



ABRIDGED INTEGRATED REPORT 2019

DEAR STAKEHOLDER

African Equity Empowerment Investments Limited (AEEI, the Company or the Group) completed the final year of its five-year strategy this year. This 2019 integrated report reflects our achievements, our successes and our journey towards realising our Vision 2020 Vision.

HOW TO READ THIS REPORT

Our integrated report provides information that enables our stakeholders to make an informed assessment of our ability to create sustainable value. The aim of this report is to clearly and concisely tell the story of AEEI, who we are, what we do and how we create value. This report documents our strategy, business model, opportunities and risks as well as our performance against our strategic objectives and governance, in a way that gives stakeholders a holistic view of the Group and our future prospects.

ADDITIONAL INFORMATION

This abridged integrated report is supplemented by our full suite of online publications, which caters for the diverse needs of our stakeholder base and includes the:

- Online integrated report
- Full corporate governance report
- Full sustainability report
- Full responsible investments report
- Full consolidated annual financial statements
- AEEI King IV Governance Register 2019 (📄 King IV™)
- Notice to the annual general meeting

These can be accessed on our website: www.aeei.co.za.

Share code: AEE

ISIN: ZAE000195731

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The following icons have been applied throughout the report to direct the reader to additional information or cross-referenced sections.



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FEEDBACK

We welcome your feedback and comments on the integrated report. Please address any queries to the corporate affairs and sustainability executive, Cherie Hendricks, at cherie@aeei.co.za.



INTEGRATED BUSINESS OVERVIEW

AFRICAN EQUITY
EMPOWERMENT
INVESTMENTS

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ABOUT THIS REPORT

African Equity Empowerment Investments Limited (AEEI, the Company or the Group) is committed to the principles of integrated reporting in terms of our thinking and our approach to long-term value creation and the role we play as a corporate citizen.

This integrated report is our primary report to stakeholders.

Our 2019 integrated report follows on our Vision 2020 Vision as reported on in the 2018 integrated report. It aims to provide a balanced, accurate and accessible assessment of our strategy, performance and opportunities and how these relate to material financial, economic, social, environmental and governance matters. These matters form the anchor of the content throughout this report.

The Group's leadership develops and directs the strategy and manages the business in an integrated way. Management takes into account the interests of our stakeholders and is cognisant of capital resources required to realise the strategy.

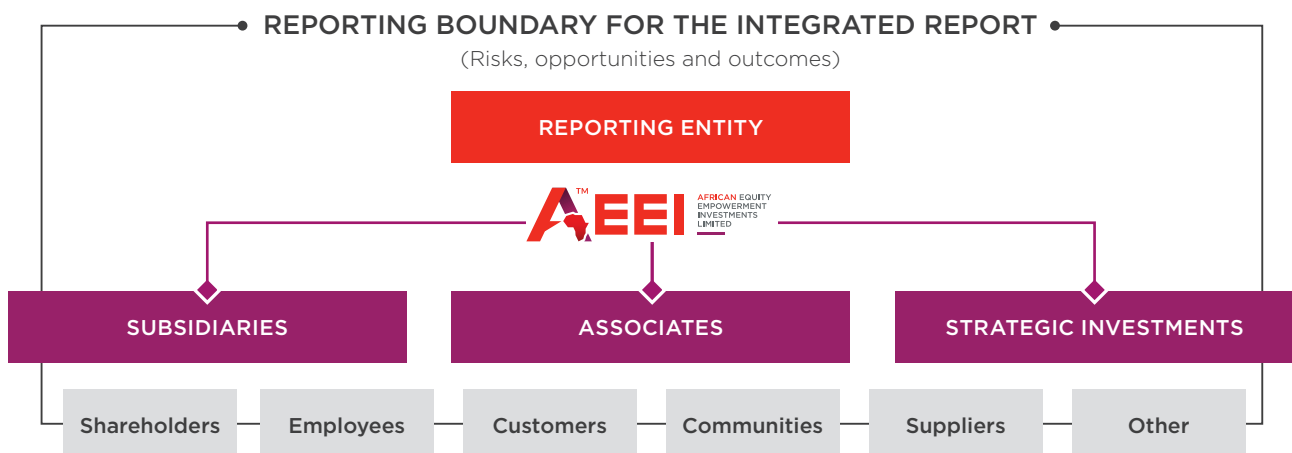
SCOPE, BOUNDARY AND REPORTING CYCLE

Our integrated report covers the performance of the Group for the financial year ended 31 August 2019 as well as the material matters related to our strategy, business model, governance, material matters and creating shared value, shareholders' interests, and our future outlook. It also incorporates the financial reporting boundary of the Group and its subsidiaries. This report extends beyond financial reporting and includes non-financial performance, opportunities, risks and outcomes attributable to or associated with our key stakeholders.

To ensure that the contents of this integrated report are aligned with material matters impacting our ability to create value, we were guided by the following in preparing our report:

- The International Integrated Reporting Council's (IIRC) Integrated Reporting IR Framework
- King IV™ - 
- The Johannesburg Stock Exchange (JSE) Listings Requirements
- The International Financial Reporting Standards (IFRS)
- The Companies Act, 2008 (No. 71 of 2008), as amended (the Companies Act)
- Broad-based Black Economic Empowerment (B-BBEE) Regulations

The Group's income is generated mainly in South Africa, with other income generated in Asia, Europe (Spain), Dubai, Saudi Arabia, the United Kingdom (UK), the United States of America (USA), Ghana, Uganda, Zambia, Cameroon, Tanzania, Nigeria, Namibia, Kenya, Zimbabwe, Botswana, Ethiopia, Lesotho, Eswatini (previously Swaziland), Malawi, Mauritius, SADC region, East Africa, Middle East, West Africa and the Ivory Coast.



To highlight evidence of our application of the King IV principles, we have included references to the relevant principles per section. For the definitions of the principles and detail of our application and practices, download the full governance report/King IV™ register that is available online.

MATERIALITY AND MATERIAL MATTERS

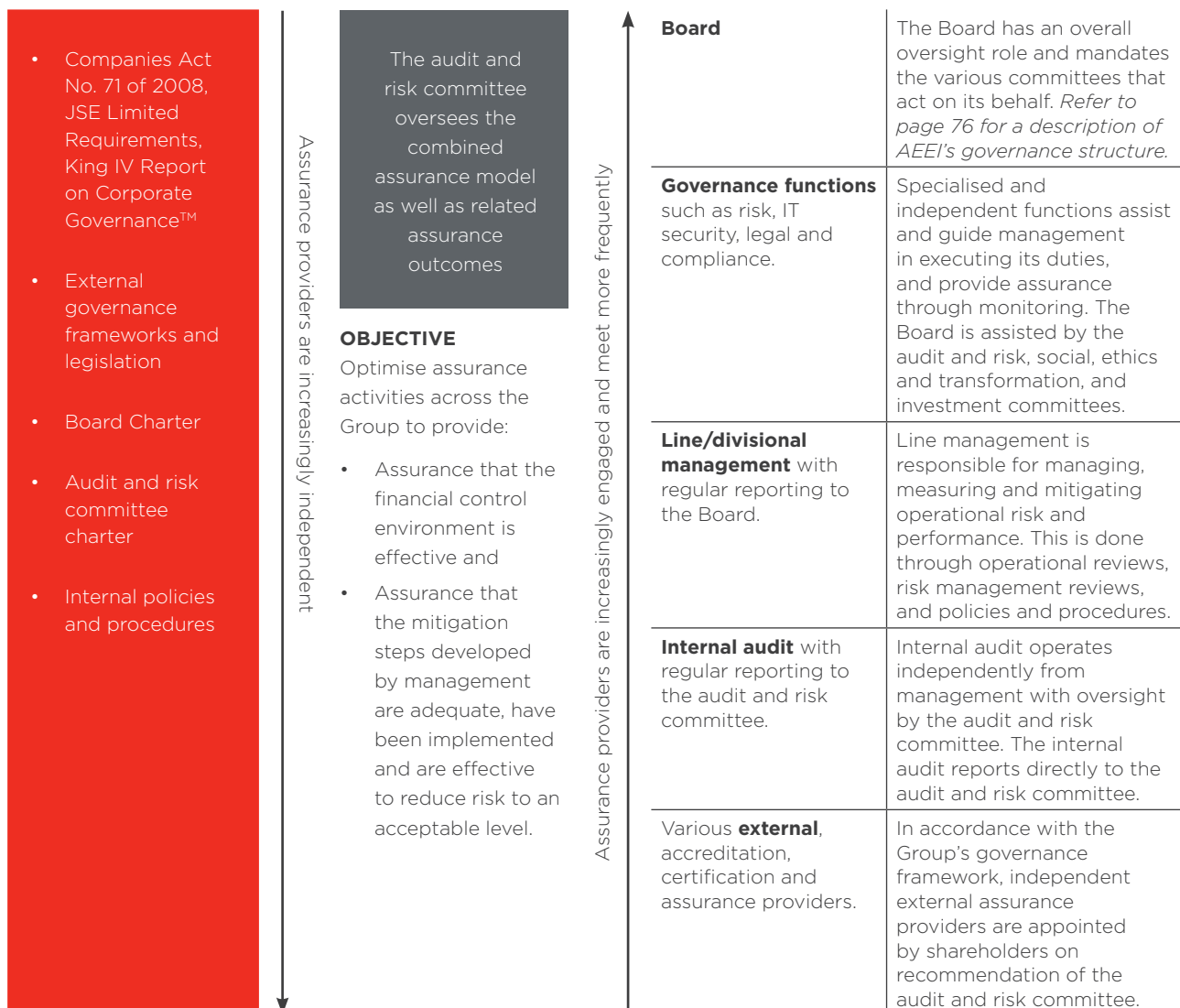
AEEI applied the principle of materiality in assessing which information is to be included in this report. Hence, this report focuses particularly on those matters and provides material information which relates to the Group's strategy, governance, performance and sustainability in respect of all business units and sectors, which comprise fishing and brands, technology, events and tourism, health and beauty, biotherapeutics, and strategic investments. All non-financial indicators include subsidiaries but exclude associates and strategic investments unless specifically indicated. Through a formal process, the Board committees and executive management identified material matters and, in terms of relevance, these were approved by the Board. Material matters and developments are comprehensively dealt with throughout the report. Our material matters, as described on pages 43 to 49, influence our strategy and inform the content of this report.

COMBINED ASSURANCE AND INTERNAL CONTROL FRAMEWORK

AEEI has a combined assurance model, which includes internal and external assessments of key strategic risks, internal controls and other material areas to support the integrity of the management, monitoring and reporting of data.

The Board paid attention to the combined assurance, which ensured that our combined assurance model adequately addressed the Group's risk and material matters. We continually look at optimising our combined assurance model to avoid duplication of efforts, rationalise collaboration and manage assurance costs. This enables an effective control environment and ensures the integrity of the information used for reporting and decision-making.

COMBINED ASSURANCE



ABOUT THIS REPORT – continued

The Board, with the support of the audit and risk committee, is ultimately responsible for the system of internal control, which is designed to identify, evaluate, manage and provide reasonable assurance against material misstatement and loss. The audit and risk committee applied the combined assurance model to seek and optimise the assurance provided by management, the internal auditor and external assurance providers to ensure a strong ethical climate and to ensure compliance. They also monitored the relationship between the external assurance providers and the Company.

As AEEI is listed on the JSE, it complies with the JSE Listings Requirements, the Companies Act and King IV™. Certain information included in this report has been externally assured and reviewed as follows:

- BDO South Africa Inc. audited the consolidated and separate annual financial statements for the year ended 31 August 2019.
- External verification was provided for the B-BBEE accreditation level. The verification was carried out by an organisation accredited by the South African National Accreditation System (SANAS) – the Accreditation for Conformity Assessment, Calibration and Good Laboratory Practice Act, No. 19 of 2006.
- External verification on the integrated report and the consolidated and separate financial statements for the year ended 31 August 2019 was performed in terms of the JSE Listings Requirements and the Companies Act.
- This integrated report was not subject to an independent audit or review.
- The sustainability review has not been independently assured. However, certain information contained in this review has been scrutinised by the Group's own internal control functions.

The information reported on is derived from the Group's own internal records and information available in the public domain.

The Board reviewed the effectiveness of controls for the year ended 31 August 2019, principally through a process of management self-assessment, including confirmation from executive management. It also considered reports from the internal audit, the external auditor and other assurance providers. (📄 – Principle 5)

SIGNIFICANT CHANGES DURING THE REPORTING PERIOD

- During the year, the Group regained control over AYO Technology Solutions Ltd (AYO) as defined by IFRS 10, and subsequently consolidated AYO from the date of control, being 21 December 2018. The change in control stemmed from AEEI's ability to direct the relevant activities of AYO based on the IFRS 10 assessment.
- On 9 February 2019, the Group concluded the acquisition of an effective 80% shareholding in Saab Grintek Technologies (Pty) Ltd, now known as SGT Solutions (Pty) Ltd (SGT Solutions) via a special purpose vehicle, Main Street 1653 (Pty) Ltd.
- AEEI, through its investment in AEEI Events and Tourism, acquired additional shares in espAfrika (Pty) Ltd, which resulted in the ownership changing to 100%.
- On 13 December 2018, AEEI acquired 88% of the ordinary share capital in Global Command and Control Technologies (Pty) Ltd (GC²T). GC²T purchased the command, control, training and simulation business as a going concern from Saab Grintek Defence (Pty) Ltd.
- Through its subsidiary, AYO, AEEI acquired a 55% stake in Sizwe Africa IT Group (Pty) Ltd (Sizwe). Sizwe is one of South Africa's leading integrated information and communications technology (ICT) solutions providers. Its services consist of a focused spectrum on infrastructure, metro and long-distance optic-fibre storage server processing and data centres. Its clients include various government departments and blue-chip companies such as Vodacom, Neotel, Cell C, Exxaro and Barloworld. The transaction was subject to various conditions and regulatory approvals which have been met.
- AEEI, through AYO, acquired a significant minority stake in Vunani Group Ltd to support a fintech-focused joint venture to expand the fintech platform and financial services activities of Vunani. Vunani is a diversified financial services group that has four operating businesses, namely fund management, fund administration, investment banking (including securities trading and corporate advisory) and private equity.
- On 26 February 2019, the AEEI Board of directors accepted the non-binding offer by Pioneer Foods Group Ltd to repurchase 1 589 998 shares in Pioneer Foods and 1 598 998 shares in Quantum Foods Holding Ltd. The proceeds will be used to redeem all outstanding liabilities in respect of the A and B preference shares as well as settle all outstanding dividends on the latter shares.

POST BALANCE SHEET EVENTS

AEEI, through its subsidiary, AYO, increased its shareholding on 12 September 2019 in Puleng Technologies (Pty) Ltd from 57% to 100%.

DIRECTORS' RESPONSIBILITY AND APPROVAL OF THE INTEGRATED REPORT

The AEEI Board is ultimately responsible for ensuring that the integrity of the integrated report is not compromised. The audit and risk committee reviewed and recommended the integrated report and annual financial statements to the Board for approval. The Board has applied its mind to the integrated report and believes that it addresses all material matters and fairly represents the integrated performance of the Group.

The integrated report and the annual financial statements for the Group for the year ended 31 August 2019 were approved by the Board of directors and signed on their behalf by Mrs AB Amod and Mr K Abdulla on 31 January 2019. (📄 - Principle 15)

The special resolutions passed during the year for the Company relate to the approval:

- of the remuneration for executive and non-executive directors;
- for inter-company financial assistance;
- of financial assistance for the acquisition of shares in a related or interrelated company; and
- for the Company or its subsidiaries to repurchase Company shares.

DISCLAIMER

In this report we make certain statements that relate to analyses and other information based on forecasts of future results based on historical data, which are based on estimations of new business and investment assumptions. These statements may also relate to our future prospects, developments and business strategy. As defined, these are forward-looking statements. These statements may be identified by words such as "expect", "look forward to", "anticipate", "intend", "plan", "believe", "seek", "estimate", "will", "project", or words of similar meaning, which are intended to identify such forward-looking statements, but are not the exclusive means of identifying such statements. These are subject to a number of risks, uncertainties and factors, including, but not limited to, those described in disclosures and in the risk management report.

Should one or more of these risks or uncertainties materialise, or should underlying expectations not occur or assumptions prove incorrect, actual results, performance or achievements of AEEI may (negatively or positively) vary materially from those described explicitly or implicitly in the relevant forward-looking statement. AEEI neither intends nor assumes any obligation to update or revise these forward-looking statements in light of developments that differ from those anticipated.

WHO WE ARE

African Equity Empowerment Investments Limited (AEEI or the Company or the Group) is a majority black-owned and black-controlled JSE-listed investment holding company based in South Africa and is a subsidiary of Sekunjalo Investment Holdings (Pty) Ltd.

AEEI is a diversified investment and empowerment company that has investments in fishing and brands, technology, events and tourism, health and beauty, and biotherapeutics, all supporting B-BBEE and small, medium and micro-enterprises (SMMEs) as well as strategic investments, some with international partners.

Due to our diverse portfolio, our growth strategy continues on an upward trajectory, which is reflected in our financial year-end results. This growth strategy has laid a strong foundation for the next phase of the Group's evolution, which is reflected in our achievements in terms of our Vision 2020 Vision.

Revenue increased from R700 691 in 2018 to R2 377 368 in 2019. Assets increased from R7 362 276 in 2018 to R7 454 311 in 2019.

MISSION STATEMENT

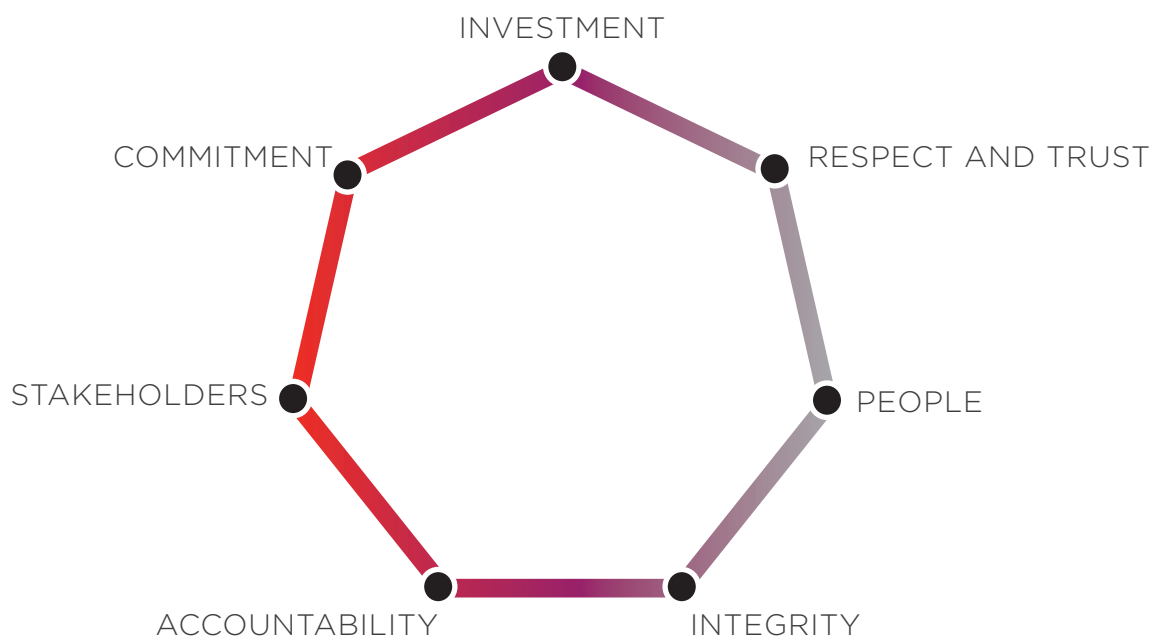
African Equity Empowerment Investments Limited is a diversified company that empowers people through profits and partnerships.

VISION STATEMENT

We are a dynamic and innovative company that creates superior stakeholder value.

OUR SHARED VALUES

We are driven by our values:



WHERE WE OPERATE

AEEI's primary market remains in South Africa and we continue to expand our footprint into the rest of Africa. Outside South Africa we have a market presence in Asia, Europe, Dubai, Saudi Arabia, Spain, the UK, the USA, Ghana, Uganda, Zambia, Cameroon, Tanzania, Nigeria, Namibia, Kenya, Zimbabwe, Botswana, Ethiopia, Lesotho, Eswatini (previously Swaziland), Malawi, Mauritius, SADC region, East Africa, Middle East, West Africa and the Ivory Coast.



