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 condensed consolidated interim results for the six-months period ended 29 February 2020 and Dividend Declaration

Financial salient features

- Revenue increased by 111% from the restated R766m to R1 614m
- Profit before tax increased to R139m from a restated loss of R593m
- Profit for the period is R118m as compared to the prior restated profit R448m.
- Earnings per share is 12.22c as compared to the prior restated earnings of 74.76c.
- Headline earnings per share is 12.30c as compared to the prior restated headline earnings of 17.64c.
- Total assets increased to R7 496m
- Net asset value per share increased to 1 310.98c
- Net cash outflows from operating activities is R28m
- Gross interim dividend of 10.00c per share which has been declared to shareholders, a decrease of 9% from 11.00 cents.

Corona Virus "COVID-19" impact

On 1 June 2020, South Africa moved to Level 3 of the risk adjusted approach taken by Government to reopen our economy and lower the lockdown restrictions where a significant number of companies can resume operations at full capacity, allowing millions of workers the ability to return to a work under certain conditions and students can return to school in a phased approach. The Group continues to consider and take guidance from the phased approach taken by Government on our businesses and have developed our response to the evolving long term COVID-19 impact on the health of our employees and the disruption to businesses and supply chains appropriately. Our primary focus at this time is on the health and safety of our employees and serving and providing support for our stakeholders. The downgrade of the lockdown to Level 3 enables our businesses to operate at a fuller capacity due to the ease of restrictions and more personnel allowed to resume work and not only designated essential service providers under the previous restrictions of Level 5 and Level 4 which commenced from the 27 March 2020.

Management has conducted a review of our business and current investment strategy to increase our focus on resilience so that we can continue to support our stakeholders through these trying times. While the initial negative impact of COVID-19 and the subsequent lockdown that emerged in March combined with the financial market volatility in late March was extreme, the impact on our Group is more evident in May 2020 and the trend is expected to continue throughout the year.

Group performance

The Group delivered excellent revenue growth resulting from strong contributions from the technology division for the interim period and Group revenue increased significantly by 111% from R766m to R1.6bn, mainly due to acquisitive and organic growth in the technology division in the prior year. The technology division's revenue and operating expenses have been consolidated for the full six-month period into the Group's statement of profit and loss and other comprehensive income, while only two months in the previous period.

Profit before taxation increased from a loss of R593m to a profit of R139m due to an satisfactory operational performance of the underlying businesses and investments. The Group's profit for the period decreased from the restated R448m to R118m, mainly due to an abnormal loss on deemed disposal and the deferred tax effect in the prior interim period. Headline earnings per share ("HEPS") is 12.30c as compared to the prior restated 17.64c, while earnings per share ("EPS")is 12.22c as compared to the prior restated earnings of 74.76c, a decrease of 84% from the restated 12.22c for the 6 months under review. The decrease in HEPS over the prior interim period is an indication of the lower operational performance experienced in the first six months.

The Group's asset base remained stable at R7 496m despite the economic volatility experienced and impacted of Covid-19 with other financial assets increasing by 35% from R583m at August 2019 to the current R788m. The net asset value ("NAV") amounted to R6 437m and NAV per share increased to 1 310.98 cents which is a performance indicator of the Group's strong balance sheet and resilient business model.

The net cash utilized from operating activities amounted to an outflow of R28m due to lower operational performances from the fishing & brands division, technology division and the general subdued performance from some of our underlying businesses in the first half of the year. Despite the Group having a net cash outflow in the interim period, the Group continues to have strong cash balances with no significant external debt which is a major advantage during the COVID-19 period.

Condensed Group Statement of Financial Position

	Unaudited	**Unaudited Restated**	**Unaudited Restated**	**Audited**
	Group to	**Group to**	**Group to**	**Group to**
	29 February	**28 February**	**28 February**	**31 August**
	2020	**2019**	**2018**	**2019**
	R'000	**R'000**	**R'000**	**R'000**
ASSETS				
Non-current assets	**2 906 235**	**4 131 224**	**2 031 290**	**2 501 535**
Property, plant and equipment	533 149	478 409	196 313	521 176
Right-of-use assets	121 799	-	-	-
Goodwill	219 946	1 935 036	77 983	219 093
Intangible assets	293 203	323 438	384 560	293 309
Investments in associates	850 962	818 918	809 936	825 520
Investment in joint ventures	9 324	33	33	33
Other loans receivable	-	120 090	53 348	-
Other financial assets	733 840	423 293	496 768	544 180
Other receivables	-	-	-	350
Deferred tax	144 012	32 008	12 349	97 874
Current assets	**4 590 013**	**5 486 266**	**5 193 040**	**4 952 776**
Inventory	215 164	178 028	69 421	222 929
Other financial assets	44 325	467 806	-	38 886
Biological assets	87 282	76 015	55 873	83 260

Other loans receivable	-	6 285	13 855	-
Current tax receivable	13 035	6 490	911	13 287
Trade and other receivables	776 601	681 844	341 425	715 745
Finance lease receivables	-	-	-	669
Operating lease asset	86	-	-	86
Cash and cash equivalents	3 453 520	3 935 504	4 711 556	3 877 914
Non-current assets held for sale	-	134 293	-	-
Total assets	**7 496 249**	**9 617 490**	**7 224 330**	**7 454 311**
Equity and liabilities				
Equity				
Equity attributable to equity holders of parent				
Share capital and share premium	402 240	402 240	403 177	402 240
Reserves	(3 007)	8 074	19 834	7 776
Retained earnings	2 935 685	4 801 824	(348 858)	2 905 241
	3 334 918	**5 212 138**	**74 157**	**3 315 257**
Non-controlling interest	3 102 293	3 212 988	6 308 069	3 088 434
	6 437 211	**8 425 126**	**6 382 226**	**6 403 691**
LIABILITIES				
Non-current liabilities	**354 410**	**226 038**	**458 523**	**283 628**
Other financial liabilities	28 188	117 909	237 465	71 105
Finance lease liabilities	89 547	9 420	-	2 853
Deferred income	10 353	-	-	11 244

Deferred tax	215 877	90 662	218 227	156 836
Contingent consideration liability	3 970	7 844	-	34 680
Other non-current liabilities	6 475	203	2 831	6 910
Current liabilities	**704 628**	**845 511**	**383 581**	**766 992**
Trade and other payables	453 473	641 996	217 481	541 647
Other financial liabilities	72 936	21 036	21 665	55 194
Finance lease liabilities	32 582	13 406	-	12 683
Operating lease liability	31	41	330	31
Deferred income	16 917	10 009	-	17 286
Current tax payable	17 751	66 323	48 114	26 267
Dividend payable	14 313	-	-	8 406
Contingent consideration liability	5 596	7 110	-	10 297
Provisions	54 108	40 122	26 807	53 764
Bank overdraft	36 922	45 468	69 184	41 417
Non-current liabilities held for sale	-	120 815	-	-
Total equity and liabilities	**7 496 249**	**9 617 490**	**7 224 330**	**7 454 311**
Net asset value per share (cents)	1 310.98	1 721.95	1 298.95	1 304.15
Number of ordinary shares in issue (000's)	491 022	491 022	491 339	491 022

