in an IFRS 2 adjustment of R11.8m which is recognised in the Condensed Statement of Comprehensive Income with the contra recognised directly in equity.

Restatement of the prior year figures

Dividend and interest received

A detailed analysis of the dividends and interest received from AEEI's underlying investments was performed by management. As part of this assessment, management investigated certain dividend and interest received items which were previously disclosed under investment revenue in the financial statements, for the year ended 31 August 2017 in-line with the JSE proactive monitoring guidance provided. Based on the findings, management reclassified the dividends and interest received to better reflect the nature of these income streams.

The above restatement is considered non-material and was announced in the full year results for the year ended 31 August 2017 as well as restated in the prior six-month period ending 28 February 2017.

Investment in associate

On 23 November 2016, the BT Board of directors was rearranged which resulted in AEEI having the ability to participate in policy-making processes, including participation in decisions about dividends or other distributions resulting in the Group obtaining significant influence. As a result, the investment is treated as an associate in-line with IAS 28.

Prior to the investment in BT becoming an associate, the investment was held at fair value through profit and loss resulting in a fair value gain of R509m on 31 October 2016. Post the interim period, additional information arose from the investment in BT as well as the revaluation of AEEI's underlying investments in technology assets, performed by management in preparation for the listing of AY0. Due to this assessment, a material fair value gain was recognised in the results for the year ended 31 August 2017 as well as the six-month period ended 28 February 2017.

Accordingly, the reported earnings per the prior interim period increased by R310m from R138m to R449m.

The above restatement has 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	Reclassification of dividends and interest received	Restatement of investment in associate	Restated
28 February 2017				
Consolidated Statement of Financial Position				
Investment in associate	464 767	-	310 400	775 167
Retained income	652 402	-	310 400	962 802
Net asset value per share (cents)	216.47	-	63.18	279.65
Consolidated Profit and Loss and Other Comprehensive Income				
Revenue	448 785	6 093	-	454 878
Gross profit	160 873	6 093	-	166 966
Fair value adjustments	151 437	-	400 000	551 437
Investment revenue	8 212	(6 093)	-	2 119
Profit before tax	185 382	-	400 000	585 382
Taxation	(47 181)	-	(89 600)	(136 781)
Profit from continuing operations	138 201	-	310 400	448 601
Profit for the year	138 201	-	310 400	448 601
Total comprehensive income	138 201	-	310 400	448 601
Basic and diluted earnings per ordinary share (cents)	29.48	-	63.17	92.65
Headline earnings per ordinary share (cents)	29.53	-	63.18	92.71
Consolidated statement of cash flows				
Cash generated from operations	46 126	6 093	-	52 219
Interest revenue	8 212	(6 093)	-	2 119

Events after reporting period

On 30 November 2017, the fishing and brands division announced the acquisition of a 50.31% stake in Talhado for a consideration of R85m. The conditions precedent were only met after the end of the interim reporting period. Refer above to Acquisition of business for more information.

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 2017, the Group held the following instruments measured at fair value:

	Level 1 R'000s	Level 2 R'000s	Level 3 R'000s	Total R'000s
2018				
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

	Level 1 R'000s	Level 2 R'000s	Level 3 R'000s	Total R'000s
2017				
Listed shares	283 654	-	-	283 654
Unlisted shares	-	-	145 149	145 149
Biological assets	-	-	48 359	48 359
Total	283 654	-	193 508	477 162

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

Reporting entity

AEEI is a company domiciled in South Africa. These condensed consolidated interim financial statements as at and for the six months ended 28 February 2017 comprises AEEI the company and its subsidiaries ("The Group") and interest in associates and joint ventures. AEEI is a black-controlled entity, which holds interests in six sectors and promotes B-BBEE and sound corporate governance 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 2017.

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 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 2018 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 the Group Financial Manager, Wakeel McLachlan B. Com (Hons), CA(SA) and were not reviewed or audited by the Group's external auditors, BDO Cape Incorporated.

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 investments.

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

Management is focused on its five-year strategic plan ("Vision 2020 Vision") and has firmed up its acquisition pipeline.

Management are excited about the potential for growth via an acquisition pipeline and are confident about the further announcements over the next 12 months.

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

Change in the directorate

At the Annual General Meeting ("AGM") held on 22 February 2018, Salim Young did not make himself available for re-election at the AGM and voluntarily elected to step off the Board to focus on his duties as the independent non-executive Chairman of AYO and accordingly the requisite resolution was withdrawn.

The Board further advises that Abdul Malick Salie has been appointed to the Board of Directors as an executive director in the capacity of Chief Investment Officer effective 22 February 2018.

Advocate Dr Ngoako Ramatlhodi has been appointed as an independent non-executive director to the board of AEEI effective 7 March 2018.

Dividends

The Board of Directors are pleased to announce that it has approved and declared an interim dividend of 3.30 cents per share for the six-month period ended 28 February 2018 from income reserves. The interim dividend amount, net of South African dividend tax of 20% which equates to 0.66 cents per share, is therefore 2.64 cents per share for those shareholders that are not exempt from dividend tax.

The number of ordinary shares in issue at declaration date is 491 339 434 and the income tax number of the Company is 9314001034.

The salient dates of this dividend distribution are:

Gross dividend (cents per share)	3.30
Dividend net of dividend withholding tax	2.64
Last day to trade cum dividend	Tuesday, 17 July 2018
Trading ex-dividend commences	Wednesday, 18 July 2018
Record date	Friday, 20 July 2018
Date of payment	Monday, 23 July 2018

Share certificates may not be dematerialised or rematerialised between Wednesday, 18 July 2018 and Friday, 20 July 2018, 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.

Reverend Dr Vukile Mehana Independent non - executive chairman	Mr Khalid Abdulla Chief executive officer
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Cape Town
22 May 2018

Directors

*Khalid Abdulla (Chief executive officer); Reverend Dr Vukile Mehana (Non-executive Chairman); Johannes Mihe Gaomab; Aziza Amod; Takudzwa Hove *Cherie Felicity Hendricks; *Chantelle Ah Sing; Zenariah Barends; *Abdul Malick Salie (appointed 22 February 2018) and Advocate Ngoako Ramatlhodi (appointed 7 March 2018)
Executive directors

Company secretary: Nobulungisa Mbaliseli
Registered address: Quay 7, East Pier, Victoria and Alfred Waterfront, Cape Town 8001,
Email: nobulungisa@aeei.co.za

Transfer secretaries: Link Market Services South Africa (Pty) Ltd,
19 Ameshoff Street, 13th Floor, Rennie House, Braamfontein, Johannesburg 2000

Auditors: BDO Cape Incorporated, 6th Floor, 123 Hertzog Boulevard, Cape Town, 8001

Sponsor: PSG Capital Proprietary Limited, 1st Floor, Ou Kollege Building, 35 Kerk Street, Stellenbosch, 7600