WHO WE ARE – continued

KEY FACTS

3 May 1999 <hr/> DATE OF LISTING ON THE JSE	NUMBER OF COMPANIES IN THE GROUP <hr/> 74	1 <hr/> B-BBEE LEVEL
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R810 187 016 MARKET CAPITALISATION AT 31 AUGUST 2019	2 201 NUMBER OF PERMANENT EMPLOYEES <small>(including interns & fixed-term contracts)</small>	3 406 NUMBER OF CONTRACTORS
19% INCOME GENERATED OUTSIDE SOUTH AFRICA	61.82% MAJORITY SHAREHOLDER Sekunjalo Investment Holdings (Pty) Ltd	73.55% BLACK OWNERSHIP

7 454 311

TOTAL ASSETS (R'000) 2018: 7 362 276 | 2017: 2 822 153

495 565

HEADLINE EARNINGS (R'000) 2018: 119 085 | 2017: 466 232

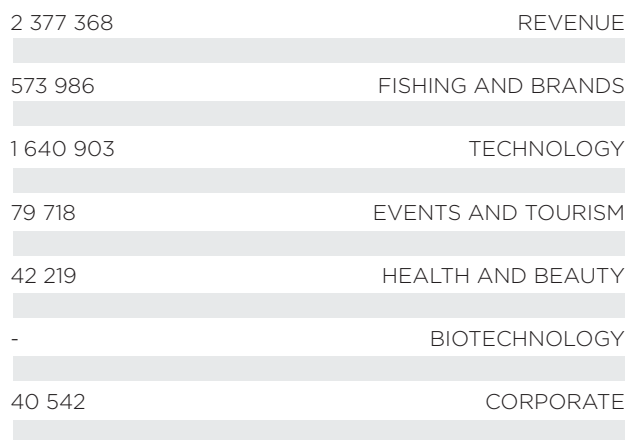
100.89

HEADLINE EARNINGS per share (cents) 2018: 24.24 | 2017: 94.89

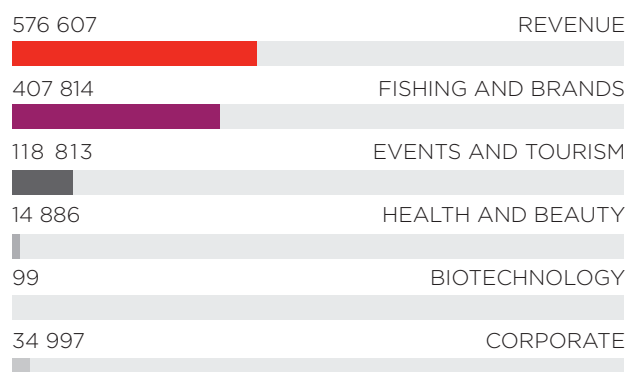
113 022

DIVIDEND 2018: (R'000) 43 238 | 2017: 25 804

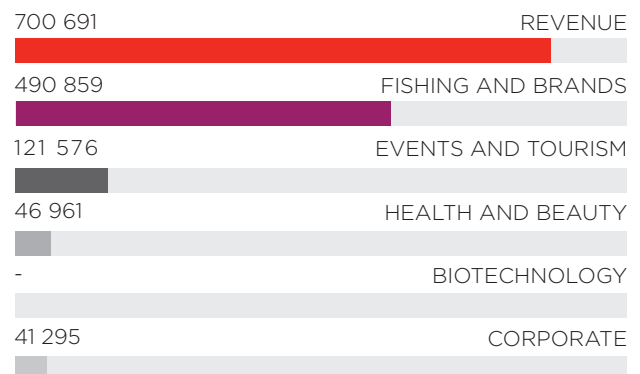
REVENUE CONTRIBUTION PER DIVISION



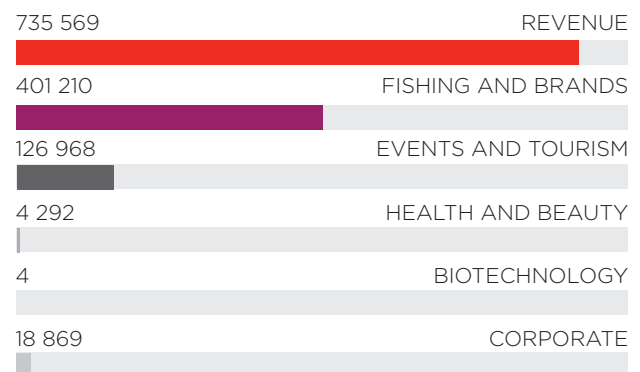
2019



2017



2018



2016

WHO WE ARE - continued

OUR KEY PERFORMANCE INDICATORS (KPIs)

Financial KPIs

	2019 TARGET	2019 ACHIEVEMENT	2020 TARGET
Revenue growth	20%	Achieved 239%	20% increase in revenue growth
Normalised profit before tax	20%	Partially achieved 117%	20% increase in operating profit
Net cash flows from operating activities	15%	Partially achieved 9%	15% increase in cash flows
Increasing net asset value	20%	Achieved 13%	20% increase in net asset value
Growth in total assets	20%	Achieved 1% (overachieved in 2018)	Grow total assets by 20%

Non-financial KPIs

	2019 TARGET	2019 ACHIEVEMENT	2020 TARGET
B-BBEE	Retain Level 1 status	Level 1 status	Retain Level 1 status
Stakeholder relationships	Increase communication to stakeholders	Increased communication to all stakeholder groups	Increase stakeholder communication through various platforms
Employee training and development	Continue with training and development	923 employees undertook training	Continue with training and development

AEEI has achieved all of its objectives as set out in our Vision 2020 Vision strategy.

AEEI is recognised by its peers as a pioneer in promoting the interests of historically disadvantaged individuals (HDIs) and previously marginalised communities. The Group's commitment to transformation (including employment equity, skills development, social and enterprise development, and corporate social investment) makes it a role model for B-BBEE.

AEEI has strong roots among HDIs and community organisations. These form the majority of the Group's shareholder base. Black ownership of AEEI exceeds 73.55% and most of its economic benefits are enjoyed by previously disadvantaged stakeholders.

WHAT SETS US APART

Vision 2020 Vision strategy and implementation plan with clear short, medium and long-term business strategies	Diversified business portfolio	Built on solid empowerment credentials and return on investment	Sustainable and organic growth while containing costs and driving efficiencies
Strong brand, credentials and proven delivery	Successful track record and excellent business reputation	Strong management team and experienced executives leading our business units	Hands-on approach in our business development strategy
Strong risk-based management of investments	Low debt and gearing ratio	Associates and strategic investment portfolio	B-BBEE partner of choice
Proven transformation culture and results	Rated as one of the JSE's most transformed companies	Investment in environmentally friendly products	Maintained our B-BBEE accreditation

WHO WE ARE - continued

OUR VALUE-CREATING BUSINESS MODEL

 <p>FINANCIAL CAPITAL</p> <p>Capital: R3.2bn Assets: R7.4bn Associate investments: R826m Strategic investments: R234m</p>	 <p>HUMAN CAPITAL</p> <p>2 201 permanent employees (excluding recent acquisitions) Employment created for 3 406 contractors</p>	 <p>MANUFACTURED CAPITAL</p> <p>Quality products Quality services Innovative organic products Capital investment in our businesses to increase capacity and efficiency Plant and equipment</p>
 Read more on page 5 of the online Sustainability Report.	 Read more on pages 6 and 13 of the online Sustainability Report.	 Read more on page 7 of the online Sustainability Report.
 <p>INTELLECTUAL CAPITAL</p> <p>Patents Copyrights Software licences Associate partnerships Strategic partnerships Empowerment partner of choice Software development Skills and experience of management and employees Consistently investing in training Collaborative research and development investments</p>	 <p>SOCIAL AND RELATIONSHIP CAPITAL</p> <p>Stakeholder engagement Leader in transformation Leader in social responsibility</p>	 <p>NATURAL CAPITAL</p> <p>Responsible use of natural resources, effective environmental management systems, and long-term goals to address carbon emissions, water usage and electricity usage</p>
 Read more on page 8 of the online Sustainability Report.	 Read more on pages 9 and 25 of the online Sustainability Report.	 Read more on page 10 of the online Sustainability Report.

OUR RECENT AWARDS AND ACHIEVEMENTS

AEEI has achieved the following over the past five years:

Level 1 B-BBEE status		
Winner of the Top 100 Most Empowered Companies – Generic Sector in 2019	Winner of the Top 100 Most Empowered Companies – Financial Services in 2019	Second Runner-up of the Most Empowered Companies – Women Ownership in 2019
Winner of the Top 100 Most Empowered Companies – Management Control in 2019	Winner – Highest Sustainability Data Transparency Index Score – Financial Services sector in 2017 by the IRAS out of more than 300 Top JSE-listed companies	Second place – Most Empowered Black-Owned Company 2017 – Empowerdex’s most empowered JSE-listed companies
Accorded the honour to open the JSE in recognition of consistent financial growth over several years, as well as a strong 12-month trading period, and recognised by its peers with several top awards and consistent financial performance – Raging Bull 2016	Winner of the Empowerdex Top 100 Most Empowered Companies in 2016	Winner of the Empowerdex Top 100 Empowered Management Control Company in 2016
Runner-up in the Empowerdex Most Empowered Black Ownership under the amended B-BBEE Codes of Good Practice	A Top 10 JSE-listed Company in the Financial Mail’s Top 100 JSE Companies for financial performance in 2016 and 2015	Impumelelo Certificate of Excellence Award – Top Empowered Companies – in recognition of our commitment to transformation in 2015

WHO WE ARE - continued


FLOW OF INCOME AND EXPENSES

INCOME	<ul style="list-style-type: none"> Income is generated through the sale of products and services provided Management fees
OTHER INCOME	<ul style="list-style-type: none"> Associate income is generated through our investments in non-controlling shareholdings Private equity income is derived from the realisation or revaluation of investments and dividends received including: <ul style="list-style-type: none"> private equity income and fair-value adjustments, among others; and fair-value adjustments arising from the revaluation of our investments on our balance sheet
EXPENSES	<ul style="list-style-type: none"> We invest in our operations through infrastructure, technology and marketing We also invest in developing, motivating and retaining employees
IMPAIRMENT CHARGES	<ul style="list-style-type: none"> Intangible assets, goodwill and loans are subject to impairment testing and written down to the recoverable amount
TAX	<ul style="list-style-type: none"> Taxation is the regulatory requirement to pay direct and indirect taxes

OUR INVESTMENT PHILOSOPHY

<p>AEEI'S HIGH-LEVEL INVESTMENT PHILOSOPHY IS TO:</p> <ul style="list-style-type: none"> Hold a diverse portfolio of investments in businesses; Acquire control of the majority of its operational investments; Acquire and maintain non-controlling stakes in its associates; Acquire and maintain non-controlling stakes in strategic investments; Add value, influence business processes, provide management expertise and synergies with existing investments; Provide capital investment to grow the business; Ensure above-market shareholder returns; and Provide and maintain high-quality infrastructure and assets. 	<p>AEEI HAS A TRACK RECORD OF BEING AN EMPOWERMENT PARTNER OF CHOICE. AEEI INVESTS IN COMPANIES WITH:</p> <ul style="list-style-type: none"> Strong investment partners that are aligned with our strategic objectives; Leading brands in their respective fields and Defined growth strategies.
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RISKS RELATED TO OUR ACTIVITIES



 <p>RISK</p>	<ul style="list-style-type: none"> Financial Strategic Economic Human resources 	<ul style="list-style-type: none"> Technology Legal Environmental Operational
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Refer to the governance of risk management section on pages 28 to 35 of the online corporate Governance Report for further information on the above risks.

PRODUCTS AND SERVICES PROVIDED BY THE GROUP

Through our various divisions, the following products and services are provided:

 FISHING AND BRANDS	<p>Sales, marketing and production of west coast rock lobster, south coast rock lobster, longline hake, squid, fishmeal, abalone and Seagro (organic fertiliser).</p>
 TECHNOLOGY	<p>The information and communications technology (ICT) group is a B-BBEE ICT group that consists of a number of technology companies that offer ICT services and solutions to clients and participates in a range of industries that are best served by technology solutions to enable them to be efficient in their key capabilities. They leverage their group-wide capabilities and strategic partnerships to deliver end-to-end digital and technology solutions to multiple industries in South Africa's public and private sectors. They assist organisations to reach new heights by enriching their processes and developing industry disruptor technology solutions that enable them to be market leaders in the digitally transformed economies they operate in.</p>
 EVENTS AND TOURISM	<p>Events management, travel solutions as well as advertising and sponsorship income through the radio station.</p>
 HEALTH AND BEAUTY	<p>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 and general health sectors. Imports and distributes four cosmetic brands from Europe and is the sole distributor of these products in Southern Africa.</p>
 BIOTHERAPEUTICS	<p>Focuses on healthcare applications and more specifically on the production of biopharmaceutical products (those that are derived from living genetically modified cells and are of a protein or carbohydrate nature).</p>



The above excludes our strategic investment portfolio. For further information refer to pages 4 to 83 of our Responsible Investments Report.