Condensed Group Statement of Profit and Loss and Other Comprehensive Income

	Unaudited	Unaudited 'Restated	Unaudited Restated	Audited
	Group to	**Group to**	**Group to**	**Group to**
	29 February	**28 February**	**28 February**	**31 August**
	2020 6 months	**2019 6 months**	**2018 6 months**	**2019 12 months**
	R'000	**R'000**	**R'000**	**R'000**
Revenue	1 614 098	765 762	604 391	2 377 368
Cost of sales	(1 192 688)	(467 110)	(384 726)	(1 652 055)
Gross profit	421 410	298 652	219 665	725 313
Other income	15 660	13 150	60 431	37 276
Other operating expenses	(475 253)	(215 453)	(247 834)	(816 347)
Net impairments, impairment reversals and write off	(27 506)	-	(1 651)	(82 573)
Fair value adjustments	(30 296)	(9 553)	70 180	(14 513)
Loss on deemed disposal of associate & subsidiaries	-	(795 451)	-	(2 480 713)
Other operating gains/ (losses)	72 888	13 103	-	(43 358)
Share-based payment	-	-	(11 809)	-
Profit from equity accounted investments	34 733	52 916	29 377	63 634
Investment revenue	144 003	63 142	79 001	257 578
Finance costs	(16 713)	(13 515)	(12 091)	(34 399)
Profit /(Loss) before taxation	**138 926**	**(593 010)**	**185 269**	**(2 388 102)**
Taxation	(20 985)	1 040 524	(42 050)	996 841
Profit from continuing operations	117 941	447 514	143 219	(1 391 261)
Other comprehensive income for the year net of taxation	95	-	-	(254)
Profit and total comprehensive income for the period	**118 036**	**447 514**	**143 219**	**(1 391 515)**

Total comprehensive income attributable to:				
Equity holders of the parent	60 007	367 329	140 302	(1 493 605)
Non-controlling interest	58 029	80 185	2 917	102 090
	118 036	**447 514**	**143 219**	**(1 391 515)**
Basic and diluted earnings per ordinary share (cents)	12.22	74.76	28.56	(304.09)
Headline and diluted earnings per ordinary share (cents)	12.30	17.64	28.55	100.89
Weighted (and fully diluted) average number of ordinary shares in issue (000s)	491 022	491 329	491 339	491 178

Condensed Group Statement of Changes in Equity
For the period ended 29 February 2020

	Attributable	Non-	Total
	To	Controlling	Equity
	Parent	interest	
	R'000	R'000	R'000
Balance at 01 September 2017	**1 277 493**	**760 627**	**2 038 120**
Adjusted profit for the period	140 302	2 917	143 219
Other comprehensive income	11 808	-	11 808

Change in ownership - additional shares acquired	(4 826)	(1 705)	(6 531)
Change in ownership interest - dilution control not lost	(1 323 596)	5 576 377	4 252 781
Dividends paid	(27 024)	(30 147)	(57 171)
Restated balance at 28 February 2018	**74 157**	**6 308 069**	**6 382 226**
Profit for the period	4 851 748	94 780	4 946 456
Dividends paid	(16 214)	-	(16 214)
Change in ownership interest - control lost	-	(5 699 177)	(5 699 105)
Business combination - additional shares purchased	-	51 686	51 686
Balance at 31 August 2018	**4 909 691**	**755 358**	**5 665 049**
Change in ownership interest - deemed disposal -control gained	41	2 371 922	2 371 963
Shares repurchase	(937)	-	(937)
Adjusted profit for the period	367 329	80 185	447 514
Dividends paid	(59 909)	-	(59 909)
Prior period restatement	(4 077)	-	(4 077)
Business combination restatement	-	5 523	5 523
Restated balance at 28 February 2019	**5 212 138**	**3 212 988**	**8 425 126**
Loss for the period	(1 796 989)	(21 422)	(1 818 411)
Change in ownership - additional shares acquired	5 768	(4 168)	1 600
Change in ownership interest - acquisition of minorities	(27 455)	(11 045)	(38 500)
Business combinations	34 806	16 745	51 551
Dividends paid	(113 022)	(104 280)	(217 302)
Derecognition relating to sale of business	11	(384)	(373)
Balance at 31 August 2019	**3 315 257**	**3 088 434**	**6 403 691**
Profit for the period	59 912	58 028	117 940
Other comprehensive income	95	-	95
Change in accounting policy	(2 164)	-	(2 164)
Change in ownership interest - acquisition of minorities	(8 714)	(3 286)	(12 000)
Dividends paid	(29 468)	(40 883)	(70 351)

Balance at 29 February 2020	**3 334 918**	**3 102 293**	**6 437 211**

Condensed Group Statement of Cash Flows

		Restated	
	Unaudited	**Unaudited**	**Audited**
	Group to	**Group to**	**Group to**
	29 February	**28 February**	**31 August**
	2020	**2019**	**2019**
	6 months	**6 months**	**6 months**
	R'000	**R'000**	**R'000**
Cash generated by operations	(138 909)	137 309	(693)
Investment revenue	145 048	68 138	289 747
Finance cost	(16 713)	(13 515)	(32 786)
Tax paid	(17 615)	(42 286)	(113 124)
Net cash (out)/ inflows from operating activities	**(28 189)**	**149 646**	**143 144**
Cash flows from investing activities			
Net movement in property, plant and equipment	(48 814)	(67 357)	(140 922)
Net movement in intangible assets	(9 740)	(55 678)	(20 538)
Net movement in biological assets	(990)	(2 994)	(8 975)
Business combination	(187)	3 292 864	3 330 183
Deemed disposal of businesses and sale of business	-	-	1 203
Movement in other investing activities	23	(115 775)	(83 929)
Sale/(Purchase)of financial assets	(105 138)	287 425	679 764
Movement from investment in associates	-	108 034	-
Net cash flows from investing activities	**(164 846)**	**3 446 519**	**3 756 786**
Cash flows from financing activities			

Repayment of other financial liabilities	(70 664)	(10 572)	(149 290)
Proceeds from other financial liabilities	1 784	37 417	774
Change in ownership	(8 715)	-	(9 600)
Movement in other financing activities	(82 071)	-	(15 175)
Dividends paid including minorities	(67 199)	(59 909)	(217 078)
Net cash flows from financing activities	**(226 863)**	**(33 064)**	**(390 369)**
Total cash movement for the period	(419 899)	3 563 101	3 509 561
Cash and cash equivalent at the beginning of the period	3 836 497	326 935	326 935
Cash and cash equivalents at the end of the period	3 416 598	3 890 036	3 836 497