GROUP STRUCTURE



**AFRICAN EQUITY
EMPOWERMENT
INVESTMENTS
LIMITED**



FISHING AND
BRANDS



TECHNOLOGY



EVENTS AND
TOURISM



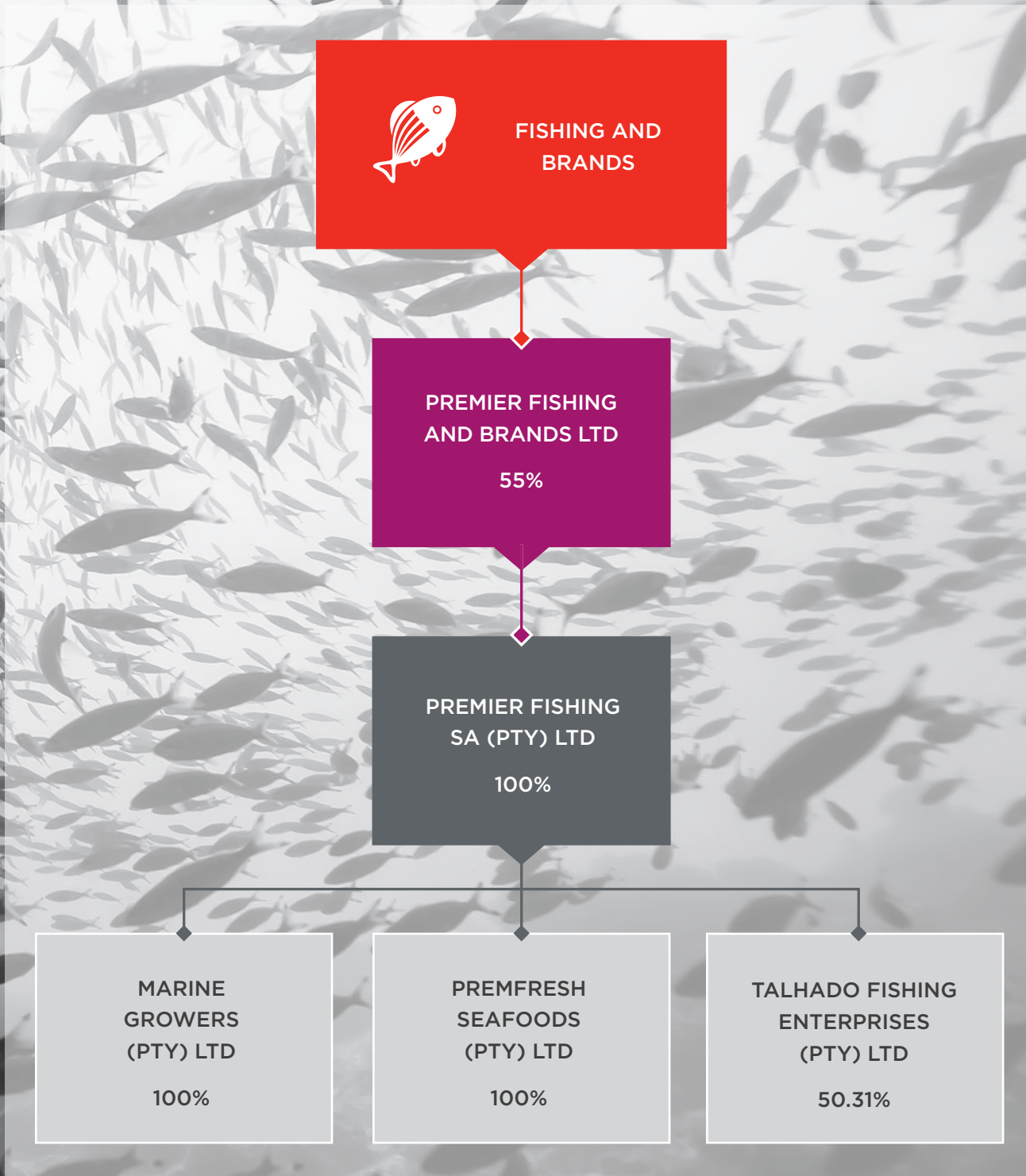
HEALTH AND
BEAUTY



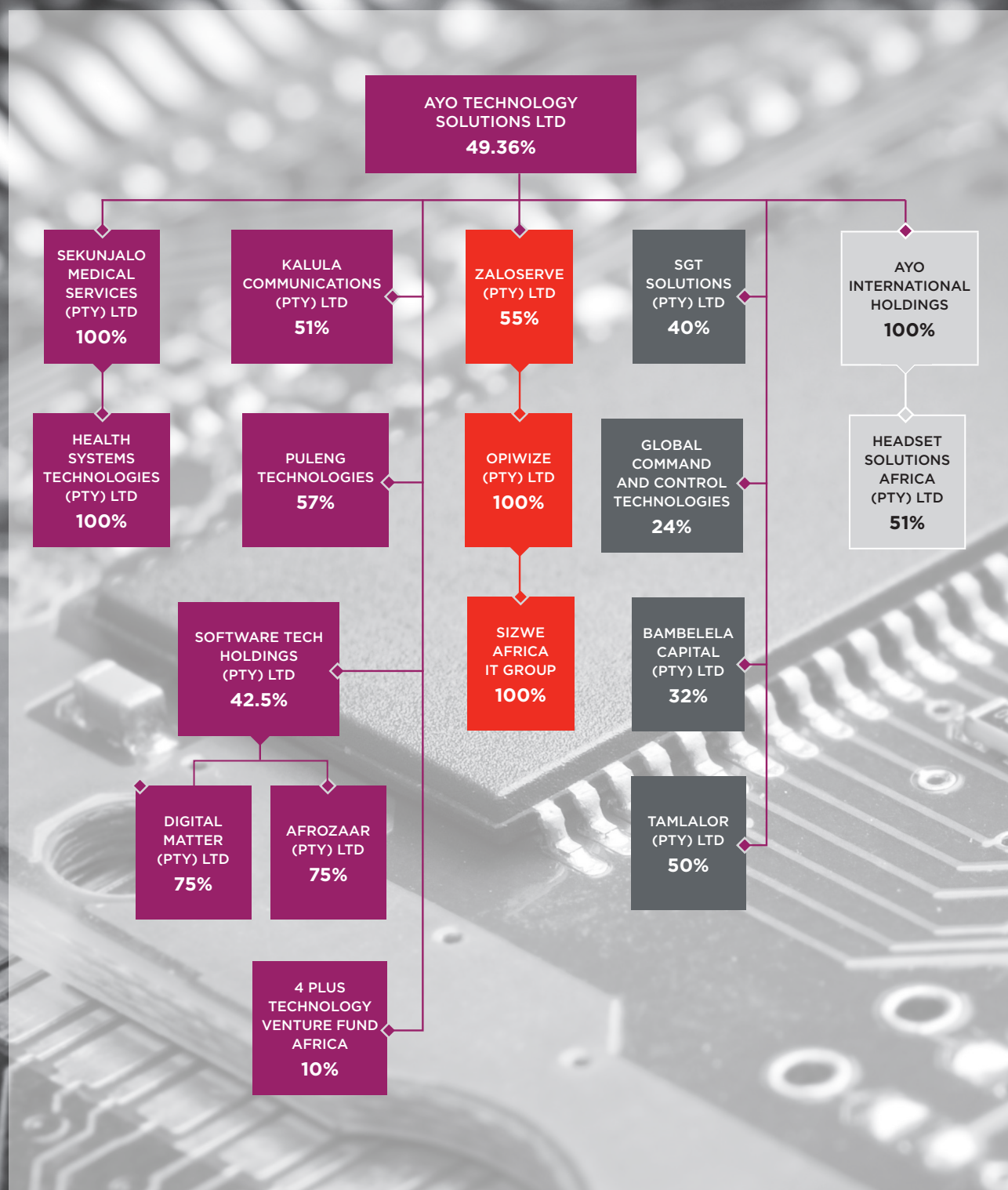
BIOTHERAPEUTICS

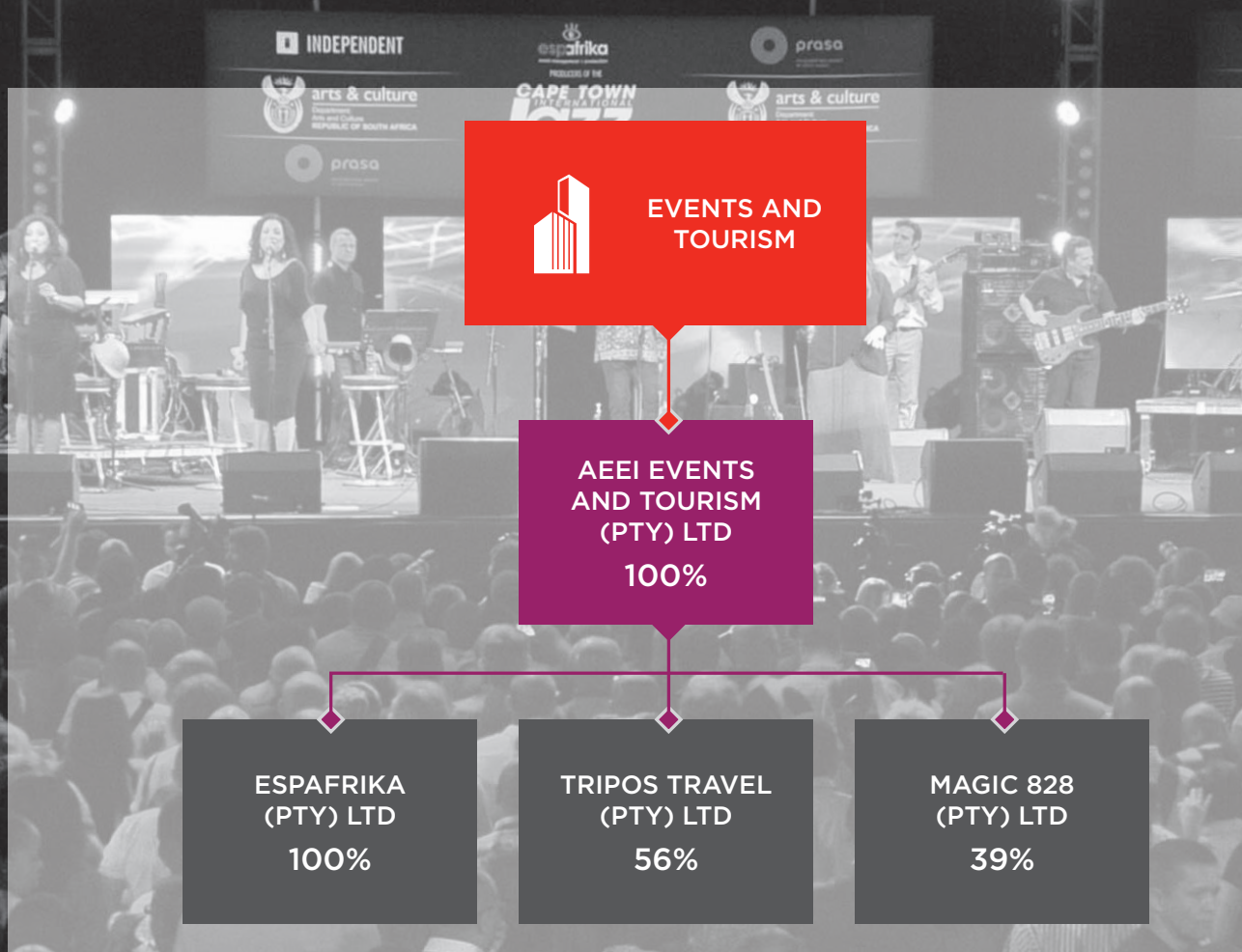


STRATEGIC
INVESTMENTS



GROUP STRUCTURE – continued





GROUP STRUCTURE – continued





BIOTHERAPEUTICS

(RESEARCH AND
DEVELOPMENT)

AFRICAN
BIOTECHNOLOGY AND
MEDICAL INNOVATION
INVESTMENTS (PTY) LTD

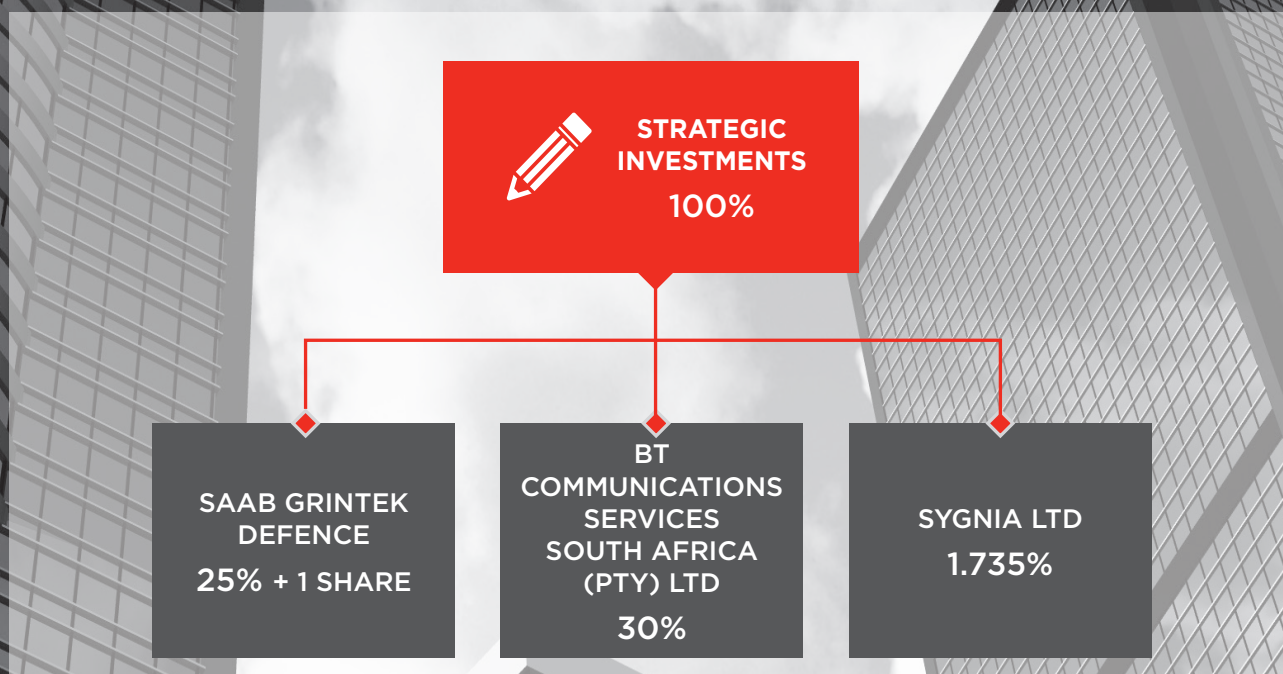
100%

INTEGRATED
BIOWORKS
(PTY) LTD
100%

BIOCLONES
(PTY) LTD
73.69%

RIBOTECH
(PTY) LTD
60.02%

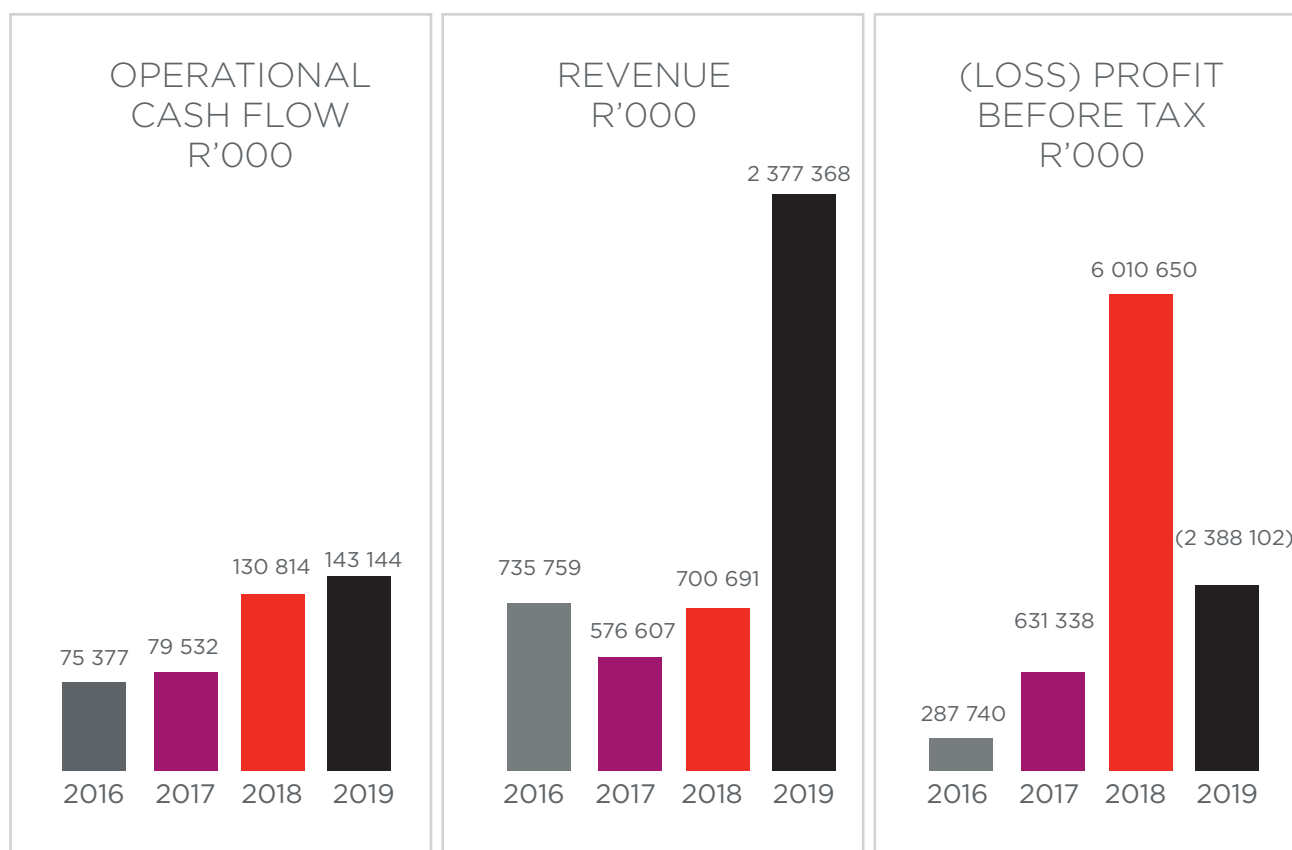
GROUP STRUCTURE – continued



FINANCIAL HIGHLIGHTS

	2019 R'000	Restated* 2018 R'000	Restated 2017 R'000	2016 R'000	2015 R'000
Revenue*	2 377 368	700 691	576 607	735 759	672 185
(Loss)/profit before tax*	(2 388 102)	6 010 650	631 338	287 740	185 747
(Loss)/profit after tax (including portion attributable to non-controlling interests)*	(1 391 261)	5 107 394	528 672	208 527	149 256
Headline earnings*	495 565	119 085	466 232	211 930	152 615
Net asset value – Group	6 403 691	5 665 049	2 038 120	1 001 035	804 549
Net asset value – Company	2 183 495	5 199 458	1 978 739	1 844 846	969 438
Total assets – Group	7 454 311	7 362 276	2 822 153	1 691 219	1 345 471
Total assets – Company	2 891 540	6 770 390	2 605 945	2 415 582	1 247 695
(Loss)/earnings per share (cents)*	(304.09)	1 016.01	97.10	44.09	31.12
Headline earnings per share (cents)*	100.89	24.24	94.89	43.13	31.06
Net asset value per share – Group (cents)	1 304.15	1 152.98	260.00	186.52	144.93

* These items were restated in 2018.



FIVE-YEAR REVIEW

STATEMENT OF FINANCIAL POSITION

	2019 R'000	2018 R'000	2017 R'000	2016 R'000	2015 R'000
ASSETS	7 454 311	7 362 276	2 822 153	1 691 219	1 345 471
Property, plant and equipment	521 176	324 229	154 527	147 086	153 422
Intangible assets and goodwill	512 402	364 054	466 967	395 472	396 529
Investments, loans and other receivables	1 370 083	6 007 710	1 216 141	868 151	530 406
Deferred tax assets	97 874	9 158	17 578	17 310	16 162
Current assets	4 952 776	657 125	966 940	263 200	228 952
EQUITY	6 403 691	5 665 049	2 038 114	1 001 035	804 549
Equity attributable to equity holders of the parent	3 315 257	4 909 691	1 277 493	916 452	712 106
Non-controlling interest	3 088 434	755 358	760 627	84 583	92 443
LIABILITIES	1 050 620	1 697 227	784 033	690 184	540 922
Non-current financial liabilities	126 792	208 605	250 256	265 210	115 622
Deferred tax liabilities	156 836	1 278 257	211 046	299 102	239 015
Current liabilities	766 991	210 365	322 376	130 176	186 285
Liabilities of disposal	-	-	(360)	-	20 000
Net asset value					
Group	6 403 691	5 665 049	2 038 120	1 001 035	804 549
Net asset value per share (cents)					
Group	1 304.15	1 152.98	260.00	186.52	144.93

STATEMENT OF COMPREHENSIVE INCOME

	2019 R'000	2018 R'000	Restated* 2017 R'000	2016 R'000	2015 R'000
Revenue*	2 377 368	700 691	576 607	735 769	672 185
(Loss)/profit before depreciation and amortisation (EBITDA)*	(2 575 075)	6 026 353	655 379	331 068	208 841
(Loss)/profit before taxation*	(2 388 102)	6 010 650	631 338	287 740	185 747
Taxation	996 841	(1 062 789)	(143 740)	(79 332)	(36 491)
(Loss)/profit for the year from continuing operations*	(1 391 261)	4 947 861	487 598	216 504	149 256
(Loss)/profit for the year from discontinued operations*	-	159 533	41 074	119	-
(Loss)/profit for the year	(1 391 261)	5 107 394	528 672	208 527	149 256
Attributable to:					
Equity holders of the Company	(1 493 605)	4 992 064	477 089	216 623	152 897
Minority interests	102 090	115 330	51 583	(8 096)	(3 641)
Headline earnings	495 565	119 085	466 232	211 930	152 615
	Cents	Cents	Cents	Cents	Cents
(Loss)/earnings per share*	(304.09)	1 016.01	97.10	44.09	31.12
Headline earnings per share*	100.89	24.24	94.89	43.13	31.06

CREATING SHARED VALUE FOR SUSTAINABLE OUTCOMES

IN THE SHORT, MEDIUM AND LONG-TERM

African Equity Empowerment Investments Limited is a leading black economic empowered JSE-listed company that creates value for its stakeholders through its innovative and sustainable business model, concise strategy, diverse product portfolio, and through our subsidiaries, associates and strategic investments – all complemented by our experienced and empowered leadership team that focuses on our communities and stakeholder wealth creation.

SEGMENTAL OVERVIEW

RESPONSIBLE INVESTMENTS

**PRODUCT
PORTFOLIO**

WHAT WE DO

STATUS PROGRESS ON 2019 OUTLOOK

OUTLOOK FOR 2020



FISHING AND BRANDS

WHAT WE DO

Premier Fishing and Brands Ltd (Premier) listed on the JSE in March 2017. Premier Fishing SA (Pty) Ltd, a division of Premier Fishing and Brands, is the largest 100% black-owned fishing company in South Africa. The Premier Group holds medium- to long-term fishing rights in west coast rock lobster, south coast rock lobster, small pelagics, hake deep-sea trawl, hake longline and squid. The Premier Group owns an abalone farm and also invests in organic agriculture and processes wild abalone.

STATUS PROGRESS ON 2019 OUTLOOK

- A 17% increase in revenue to R575m from R491m in 2018
- Delivered sustainable returns to shareholders – *achieved and ongoing*
- Obtained a level 1 B-BBEE rating*
- Obtained synergies from their acquisition of Talhado in the prior year
- Continued to produce spat at an average production of 200 000 animals – *ongoing*
- Increased factory utilisation through the newly established trading operation – *achieved and ongoing*
- Implemented centralised procurement for the entire Group – *achieved and ongoing*
- Abalone farm – increased its stock holding to 161 tons compared to 144 tons in the prior year – *achieved and ongoing*
- Employment created at the abalone farm – *ongoing*
- Continued with the expansion of the abalone farm through a phased approach – *ongoing*
- Increase abalone spat production once expansion of the abalone farm is complete – *ongoing*
- Further installation of renewable energy through a phased approach – *ongoing*
- Continuous growth of outside quota holders – *ongoing*
- Explored growth opportunities in the market – *ongoing*
- Product diversification to further penetrate foreign markets – *ongoing*
- Procured fish species for local and international markets and enhanced marketing capacity – *ongoing*
- Assisted small businesses to grow and add value – *achieved and ongoing*
- Continued to drive an efficient cost base – *achieved and ongoing*
- Enhanced planning to increase catch rates – *achieved and ongoing*
- Acquisition of small to medium-sized fishing companies – *ongoing*

OUTLOOK FOR 2020

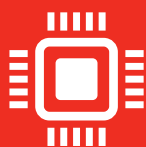
- Deliver sustainable returns to shareholders
- Create further employment at the abalone farm
- Acquisition of additional small to medium-sized fishing companies
- Utilise capital expenditure in the underlying businesses to improve production and revenue
- Drive an efficient cost base
- Continue with the phased expansion of the abalone farm
- Further increase abalone spat production once expansion of the abalone farm is complete
- Complete the canning factory at the abalone farm
- Further explore green energy alternatives with the emphasis on the efficient use of water and electricity
- Increase partnerships with outside quota holders
- Continue to explore innovative fishing and production techniques
- Product diversification to further penetrate foreign markets
- Explore the procurement of fish species for local and international markets
- Explore the enhancement of the Group's marketing capacity
- Explore other growth opportunities that exist in the market with outside quota holders
- Continue to explore innovative fishing and production techniques
- Increase enterprise development initiatives
- Acquire a canning facility
- Acquire another fishing business

*Not included in the Outlook for 2019, but has been achieved.



More information on page 109.

CREATING SHARED VALUE FOR SUSTAINABLE OUTCOMES – continued



TECHNOLOGY

WHAT WE DO

AYO Technology Solutions Ltd (AYO) is a leading B-BBEE ICT company. AYO assists organisations to reach new heights by enriching their processes and developing industry disruptor technology solutions that enable them to be market leaders in the digitally transformed economies that they operate in.

The AYO Group consists of a number of technology companies that offer ICT services and solutions to clients that participate in a range of industries that are best served by technology that enables them to be efficient in their key capabilities. The companies are leaders in their respective niche markets, with solid client bases and have achieved high levels of sustained organic growth.

AYO, through its divisions, subsidiaries and partners, provides solutions to both the public and private sectors in South Africa and abroad, with its private sector client base comprising mostly blue-chip multinationals. The AYO Group maintains strong relationships and holds key value-added reseller or supplier agreements with principals such as Nokia Siemens Networks South Africa (Pty) Ltd, InterSystems Corporation, Cisco Systems, Microsoft Corporation, IBM and Riverbed Technology Inc., which provide the Group with continuous access to the latest technology.

The AYO Group has a strategic relationship with BT Communications Services South Africa (Pty) Ltd (BT).

STATUS PROGRESS ON 2019 OUTLOOK

- Acquired equity interest in four companies
- Signed agreements with two companies investing in disruptive financial services technology
- Expanded into the South African private healthcare ICT sector – *ongoing*
- Developed and continue to develop opportunities to become a technology provider of choice – *achieved and ongoing*
- Explored the acquisition of companies with complementary technologies and services while growing organically through new developments – *achieved and ongoing*
- Expanded into new sectors with innovative products and continued to develop a health insurance management system for the Nigerian National Health Insurance Scheme – *achieved and ongoing*
- Established strategic partnerships with respective service providers – *achieved**
- New InsOne customers and expanded their footprint in key accounts*
- New customers in Africa and abroad – *ongoing*
- Delivered sustainable returns to shareholders – *achieved and ongoing*
- Well-controlled and managed operating expenses – *achieved and ongoing*
- Increased effort in customer engagement resulted in increased revenue – *achieved and ongoing*

OUTLOOK FOR 2020

- Continue with the “Go to Market Strategy”
- Continue to explore the acquisition of companies with complementary technologies and services while growing organically through new developments
- Position the business to win significant market share in its industry and to challenge and disrupt the ICT landscape
- Attract disruptive platform businesses that provide services and solutions across the ICT spectrum
- Enhance their digital capability
- Continue to introduce agile software development to their clients
- Continue to offer market-leading digital capabilities to their clients
- Continue to develop their security offerings
- Keep abreast of the digital age through their consulting services
- Expand their infrastructure sector, offering market-leading infrastructure provisioning capabilities
- Expand product portfolio to increase revenue
- Expand into new sectors with innovative products
- Develop further opportunities to become a technology provider of choice
- Retain business won and continue to grow client base
- Further expand into new global markets
- Continue expansion in consulting service offerings in the international market and improve market positioning
- Grow product portfolio in the digital publishing and marketing sector
- Create and use a unique, consistent and persuasive consulting experience that attracts new clients and engages existing clients
- Grow the footprint of certain projects into other clients’ operations

**Not included in the Outlook for 2019, but has been achieved.*



More information on page 112.



EVENTS AND TOURISM

WHAT WE DO

This division features a cutting-edge global competitive company in events management and travel solutions. Over the past decade, the events company staged international music festivals throughout Africa and under the Cape Town International Jazz Festival brand. The festival has been named the fourth – best jazz festival worldwide. In 2016, it was voted one of the World's Best Festivals by FEST 300 and voted the Best Festival in Cape Town in the OFLOCAL 2015 poll. Included in this division is a travel and tourism company and a medium wave commercial music radio station.

STATUS PROGRESS ON 2019 OUTLOOK

- Further developed the Royal Escape Experience Brand – *ongoing*
- Secured sponsorship for existing and new events – *ongoing*
- Expanded into new markets outside South Africa – *ongoing*
- Signed an agreement with an international client to produce and manage a music event*
- Continued working on customer service in the travel business – *achieved and ongoing*
- Met performance targets in the travel sector – *partially achieved and ongoing*
- Grew the corporate client market in the travel sector – *ongoing*
- Worked towards further extending their footprint outside the Western Cape in the long term – *ongoing*
- Developed, promoted and sold outbound travel packages – *ongoing*
- Increased brand awareness and listenership in the radio business – *ongoing*
- Extended its broadcasting via programming on community stations – *ongoing*
- Increased advertising – *ongoing*
- Increased their broadcast area – *ongoing*
- Performed at various community events*
- Continued to look at joint ventures in marketing and advertising in the radio business
- Employed more people on an equal opportunity employment basis and also obtained HDP** levels of 70% as per the Independent Communications Authority of South Africa's (ICASA) licence agreement*

OUTLOOK FOR 2020

- Additional events are being planned for the jazz festival to expand their footprint
- Introduce new events to maximise its return on investment
- Acquire own venue to expand the events business
- Successfully launch new music events
- Continue to develop the Royal Escape Experience Brand
- Secure sponsorship for existing and new events
- Expand into new markets outside South Africa
- Continue to develop, promote and sell inbound packages for Southern Africa
- Evaluate prospects for acquisitions in the inbound tourism sector
- Promote and sell outbound leisure packages
- Work closely with suppliers to provide the best deals to clients
- Grow the corporate client market in the travel sector
- Continue to work towards further extending their footprint outside the Western Cape in the long term
- Develop, promote and sell outbound travel packages
- Further increase brand awareness and listenership of the radio station to create a platform for marketing
- Continue to perform at various community events
- Continue to explore joint ventures in marketing and advertising
- Extend its broadcasting via programming from Magic AM online for digital presence
- Protect the music industry to create more employment
- Explore an e-Entertainment magazine with another entity
- Continue to look for joint ventures in marketing and advertising
- Employ more people on an equal opportunity basis

* Not included in the Outlook for 2019, but has been achieved.

** HDP – Historically disadvantaged persons.



More information on page 115.

CREATING SHARED VALUE FOR SUSTAINABLE OUTCOMES – continued



HEALTH AND BEAUTY

WHAT WE DO

This division manufactures, sells and markets an extensive range of natural products for the food, agriculture, hygiene and general health sectors, and imports and distributes four cosmetic brands from Europe.

STATUS PROGRESS ON 2019 OUTLOOK

- Moved from research to commercialisation of products in the agriculture sector* – *ongoing*
- Introduced and successfully registered additional products in the ViBacSan® range*
- Introduced pre-harvest products to the local market – *ongoing*
- Added post-harvest products to the value chain in the agriculture sector
- Growth in the hygiene and sanitation sector continues to be developed – *ongoing*
- Concluded joint-venture negotiations in two sectors – *ongoing*
- Retained business – *ongoing*
- Expanded into new markets outside South Africa – *achieved and ongoing*
- Worked towards a future listing – *ongoing*
- Focused on strengthening cosmetic brands – *ongoing*
- Explored additional agencies in fragrance and make-up – *ongoing*

OUTLOOK FOR 2020

- Growth of product portfolio in the pre-harvest sector
- Continue discussions with multiple international companies
- Conclude a local manufacturing facility
- Retention of business
- Expand into new sectors and into markets outside South Africa with innovative products
- Work towards a future listing
- Focus on strengthening the health and beauty brands' presence in the market
- Introduce a skincare brand
- Explore opportunities with exclusive agencies in fragrance
- Launch exclusive agencies in fragrance
- Work towards launch of make-up to retailers
- Diversify products and markets

* Not included in the Outlook for 2019, but has been achieved.



More information on page 121.



BIOTHERAPEUTICS

WHAT WE DO

This division researches and develops biopharmaceuticals and biosimilars for commercialisation, and healthcare applications for the production of biopharmaceutical products.

STATUS PROGRESS ON 2019 OUTLOOK

- Work towards a future listing of the business – *ongoing*
- Approvals have been met for the first phase of the human clinical trials on breast cancer patients – *achieved and ongoing*
- Infrastructure and facility improvements – *ongoing*
- Immersed in research and development for the production of an additional biotech drug for humans* – *ongoing*
- Pre-clinical work on other diseases commenced for incurable tuberculosis and lung cancer – *ongoing*

OUTLOOK FOR 2020

- The Company is finalising negotiations with an international partner to add four products to their portfolio of biosimilars
- This partnership entails a technology transfer to facilitate more efficient production and final formulation which negates the need for cold chain
- Support from government to develop skills in this sector and increase employment in order to provide lower healthcare costs
- Explore an international partnership to allow scalable production to supply Africa as well as Europe
- Further explore support from two South African multinational pharmaceutical companies to market and distribute the biosimilar products
- Explore further funding for the genomics component to strengthen the health platform offering

* Not included in the Outlook for 2019, but has been achieved.



More information on page 126.



STRATEGIC INVESTMENTS

WHAT WE DO

The Group's strategic investments consist of stakes in Saab Grintek Defence (Saab), BT Communications Services South Africa (Pty) Ltd (BT) and Sygnia Ltd.

STATUS PROGRESS ON 2019 OUTLOOK

- Reviewed further business opportunities within our current strategic investments – *ongoing*
- Increased stakes in existing strategic investments – *ongoing*
- Continued to explore further opportunities in new strategic investments – *ongoing*
- Acquired further strategic investments – *ongoing*

OUTLOOK FOR 2020

- Continue to review further business opportunities within our current strategic investments
- Look at opportunities to increase our stakes in existing strategic investments
- Explore opportunities to acquire further strategic investments
- Continue to pursue opportunities in new strategic investments



More information on page 128.

VISION 2020 VISION

ORGANISATIONAL STRUCTURE



**AFRICAN EQUITY
EMPOWERMENT
INVESTMENTS
LIMITED**

**OPERATIONAL
INVESTMENTS**

**STRATEGIC
INVESTMENTS**

**RESEARCH AND
DEVELOPMENT**



**FISHING AND
BRANDS**



TECHNOLOGY



**EVENTS AND
TOURISM**



**HEALTH AND
BEAUTY**



BIOTHERAPEUTICS

BUSINESS MODEL AND STRATEGIC OBJECTIVES

CREATING STAKEHOLDER VALUE

KPIs

- Increase revenue to R1.6bn by 2020
- Increase operating profit by 2020
- Double assets by 2020
- Pay regular dividends

OBJECTIVES

- Increased revenue
- Increased profit
- Increased assets
- Increased cash generation
- Increased net asset value (NAV)

KPIs

- Employee retention
- Employee development plans
- Gender and race equality and diversity
- Further develop and promote skills development
- Employment equity

OBJECTIVES

- Attracted quality employees
- Retained employees
- Improved gender and race equality and diversity
- Employment equity
- Employee development plans

KPIs

- Pay regular dividends to shareholders
- Steady organic growth increase year on year
- Acquire new operational companies in fishing and brands and information technology, etc.
- Acquire new strategic investments
- List the fishing and brands division separately
- List the technology division

OBJECTIVES

- Paid regular dividends
- Maintained and improved on our sustainable and well-governed organisation
- Grew further organically
- Increased operational companies in the fishing and brands division and by acquisition
- Increased equity in new and existing strategic investments
- Listed the fishing and brands division in March 2017
- Listed the technology division in December 2017

KPIs

- Profile the Company regularly
- Communicate regularly with stakeholders
- Advertise regularly
- Present regularly to market analysts and institutions
- Improve overall Company performance

OBJECTIVES

- Built the AEEI brand
- Enhanced brand recognition
- Protected AEEI's reputation and value
- Increased brand visibility

VISION 2020 VISION – continued

OUR STRATEGY TO 2019 AND VISION 2020 VISION

AEEI's business model, investment approach and philosophy resulted in it acquiring control of the majority of its operational investments as well as holding a significant minority stake in its associates and minority equity in strategic investments. This enables AEEI to add value through its extensive expertise and networks, while promoting a cascading entrepreneurial culture from management down to all our employees. Through our assets and investments, we drive the businesses to become efficient on a sustainable basis, which generates revenue, dividends and cash flow to support the Group as a whole.

The Group's businesses remain on track to deliver on its growth plans and goals towards achieving its Vision 2020 Vision strategic plan for the 2020 financial year.

Through AEEI's achievement of economic growth and its social contract, it remains one of the few companies to have consistently topped the rankings in its sectors over the past few years. As a result of AEEI being recognised for its leadership qualities in the transformation of society and its innovative business model in South Africa, the Company continues to be invited to participate in a number of global forums and multilateral organisations.

One of AEEI's key strategic objectives is to create sustainable value for all its stakeholders and to integrate sustainable development into its strategy, governance, management and reporting, with the objective of reducing the negative impact on the environment.

AEEI's financial strategy is to grow through acquisitions and to leverage the existing portfolio by maximising the net asset base and improving cash generation, thereby growing income sustainably and managing its costs.

AEEI's strategic approach to risk is to regularly assess whether the risk process is effective in identifying and evaluating risks and to determine whether the business operations have managed the risks in line with the Group's strategy while considering mitigation action and the overall sustainability of the business.

The Board of directors delegated the action plans to the Group's executive management for implementation with clear deliverables. The Group's executives provide feedback at the quarterly Board meetings on progress made.

The following high-level KPIs are ongoing in terms of our Vision 2020 Vision:

- Double revenue
- Increase operating profit substantially
- Increase operational cash flow significantly
- Increase NAV significantly
- Substantially increase or double total assets
- Regularly pay dividends to shareholders
- Create medium - to long-term shareholder value
- Develop positive director and stakeholder involvement in the strategy
- Build the AEEI brand
- Create employment and opportunities for employee growth
- Create a Group that leads in both profits and sustainable business practices

Listed below are the Group's achievements towards its Vision 2020 Vision:

- Group revenue grew to R2.4bn from R701m
- Normalised group profit before tax grew to R233m from R107m
- Cash generated from operations increased from R131m to R143m
- NAV increased from R5.6bn to R6.4bn
- Group assets grew to R7.4bn
- AEEI acquired additional shares in espAfrika (Pty) Ltd, resulting in the ownership changing to 100%
- AEEI acquired 76% of the ordinary share capital in Global Command and Control Technologies (Pty) Ltd in December 2018
- AEEI concluded the acquisition of an effective 80% shareholding in Saab Grintek Technologies (Pty) Ltd in February 2019, now known as SGT Solutions (Pty) Ltd
- Fishing and Brands:
 - Listed the fishing and brands division in March 2017
 - Acquired a 50.31% stake in Talhaldo Fishing Enterprises (Pty) Ltd in 2018
- Technology:
 - Listed the technology division in December 2017
 - Acquired a 55% stake in Sizwe Africa IT Group (Pty) Ltd through its subsidiary AYO
 - Acquired a significant minority stake in Vunani Group Ltd through its subsidiary AYO to support a fintech-focused joint venture
- A significant reduction in debt to equity
- Solid cash management
- Payment of dividends and interim dividend
- Continued to deliver sustainable growth and clarified future investment opportunities
- Continued to build a resilient organisation for the future
- Improved return on investment by developing opportunities that can deliver medium - to long-term earnings growth
- Provided a safe and healthy workplace and strived to reduce the environmental footprint of products and operations, and supported local communities
- Engaged with and further developed a diverse supplier base and enterprise development clients
- Strengthened management systems that govern responsible operations
- Pursued partnerships with key stakeholders and formed joint - venture initiatives to promote localisation
- Identified opportunities for local manufacture and the promotion of skills transfer

- Fostered equality within our work environment irrespective of gender, race, creed and other forms of diversity
- Developed personal plans for employees and promoted performance management
- Continued to build and retain critical skills and leadership capabilities
- Further promoted skills development and learnership programmes
- Continued to drive meaningful improvement in ensuring that we have a diverse and inclusive workforce
- Continued to build leadership capacity among women
- Continued to engage with our employees at all levels, which provided us with the necessary feedback and input to improve their skills and training needs
- Ensured full compliance with the changing regulatory requirements

AEEI continues to nurture its foundation businesses and sustain the momentum of its Vision 2020 Vision. The Group continues to support the development of a positive public attitude through increased innovation, the stimulation of green enterprises, upskilling new and existing employees and managers, investing in research and development, and developing research centres relevant to our industry and intellectual property. The achievement of excellence in the execution of our investments also sustained and improved our competitive advantage.

VISION 2020 VISION – continued

OUR COMMON VISION AND COMMON OBJECTIVES

OUR SHARED VALUES

To our Group, shared values mean understanding stakeholder expectations and societal needs, and communicating through stakeholder engagements.

WE ARE DRIVEN BY OUR VALUES

RESPECT AND TRUST



To always respect and trust fellow employees, customers, partners and all stakeholders.

PEOPLE



To always respect fellow employees, partners and all stakeholders. To provide sustainable employment opportunities for our employees and others as well as a safe and secure working environment. To develop, attract and retain the correct skills and structures to meet and support our strategic growth.

INTEGRITY



To always act with integrity in whatever we do based on our values, principles, Code of Ethics and Code of Conduct.

ACCOUNTABILITY



To have responsible and accountable leaders who address the expectations of diverse stakeholders and who embrace their responsibilities with efficiency.

STAKEHOLDERS



To serve our stakeholders through good corporate governance, value creation and affordable products and services.

COMMITMENT



To deliver on our promises and add value beyond expectations.

INVESTMENT



To stimulate investment in the areas of green enterprises, social innovation and societal development.

OUR COMMON OBJECTIVES

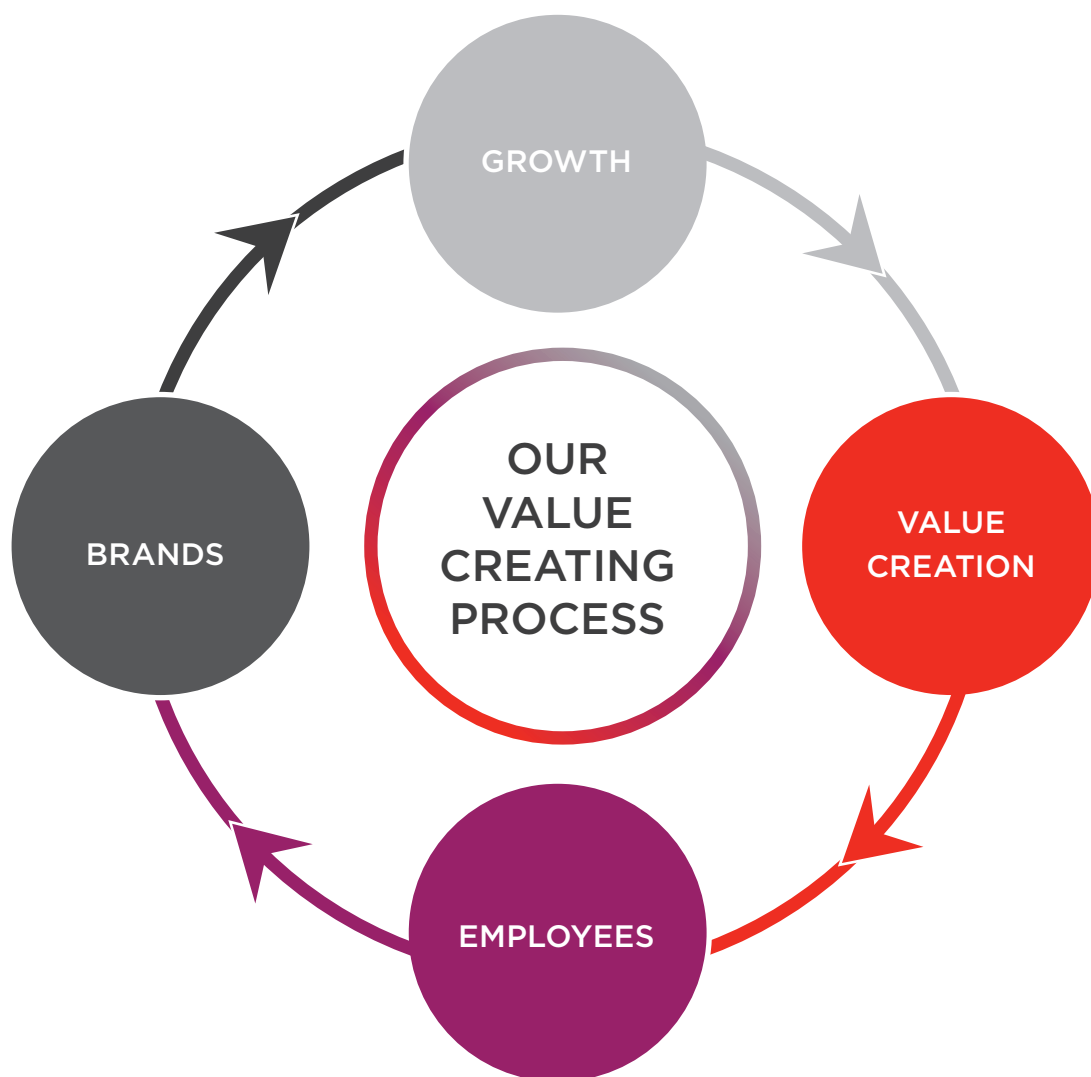
To sustain profitability by partnering with communities and government in a social contract to achieve economic growth, and providing more South Africans with access to this growing prosperity.

OUR COMMON GOAL

To ensure that the Group delivers long-term value to all its stakeholders; increases shareholder wealth, economic transformation and the development and upliftment of social communities; and builds long-term stakeholder relationships.

OUR INTEGRATED VALUE CHAIN

The Group continuously assesses innovative ways to sustain its existing businesses by adapting to changing environments, and through our acquisition and new business development approaches. With our risk-management approach and the impact of changing markets, competitors and the economic environment, management is constantly aware of how the Group can improve sustainability through constant change.



VISION 2020 VISION – continued

VALUE CREATION USING THE SIX CAPITALS

When making decisions on how to manage and grow our businesses, AEEI takes into account the six capitals, including the resources required. These are critical to AEEI's ability to create value. AEEI uses the input of each capital for the effective production and delivery of products and services, thereby creating value for our stakeholders.