Condensed Group Segmental Report 2020

29 February 2020	**Fishing and brands**	**Technology**	**Telecommunications**	**Combined technology and telecommunication**	**Health and beauty**	**Biotechnology**	**Events and tourism**	**Corporate**	**Group**
	Unaudited	**Unaudited**	**Unaudited**	**Unaudited**	**Unaudited**	**Unaudited**	**Unaudited**	**Unaudited**	**Unaudited**
	R'000	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
Revenue	**215 110**	**1 34 7 059**	**-**	**1 347 059**	**25 085**	**-**	**21 537**	**5 414**	**1 616 955**
External revenue	215 110	1 346 952	-	1 346 952	25 085	-	19 987	4 214	1614 098
Internal revenue	-	107	-	107	-	-	1 550	1 200	2 857
Segment results									
Profit/(Loss) before tax	12 046	161 497	-	161 497	1 023	(3 635)	(5 636)	(26 370)	138 925
Included in segment results:									
Net (impairments) / impairment reversals	-	(27 506)	-	(27 506)	-	-	-	-	(27 506)

Depreciation and amortisation	(10 103)	(26 717)	-	(26 717)	(112)	(1 078)	(46)	(801)	(38 857)
Fair valuation of investments	-	72 888	-	-	-	-	-	(30 296)	42 592
Non-current assets	646 770	877 425	-	877 425	40 463	222 758	20 607	1 098 213	2 906 235
Current assets	354 290	4 189 271	-	4 189 271	16 424	2 201	17 322	10 505	4 590 014
Non-current liabilities	212 720	60 840	-	60 840	9 915	32 269	1 524	37 142	354 410
Current liabilities	81 762	501 439	-	501 439	5 326	3 726	27 029	85 346	704 628
Profit from associates	-	9 291	25 442	34 733	-	-	-	-	34 733
Capital expenditure	45 420	10 578	-	10 578	-	-	-	-	55 998

Condensed Group Segmental Report 2019

28 February 2019	**Fishing and brands**	**Technology**	**Telecommunications**	**Combined technology and telecommunication**	**Health and beauty**	**Biotechnology**	**Events and tourism**	**Corporate**	**Food**	**Combined corporate and strategic investments**	**Group**
	Unaudited	**Unaudited**	**Unaudited**	**Unaudited**	**Unaudited**	**Unaudited**	**Unaudited**	**Unaudited**	**Unaudited**	**Unaudited**	**Unaudited**
	R'000	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
Revenue	**286 180**	**333 700**	**-**	**333 700**	**22 996**	**-**	**25 072**	**96 336**	**5 247**	**101 583**	**769 531**
External revenue	285 440	330 671	-	330 671	22 996	-	25 072	96 336	5 247	101 583	765 762
Internal revenue	740	3 029	-	3 029	-	-	-	-	-	-	3 769
Segment results											

Profit/ (Loss) before tax	69 019	76 159	41 793	117 952	4 956	(4 547)	(5 180)	(775 572)	-	(775 210)	(593 010)
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)	(9 553)
Fair valuation of investments	-	736	-	736	-	-	-	(10 289)	-	(10 289)	4 588
Non-current assets	488 480	524 792	818 918	1 343 710	40 221	191 243	19 587	2 047 984	-	2 047 984	4 131 225
Current assets	522 828	4 631 562	20	4 596 747	19 322	2 496	39 337	192 466	45	192 511	5 486 266
Non-current liabilities	129 792	29 249	-	29 249	12 095	46 846	7 122	(127 616)	120 815	(6 801)	218 304
Current liabilities	107 867	517 453	18	452 719	4 405	614	37 178	194 223	-	194 223	974 060
Profit from associates	-	29 949	22 967	52 916	-	-	-	-	-	-	52 916
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 (“BT”) was previously disclosed under the corporate office and is now disclosed under the technology segment.

Determination of headline earnings

			Restated	Restated	
		Unaudited	**Unaudited**	**Unaudited**	**Audited**
		Group to	**Group to**	**Group to**	**Group to**
		29 February 2020	**28 February 2019**	**28 February 2018**	**31 August 2019**
		R'000	**R'000**	**R'000**	**R'000**
Earnings attributable to ordinary equity holders of parent entity	IAS 33	60 007	367 329	140 302	(1 493 605)
Adjusted for:					
Impairment of intangible assets	IAS 38	-	-	-	52 022
Loss/(profit) on disposal of property, plant and equipment	IAS 16	(250)	24	(10)	938
Gain on disposal of associates	IAS 28	-	-	-	1 345
Loss on disposal of subsidiaries	IFRS 3	-	-	-	-
Impairment of goodwill	IFRS 3	645	-	-	9 920
(Gain) / Loss on deemed disposal of associate / subsidiary	IFRS 10	-	617 270	-	2 480 713
Deferred tax effect on deemed disposal of associate	IAS 12	-	(897 920)	-	(555 769)
		-			
Headline earnings		**60 402**	**86 703**	**140 292**	**495 565**
Headline earnings and diluted headline earnings per ordinary share (cents)		12.30	17.65	28.55	100.89
Weighted average number of shares		491 022	491 329	491 339	491 178

Reconciliation of reportable segments profit or loss					
			Restated	Restated	
		Unaudited	Unaudited	Unaudited	Audited
		Group to	Group to	Group to	Group to
		29 February 2020	29 February 2019	28 February 2018	31 August 2019
		R'000	R'000	R'000	R'000
Total profit (loss) before tax for reportable segments		138 926	(593 010)	185 269	(2 388 102)
Taxation		(20 985)	1 040 524	(42 050)	996 841
Profit from continuing operations		117 941	447 514	143 219	(1 391 261)
Profit for the period and total comprehensive income		117 941	447 514	143 219	(1 391 261)

Divisional performance

Fishing and brands

The fishing and brands division delivered a satisfactory performance for the period under review given the effects of COVID-19 on the fishing industry with revenue decreasing by 25% from R286m to R215m and its profit contribution decreasing by 83% from R69m to R12m compared to the prior period. The decrease in profit is mainly attributable to the seven month long socio-political unrest in the Asian market which impacted export logistics, the lower landings in the squid division industry wide, which was offset by the stable and well-managed operational performance of the lobster division with an expected marginally better performance from the pelagic division. While there is still a high demand for the Group’s products globally, COVID-19 has had an adverse effect on its financial performance. The fishing and brands division is unable to export freely to its global markets in the Far East, Europe and the USA with global selling prices remaining under pressure.

The abalone division remains focused on its expansion plans but has halted all capital expenditure during the COVID-19 lockdown. The farm expansion completion is expected to resume as soon as lockdown regulations permit. Sales volumes were slightly higher than that of the prior period, but market pricing was under pressure due to the effect of COVID-19 in the Far East. The abalone farm expansion project continues to progress well, and production capacity increased from 120 tons to 190 tons.

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") 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 revenue, making up 83% of the AEEI Group's revenue. This is due to the inclusion of its full six month's performance in the current interim period compared to only two months in the prior period. AYO's acquisition strategy is being reviewed by the new corporate finance team to boost the pipeline of future acquisitions.