 <p>FINANCIAL CAPITAL</p> <p>Creating and sustaining shareholder value and funding growth projects through the responsible use of access to capital, cash generated, use of assets as well as investing in strategic investments</p>	 <p>HUMAN CAPITAL</p> <p>We aim to provide a safe and healthy workplace with equal opportunities by addressing the shortage of skills, productivity, race and gender diversity, and excellence through employee retention, training and skills development</p> <p>We want our employees to be proud ambassadors</p> <p>Continue to develop personal growth plans for employees and promote performance management</p>	 <p>MANUFACTURED CAPITAL</p> <p>Having leading facilities, providing quality products and services and capital investment in our businesses to enable them to operate assets safely and reliably</p> <p>Continuously innovate to deliver sustainable solutions and capacity to accommodate expansion</p>
 <p>INTELLECTUAL CAPITAL</p> <p>Retaining our intellectual capital, which includes our unique customer solutions, brands, knowledge-based assets, patents, copyrights, software, licences, protocols and procedures</p> <p>Maintaining and forming new strategic partnerships, and being an empowerment partner of choice</p>	 <p>SOCIAL AND RELATIONSHIP CAPITAL</p> <p>Attaining this capital through effective stakeholder engagement initiatives and being leaders in transformation and social responsibility</p>	 <p>NATURAL CAPITAL</p> <p>Doing business in an environmentally friendly manner</p> <p>Responsibly using natural resources, putting effective environment management systems and long-term goals in place to reduce carbon emissions, and water and electricity usage</p>

OUTCOMES FOR OUR STAKEHOLDERS

The Board and executive management → evaluated risks → assessed the impact on our material matters → and evaluated the impact on our strategic priorities.

OUR INTEGRATED REPORTING MODEL

AEEI's strategy is to create sustainable value for all shareholders and stakeholders and to ensure that the Company remains attractive to investors by optimising shareholder returns. AEEI's sustainable value creation goes beyond short-term profitability and takes into account the broader economic, social and environmental factors.

Our approach to addressing these matters is to prioritise those most important to achieving sustainable businesses in the medium to long term.

We have identified strategic enablers in order for us to execute our business model and achieve sustainable value creation. (📄 - Principle 4)

SOUND CORPORATE GOVERNANCE

Stakeholders can only derive full value from a business that is founded on integrity, honesty, accountability and respect. With the significant corporate governance developments during the year and taking into account emerging global trends, AEEI's improved focus makes it easier to manage our business transparently, ethically and with good governance.

The Board strives to ensure that AEEI is governed effectively, with integrity and in accordance with sound corporate governance practices. Our diverse Board enables an environment in which varied views can be exchanged as a result of the mix of skills, experience and backgrounds of all of the directors interacting as a unitary working group.

AEEI can be a sustainable business only if we continue to deliver on our promise to promote good corporate governance, which is an integral part of our business model, which is built on delivering good governance outcomes in terms of an ethical culture, effective control, good performance and legitimacy. Our sound governance platform is embedded in our DNA and corporate culture. (📄 - Principle 6)

EMPLOYEE DEVELOPMENT

The Group continued to instil a culture of excellence and opportunity for all employees and to make them proud ambassadors for AEEI. (📄 - Principle 14)

Our employees are critical to our success and sustainability. Growing talented employees into new roles remains a core objective. Learnership programmes give impetus to employee development within AEEI.

Together with financial capital, our employees are our single most important resource. It is important for AEEI to attract and retain the right calibre of people, to keep them motivated in a safe, supportive working environment, and to remunerate them accordingly. In doing so, AEEI continued with training and development during the year and ensured that employee development plans are in place for the retention of employees.

SOCIETY

In order to remain sustainable as a business, we continually contribute towards social and economic development and develop partnerships that enhance our long-term viability in a stable and growing economy.

In order to create an enabling environment and develop and enhance markets for our products, we were proactive and responsive to our stakeholders' interests and ensured that we implemented best practices when it came to responsible investing. Our aim is to invest in businesses that have a sustainable approach to doing business. (📄 - Principle 3)

ENVIRONMENT

AEEI's carbon emissions are low and we have a very low direct impact on the environment, but we are affected by the environment in which we operate and how climate change affects our business. We commit our businesses to a journey of responsible environmental stewardship. We acknowledge that a stable economy and a sustainable business require a sustainable environment.

AEEI and our various business units are not considered to make a particularly heavy demand on the natural environment. However, businesses in the Group are committed to being industry leaders and adding value to their services by implementing sustainable business practices that minimise the impact that their operations have on the environment. Environmental commitments are an integral part of their day-to-day activities. Our fishing and brands division works closely with the relevant authorities to safeguard various fish species and pays careful attention to the environmental impact of their operations. (📄 - Principle 3)

VISION 2020 VISION – continued

OUR FUTURE OUTLOOK AND PRIORITIES FOR 2020

- Execute our strategic agenda in line with our Vision 2020 Vision
- Increase revenue and operating profit
- Deliver sustainable returns to shareholders
- Drive organic growth
- Focus on pursuing selective acquisitions
- Maintain a strong stakeholder focus
- Further expand into new markets outside South Africa and Africa, and grow our business through greater collaboration with our associates and strategic partners
- Drive greater strategic alignment between our businesses for greater operational coordination
- Leverage the Group's combined power to further achieve efficiencies and growth
- Increase efforts to share skills and experience between our businesses
- Continue to promote responsible business practices and governance throughout the Group
- Continue building a culture of excellence, which our employees are proud to belong to
- Further build brand awareness
- Practise responsible environmental management by monitoring, managing and reducing our direct and indirect impacts on the environment
- Narrow the gap between the rich and poor through our business initiatives, social development programmes and innovative leadership
- Create employment opportunities
- Continue to explore innovative business practices
- Work towards listing the other divisions in the Group
- Explore additional agencies and joint-venture partnerships
- Expand product portfolios

OUR KEY STAKEHOLDER ENGAGEMENT AND RELATIONS

Sustainable value creation depends on continuous and successful engagement with our stakeholders.

AEEI appreciates the role of its stakeholders and remains committed to nurturing impactful relationships that deliver mutual benefits and encourage transparent, objective and relevant communication. The Group recognises that its businesses are one of the stakeholders in the socio-economic and environmental system. It is essential for the Group to compete successfully in an increasingly complex and ever-changing business environment and to systematically bring about the change needed for sustainable development. We have built and continue to maintain trust and respect with our various stakeholders, thus ensuring a positive impact on our reputation.

AEEI places great value on our high standards of ethics, communication and transparency of information in terms of the Promotion of Access to Information Act, 2000 (No. 2 of 2000) (Promotion of Access to Information Act), Protection of Personal Information Act, 2013 (No. 4 of 2013), and other regulations and directives relating to the dissemination of information.

We have identified stakeholder groups with whom we engage in a structured manner. Refer to key stakeholders on pages 85 to 92 for full details.

We addressed essential risks and opportunities and responded timeously and appropriately to issues raised in our interactions with our various stakeholders.

( - Principle 16)

OUR VALUE ADD

A measure of the value created by the Group is the amount of value added by its diverse activities to the cost of raw materials, products and services purchased. Refer to our value-added statement on page 93 for full details.

MATERIALITY ASPECTS AND OUR RESPONSE TO STAKEHOLDERS' INTERESTS

OUR MATERIAL MATTERS

AEEI's material matters are those challenges and opportunities that could substantively affect the Group's ability to create sustainable value over the short, medium and long term for our stakeholders.

We identified our material matters in terms of relevance from the risk assessment process. This process includes uncertain events which have a potentially negative effect on the Group, i.e. opportunities not materialising. It also takes into account the legitimate and reasonable needs, interests and expectations of all material stakeholders in the execution of the Board's governance role and responsibilities and in the best interests of the Group.

AEEI focused its reporting on sustainable development and those directly affecting the Group's ability to create value as well as the Group's impacts and responses to the expectations of its stakeholders.

DEFINING OUR MATERIAL THEMES

INTERNAL FACTORS

- Strategic focus areas and KPIs
- Group policies, values, Code of Conduct and Code of Ethics
- Board discussions and engagement with senior executives
- Issues raised through stakeholder engagements
- Risk management process

EXTERNAL FACTORS

- Regulatory requirements
- Economic, environmental, global and socio-political developments
- Reporting frameworks
- GRI reporting
- Responsible investments

MANAGING OUR MATERIAL MATTERS

PROCESS	The process of managing our material matters
IDENTIFICATION	Through a formal process by each Board committee, including executives in the Group, material matters were reviewed and identified in terms of relevance, including information from meetings, engagements with key stakeholders, industry developments, regulations and economic research
PRIORITISATION	We prioritise our material matters based on their potential impact
VALIDATION	Management evaluates the potential impact as well as AEEI's risk tolerance and implements strategies to mitigate against negative outcomes
REPORTING	Management provides updates at each Board and committee meeting, in formal communications with employees, through interactions with regulatory bodies and in shareholder reports
MONITORING	Executive review and audit and risk committee oversight. Management continuously monitors and evaluates against performance and in consultation with stakeholders

VISION 2020 VISION – continued

The following material matters were identified:



MATERIAL MATTER: FINANCIAL

MATTERS

- Responsible use of capital generated to ensure a healthy financial position
- Asset efficiency
- Listed our technology division on the JSE
- Growth of businesses through associates and strategic investments
- Shareholder returns

RELEVANCE

- Execution of our Vision 2020 Vision requires the successful integration of our acquisitions and strategic investments
- AEEI requires long-term shareholders that understand our businesses and support our strategy

STRATEGY COMPONENT

- Double revenue by 2020
- Maximise growth and income sustainably
- Increase operating profit, cash flow and assets
- Create medium - to long-term shareholder value
- Cost containment

STAKEHOLDERS

- Shareholders
- Providers of capital
- Strategic partners

GOVERNANCE STRUCTURE

- Board
- Executive committee
- Audit and risk committee
- Investment committee

REPORT SECTION

- Chairperson's report
- CEO's report
- CFO's report
- Strategy
- Vision 2020 Vision

COMBINED ASSURANCE:

Operational reviews, risk management, audit and risk committee, and internal and external assurance of financial information



MATERIAL MATTER: HUMAN CAPITAL

MATTERS

- Employee recruitment and retention of key skills
- Remuneration and employee recognition
- Employee job satisfaction and diversity
- Training and development of employees
- Employee health and safety
- Diversity and cultural transformation
- Labour productivity and efficiency
- Labour costs
- Management retention and succession

RELEVANCE

- Human capital is a key input in the Group's cost efficiency and competitiveness
- Diverse human capital
- Succession plans for senior executives and management
- Retention of key skills

STRATEGY COMPONENT

- Create employment and opportunities for employee growth
- Develop the human capital strategy, key relationships and monitor progress against KPIs and targets
- Create a company that leads in both profits and sustainable business practices

STAKEHOLDERS

- Shareholders
- Customers (existing and potential)
- Suppliers
- Government
- Employees and trade unions
- Regulatory bodies
- Industry bodies
- Consultants
- Service providers

GOVERNANCE STRUCTURE

- Board
- Remuneration committee
- Executive committee
- Social, ethics and transformation committee

REPORT SECTION

- Remuneration
- Human capital
- Social, ethics and transformation

COMBINED ASSURANCE:

Regular management review, policies and procedures, remuneration committee, and social, ethics and transformation committee functions

VISION 2020 VISION – continued



MATERIAL MATTER: BUSINESS OPERATIONS

MATTERS

- Capital investment in our businesses
- Stimulate economic growth by investing in small business development
- Risk and capital requirements
- Quality products and services
- Provide and maintain high-quality infrastructures

RELEVANCE

- The Group's strategy is to minimise risk through diversification, best practice manufacturing processes and managing customer relationships
- Exchange rate volatility may have an impact on business performance
- The uncontrollable costs of diesel and electricity
- Labour strikes and salary demands
- Interruptions to operations due to natural disasters
- Cybersecurity

STRATEGY COMPONENT

- Develop strategy
- Monitor and execute strategies
- Balance in the business
- Focus on costs
- Stimulate growth with SMMEs
- Grow and secure product range and market share
- Launch new products and services

STAKEHOLDERS

- Shareholders
- Customers
- Government
- Employees
- Trade unions

GOVERNANCE STRUCTURE

- Board
- Executive committee
- Investment committee
- Audit and risk committee

REPORT SECTION

- CEO's report
- Vision 2020 Vision
- CFO's report
- Responsible investments

COMBINED ASSURANCE:

Operational reviews, investment committee, and audit and risk committee functions



MATERIAL MATTER: MACROECONOMIC

MATTERS

- Shareholder satisfaction
- Return on investment
- Socio-economic stability in key markets
- Alternative technologies
- Competitors

RELEVANCE

- The Group's strategy is to minimise risk through its diverse portfolio
- Strategic investments
- Changes in the economic landscape
- Not achieving investment targets
- Failure to innovate in areas critical to our clients

STRATEGY COMPONENT

- Diverse portfolio of investments
- Strategic investments
- Organic growth of portfolio
- Growth by acquisition
- Listed the fishing and brands division
- Listed the technology division
- List the biotechnology division
- Increase business into other sectors
- Further expansion into Africa

STAKEHOLDERS

- All stakeholders

GOVERNANCE STRUCTURE

- Board
- Executive committee
- Investment committee
- Audit and risk committee

REPORT SECTION

- CEO's report
- Vision 2020 Vision
- Responsible investments report

COMBINED ASSURANCE:

Operational reviews, investment committee, and audit and risk committee functions

VISION 2020 VISION – continued



MATERIAL MATTER: NATURAL CAPITAL – THE ENVIRONMENT

MATTERS

- Energy consumption
- Water usage
- Carbon footprint
- Environmental impact
- Environmentally friendly products

RELEVANCE

- Our aim is to ensure that we actively manage our impact on the environment through an effective environmental management system for waste, water and electricity

STRATEGY COMPONENT

- Capital has been allocated to address the Group's long-term goals
- Create a company that leads in both profits and sustainable business practices
- Reduce the negative impact on the environment
- Green energy alternatives
- Produce environmentally friendly products

STAKEHOLDERS

- Shareholders
- Customers (existing and potential)
- Suppliers
- Government
- Employees and trade unions
- Regulatory bodies
- Industry bodies
- Consultants
- Service providers

GOVERNANCE STRUCTURE

- Board
- Executive committee

REPORT SECTION

- CEO's report
- Environmental sustainability (responsible investments report)
- Social, ethics and transformation report

COMBINED ASSURANCE:

Management review, audit and risk committee function, internal audit, policies and procedures



MATERIAL MATTER: SOCIAL AND RELATIONSHIP CAPITAL

MATTERS

- Compliance with laws and regulations
- Ethical and transparent leadership
- Governance
- Social community and economic development
- Transformation
- B-BBEE
- Collaborative stakeholder engagement
- Corporate social investment
- Support independent SMMEs

RELEVANCE

- AEEI's business depends on close relationships with key stakeholders
- Government is an important industry stakeholder for most of our businesses
- Incentive programmes

STRATEGY COMPONENT

- Compliance with laws and regulations governing our diverse business portfolio as some business units depend on this
- Adhering to ethical standards and avoiding corruption
- Adhering to good corporate governance in the Group
- Maintaining an acceptable B-BBEE accreditation
- Meeting transformation targets
- Creating value through social investment
- Promoting social and economic development by assisting SMMEs
- Effective risk management and compliance

STAKEHOLDERS

- All stakeholders

GOVERNANCE STRUCTURE

- Board
- Executive management
- Social, ethics and transformation committee

REPORT SECTION

- CEO's report
- Corporate governance report
- Risk management report
- Social, ethics and transformation committee report
- Sustainability report

COMBINED ASSURANCE:

Management review, policies and procedures, social, ethics and transformation committee function

(- Principle 4)



For more information refer to the sustainability report on page 9.

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NON-EXECUTIVE CHAIRPERSON'S REPORT

DEAR SHAREHOLDER

African Equity Empowerment Investments limited (AEEI) is on a positive trajectory and well positioned for further growth.



INDEPENDENT NON-EXECUTIVE CHAIRPERSON'S REPORT – continued

I am honoured to be officially addressing our stakeholders for the first time as the newly appointed non-executive chairperson of the AEEI Board of directors.

I wish to express the Board's gratitude to our outgoing independent non-executive chairman, Reverend Dr Mehana, for enabling the seamless transition of chairmanship and for his unselfish and unwavering support to the Group. Despite the challenging times, our resilience, focus and diligence have safeguarded the Group. Furthermore, our dedicated team of employees ensures that AEEI remains cash generative, is financially stronger and continues to grow stakeholder value.

I must admit that our operating environment has been especially tough this year. However, I will err on the side of optimism by predicting that the impact of the economic downturn and global climate change will reach an even keel over the next year or two.

I believe that one's team takes its lead from the top, so by being optimistic one can lead through daunting conditions with the utmost confidence that there will be an upturn in the very near future.

KEY BOARD FOCUS AREAS FOR THE 2019 FINANCIAL YEAR

AEEI's resilience in uncertain times is testimony to its value system and work ethic that have stood the test of time for the last 21 years – since its listing on the JSE in 1999. Reflecting on our key focus areas, I would like to highlight the following:

- Our Group's financial year-end results reflect a growth in revenue as well as a substantial growth in our asset base.
- AEEI has been awarded a Level 1 B-BBEE accreditation.
- AEEI's stringent application of good corporate governance practices.
- The fishing and brands division has shown growth despite a reduction in the Total Allowable Catch (TAC) rates for the west coast rock lobster; the Department of Agriculture, Forestry and Fisheries (DAFF) will be announcing the TAC rates for the fishing industry in early 2020.

- The technology division has come out strong with positive cash flows due to its planned achievement pipeline, acquisitions made during and post the financial year-end as well as through organic growth. The acquisitions were lucrative and complement the current ICT products and services which this division offers to its clients.

VISION 2020 VISION TO VISION 2025 VISION

A key feature of our 2019 financial year has been the significant progress and achievements we have made in executing our Vision 2020 Vision strategy to become the leading diversified company in South Africa that creates superior stakeholder value and empowers people through profits and performance.

Our 2019 performance is testament to the broader Group rallying together to drive continued optimisation and efficiency of our operations while growing a sustainable cash flow and value for our shareholders.

Our Vision 2020 Vision strategy is underpinned by our diverse portfolio and is reflected in our results. This growth strategy has laid a strong foundation for the next phase of the AEEI Group's evolution. Eager about the next exciting phase for AEEI, we are already considering our Vision 2025 Vision strategy.

The Group now has a more diversified asset/product base to reduce risk exposure and to secure access to distribution channels nationally and internationally, which will enable value creation for our shareholders.

TRANSFORMATION

We continue to drive the South African transformation agenda across our value chain. This, combined with diversity and a sense of responsibility to facilitate job creation and empowerment of the previously disadvantaged, are essential to the sustainability of AEEI.

I am delighted to mention that records indicate that AEEI has played a part in carving the way for our future nation through its skills development and corporate social responsibility programmes, which are implemented throughout the country but especially in the communities in which we operate.

During the year, we renewed our focus on critical skills and leadership capability development as key enablers to build a resilient organisation for the future. We continued to invest in sponsored study programmes and in learning programmes, which include leadership, career and succession development plans.

To secure a pipeline for the future, we invested significantly in our employees through skills development and training, ranging from basic literacy to health and safety training as well as further training, to ensure our employees and professionals remain on top of their game.

The empowerment of women remains a key focus area, and our skills development programmes are designed to secure the critical and scarce skills required to operate our divisions and deliver long-term growth ambitions. I am delighted to announce that we have increased the number of women employed within the Group – not only on the ground but from middle management to executive positions.

In addition to this and related to transformation, we recognise that it is imperative to continue with the adequate upskilling of our employees and the communities within which we operate through skills development and training programmes. We remain focused on reducing our carbon footprint, and being aware of practices which our teams may implement to ensure safe and sustainable fishing in our oceans.

Culture, underpinned by our values, is essential to support us in achieving our goals and transformation aspirations. To this end, we will continue to further embed the behaviours that support our transformation objectives in all our divisions.

Read more on pages 19 to 24 of the online Sustainability Report.

OUR EMPLOYEES

Our employees are fundamental to the success of the Group, and I must acknowledge that it is because of the resilience and diligence of our values-driven, high-performing employees that we are able to create value for our key stakeholders.

We strengthened our relationships with labour unions, which required a review of the broader employee relations landscape and the adoption of a more integrated approach across all stakeholder groups, aimed at achieving greater employee engagement and ensuring business continuity.

SUSTAINABILITY AT AEEI

At AEEI we are cognisant of our material sustainability focus areas and their impact on our stakeholders. Stakeholder engagement at AEEI is supported by transparent and effective communication, mutually beneficial outcomes where possible, inclusiveness and integrity. We participated in initiatives to inform and ensure a best practice approach in the areas of sustainability and social impact. We actively engage with our stakeholders to ensure the achievement of the best outcomes. Read more about building relationships with our stakeholders on pages 85 to 92 of the Abridged Integrated Report.

GOVERNANCE AT AEEI

The Board strives to ensure that AEEI is governed effectively – with integrity, transparency and in accordance with sound corporate governance practices. The Group's policies, practices and charters are updated regularly to remain compliant with the relevant laws, rules, regulations, codes and standards, including but not limited to the JSE Listings Requirements. We have also embraced the inclusion of the King IV™ principles in all areas where applicable. Read more about this in the online Corporate Governance Report.

INDEPENDENT NON-EXECUTIVE CHAIRPERSON'S REPORT – continued

APPRECIATION

It is with sincere appreciation that I thank all our stakeholders for their unwavering support and confidence in me as the non-executive chairperson of the Board. Not only do they have the utmost confidence in me but also in the leadership teams who have remained steadfast in their implementation of our strategy of growth and value creation.

I would like to recognise the support and contribution of my fellow Board colleagues, who have willingly and without prejudice contributed their collective skills and experiences during the year. I wish to extend a warm welcome to the newly appointed non-executive directors and we look forward to their fresh insights and contributions.

I would also like to thank the management teams for their leadership during a challenging year. I remain confident that the executive management team will consistently drive our business strategy and not only achieve satisfactory results, but also create value in the long term for all our stakeholders.

CONGRATULATIONS

Hearty congratulations to Khalid Abdulla on achieving the organisation's goals as well as the accolades in recognition of his leadership, skills, insight and commitment to realising the potential of our Group. A special word of thanks to the executive management team and all our employees in the Group, without whom we could not have achieved such growth.

I look forward to chairing the Board through the next exciting growth phase of AEEI.

Thank you.



Mrs Aziza Amod

Non-executive chairperson

CHIEF EXECUTIVE OFFICER'S REPORT

**VISION 2020 VISION
DURING A TURBULENT YEAR**



CHIEF EXECUTIVE OFFICER'S REPORT – continued

It gives me great pleasure to present the AEEI Group's financial results and performance for the year ending 31 August 2019. It is an honour to announce that not only did we achieve our strategic objectives but we also exceeded our growth targets for the financial year, which means we continue to create value for all our stakeholders. Initiatives throughout the Group have resulted in a set of excellent results and year-on-year growth, despite the trying market conditions.

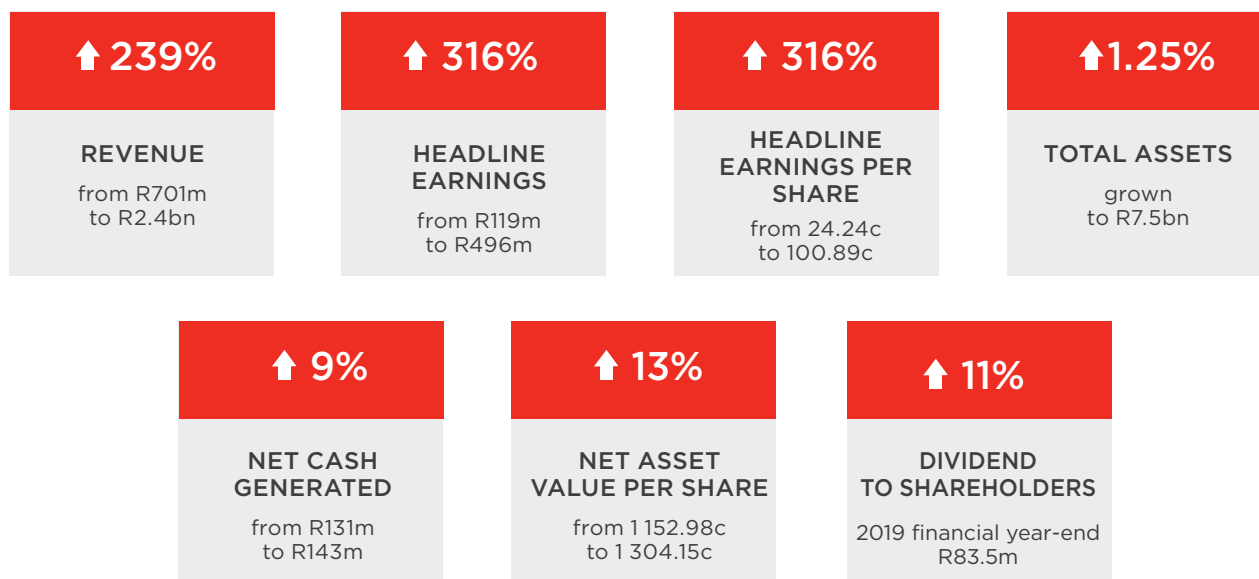
South Africa's Investor Rating, which is teetering on the edge of Ba1 (Non-Investment Grade as per Moody's), opportunities and threats presented by the Fourth Industrial Revolution (4IR), anomalous weather conditions, lack of dependable basic services (electricity, transport, housing and water), significant increases in fuel and other consumables, and an upsurge in local social unrest have affected most companies, and AEEI is no exception.

Over the next few decades, most of the challenges mentioned above will be overcome and should transform the world into a more prosperous one for some. The combination of challenges together with political change and economic stability will create unprecedented challenges but also opportunities that we can only imagine and explore at the appropriate time.

Fortunately for AEEI, we recognised that these challenges may increasingly impact our business, hence we have been proactive by implementing mitigating plans to manage a sustainable business, create shareholder value and provide for additional employment-creating opportunities, while remaining mindful of our primary goals of transformation, sustainability and value creation for all stakeholders.

BY THE NUMBERS

Despite the challenges we faced during the 2019 financial year, AEEI has produced an admirable set of results:



"You must be the change you wish to see in the world." – Mahatma Gandhi

Embracing "change" (which is defined as an act or process through which something becomes different and may cause transformation) is what makes AEEI such a resilient powerhouse. This year was an unduly turbulent year for AEEI and its subsidiaries, shareholders and stakeholders.

This financial year has seen excellent performances from our operational subsidiaries, all of which, in their own way, have contributed positively to our year-end results. We continue to build on our objectives as set out in our Vision 2020 Vision growth strategy, and I am proud to announce that with a few more months to go to the 2020 financial year-end, 99% of our strategy has already been met and in most instances exceeded.

PROGRESS ON VISION 2020 VISION

In 2015, we set out a growth strategy called Vision 2020 Vision, whereby we set out a roadmap to achieve financial and non-financial targets. The following objectives encompassed the Vision 2020 Vision:

- Double revenue: Revenue increased substantially by 257% over five years from R672m in 2015 to R2.4bn in 2019
- Increase normalised profit before tax: Increased substantially by 197% from R78.4m in 2015 to R233m in 2019
- Increase operational cash flow: Significantly increased by 180% from R51m in 2015 to R143m in 2019
- Increase NAV: Significantly increased by 696% from 163.75c in 2015 to 1 304.15c in 2019
- Double total assets: Total assets increased by 455% from R1.3bn in 2015 to R7.5bn in 2019
- Separate listing of the technology and food and fishing businesses: AEEI successfully listed both AYO Technology Solutions Ltd and Premier Fishing and Brands Ltd during 2017
- Regular payment of dividends to shareholders: Since 2015, regular interim and final dividends were paid to shareholders, amounting to over R230m since 2015
- Create employment: We increased our employee headcount from 618 in 2015 to more than 6 000 (direct and indirect employees) in 2019

WELCOME

On behalf of AEEI, I would like to congratulate all our new Board members on their appointments and especially our new non-executive chairperson, Mrs Aziza Amod, as we start to build momentum for our next growth phase.

On behalf of AEEI, I would also like to thank Reverend Dr Mehana for his astute custodianship as chairperson of the Board during the time he held this position and for the many years of guidance and service he provided to AEEI. We truly appreciated his input and guidance. We wish him success in his future endeavours.

WHAT SETS US APART

In the context of our business, we cannot afford to become complacent and at AEEI there is no room for mediocrity. We need to maintain our competitive market advantages and build on what sets us apart:

We have neared completion of our Vision 2020 Vision strategy and implementation plan defining clear short-, medium- and long-term business strategies.

We have a diversified business portfolio built on solid empowerment credentials and return on investment including:

- Level 1 B-BBEE accreditation with 73.55% black ownership and 39.39% black female ownership
- We are a B-BBEE partner of choice, with solid empowerment credentials and return on investment
- We have sustainable and organic growth while containing costs and driving efficiencies
- We have a strong brand, credentials and proven delivery with a successful track record and excellent business reputation
- We have a strong management team and experienced executives leading our business units with a hands-on approach in our business development strategy
- We have a strong risk-based management of investments, associates and a strategic investment portfolio with low debt and gearing ratios
- We have been rated as one of the JSE's most transformed companies with a proven track record of financial performance, transformation, culture and results
- In 2019, AEEI was awarded the winner of the Top Most Empowerment Companies in the Generic and Financial Services Sectors as well as an award for Top Most Empowered Management.

SUSTAINABILITY

AEEI is aware of and appreciates the evolution of governance and that the Group's core purpose, robust business model, performance, risks, opportunities and sustainable development are inseparable elements of the value-creation process.

At AEEI, we do not consider the 4IR to be the panacea to Africa's problems. The 4IR is being heralded as the answer to the continent's socio-economic woes, but understanding just what the 4IR is and what the positive and negative impacts the 4IR could have on the future have not yet been fully considered nor disclosed. Although the 4IR promises exciting potential for the continent, this potential should be seen through a responsible lens.

In my opinion, I see that technology, when conscientiously applied, can alleviate a broad range of our current, everyday problems. Indeed, the 4IR does not have the power and potential to raise global income levels and improve the quality of life for everyone, but how could it translate into business opportunities for AEEI and other companies actively participating in the 4IR, which would then filter down to employment creation and poverty alleviation – this is the imperative.

CHIEF EXECUTIVE OFFICER'S REPORT – continued

Like every responsible forward-thinking leader, I know that now is the time to further invest in people, skills development, innovative ideas and idea generators to provide AEEI with the best long-term returns.

It is quite an exhilarating time to be in business right now. The prospect for technology to change people's lives for the better is extraordinary. Equally so, for doing better business.

The Earth's natural resources are said to be running low. In a few years, our world as we know it will be different. This is a world where corporate responsibility is not just a nice-to-have but it is a business imperative. It is characterised by a strong social conscience, a sense of environmental responsibility, a focus on diversity and human rights and a recognition that business has an impact that goes well beyond the financial.

Refer to our online Sustainability Report.

REVIEW OF OUR OPERATIONAL INVESTMENTS

“When the world is in the midst of change, when adversity and opportunity are almost indistinguishable, this is the time for visionary leadership and when leaders need to look beyond the survival needs of those they're serving.” – Chip Conley

FISHING AND BRANDS DIVISION

Premier Fishing and Brands Ltd (Premier or the Premier Group) performed well this year, with total revenue increasing by 17% from R491m to R574m. Cash generated from operations increased from R91m to R124m and property, plant and equipment increased by 31% from R310m to R408m. Premier increased its abalone stock holding to 161 tons from 144 tons in the prior year and continued to produce spat at an average monthly production of 200 000 animals per month. They continued to extract synergies from their acquisition of Talhado Fishing Enterprises (Pty) Ltd since the prior year which is reflected in their results.

This year, Premier achieved a Level 1 B-BBEE accreditation, ensuring that we remain focused on and committed to promoting B-BBEE.

Premier's achievements:

- A proud Level 1 B-BBEE contributor
- The Board comprises 100% historically disadvantaged individuals
- Voting rights of black people is 74.16%
- Woman represent 35.41% of the Premier Board and executive management.

Another key area for this division is its intensified focus on sustainable fishing, with an awareness of the over-exploitation and depletion of fish stocks and the heightened increase in poaching of rare fish species.

For Premier to make an impact on biologically sustainable fishing, they are encouraging local and international collaboration, which is a tall ask. Sustainable fishing is vital for the survival of fish species as well as a source of food for all beings.

Premier is well positioned for growth over the next two years to further unlock shareholder value by exploring innovative fishing and production techniques, increasing their partnerships with outside quota holders, diversifying their product range and increasing production capacity at the abalone farm.

Read more about our fishing and brands division on pages 109 to 111 of this Abridged Integrated Report and pages 4 to 14 of the online Responsible Investments Report.

TECHNOLOGY DIVISION

AYO Technology Solutions Ltd (AYO) delivered excellent organic and acquisitive revenue and profit because of the strong contributions from all the underlying operations and investments under its control.

AYO's revenue increased to R1.6bn and profit before tax increased to R123m.

The AYO Group leverages its group-wide capabilities and strategic partnerships to deliver end-to-end digital and technology solutions to multiple industries in both the public and private sectors in South Africa as well as in Africa.

AYO continues to drive its planned acquisition strategy and has set its sights on obtaining new contracts with other multinational companies as it builds on its platforms driven by its “Go to Market” strategy. The AYO Group achieved noteworthy organic growth during the year as a result of a contract with a multinational company.

AYO continues to focus on its acquisition strategy in order to complement and augment its current businesses. Upon completion of certain acquisitions, AYO will be strongly positioned to win significant market share in its industry and to challenge and disrupt the ICT landscape.

Read more about our technology division on pages 112 to 114 of the Abridged Integrated Report and pages 15 to 29 of the online Responsible Investments Report.

EVENTS AND TOURISM DIVISION

espAfrika (Pty) Ltd (espAfrika), the owners of The Cape Town International Jazz Festival, hosted a successful 20th Jazz Festival, and the company contributed positively to all its stakeholders. The company continues to broaden its own portfolio, with the objective of increasing stakeholder value, thereby ensuring sustainability.

It has been a challenging year for the SA tourism industry which affected Tripos Travel (Pty) Ltd (Tripos), with a resulting impact on its revenue for the year. Tripos plans to mitigate this by acquiring small to medium-sized clientele and investing more resources into the growth of their leisure and inbound tourism departments.

Magic 828 (Pty) Ltd (Magic), the only radio station that has built and is communicating via its own broadcasting mast, is built on an advertising revenue model, split between agencies and direct advertising, which is driven primarily by listenership. This relationship of listenership versus advertising revenue is evident, with both increasing by more than 40%.

Read more about our events and tourism division on pages 115 to 116 of this Abridged Integrated Report and pages 30 to 54 of the online Responsible Investments Report.

HEALTH AND BEAUTY DIVISION

The vision of Orleans Cosmetics (Pty) Ltd (Orleans) is to be a leading player in the prestige and masstige cosmetics industry in both the retail industry and in beauty salons. It intends to acquire another skincare range as well as further fragrance lines to complement its current skincare ranges.

AfriNat (Pty) Ltd (AfriNat) experienced a reduction in sales as a result of international tariff increases and local protests at ports. Strategic objectives in post-harvest and hygiene and sanitation have been put in place to address the underperformance. These are starting to show results while the company continues to engage with manufacturers to bolster its market presence and hopes to see the results in the new financial year.

Read more about the health and beauty division on pages 121 to 125 of this Abridged Integrated Report and pages 55 to 71 of the online Responsible Investments Report.

RESEARCH AND DEVELOPMENT DIVISION

Genius Biotherapeutics (Genius) has made great strides with its research and development activities as it completed the construction of a clean-room facility. The research and development division is in the regulatory preparation and process validation phase to produce erythropoietin (EPO), a biosimilar drug used to treat anaemia caused by kidney disease. It is also completing developmental work on the dendritic cell vaccine (DCV) for cancer immunotherapy and communicable diseases such as extreme drug-resistant tuberculosis.

Further developmental activities are taking place at the Ribotech facility for a second biosimilar drug called Recogen, a granulocyte-colony stimulating factor (G-CSF) used for the treatment of neutropenia as well as the production of protein-based reagents used mainly in research laboratories and industrial applications.

Read more about the research and development division on pages 126 to 127 of this Abridged Integrated Report and pages 72 to 80 of the online Responsible Investments Report.

REVIEW OF OUR STRATEGIC INVESTMENTS

The Group's strategic investments consist of minority equity stakes in SAAB Grintek Defence (Pty) Ltd (25%+1), BT Communication Services South Africa (Pty) Ltd (30%) and Sygnia Ltd. AEEI is one of the largest external shareholders in Sygnia with 1.735% equity. During 2019, AEEI disposed of its 0.75% equity stake in Pioneer Foods Ltd.

These investments performed well with regular dividends being received annually.

Read more about our strategic investments on pages 128 to 130 of this Abridged Integrated Report and pages 81 to 83 of the online Responsible Investment Report.

OUR AWARDS

AEEI was awarded the following Empowerdex Awards in 2019:

- Winner: Most Empowered Company: Generic Codes
- Winner: Most Empowered Company: Management Control
- Second Runner - Up: Most Empowered Company: Women Ownership

CHIEF EXECUTIVE OFFICER'S REPORT – continued

Despite South Africa as well as global markets having faced a precipitous economic downturn, AEEI has remained positive and focused on delivering sustainable and positive shareholder value with steadfast determination. This has been achieved through a combination of sound strategic decisions and prudent control of working capital and capital allocation, without compromising long-term benefits while also investing in training and development, safety and risk management, all of which are non-negotiables.

We are satisfied that our Vision 2020 Vision strategy, underpinned by our resilient business model, high-performance culture and steadfast focus on the fundamentals of our businesses and business model, has created a steady platform for AEEI to continue its growth and value creation for all stakeholders.

SPECIAL THANKS

“As we express our gratitude, we must never forget that the highest appreciation is not to utter words, but to live by them.” – John F Kennedy

A special thank you goes to our more than 6 000 (direct and indirect) employees – team AEEI did their best to ensure the sustainability of our business with very little distraction from outside forces and remained focused.

During this challenging time for AEEI and its subsidiaries, it is our team, associates, partners and stakeholders that we graciously thank for their unwavering loyalty and support during one of the most turbulent years of late.

WE ARE READY FOR 2020

“Success is about creating benefit for all and enjoying the process. If you focus on this and adopt this definition, success is yours.” – Kelly Kim

Enthusiastic about the next exciting phase of our growth, we are already considering our Vision 2025 Vision strategy, which will be robust yet flexible. This will surely build onto the existing solid business platform built to date.

The year 2020 is expected to be another challenging year; perhaps challenges of a different nature will face us – but whatever comes our way, I am confident that AEEI and the team are prepared and ready.

I look forward to the next phase of AEEI's growth trajectory, and I am excited about developing and implementing our next five-year strategy to 2025.

Thank you.



Khalid Abdulla
Group chief executive officer

GROUP CHIEF FINANCIAL OFFICER'S REVIEW

AEEI WRAPS UP ITS FIVE-YEAR STRATEGIC PLAN ON ITS VISION 2020 VISION

KEY FINANCIAL HIGHLIGHTS

STRONG REVENUE
GROWTH DRIVEN BY
CHANGE IN CONTROL



HEADLINE EARNINGS
INCREASED BY 316%
FROM R119M TO R496M



DIVIDEND DECLARED
INCREASED FROM
12C TO 17C PER SHARE



“We can anticipate and respond effectively because we have the foundation in place. Finance is embedded in the business and is a broad-scope function, which enables end-to-end process improvement and strong process integrity and controls.”

– Lain Macdonald, CFO, BP

CHIEF FINANCIAL OFFICER'S REPORT – continued

OVERVIEW OF THE 2019 FINANCIAL YEAR

We are in the final stages of wrapping up our Vision 2020 Vision journey. The Group separately listed both the technology and fishing and brands divisions, thus unlocking shareholder value in 2017 and 2018. This followed by several acquisitions and this led to doubling up of our revenue, cash EBIT and total assets in the five years. We concluded 2019 with a resilient performance that created consistent value for shareholders.

We succeeded in meeting most of our strategic objectives set out in our Vision 2020 Vision by achieving the visionary growth as set out in 2015 over our five-year journey depicted on pages 64 and 65. During the 2019 financial year, we continued with our acquisitive growth strategy through the acquisition of further technology businesses and utilising the capital from the fishing and brands listing to expand their businesses.

Our first strategic priority to leverage the investment portfolio – driving growth through acquisitions, was met. With the conclusion of the acquisitions of Zaloserve (Pty) Ltd, Mainstreet (Pty) Ltd and Global Command and Control Technologies (Pty) Ltd effective 19 December 2018, 28 February 2019 and 1 March 2019 respectively, we achieved our strategic objectives to grow our investment portfolio through acquisitions.

The second strategic priority was to maintain gross margins from our underlying operations and retain the Group's margins within the targeted range. A change in product and business mix resulted in our margins decreasing below the target range of 30% to 35%. However, our businesses continued to grow in volume rather than in margin. The Group's gross profit increased by 150% from R290m in the prior year to R725m in 2019.

Our third strategic priority for the Group was to improve social, governance and financial sustainability in our business in order to secure long-term growth and value creation for the Group. We continued to support an early childhood development facility – Where Rainbows Meet Training and Development Centre, to uplift the community in Vrygrond as part of our corporate social responsibility programme at AEEI.

As from 1 September 2018, the Group adopted the newly effective International Financial Reporting Standards (IFRS) standards: IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers. After the initial assessment, these did not have a material impact on the annual financial statements and only additional disclosures were included as required by the new standards.