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, focus 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 during the first half of the year due to subdued consumer demand in the economic slowdown. Management does not expect an improvement in the growth of the businesses in the second half of the year due to the impact of COVID-19. Our focus with this division is to realign expenditure with the level of income to at least break even by the end of the financial year.

Biotechnology

Genius Biotherapeutics, one of Africa's largest medical biotechnology companies, in collaboration with research partners at the University of Cape Town commenced recruiting human patients for breast cancer clinical trials for the dendritic cell vaccine "DCV") project which has subsequently been put on hold due to COVID-19.

Despite having completed the construction and validation of a designated cleanroom at the University of Cape Town's facility at Groote Schuur Hospital, the DCV project has been suspended during these trying times. Our partners at the University of Cape Town will resume once the risk is more manageable.

The team will endeavour to continue with the research on lung cancer as well as try and complete the pre-clinical work on the multi-resistant drug for tuberculosis. This will then enable human trials for lung cancer and multi-drug-resistant tuberculosis to begin early in 2021.

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, was unable to host the annual Cape Town International Jazz Festival during the last weekend of March as a result of lockdown due to COVID-19 related restrictions. The company's performance for the first six months is as expected as espAfrika implemented mitigation plans to postpone the annual event to next year.

Magic 828 which has been in existence for just over 4 years has seen its listenership consistently increasing over the years. As with many radio stations globally, Magic 828 has not seen a markable increase in its revenue and as a result, management has been tasked with restructuring the business to reduce the losses from this subsidiary. We expect significant loss reductions in this subsidiary in the second half of the year as a result of curtailment of operating costs in alignment with subdued revenues.

Tripos Travel being in the travel and tourism sector has been significantly impacted by COVID-19and has had to curtail its operations due to the travel ban. Management anticipates reviving the business after the travel ban is lifted.

Strategic investments

The Group's strategic investments consist of: 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.

AEEI has minority equity stakes in these strategic investments which have shown growth in investment value since acquisition. Consistent growth in earnings and regular dividends are received from all the strategic investments.

Events after reporting period

Following the recent outbreak of COVID-19, certain financial pressures will be placed on some divisions within the Group, and the management of each division had to undertake and place the necessary safety protocols and risk measures in place to ensure the sustainability of its operations.

As at the date of this report, the country remains in lockdown under Level 3 and management have assessed this as a non-adjusting event after the reporting period. The directors believe that they have taken the necessary actions and measures to safeguard the Company, its employees and its future operations to ensure that the Group and its subsidiaries are protected against the impact of COVID-19. Management made an assessment of the economic impact on the operations by updating cash flow forecasts and budget plans and reviewed the trade receivables and other loan receivables in consideration of the expected credit loss allowances. As at the date of this report, management considered the effect and made no further adjustments to the interim financial statements.

On 2 and 6 April 2020 respectively, the Group via AYO subscribed for 3 000 cumulative redeemable preference shares in 4Plus Technology Venture Fund Africa Proprietary Limited and 300 cumulative redeemable preference shares in K201801010234 South Africa Proprietary Limited for purchase considerations of R30m and R30m respectively.

On 21 February 2020, the Group via AYO concluded a purchase of an additional 25% shares from Kalula Communications Proprietary Limited ("Kalula"), a non-controlling shareholder for a cash consideration of R12m and settled the liability on 4 May 2020, after the reporting period. The Group owns 76% of Kalula after the transaction date.

A gross interim dividend of 10.00 cents per share was approved by the Board of Directors on 11 June 2020 in respect of the six months ended 29 February 2020.

The directors are not aware of any other material facts or circumstances which occurred between reporting date and the date of this report that would require any adjustments to the interim financial statements.

Going concern

Following the recent COVID-19 virus pandemic, certain financial pressures have been placed on certain divisions within the Group. After reviewing the updated cash flow forecasts and cost cutting measures implemented by the divisions, the directors believe that the Group still has adequate financial resources to continue in operation for the foreseeable future and accordingly the consolidated interim financial statements have been prepared on a going concern basis. Some of the measures that have been implemented to mitigate the risks arising from this national disaster and to enable the Group to remain sustainable include:

- reduction of staff and management salaries;
- suspension of the provident and pension fund contributions;

- reduction of stock purchases;
- negotiations with suppliers for extended credit terms ranging up to 6 months;
- temporary deferral or reduction in lease payments; and
- other cost reductions

The directors are not aware of any new material changes, except for COVID-19 that may economically impact the Group. The directors are also not aware of any material non-compliance with statutory of regulatory requirements or any pending changes to legislation which may affect the Group.

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 29 February 2020, the Group held the following instruments measured at fair value:

	Level 1	**Level 2**	**Level 3**	**Total**
2020	**R'000**	**R'000**	**R'000**	**R'000**
Recurring fair value measurement				
Abalone			87 282	87 282
Intangible assets			**293 203**	**293 203**
Financial assets designated at fair value through profit/(loss)				
Listed shares	22 847	-	-	22 847
Unlisted shares			391 026	391 026

Total	**22 847**		**391 026**	**413 873**
Loans and receivables			364 292	364 292
Total financial assets	**22 847**		**755 318**	**778 165**
Financial liabilities at fair value through profit / (loss)				
Other financial liabilities			47 856	47 856
Contingent consideration liability			5 596	5 596
Total			**53 452**	**53 452**

	Level 1	**Level 2**	**Level 3**	**Total**
2019	**R'000**	**R'000**	**R'000**	**R'000**
Recurring fair value measurement				
Abalone			68 021	**68 021**
Intangible assets			323 438	323 438
Listed shares	186 671	-	-	186 671
Unlisted shares	-	-	250 367	250 367
Other financial assets			454 061	454 061
Total	**186 671**	**-**	**704 428**	**891 099**
Loans and receivables	-	-	127 150	127 150
Total financial assets	**186 671**	**-**	**831 578**	**1 018 249**
Financial liabilities designated at fair value through profit / (loss)				

Other financial liabilities	162 400	162 400
Contingent consideration liability	14 954	14 954
Total	**177 354**	**177 354**

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 29 February 2020 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 2019.

Related parties

The group entered into various transactions with related parties in the ordinary course of business which included the following material transactions in the current year.

Purchases of services from related parties	**2019** **R'000**
BT Communications Services South Africa Proprietary Limited	149 529

Sizwe Asset Finance Proprietary Limited	48 386
Sales to related parties	
Sizwe Asset Finance Proprietary Limited	126 944
Investments	
4 Plus Technology Proprietary Limited	184 302
4 Plus Technology Proprietary Limited	(70 073)
Bambelela Capital Proprietary Limited	96 344
Preference shares	
Bambelela Capital Proprietary Limited	155 986
Loans receivable	
Global Command and Control Technologies	107 391
Kalula Communications Proprietary Limited	47 764
Main Street 1653 Proprietary Limited	33 915
SGT Solutions Proprietary Limited	33 121
Tamalor Proprietary Limited	109 925

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 corporate finance department and operational team on an annual basis with oversight by the Group Chief Financial Officer. The valuation reports are approved by the investment committee in accordance with the Group’s reporting policies.