We are delighted that transformation targets were met in AEEI as we retained our previous B-BBEE status from the prior year and maintained a Level 1 accreditation. Refer to page 20 of the online Sustainability Report for more details.

We believe that 2019 has been “business unusual” with the stakeholder scrutiny and an increase in audit and reputational risks. Yet we continued with our strategic focus to grow the businesses organically as well as through acquisitions for a sustainable future. Our investment portfolio grew by adding three additional businesses to the Group, increasing our total assets from R1.3bn in 2015 to the current R7.4bn.

After taking into consideration the once-off accounting loss and impairments, the loss before tax amounts to R2.4bn. The ordinary earnings attributable to AEEI shareholders declined to a R1.5bn loss, which translated to 304.09c loss per share. The headline earnings, which is adjusted for loss on disposal and impairments, is R495m against the prior year's R119m earnings. An increase of 316% compared to the prior year reflects exceptional acquisition growth in the financial performance of the subsidiaries. The table on page 63 sets out the normalised view of profit before taxation after excluding the non-recurring items and shows the adjusted profit achieved from the underlying divisions as R233m, an 117% increase from the prior year.

After 21 December 2018, the Group regained control over AYO Technology Limited (AYO), and subsequently consolidated AYO from the date of control as defined by IFRS 10 Consolidated Financial Statements. The change in control stemmed from AEEI's ability to direct the relevant activities of AYO based on the IFRS 10 control assessment. AEEI's investment in AYO was previously classified as an associate and was accounted for using the equity method in accordance with IAS 28.

AYO and its underlying subsidiaries were consolidated with effect from December 2018 and the disposal of the associate investment occurred at a fair value consideration of R2.3bn, realising an accounting loss of R2.4bn on the deemed disposal. The net revenue and expenses of the technology division were consolidated in the statement of profit and loss. Income from equity accounted investments includes a full year of our share of profits in BT Communication Services South Africa (Pty) Ltd as well as four months' share of profits from the technology division.

Due to the muted outlook, we adopted a prudent approach to impair the potential value in the biotechnology division. The statement of profit and loss includes a R59m impairment charge as a result thereof.

GROUP FINANCIAL PERFORMANCE

Summarised statement of profit or loss	Audited 2019 R'000	Restated Audited 2018 R'000	Var %
Revenue	2 377 368	700 691	239
Gross profit	725 313	290 499	150
Gross margin (percentage)	31%	41%	
(Loss)/profit before taxation	(2 388 102)	6 010 650	
Add back loss/gain on deemed disposal	(2 480 713)	(6 049 029)	
Add back impairments	82 573	140 319	
Fair value adjustments and other operating losses	57 871	5 414	
Normalised profit before taxation	233 055	107 355	117
Total comprehensive (loss)/profit attributable to AEEI shareholders	(1 493 605)	4 992 064	
Basic earnings per share	(304.09)	1 016.01	
Headline earnings	495 565	119 085	316
Headline earnings per share	100.89	24.24	316
Normalised headline earnings	540 073	123 297	338
Normalised headline earnings per share	109.45	25.09	339

GROUP FINANCIAL POSITION

The most significant event in the balance sheet was the consolidation of the assets and liabilities of the AYO Group of companies as this investment is now accounted for as a subsidiary at a fair value of R2.3bn. The change in control in the subsidiary is the major reason for the decrease in the ordinary equity to AEEI shareholders from R4.9bn to R3.3bn, as the decrease in value was accounted for against the statement of profit and loss.

On 26 February 2019, the AEEI Board of directors accepted the non-binding offer from Pioneer Foods Group Ltd (PFG) to repurchase 1 589 998 Pioneer Foods shares and 1 598 998 Quantum Foods Holding shares for the purchase consideration of R78.19 and R3.30 per share respectively. The proceeds were used to redeem all outstanding liabilities in respect of the A preference shares and B preference shares as well as settle all outstanding dividends on the latter shares by 27 May 2019. The financial impact on the Group of the net proceeds received from the disposal of the Pioneer Quantum Foods shares, before any tax liability, amounted to R17m.

On 30 June 2019, the technology division disposed of Acacia Cloud Solutions (Pty) Ltd, a subsidiary of Afrozaar (Pty) Ltd and AYO, for a consideration of R1.2m and realised a profit on disposal of R1.3m.

ASSETS

Non-current fixed assets increased by R197m in additional property, plant and equipment, mainly as a result of the R126m expansion of the abalone farm and vessel upgrades in the fishing and brands division as well as R106m additions from the technology division. The intangible assets increased from R277m to R293m, mainly due to the addition of R72m from the newly acquired subsidiaries and R49m of impairment from the biotechnology division. The increase in goodwill from R86m to R219m is mainly due to the acquisition of AYO and its subsidiaries.

Cash and cash equivalents increased substantially from R363m to R3.9bn at year-end. This is largely attributable to the cash included from the technology division and also includes cash on hand from all subsidiaries in the Group. Total current assets of almost R5bn includes the assets of AYO and its newly acquired subsidiaries.

LIABILITIES

The total liabilities decreased by 38% from R1 697m to R1 051m, which demonstrates the low gearing of the Group. The disposal of investments in the Group impacted the financial liabilities, which decreased from R226m to R126m and was mainly due to settlement of the preference share liability of R109m relating to the Pioneer Foods investment.

As a result of the investment in associate being disposed of, the deferred tax liability reduced from R1.2bn to R156m and is the major reason for the non-current liabilities decreasing from R1.4bn to R284m.

CHIEF FINANCIAL OFFICER'S REPORT – continued

EQUITY

The net asset value (NAV) per share increased by 12% from 1 152.98c to 1 304.15c which is underpinned by the strong asset value from the underlying investments delivering a resilient performance. Over the past five years, the NAV per share grew at an annual growth rate of 138%.

CASH FLOWS

Net cash generated from operating activities increased by 9% from R131m to R143m. Additional interest income affected the operating activities of the subsidiary operations. The strong operational performance from the fishing and brands division was offset by the cash utilised by the technology and events and tourism divisions, which reduced the cash generated from operations.

The investing activities were impacted by the business combination which amounted to R3.3bn, resulting from the change in control in AYO, together with the acquisitions in the technology division as well as the sale of financial assets. Capital expenditure of R45m was incurred for the existing fishing operations and R80m to expand the fishing operations is in line with the growth plans which played a significant part in our Vision 2020 Vision.

Shareholders were paid dividends amounting to R217m during the current year compared to R72m in the prior year, which reflects our commitment to increase

our returns to our shareholders. We are committed to reducing our debt exposure by the repayment of our financial obligations of R161m (2018: R81m) during the year.

SHAREHOLDER RETURNS

AEEI returns value to its shareholders in the form of dividends and share price appreciation. We continue to reward our shareholders and accordingly increased our total gross dividend per share to 17c per share, an 11% increase from the prior year. The Board declared a final gross dividend of 6c per share based on the 2019 financial results on 23 December 2019. The share price closed at 165c at year-end and we expect this to increase further as the Group continues to meet its strategic objectives.

Share buybacks were approved by the Board of directors and the Company bought back 317 000 shares representing 0.06% of the total shares in issue. The shares were purchased at an average price of R2.95 per share for a total cash consideration of R936 887 and this reduced our share capital from 491 339 434 to 491 022 434 shares.

OUR JOURNEY TO VISION 2020 VISION

	2015 R'000	2016 R'000	2017 R'000	2018 R'000	2019 R'000
Profit before tax	185 747	287 740	680 890	6 010 650	(2 388 102)
Normalised profit before tax	72 682	97 155	127 891	107 354	233 055
Headline earnings	152 615	211 930	466 232	119 085	495 565
Normalised headline earnings	46 210	60 651	51 008	123 297	540 073
Operating cash flows	50 794	75 377	79 532	130 814	143 144
Total assets	1 345 471	1 691 219	2 822 153	7 362 276	7 454 311
Net asset value	804 549	1 001 035	2 038 120	5 665 049	6 403 691
Net asset value per share	163.75	203.74	414.81	1 152.98	1 304.15

2015

Name change from
Sekunjalo to AEEI

Vision 2020
Vision approved

Maiden dividend paid
to shareholders

Operationalised the strategic
plans for next 5 years

2016

Most empowered and fastest
growing B-BBEE company listed
on JSE

Ranked 10th in Financial Mail's
Top 10 JSE listed companies for
Financial Performance

Increased equity stake to 25% + 1
share in Saab Grintek Defence and
acquired interest in Sygnia Ltd

MATERIAL MATTERS THAT AFFECT OUR PERFORMANCE

RESPONSIBLE USE OF CAPITAL GENERATED

The AEEI Group incurred R156m (2018: R121m) in capital expenditure, which included R116m for the fishing and brands division and R25m related to assets from the technology division. Since the technology division's listing in December 2017, the technology division acquired 55% in Zaloserve (Pty) Ltd, which holds 100% shareholding in Sizwe Africa IT Group (Pty) Ltd who have contributed R180m net assets to the Group and the other technology assets in SGT Solutions (Pty) Ltd and Global Command and Control Technologies (Pty) Ltd includes R93m in net assets.

As a result of the conclusion of these acquisitions, the Group experienced tremendous growth in revenue, and the acquisition strategy set out in the Vision 2020 Vision continues to return growth and sustainable shareholder value.

CAPITAL INVESTMENT IN OUR BUSINESSES

Investments of R80.6m were made during the year to construct the infrastructure at the abalone farm and to maintain the hatchery facility built in 2018 to grow additional animals and hold more stock. The stock holding increased by 16 tons from 145 tons to 161 tons, in preparation for the pipeline for the larger farm. The abalone division is on track to complete construction in the 2020 financial year.

espAfrika (Pty) Ltd's management restructured the business to get the maximum returns from its business. espAfrika continues to deliver its renowned Cape Town International Jazz Festival – Africa's Grandest Gathering. Further working capital was invested in Magic 828 (Pty) Ltd and Opispex (Pty) Ltd to increase revenue to obtain tangible returns in the short to medium term.

2017

Premier Fishing and Brands Ltd listed on JSE

Revenue growth of 43% to over R1bn

Acquisition of Orleans Cosmetics and Headset Solutions and Puleng Technologies in the technology division

2018

AYO Technology Solutions Ltd listed on JSE

Total assets base escalates from R2.8m to R7.3bn

Acquisition of Talhado Fishing Enterprises in the fishing and brands division

Increased production capacity of an additional 40 tons at our abalone farm

2019

Group revenue grows to R2.4bn

Regular dividends paid to shareholders and returns exceeding R200m over five years

Acquisition of Sizwe, Mainstreet and GC²T in the technology division

Employee growth increased from 618 in 2015 to 2 201 in 2019

OUR JOURNEY TO VISION 2020 VISION

CHIEF FINANCIAL OFFICER'S REPORT – continued

Our biotechnology division believes that the long-term dendritic cell vaccine project will advance the immunotherapy field in cancer treatment and further investment was made in the biotechnology division to own the intellectual property acquired from collaboration with the University of Cape Town and to commence phase 1 human trials next year.

EXTERNAL FACTORS THAT IMPACT THE GROUP'S PERFORMANCE

Experiences in the external environment such as the decline in the financial market, socio-political uncertainties and greater stakeholder scrutiny, are factors out of our control which continue to have an impact on our ability to increase stakeholder value. The weakening of the rand increased our revenue generation in the fishing and brands division with an exchange gain earned of R4.9m, and the average dollar exchange rate achieved by the fishing and brands division is 14.10 against 13.42 in the prior year.

The weather conditions are continuously monitored to get the maximum number of seaworthy days in order to increase the catch rates for the fishing and brands division. Vessel planning and scheduling is key to ensuring efficient fishing volumes so that between 90% and 100% of the division's lobster quota was caught by year-end. The diversification strategy to increase the squid division performance through acquisition enables the offset against the lower financial performance in the pelagic and abalone division.

The outcome of the fishing rights allocation process for the west coast lobster division was a decline of 44% in the total allowable catch and 4% for the south coast lobster division respectively for the 2018/2019 fishing season. Operational management continues to manage this area within their control and continues to engage with outside quota holders to increase their catch allocation.

LOOKING AHEAD

As stakeholder scrutiny into our subsidiaries and the AEEI Group continued during the year, we held ourselves accountable to act in a virtuous manner and encourage our employees to keep their heads up high and be proud ambassadors for the Group and to look ahead to return value to stakeholders by growing sustainable businesses.

"The value of a business is a function of how well the financial capital and the intellectual capital are managed by the human capital. You'd better get the human capital right."

— Dave Bookbinder

In a volatile, uncertain, complex and ambiguous world, we are required to keep up with the global and local competition and explore available opportunities to grow our investments and meet our strategic objectives. We remain committed to creating superior value for our stakeholders and improving our gross profits by reviewing the cost structures and operating efficiencies, and increasing our social, governance and financial impact on society and the economy.

APPRECIATION

I would like to congratulate all the financial teams in all the companies, subsidiaries and associates across the AEEI Group for their hard work, dedication and commitment to meet the challenging pressure to deliver quality financial information to our stakeholders. I express my thanks to our Board and executive management team for their ongoing guidance and support during a time of ever-changing events and decisions. We also thank our external auditors, BDO South Africa Inc, for their long-term service and enduring support over a span of more than two decades.

CONCLUSION

AEEI is well positioned to anticipate and prepare for rapid change as it has built a solid agile foundation to grow further by improving its profitability and delivering greater value to its shareholders. Through our focused and disciplined approach in our investment philosophy, the Group has enabled good returns from our underlying investments.



Chantelle Ah Sing

Group chief financial officer

GOVERNANCE AND SUSTAINABILITY

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AFRICA
EMPO
INVEST

CORPORATE GOVERNANCE REPORT

At AEEI, we believe that effective corporate governance is critical to delivering on our Vision 2020 Vision's strategic objectives and creating long-term value for our shareholders. Our governance framework is clear and consistent in terms of delegation of authority from our Board of directors to senior levels within our Group, and it is continuously refined.

STATEMENT OF COMMITMENT

The Board is committed to the highest standards of ethics, governance and business integrity and has adopted an integrated approach to managing the Group. This ensures that the governance structure actively identifies, communicates on and responds to material matters that impact on the Group's capacity to create value. The Board believes that it has addressed all material matters appropriately and that it fairly represents the integrated performance of the Group. The Board continuously reviews the Group's governance structures and processes to incorporate and accommodate new corporate developments, to facilitate effective leadership, to provide sustainable corporate citizenship in support of the Group's strategy, and to reflect national and international corporate governance standards, developments and best practices.

(📄 – Principle 6)

Due to the restructure of the Board during the year, the audit and risk committee was affected and was seen to be non-compliant from 18 April to 23 September 2019. As at the reporting date, the audit and risk committee is compliant.

The Board is satisfied that effective controls have been implemented and complied with throughout the Group, and that the Company fully complies with the spirit and form of the continuing obligations of the JSE Listings Requirements, King IV™ and the Companies Act.

CREATING VALUE THROUGH SOUND CORPORATE GOVERNANCE

Sound corporate governance and ethics form the foundation of AEEI's business and are pivotal in delivering long-term value to our stakeholders. AEEI has a positive association with all its stakeholders and is committed to the highest standards of ethics and business integrity in all its activities.

OUR GOVERNANCE FRAMEWORK

The Board is the principal decision-maker and is supported by various committees and the executive management team. The Board is responsible for the strategic direction of the Group's and the Company's governance framework. The governance framework supports the Company's strategic focus areas.

The Board plays a pivotal role in strategy planning and has established clear key performance indicators to measure the strategic objectives of the Company. The Board ensures that its sound governance framework will enhance good corporate governance, improve internal controls and enhance the Company's performance.

The Board has an oversight role in terms of carrying out the strategic objectives of the Company and is assisted by the necessary committees, including the executive committee, with clear terms of reference to assist in discharging its responsibilities. This flows to the subsidiaries and divisional levels to ensure that the business is provided with a structure within which management can operate effectively.



The Group's governance framework focuses on the following:

- Vision, strategy and performance
- Ethical and responsible leadership
- Finance, including budgets and forecasts
- Corporate citizenship
- Risk management
- Information technology
- Investment
- Products – quality, cost, delivery and competitiveness
- Human capital – health, safety, employee wellness and the environment
- Transformation
- Sustainability
- Stakeholder relations

As AEEI is listed on the JSE, the Company is subject to and has implemented controls to provide reasonable assurance of compliance with all relevant regulatory requirements in respect of its listing. Due to the restructure of the Board during the year, the audit and risk committee was affected and was seen to be non-compliant from 18 April to 23 September 2019. As at the reporting date, the audit and risk committee is compliant. AEEI has applied all the principles of King IV™ as set out in the online governance register. (📄 - Principle 6)

ETHICAL AND RESPONSIBLE LEADERSHIP

The Board provides effective leadership based on a principled foundation and the Group subscribes to the highest ethical standards. Responsible leadership, instilled by the values of responsibility, transparency, accountability and fairness, has been a defining characteristic of the Company since its inception.

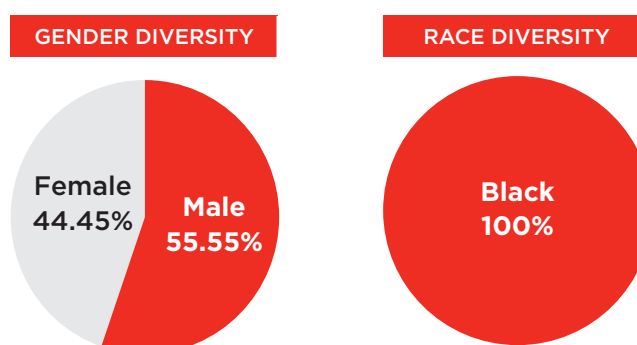
AEEI's fundamental objective has always been to do business ethically while building a sustainable company that recognises the short and long-term impacts of its activities on the economy, society and the environment.

The Group is governed by its Code of Ethics and Code of Conduct. The Code of Ethics requires all directors, management and employees to obey the law, respect others, to be honest and fair, and to protect the environment. The Code of Conduct articulates AEEI's commitment to doing business according to best practices – the right way and guided by our values. (📄 - Principles 1 and 2)

At 31 August 2019, the Board comprised of seven directors of whom five serve as non-executive directors and two as executive directors. The Board is satisfied that its composition contains the appropriate knowledge, skills, experience, independence, and race and gender diversity. The Board operates in terms of a board-approved charter and there is a clear division of responsibilities at Board level to ensure a balance of power and authority. No one individual has unfettered powers of decision-making.

The Board is satisfied that it has discharged its duties and obligations as described in the Board Charter during the year under review.

BOARD COMPOSITION – GENDER AND RACE DIVERSITY



APPOINTMENTS TO THE BOARD

As required by the terms of the Company's Memorandum of Incorporation (MOI), no director is appointed for life or for an indefinite period and the directors rotate in accordance with the provisions set out in the MOI. All directors retire from office provided that, if a director is appointed as an executive director or an employee of the Company in any other capacity, he or she shall not, while he or she holds that position or office, be subject to retirement by rotation and he or she is not in such case taken into account in determining the rotation or retirement of directors.

Appointments to the Board are formal and transparent and a matter for the Board as a whole. The Board specifically considers the independence of directors and their other commitments when they are first appointed, as well as annually, or at any other time when a director's

circumstances change and warrant re-evaluation. This is done to determine whether the director has sufficient time to discharge his or her duties effectively and is free from conflicts that cannot be managed satisfactorily.

COMPANY SECRETARY

The company secretary is accountable to the Board. Mr Damien Terblanche was appointed as the company secretary to the Board and committees, effective 4 September 2018.

During the year, the company secretary provided guidance to the directors in terms of their duties, responsibilities and powers as well as their responsibilities and liabilities under the Companies Act. The Board was made aware of changes to any relevant law affecting the Company. The company secretary prepared board packs and recorded detailed minutes of meetings.

CORPORATE GOVERNANCE REPORT – continued

The company secretary ensured that Board and committee meetings and the AGM of the Company were conducted in a proper and orderly manner. The company secretary disclosed the corporate actions, SENS announcements and directors' dealings in securities, and ensured compliance with the JSE Listings Requirements and the Companies Act.

The Board has considered the competence, qualifications and experience of the company secretary and is satisfied that they are appropriate. All directors have unlimited access to the services of the company secretary. The company secretary's appointment and removal is a matter for the whole Board.

The Board is satisfied that an arm's length relationship exists between the company secretary and the Company, as he is not a member of the Board, is not involved in the day-to-day operations of the Company and is not a prescribed officer.