Business combination

***Acquisition of NSX Solutions Consulting Proprietary Limited* (‘NSX’)**

AYO completed the acquisition of 100% shareholding of NSX Solutions Consulting Proprietary Limited (‘NSX’) on 17 October 2019 for a consideration of R500 000. A loan of R850 000 was extended to NSX. NSX is a company which provides cloud computing solutions.

The provisional fair value of the identifiable assets and liabilities acquired are shown below:

Assets acquired and liabilities assumed	**R'000**
Property, plant and equipment	35
Intangible assets	48
Trade and other receivables	30
Loans receivable	119
Current tax receivable	3
Value added tax receivable	2
Cash and cash equivalents	313
Deferred income	(29)
Loans payable	(347)
Trade and other payables	(319)
Total identifiable assets and liabilities	**(145)**
Goodwill	645
Total purchase consideration	**500**
Consideration paid	
Cash	500
Total purchase consideration	**500**
Net cash outflow on acquisition date	
Cash consideration paid	(500)
Cash acquired	313
Net cash outflow	**(187)**

Goodwill

In August 2019 the investment in AYO Technology was written down from R4bn to R2.2bn resulting in the reversal of R1.6bn goodwill recognised in February 2019 relating to in acquisition of AYO as a subsidiary.

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 29 February 2020 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 Michelle Hunlun, group financial manager, CA(SA), under the supervision of Chantelle Ah Sing, chief financial officer and were not reviewed or audited by the Group's external auditors, Thawt Inc. and Crowe JHB.

Accounting policies

During the current reporting period, the Group adopted the following newly effective standards for the first time which have a material impact on the annual financial statement:

-IFRS 16 Leases

The new standard replaces all existing requirements in IAS 17 and requires lessees to record all leases on the balance sheet which reflect their right to use an asset and the associated liability for payment. In the subsequent periods, depreciation and interest payable are recorded in the statement of comprehensive income and profit or loss. Short-term leases (less than 12 months) and low value leases are exempted.

Transition Method

The Group transitioned to IFRS 16, 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 17 standards.

The Group assessed the impact of IFRS 16 and chose to recognise the cumulative effect of initially applying IFRS 16 to the opening retained income at the date of the initial application and the impact of IFRS 16 is as follows:

	Feb-20
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	R'000
Assets	
Non-current assets	
Right-of-use assets	121 799
Liabilities	
Non-current liabilities	
Leased liabilities	89 546
Current liabilities	
Leased liabilities	32 583
CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE	
Increase in depreciation	(34 215)
Increase in finance charges	(6 371)
Decrease in rent expense	13 725
Decrease in Income tax expense	2 144
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY	
Effect on opening retained income as a result of the change from IAS 17 to IFRS 16	(2 164)
CONSOLIDATED STATEMENT OF CASH FLOWS	
Cashflows from operating activities	
Profit before changes in working capital	10 082
Cashflows from financing activities	
Principal payment of leased liabilities	(15 285)

NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Profit before tax	(26 661)
Depreciation	34 215
Finance charges	6 371

Restatement of the prior periods

Shareholders are referred to the announcement released by AYO Technology Solutions ("**AYO**") on SENS on 8 April 2020 wherein AYO advised its shareholders that as per the request by the JSE, AYO obtained an audit opinion on its interim results for the six months ended 28 February 2019 ("**2019 Audited Interim Results**"). As a result of such audit being completed, AYO further advised its shareholders that the previously unaudited results for the six months ended 28 February 2019 were withdrawn and replaced with the 2019 Audited Interim Results.

Shareholders are further referred to the announcement released by AYO on SENS on 27 March 2020 wherein AYO advised its shareholders that as per the request by the JSE, AYO obtained an audit opinion on its interim results for the six months ended 28 February 2018 ("**2018 Audited Interim Results**").

Consequently, AEEI executive management had to review whether the restatements per the AYO 2019 Audited Interim Results and AYO 2018 Audited Interim Results had an impact on the Groups interims results. Following such review, a retrospective restatement of AEEI's interim financial statements for the period ended 28 February 2019 and 28 February 2018 was required.

The restatement has an effect on the reported earnings and accordingly, the reporting earnings per the 2019 interim period decreased by R107m from R 4 909m to R4 802m retained earnings, a 2% increase. For the 2018 interim period, the prior year restatement resulted in an understatement of retained loss of R1.17m from R350m to R349m retained loss, a 0.03% change.

The restatements referred to below had an effect on the reported earnings per the statement of profit and loss and other comprehensive income, statement of financial position, statement of changes in equity and statement of cash flows for periods ended 28 February 2019 and 28 February 2018 respectively. Below are the details of unaudited interim financial statements as restated compared to the previously reported 2019 and 2018 unaudited interim financial statements:

R'000	As previously reported	Adjustments	*Note*	Reclassification	*Note*	SGT Solution	Zaloserve	Restated
28 February 2019								
Consolidated Statement of Financial Position								
Assets								
Non-current assets	**4 158 086**							**4 131 224**
Property, plant and equipment	478 563	-		-		(104)	(50)	478 409
Goodwill	1 894 903	-		-		26 621	13 512	1 935 036
Intangible assets	367 687	-		-		(19 496)	(24 753)	323 438
Investment in associates	856 096	(37 178)	1	-		-	-	818 918
Other loans receivables	95 865	(775)	2	25 000	15	-	-	120 090
Other financial assets	424 718	2 420	1	-		(3 845)	-	423 293
Deferred tax	40 221	(520)	3	1 956		3 832	(13 482)	32 008
Current assets	**5 442 730**			-		-	-	**5 351 973**
Inventory	199 370	(6 573)	4	-		(14 769)	-	178 028
Current tax receivable	5 686	-		-		-	804	6 490
Trade and other receivables	764 338	(21 823)	5	(58 867)	16	(1 803)	-	681 844
Cash and cash equivalents	3 923 230	-		-		12 274	-	3 935 504
Total assets	**9 735 109**	**(64 449)**		**(31 911)**		**2 710**	**(23 969)**	**9 617 490**
Equity								
Retained earnings	4 909 068	(107 274)		-		-	-	4 801 824

Non-controlling interest	3 223 420	4 492		-		9 337	(24 261)	3 212 988
Total equity	**8 542 832**	**(102 782)**		**-**		**9 337**	**(24 261)**	**8 425 126**
Liabilities								
Non-current liabilities	**218 304**	**-**		**-**		**-**	**-**	**226 038**
Contingent consideration liability	-	-		7 844	19	-	-	7 844
Other non-current liabilities	9 733	(110)		-		-	-	9 623
Current liabilities	**853 158**							**845 511**
Trade and other payables	604 738	25 218	6	16 425	17	(3 872)	(512)	641 996
Other financial liabilities	35 780	-		-		(4 736)	-	31 044
Contingent consideration liability	-	-		5 500	19	1 610	-	7 110
Current tax payable	90 288	8 020	7	(32 789)	18	-	-	66 323
Provisions	63 437	5 205	8	(28 891)	20	371	-	40 122
Total liabilities	**1 192 277**	**38 333**		**(31 911)**		**(6 627)**	**292**	**1 192 364**
Total equity and liabilities	**9 735 109**	**(64 449)**		**(31 911)**		**2 710**	**(23 969)**	**9 617 491**
Net asset value per share (cents)	1 739.81	(20.93)				1.90	(4.94)	1 721.95
Notes						A	B	
Consolidated Profit and Loss and Other Comprehensive Income								
Revenue	791 538	(1 958)		-		(41 235)	17 417	765 762
Cost of sales	(456 618)	(25 269)	9	-		28 619	(13 842)	(467 110)
Gross profit	334 920	(27 227)		-				

						(12 616)	3 575	298 652
Other income	10 585	890		1 675	21	-	-	13 150
Other operating expenses	(185 684)	(39 123)	10	-		12 163	(2 809)	(215 453)
Fair value adjustment	4 588	(1 038)	11	-		-	-	3 550
Loss on deemed disposal of associate	(795 451)	-		-		-	-	(795 451)
Profit from equity accounted investments	86 494	(33 578)	12	-		-	-	52 916
Investment revenue	60 248	4 741	13	(1 675)	21	(172)		63 142
Finance cost	(13 848)	-		-		636	(303)	(13 515)
Loss before taxation	(498 148)	(95 336)		-		12	462	(593 010)
Taxation	1 044 363	(3 453)	14	-		(2)	(384)	1 040 524
Profit from continuing operations	546 215	(98 788)		-		9	78	447 514
Profit for the period and total comprehensive income	546 215	(98 788)		-		9	78	447 514
Total comprehensive income comprises:								
Equity holders of the parent	470 526	(103 202)		-		5	78	367 329
Non-controlling interest	75 689	4 492		-		4	-	80 185
Notes						A	B	
Basic and diluted earnings per ordinary share (cents)	95.77	(21.01)		-		-	-	74.76
Headline earnings per ordinary share (cents)	38.67	(21.03)		-		-	-	17.64
Weighted average number of ordinary shares in issue	491 329	-		-		-	-	491 329
Condensed Group Statement of Changes in Equity	Profit attributable to shareholders	Non-controlling interest						Total Equity

Profit for the period previously reported	470 526	75 689						546 215
Restatement	(103 197)	4 496						(98 701)
Adjusted profit for the period	367 329	80 185						447 514
Condensed Group Statement of Cash Flows	As previously reported	Restatement						Restated
Cash generated by operations	114 049	23 260						137 309
Investment revenue	65 244	2 894						68 138
Finance cost	(13 848)	333						(13 515)
Net cash flows from operating activities	123 159	26 487						149 646
Business combination	3 307 077	(14 213)						3 292 864
Net cash flows from investing activities	3 460 732	(14 213)						3 446 519
Total cash movements for the period	3 550 827	12 274						3 563 101
Cash and cash equivalents at the end of the period	3 877 762	12 274						3 890 036

Notes to the 2019 restated Group interim results

A. SGT Solutions Proprietary Limited("SGT Solutions") business combination

In the previously reported interim results, the acquisition date for SGT Solutions was provisionally reported as 9 February 2019 and as a result SGT Solutions was consolidated into the previously reported results for three weeks prior to recognition date. The correct acquisition date for SGT Solution was 28 February 2019, therefore SGT Solutions financial performance has been excluded from the statement of financial performance. Additionally, the statement of financial position was corrected for the difference in line in the provisional fair values of acquired assets and liabilities in the statement of financial position at the revised date of recognition.

B. Zaloserve Proprietary Limited("Zaloserve") business combination

In the previously reported results, the Group included the provisional fair values of the acquired assets and liabilities of Zaloserve at 31 December 2019. The fair values of intangible assets, trade payables and current tax liabilities were adjusted in the restated interim results to 19 December 2019 which also resulted in the adjustment of goodwill, deferred tax and non-controlling interest in the statement of financial position and the net effect of R78 000 on earnings as per the statement on financial performance.

The technology division acquired Zaloserve on the effective date of 19 December 2018. In the previously reported unaudited results, provisional results were extracted from the income and expenses of Zaloserve Group for the 12 days from 19 December 2018 to 31 December 2019 which resulted in revenue being understated by an amount of R17.4m, cost of sales being understated by an amount of R13.8m, operating expenses being understated by an amount of R2.8m, finance costs being understated by an amount of R0.3m and income tax expense being understated by an amount of R0.3m.

Adjustments

1. The ordinary shares of R37m in Bambelela Capital Proprietary Limited(“Bambelela”) were accounted for as an investment in associate in the previously reported results instead of in other financial assets. The directors have concluded that the Group has no significant influence over Bambelela even though it has 32% of the voting rights. Consequently the investment has been accounted for in accordance with IFRS 9 as an investment at fair value through profit or loss and the investment in associate of R37m has been reversed and recognised in other financial assets of R2.4m in the restated interim results.

2. An impairment loss of R0.8m has previously not been recognised and the impairment was accounted for on a loan advanced by the technology division in the restated interim results.

3. The total adjustment to deferred tax of R0.5m is as a result of the re-calculation in deferred tax since the previous reported interim results.

4. There is an amount of R6.5m of work in progress (“WIP”) that was recorded in inventory in the previously reported interim results. The WIP was subsequently considered not be recoverable and was impaired in the restated interim results.

5. The trade and other receivables of R21,8m is comprised of loss allowances of R14.4m, reversal of prepaid expenses of R12.1m, recognition of accrued interest income of R4.7m which was not previously accounted for. The loss allowance of R14.4m is in relation to a prepayment to a related party of R9m and to trade debtors of R5.4m. The prepaid expenses were reversed to operating expenses as they were recognised as expenses that incurred before 28 February 2019.

6. The total adjustment to trade and other payables of R25.2m is comprised of cost of sales accruals that were omitted from the previously reported interim results and this was adjusted in the restated interim results as described in note 9 below.

7. The current tax payable balance was understated by an amount of R8m due to the net effect of the inaccuracy identified in the statement of profit or loss.

8. Certain provisions were previously not recognised and a total adjustment of R5.2m to provisions were accounted for. The adjustment comprised of R3m relating salaries bonus provision, adjustment to a warranty provision of R1.4m and an audit fee provision R0.8m. A salary adjustment of R3m has been recognised in operating expenses and bonus provision. The adjustment of R1.4m to a warranty provision was to recognize the liability of a subsidiary purchase at fair value.

9. The cost of sales were understated by R25.2m as a result of cost of sales being recorded in the incorrect period in the previously reported results. These adjustments have been processed as accruals with the corresponding adjustment in trade and other payables in the restated interim results.

10. The adjustment to operating expenses on R39.1m is comprised of an impairment of a loan receivable of R0,8m as described in 2 above, an impairment of WIP of R6.5m as described in note 4 above, additional allowances for credit losses of R14.4m as described in note 5 above, reversal of prepaid expenses of R6m as described in note 5 above and expense accruals of R5m that were previously recognised in the incorrect period.

11. A net adjustment of R1.03m decreased the fair value gains when taking into account note 1 and note 12 related to the fair value gain of R2.4m for the investment in Bambelela and the share of profits being reversed in the investment in associate.

12. The adjustment to profit from equity accounted investments of R33.5m is a result of reversal of the profit from equity accounted investments of R37.1m from Bambelela as described in note 1 above.

13. There is accrued investment revenue of R4.7m which was not recognised in the previous reported interim results that has been recognised in the restated interim results.

14. Due to the inaccuracy identified in the statement of profit and loss, the taxation expense was understated in the previously reported results by an amount of R3.4m which is adjusted in the restated interim results.

Reclassifications

15. Loans receivable

There was a loan receivable amount of R25m which was accounted for as a trade and other receivable instead of as a non-current loan receivable in the previously reported interim results. This has been adjusted in the restated interim results.

16. Trade and other receivables

The total reclassification of R58.9m is comprised of the reclassification to non-current loan receivables of R25m described in note 15 above, the reclassification to current tax payable of R34.7m and the reclassification to trade payables of R0.8m.

An amount of R34.7m was included as part of value-added taxation in the previously reported results and is reclassified to current tax payable as described in note 18 below. There were debtors with credit balances of R0.8m which were reclassified from trade and other receivables to trade and other payables.

17. Trade payables

The total reclassification of R16.4m is comprised of the reclassification from provisions for the contingent consideration liability of R4.,5m, the leave pay reclassification of R11.1m and the reclassification to trade receivables of R0.8m described in 16 above.

There is a contingent consideration liability of R4.5m in relation to the acquisition of a subsidiary. This liability was classified to provisions in the previously reported results and was correctly classified to trade payables in the restated interim results. There is a leave pay balance of R11.1m which was previously classified to provisions and was correctly reclassified to trade payables in the restated interim results.

18. Current tax payable

The total reclassification of R32.8m is comprised of the reclassification from trade receivables of R34.7m described in note 16 above and a recognition of a deferred tax asset of R1.9m.

19. Contingent consideration liability

The contingent consideration liability for Zaloserve of R13.3m was accounted for as a provision in the previously reported results and reclassified to contingent consideration liability. An amount of R5.5m has been correctly reclassified to a current contingent consideration liability of R5.5m and an amount of R7.8m has been correctly reclassified to a non-current contingent consideration liability in the audited interim results.

20. Provisions

The total reclassification out of provisions of R28.9m is comprised of the reclassification of the contingent consideration liability of R4.5m described in note 17 above, the reclassification of the leave payable balance of R11.1m described in note 17 above and the reclassification of the Zaloserve contingent consideration liability of R13.3m described in note 19 above.

21. Other income

There is an amount of R1.6m which was accounted for as investment revenue instead of dividend income in the previously reported interim results. This amount has been reclassified to other income in the restated interim results.

R'000	As previously reported	Restatement	Notes	Restated
28 February 2018				
Consolidated Statement of Financial Position				
Assets				
Non-current assets	2 033 221	(1 935)		2 031 290
Goodwill	82 940	(4 957)	1	77 983
Other financial assets	495 719	1 049	2	496 768
Deferred tax	10 372	1 977	3	12 349

Current assets	5 204 746	(11 705)		5 193 041
Inventory	95 225	(25 804)	4	69 421
Trade and other receivables	327 326	14 099	5	341 425
Total assets	7 237 967	(13 637)		7 224 330
Equity				
Retained earnings	(350 027)	1 169	6	(348 858)
Equity attributable to equity holders of parent	72 988	1 169		74 157
Non-controlling interest	6 324 354	(16 285)	6	6 308 069
	6 397 342	(15 116)		6 382 226
Liabilities				
Non-current liabilities	462 983	(4 460)		458 523
Other financial liabilities	241 925	(4 460)	7	237 465
Current liabilities	377 642	5 939		383 581
Trade and other payables	229 939	(12 458)	8	217 481
Current tax payable	34 718	13 396	3	48 114
Provisions	21 806	5 001	9	26 807
Total liabilities	840 625	1 479		842 104
Total equity and liabilities	7 237 967	(13 637)		7 224 330
Net asset value per share (cents)	1 302.86	(3.91)		1 298.95
Consolidated Profit and Loss and Other Comprehensive Income				
Cost of sales	(379 184)	(5 542)	10	(384 726)
Other operating expenses	(224 533)	(23 303)	11	(247 836)

Investment revenue	53 854	25 147	12	79 001
Profit before tax	188 965	(3 697)		185 268
Taxation	(30 633)	(11 419)	13	(42 050)
Profit from continuing operations	158 335	(15 116)		143 219
Profit for the year	158 335	(15 116)	6	143 219
Total comprehensive income	158 335	(15 116)		143 219
Owners of Parent	139 133	1 169	6	140 202
Non- controlling interest	19 201	(16 284)	6	2 917
Basic and diluted earnings per ordinary share (cents)	28.32	0.24		28.56
Headline earnings per ordinary share (cents)	28.32	0.23		28.55
Condensed Group Statement of Changes in Equity	Profit attributable to shareholders	Non-controlling interest		Total Equity
Profit for the period previously reported	139 133	19 202		158 335
Restatement	1 169	(16 284)		(15 116)
Adjusted profit for the period	140 302	2 917		143 219
Condensed Group Statement of Cash Flows				
Cash generated by operations	(56 211)	(27 124)		(83 335)
Net cash flows from operating activities	(27 448)	27 124		(324)
Cash and cash equivalents at the end of the period	4 642 372	-		4 642 372

<u>Notes to the 2018 restated Group’s interim results</u>

1. Goodwill

The restatement to goodwill is in relation to an impairment loss of R4.9m that was recognised in the restated results relating to a subsidiary, Software Tech Holdings Proprietary Limited. The goodwill impairment was recognised due to the poor trading performance of the subsidiary. This impairment loss was not recognised in the results as previously reported.

2. Other financial assets

The adjustment to non-current other financial assets is in relation to interest income of R1m which was recognised in the audited interim results of the technology division. The interest income is as per the statements received from the counterparty and should have been recognised in the previously reported unaudited interim results.

3. Deferred tax and tax payable

Due to the adjustments identified in the statement of profit and loss, deferred taxation was understated by an amount of R1.9m and current tax payable was understated by an amount of R13.3m.

4. Inventories

Certain project costs and expenses was processed to WIP and this was adjusted for in the restated interim results. The adjustment to inventory of R25.8m is comprised of cost of sales of R5.5m described in note 10 below, reversal of salary expenses of R2.1m, capitalisation of listing costs of R5.7m and R12.5m project costs as described in 10 and 11 below were processed to WIP. The net effect of the adjustment is a decrease in inventory of R25.8m from the results as previously reported.

5. Trade and other receivables

The commission expense was reversed, and February interest income was not accrued for in the previously reported results. An adjustment to commission of R10m and the accrual for interest income of R24m described in note 10 and 12 below were processed to trade and other receivables. The net effect of the adjustments is an increase in trade and other receivables of R14m from the results as previously reported.

6. Retained income and non-controlling interest

The net effect of the adjustments identified in statement of profit and loss resulted in an increase in profit attributable to shareholders of AEEI and retained income of R1.1m. The adjustments identified in cost of sales and other operating expenses impacted a subsidiary with non-controlling interests and the net effect of the adjustments is a decrease in non-controlling interest of R16.2m.

7. Other financial liabilities

There was a reclassification of a warranty liability of R4.5m from other financial liabilities to provisions. It was previously accounted for in other financial liabilities due to the uncertainty of the amount and dependency on certain profit targets that had to be achieved.

8. Trade and other payables

The adjustment to cost of sales accruals of R12.5m described in note 10 below was processed to trade and other payables resulting in a decrease to trade and other payables of R12.5m from the results as previously reported.

9. Provisions

The reclassification of R5m to provisions is related to the warranty liability of R4.5m as described in note 7 above and the adjustment to warranty expenses of R0.5m resulted in an increase in the provision from the results as previously reported. The adjustment to warranty expenses of R0.5m as described in note 10 below was processed to provisions.

10. Cost of Sales

The cost of sales expenses was understated by an amount of R5.5m in the previously reported results. There was a subsidiary company which had processed an adjustment to reverse accruals and costs of sales by an amount of R18m. Subsequent review of the information revealed that the actual amount which should have been reversed is R12.5m resulting in an understatement of costs of sales by R5.5m and overstatement of trade and other payables by R12.5m in the results as previously reported.

11. Other operating expenses

The operating expenses were understated by an amount of R23.3m in the previously reported results for the six months ended 28 February 2018. The understatement of operating expenses by R23.3m is comprised of an reversal of commission expense of R10m, a reversal of salary expenses of R2.1m, recognition of warranty expense of R0.5m, the capitalisation of listing expense of R5.7m and recognition of goodwill impairment of R4.9m.

A subsidiary company processed a reversal of R10m to commission expense. After the subsequent inspection of the employment contracts it was noted that the commission structure was embedded in the existing employment contracts therefore should have been accounted for and not reversed.

A subsidiary company processed a reversal of R2.1m for salary expenses as these expenses related to a company which was disposed of and was not for the account of the subsidiary company. Subsequent reviews revealed that the amount of R2.1m should have been reversed as the related income recovery was already accounted for.

The warranty expense relates to a contingent purchase consideration liability in relation to an acquisition of a subsidiary. A recalculation was performed on the contingent purchase consideration provision as there was a change in assumptions related to the provision and a mathematical miscalculation occurred during the recalculation which resulted in an understatement of the warranty provision and expense by an amount of R0.5m.

The Group capitalised listing costs of R5.7 m on the basis that these costs were incurred directly or indirectly in relation to the raising of capital in the listing of a subsidiary. It was subsequently identified that the listing cost should have been expensed and therefore the operating expenses were adjusted to account for the expense.

12. Investment revenue

During the audit of the technology division’s 2018 interim results, it was identified that there was accrued interest income of R25.1m which reflected in AYO’s bank statements for the month ended 31 March 2018 which was not accounted for initially. The interest income was not reflected on the bank statements as of 28 February 2018 and the interest income in the previously reported results was understated by an amount of R25.1 million. The accrued interest income of R25.1m has been correctly adjusted in the restated interim results.

Prospects

The future focus is to transition AEEI to an investment holding company. This will necessitate the streamlining of corporate operations and resources so that the focus is on managing the Group’s significant portfolio of investee companies. This may result in the disposal of non-core assets and equipping remaining operational subsidiaries so that they are able to operate independently of AEEI’s direct operational involvement.

The AEEI Group remains well poised for growth by making high quality acquisitions which will be under pinned by strict parameters so as not to place the Group’s balance sheet at risk.

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

Changes in the directorate

At the Annual General Meeting (“AGM”) held on 16 April 2020, Advocate Ngoako Ramatlhodi and Ms Moleboheng Mosia did not avail themselves for re-election and voluntarily elected to step off the Board and accordingly the requisite resolutions were withdrawn.

Mr Khalid Abdulla resigned from his position as the chief executive officer on 12 March 2020 and took on a new role within the Group.

The Board further advises that Mrs Valentine Dzvova was appointed as the acting chief executive officer effective 12 March 2020.

Changes in the auditors

AEEI Board appointed Thawt Inc. and Crowe JHB, which is a member of Crowe Global, as joint auditors for the Company and its subsidiaries with effect from 4 May 2020. The audit opinion will be signed by Crowe JHB until such time that Thawt Inc. has been accredited by the JSE. Thereafter, the audit opinion will be jointly signed.

The appointment supports the Independent Regulatory Board for Auditors strategy and vision of widening the auditor base as this appointment brings with it a new entrant of auditor expertise onto the JSE platform and also partly addresses the issue of concentration of global audit firms on the JSE. In addition, we believe that this appointment will enhance social cohesion and broad-based black economic empowerment which are both equally important to the future of our country.

Dividends

The Board of directors are pleased to announce that it has approved and declared an interim dividend of 10.00 cents per share for the six-month period ended 29 February 2020 from income reserves. The interim dividend amount, net of South African dividend tax of 20% which equates to 10.00 cents per share, is therefore 8.00 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)	10.00
Dividend net of dividend withholding tax	8.00
Last day to trade cum dividend	Tuesday, 7 July 2020
Trading ex-dividend commences	Wednesday, 8 July 2020
Record date	Friday, 10 July 2020
Date of payment	Monday, 13 July 2020

Share certificates may not be dematerialised or rematerialised between Wednesday, 8 July 2020 and Friday, 10 July 2020, 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	Mrs Valentine Dzvova
Non - executive chairperson	Acting chief executive officer

Cape Town
17 June 2020

Directors
*Valentine Dzvova (acting chief executive officer); Aziza Amod (non-executive Chairman); *Chantelle Ah Sing; Ismet Amod; Gaamiem Colbie and Jowayne van Wyk
*Executive directors

Company secretary:	Damien Terblanche
Registered address:	1st Floor, Waterway House North, 3 Dock Road, Victoria and Alfred Waterfront, Cape Town 8001,
Email:	damien@aeei.co.za
	Transfer secretaries: Link Market Services South Africa Proprietary Limited 19 Ameshoff Street,13th Floor, Rennie House, Braamfontein, Johannesburg 2001
Auditors:	Crowe JHB 3 Sandown Valley Crescent, Sandown, Johannesburg, 2196
	Thawt Inc. 3 Monte Vista Blvd Monte Vista, Cape Town, 7460
Sponsor:	Vunani Capital Proprietary Limited Vunani House, Vunani Office Park, 151 Katherine Street, Sandown, Johannesburg, 2196