CHANGES TO THE BOARD

Messrs AM Salie, TT Hove, JM Gaomab and Ms Z Barends did not make themselves available for re-election at the AGM held on 18 January 2019 and voluntarily elected to step down from the Board. Ms CF Hendricks voluntarily elected to step down from the Board as an executive director of the Company on 18 January 2019, but continues in her role as an executive for Corporate Affairs and Sustainability.

Mr Ismet Amod was appointed to the Board of directors as a non-executive director, effective 21 January 2019, as well as a member of the audit and risk committee.

Reverend Dr Vukile Charles Mehana resigned as an

independent non-executive director of the Board and its committees, effective 14 March 2019.

Miss Moleboheng Gabriella Mosia and Mr Gaamiem Colbie were appointed to the Board of directors as independent non-executive directors, effective 30 August 2019, and Mr Jowayne van Wyk was appointed as the lead independent non-executive director, effective 23 September 2019.

BOARD COMMITTEES

The Board has the following committees in place to assist it in executing some of its duties:

- Executive committee
- Nomination committee
- Audit and risk committee
- Remuneration committee
- Social, ethics and transformation committee
- Investment committee

NUMBER OF MEETINGS HELD DURING THE YEAR

Board	4
Audit and risk committee	1
Remuneration committee	2
Investment committee	2
Nomination committee	2
Social, ethics and transformation committee	3

An informal audit and risk committee meeting was held during the year.

Due to the restructure of the Board during the year, the audit and risk committee was affected and was seen to be non-compliant from 18 April to 23 September 2019. As at the reporting date, the audit and risk committee is compliant.

DIRECTORS' DETAILS AND ATTENDANCE AT MEETINGS

	EXECUTIVE (E) NON-EXECUTIVE (NE)	OVERALL ATTENDANCE AT BOARD MEETINGS	OVERALL ATTENDANCE AT COMMITTEE MEETINGS	LENGTH OF SERVICE (YEARS)	AGE
K Abdulla	E	100%	100%	12	54
CR Ah Sing	E	100%	100%	8	45
AB Amod	NE	100%	100%	6	57
NA Ramatlhodi	NE	50%	33%	1.5	64
I Amod	NE	100%	100%	0.8	63
M Mosia	NE	N/A	N/A	N/A	27
G Colbie	NE	N/A	N/A	N/A	30

- The above does not include Messrs AM Salie, TT Hove, JM Gaomab, Ms CF Hendricks and Ms Z Barends who did not make themselves available for re-election at the AGM on 18 January 2019. It does not take into account Reverend Dr Vukile Charles Mehana's resignation effective 14 March 2019. Ms MG Mosia and Mr G Colbie were appointed on 30 August 2019.
- In addition, it takes into account Mr Amod's attendance since his appointment on 21 January 2019 to the Board of directors and a member of the audit and risk and nomination committees, effective 21 January 2019.
- It takes into account the appointment of Ms MG Mosia and Mr G Colbie on 30 August 2019.
- It does not take into account the appointment of Mr JS van Wyk who was appointed on 23 September 2019.
- It does not take into account the following committee appointments as these were made post the last committee meetings:
 - Audit and risk committee – Messrs Colbie and van Wyk
 - Remuneration committee – Mr Colbie and Ms Mosia
 - Social, ethics and transformation committee – Ms Mosia
 - Nomination committee – Mr Colbie
 - Investment committee – Mr van Wyk
- Mrs AB Amod was appointed as the non-executive chairperson on 9 December 2019

EVALUATION OF THE BOARD, COMMITTEES AND INDIVIDUAL DIRECTORS

Ever-changing issues facing companies make it essential to look at the agenda items of the Board to ensure that it stays aligned with good governance and ethics, and also meets current needs, best practices and matters of strategic importance. The independence of directors and their other commitments are also evaluated.

The Board and committees were evaluated by their members. Having regard to the findings, it was concluded that the Board and committees operate efficiently, openly and transparently, and there is a good level of discussion between members and attendees. The findings addressed some areas for improvement which will be addressed appropriately.

GENDER AND RACE DIVERSITY POLICIES

- **Gender diversity policy:** The committee will consider candidates on merit against objective criteria and with due regard to the potential benefits of gender diversity at Board level. The committee will continue to discuss and annually agree on all measurable targets in terms of gender diversity on the Board.
- **Race diversity policy:** The Company believes that race diversity at Board level maximises opportunities to achieve its business goals through an informed understanding of the diverse environments in which we operate. The committee assessed the composition and recommended the appointment of directors as a truly diverse Board, which includes the differences in age, gender, race, skills and industry experience, and other distinctions between directors. The selection of Board members is made on merit, in the context of their skills, experience, independence and knowledge, which the Board as a whole requires to be effective. The committee considered candidates on merit against objective criteria and with due regard to the potential benefits of race diversity at Board level. The committee will continue to discuss and annually agree all measurable targets in terms of race diversity on the Board.

EXECUTIVE COMMITTEE

The role of the executive committee is to advise the chief executive officer and the other committee members on the decisions for which they are individually accountable. The executive committee provides input and recommendations to support the chief executive officer in exercising their authority delegated by the Board to run the business of the Group.

Key focus areas of the executive committee:

- Developing the Group's strategy and budget for the Board's approval
- The day-to-day operations of the Company
- Executing the strategic plan once agreed by the Board
- Assuming overall responsibility for the growth and performance of the Group
- Providing assurance to the Board in relation to overall performance and risk management
- The custodian of good corporate governance
- Providing strategic guidance and input to the subsidiaries in the Group
- Monitoring and managing the capital requirements and allocating and investing its resources
- Responsible for the investment portfolio of the Company
- Ensuring that the Company is a respected corporate citizen
- Receive reports and provides input to subsidiaries in the Group

The Board is satisfied that the executive directors and their teams are adequately resourced and equipped to effectively manage the Group.

NOMINATION COMMITTEE

As at 31 August 2019, the nomination committee comprised of two non-executive directors: Mrs AB Amod is the chairperson and Mr I Amod is a member. The committee met twice during the year under review to assist the Board with the appointment of new directors by making recommendations with due regard to gender and race diversity.

Messrs AM Salie, TT Hove, JM Gaomab and Ms Z Barends did not make themselves available for re-election at the AGM held on 18 January 2019 and voluntarily elected to step down from the Board. Ms CF Hendricks voluntarily elected to step down from the Board as an executive director of the Company on 18 January 2019 but continues in her role as an executive for Corporate Affairs and Sustainability.

Mr Ismet Amod was appointed to the Board of directors as a non-executive director, effective 21 January 2019, as well as a member of the audit and risk committee.

CORPORATE GOVERNANCE REPORT – continued

Reverend Dr Vukile Charles Mehana resigned as an independent non-executive director of the Board and its committees, effective 14 March 2019.

Ms Moleboheng Gabriella Mosia and Mr Gaamiem Colbie were appointed to the Board of directors as independent non-executives, effective 30 August 2019. Mr Colbie was appointed to the audit and risk, remuneration, nominations and investment committees and Ms Mosia to the remuneration, social, ethics and transformation and investment committees.

Mr JS van Wyk was appointed to the Board post year-end on 23 September 2019 as the lead independent non-executive and appointed to the audit and risk and investment committee.

Mrs AB Amod was appointed as the non-executive chairperson of the Board on 9 December 2019.

Due to the the restructure of the Board, the committees were reconstituted post year-end and fulfilled its statutory duties.

The full report of the nomination committee, detailing how the committee discharged its duties and responsibilities, can be found on pages 21 to 22 of the full corporate governance report, available on www.aeei.co.za.

AUDIT AND RISK COMMITTEE

As at 31 August 2019, the audit and risk committee comprised of one independent non-executive director and two non-executive directors: Advocate Dr NA Ramatlhodi was the chairman and the members were Mrs AB Amod and Mr I Amod. The committee met once during the year. The executive committee, external auditor, internal auditor and advisor attended by invitation and do not form part of the decision-making process of the audit and risk committee.

Risk management – The Board has delegated the management of risk to the audit and risk committee. The Board is committed to effective risk management in pursuit of the Group's strategic objectives with the aim of growing shareholder value sustainably. The Board understands that proactive risk management is both an essential element of good corporate governance and an enabler in realising opportunities, and it continues to enhance its capabilities to anticipate risks and manage them.

Technology and information governance – The Board is responsible for technology and information governance in the Group and delegated the management of technology and information governance to the audit and risk committee to ensure the promotion of an ethical technology and information governance culture as well as awareness.

Expertise and experience of the chief financial officer and the finance function

– The audit and risk committee satisfied itself, in terms of paragraph 3.84(g)(i) of the JSE Listings Requirements, that the Group CFO and the finance function have the appropriate expertise and experience, and are adequately resourced. The audit and risk committee is responsible for the oversight of risk management and technology and information. The role, responsibilities and focus areas for the year under review are comprehensively addressed in the audit and risk committee report on pages 23 to 40 of the full corporate governance report, available on www.aeei.co.za.

Due to the restructure of the Board during the year, the audit and risk committee was affected and was seen to be non-compliant pre year-end. As at the reporting date, the committee was compliant.

For the year under review, the committee was satisfied that it had fulfilled all its statutory duties assigned by the Board in terms of the board-approved charter. The chairman of the audit and risk committee reported to the Board on the activities of the committee at each Board meeting.

REMUNERATION COMMITTEE

As at 31 August 2019, the remuneration committee comprised of one independent non-executive director and two non-executive directors. Mrs AB Amod was the chairperson and the members were Advocate Dr NA Ramatlhodi and Mr I Amod. The chief executive officer and external advisor attended by invitation and do not form part of the decision-making process of the remuneration committee. The remuneration committee met twice during the year under review.

The role, responsibilities and focus areas for the year under review are comprehensively addressed in the remuneration committee report on pages 41 to 47 and in the full corporate governance report, available on www.aeei.co.za.

For the year under review, the committee was satisfied that it had fulfilled all its statutory duties assigned by the Board in terms of the board-approved charter. The chairperson of the remuneration committee reports to the Board on the activities of the committee at each Board meeting.

Due to the the restructure of the Board, the committee was reconstituted post year-end and fulfilled its statutory duties.

SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE

As at 31 August 2019, the social, ethics and transformation committee comprised of one independent non-executive director, two non-executive directors and one executive director: Mrs AB Amod was the chairperson and the members were Advocate Dr NA Ramatlhodi, Mr I Amod and Ms CR Sing.

Members of the executive committee and the human resources department attended by invitation and do not form part of the decision-making process of the social, ethics and transformation committee. The committee met twice during the year under review.

The committee is committed to sustainable development and is therefore responsible for ensuring that the Group conducts its operations in a manner that meets existing needs without compromising the ability of future generations to meet their needs. The committee's primary role is to support, advise and guide management's efforts in respect of sustainable development, social and ethics matters, transformation, and to ensure the Group is seen to be a responsible corporate citizen.

One of the main purposes of the committee is to ensure compliance with the amended B-BBEE Codes of Good Practice and to measure the Company in terms of compliance with the Department of Trade and Industry's Code of Good Practice, the JSE Listings Requirements and the B-BBEE Commission. As a responsible employer, the Group adhered to all labour legislation. Transformation goes beyond compliance with B-BBEE and is embedded in the Group's culture, ethics and values.

The committee has oversight of the Group's corporate social investments and social and economic development programmes.

The role, responsibilities and focus areas for the year under review are comprehensively addressed in the social, ethics and transformation committee report on pages 48 to 53 of the full corporate governance report, available on www.aeei.co.za.

For the year under review, the committee was satisfied that it had fulfilled all its statutory duties assigned by the Board in terms of the board-approved charter. The chairman of the social, ethics and transformation committee reports to the Board on the activities of the committee at each Board meeting.

Due to the restructure of the Board, the committee was reconstituted post year-end.

INVESTMENT COMMITTEE

As at 31 August 2019, the investment committee comprised of one independent non-executive director, one non-executive director and one executive director. Mrs AB Amod was the chairperson and the members were Mr K Abdulla and Advocate Dr NA Ramatlhodi. Members of the executive committee attended by invitation and do not form part of the decision-making process of the investment committee. The committee met three times during the year under review.

The committee has an independent role, operating as an overseer and making recommendations to the Board for its consideration and final approval in terms of investment

opportunities. Investments are adjudicated to ensure that they are both a strategic fit with synergistic benefits to the current level of return with a reasonable payback period based on the specific industry.

The committee is well balanced with essential legal, financial and strategic expertise.

The role, responsibilities and focus areas for the year under review are comprehensively addressed in the investment committee report on pages 54 to 56 of the full corporate governance report, available on www.aeei.co.za.

For the year under review, the committee was satisfied that it had fulfilled all its statutory duties assigned by the Board in terms of the board-approved charter. The chairperson of the investment committee reports to the Board on the activities of the committee at each Board meeting.

Due to the restructure of the Board, the committee was reconstituted post year-end.

REPORTING TO STAKEHOLDERS ON STRATEGY AND PERFORMANCE

The Group's strategy and performance are covered comprehensively in the reports of the chairperson, chief executive officer and the chief financial officer. AEEI appreciates the role of its stakeholders and remains committed to nurturing impactful relationships that deliver mutual benefits and encourage transparent, objective and relevant communication. The Group recognises that its businesses are one of the stakeholders in the socio-economic and environmental system. It is essential for the Group to compete successfully in an increasingly complex and ever-changing business environment and to systematically bring about the change needed for sustainable development.

We built and maintained trust and respect with our various stakeholders, thus ensuring a positive impact on our reputation.

AEEI places great value on its high standards of ethics, communication and transparency of information in terms of the Promotion of Access to Information Act, Protection of Personal Information Act, and other regulations and directives relating to the dissemination of information. The Company has identified stakeholder groups with whom it engages in a structured manner. Refer to key stakeholders on pages 85 to 92 for full details.

We addressed essential risks and opportunities and responded timeously and appropriately to issues raised in our interactions with our various stakeholders.


 - Principle 16)

CORPORATE GOVERNANCE REPORT – continued

GOVERNANCE MATTERS

The system of internal control is designed to ensure that significant risks are appropriately identified and managed, and it provides reasonable assurance that the Board can delegate risk management to the audit and risk committee. AEEI places great value on its high standards of corporate governance, ethics, communication and transparency of information in terms of the Promotion of Access to Information Act and other regulations and directives relating to the dissemination of risk with its stakeholders.

Risk management – A key component of the audit and risk committee was to review the top material risks that the Group faces in order to respond to new and emerging risks and to ensure alignment with regulatory changes as well as best practice. In doing so, the committee took into account stakeholder needs, corporate governance principles, risk trends, global trends and external dynamics. Refer to page 28 to 35 for the full risk management report of the full corporate governance report.

Compliance – The audit and risk committee is responsible for reviewing the compliance with legal, regulatory, codes and other standards, and continually monitors the implementation of the legal compliance processes. The audit and risk committee is satisfied that it has complied with all its legal, regulatory and other responsibilities during the year. ( – Principle 13)

Group internal audit – The Group internal auditor performs an independent assurance function. The Group internal auditor had unrestricted access to the Group chief executive officer, chief financial officer and the chairman of the audit and risk committee.

The primary objective of the Group internal auditor during the year was to provide independent objective assurance and consulting activity on the adequacy and effectiveness of the Group's systems of governance, risk management and internal control and reports functionally to the audit and risk committee. The audit and risk committee monitored the effectiveness of the internal audit function in terms of its scope, independence, skills and competence, execution of its plan, and overall performance.

The Group internal auditor recommended the annual internal audit plan for approval to the audit and risk committee. The audit and risk committee approved the formal internal audit plan, which included risk-based audits and operational audit reviews of the Group's governance and business processes for 2019. The operational internal audit plan was reviewed by an independent external firm.

The role, responsibilities and focus areas for the year under review are comprehensively addressed in the audit and risk committee report on pages 23 to 40 of the full corporate governance report available on www.aeei.co.za.

For the year under review, the committee is satisfied that it has fulfilled all its statutory duties assigned by the Board in terms of the board-approved charter. The chairman of the audit and risk committee reports to the Board on the activities of the committee at each Board meeting.

STAKEHOLDER RELATIONSHIPS


The Group subscribes to a policy of full, accurate and consistent communication with regard to all its affairs. The Board seeks to present a balanced and understandable assessment of the Group's position at all times when reporting to stakeholders. The integrated report deals adequately with disclosures relating to financial statements, auditors' responsibility, accounting records, internal controls, risk management, accounting policies, adherence to accounting standards, going concern issues as well as the Group's adherence to established codes of governance.

The role, responsibilities and focus areas for the year under review are comprehensively addressed in the stakeholders' relations report on pages 85 to 92 – *Building relationships with our stakeholders*.

ENGAGING WITH OUR STAKEHOLDERS

The Group's stakeholder engagement is governed by the recommendations of King IV™. AEEI has a stakeholder engagement framework, which includes communication guidelines and corporate identity. AEEI's stakeholder engagement framework outlines the Company's approach to communicating and working with its stakeholders. Engagement is an integral part of developing an understanding of our stakeholders' needs, interests and expectations, and assists with strategic and sustainable decision-making.

Stakeholder consultation and relationship management are implemented in all divisions of the Group. Our stakeholders' expectations are identified through regular engagements, personal interactions, and our financial and sustainability reports. The Board appreciates that it is required to provide timeous, relevant and accurate information and continually strives to maintain open direct dialogue with all its stakeholders.

AEEI regularly communicated with its stakeholders during the year, which includes the presentation of the Group's strategy and performance. Engaging with stakeholders is decentralised and forms part of the operations of our various business units. Each business unit is required to report regularly on its stakeholder engagements. For further information, refer to page 85 – *Building relationships with our stakeholders*. ( – Principle 16)

This statement shows the total value created and how it was distributed.

RESPECTED CORPORATE CITIZENSHIP

The Board and management recognise that AEEI is an economic entity as well as a corporate citizen and that it has a social and moral standing in society with all the attendant responsibilities. Further information is provided in the AEEI sustainability report available online at www.aeei.co.za/integrated-report. (📄 - Principle 3)

ASSURANCE REPORT

As an investment holding company, AEEI does not require assurance in respect of any reports other than its financial statements. Such assurance is provided by the Group's external auditors, BDO South Africa Inc.

APPLICATION OF AND APPROACH TO KING IV™

In supporting King IV™, the Board recognises that it is the custodian of corporate governance for the Company and ensure that directors:

- lead ethically and effectively;
- support an ethical culture;

- set the strategic direction for the Group for the year ahead;
- approve policies and planning; and
- administer and monitors the Group's risks and opportunities, strategy, business model, performance and sustainable development.

The Board ensured compliance with applicable laws, rules, codes and standards in a way that supported the Group in being ethical and a good corporate citizen. It ensured that remuneration is fair and transparent and that the integrity of information for decision-making internally and externally was assured. A stakeholder inclusive approach was applied in the Group to ensure that the needs, interests and expectations of material stakeholders were addressed.



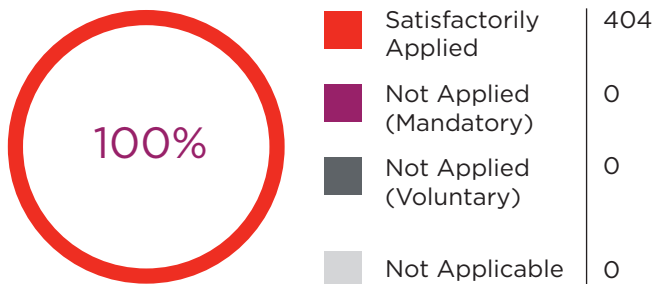
A statement on AEEI's application of the principles of the King IV™ is available on www.aeei.co.za/king-iv-on-corporate-governance/.

AEEI has applied all the principles of King IV™.

KING IV™ GOVERNANCE PERFORMANCE

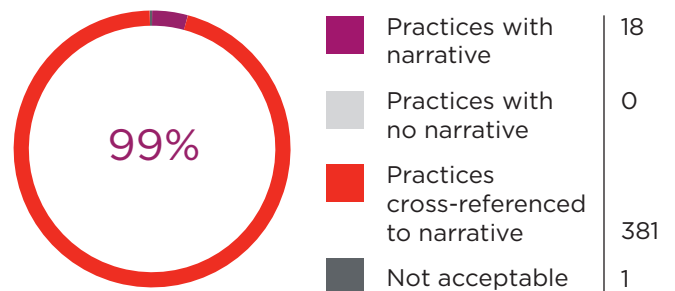
COMPLETENESS
METER

PRACTICE COUNT



COMPLETENESS
METER

PRACTICE COUNT



2019 VALUE DISTRIBUTION

56.61%
EMPLOYEES



4.29%
RETAINED FOR GROWTH



16.13%
GOVERNMENT



1.53%
COMMUNITIES



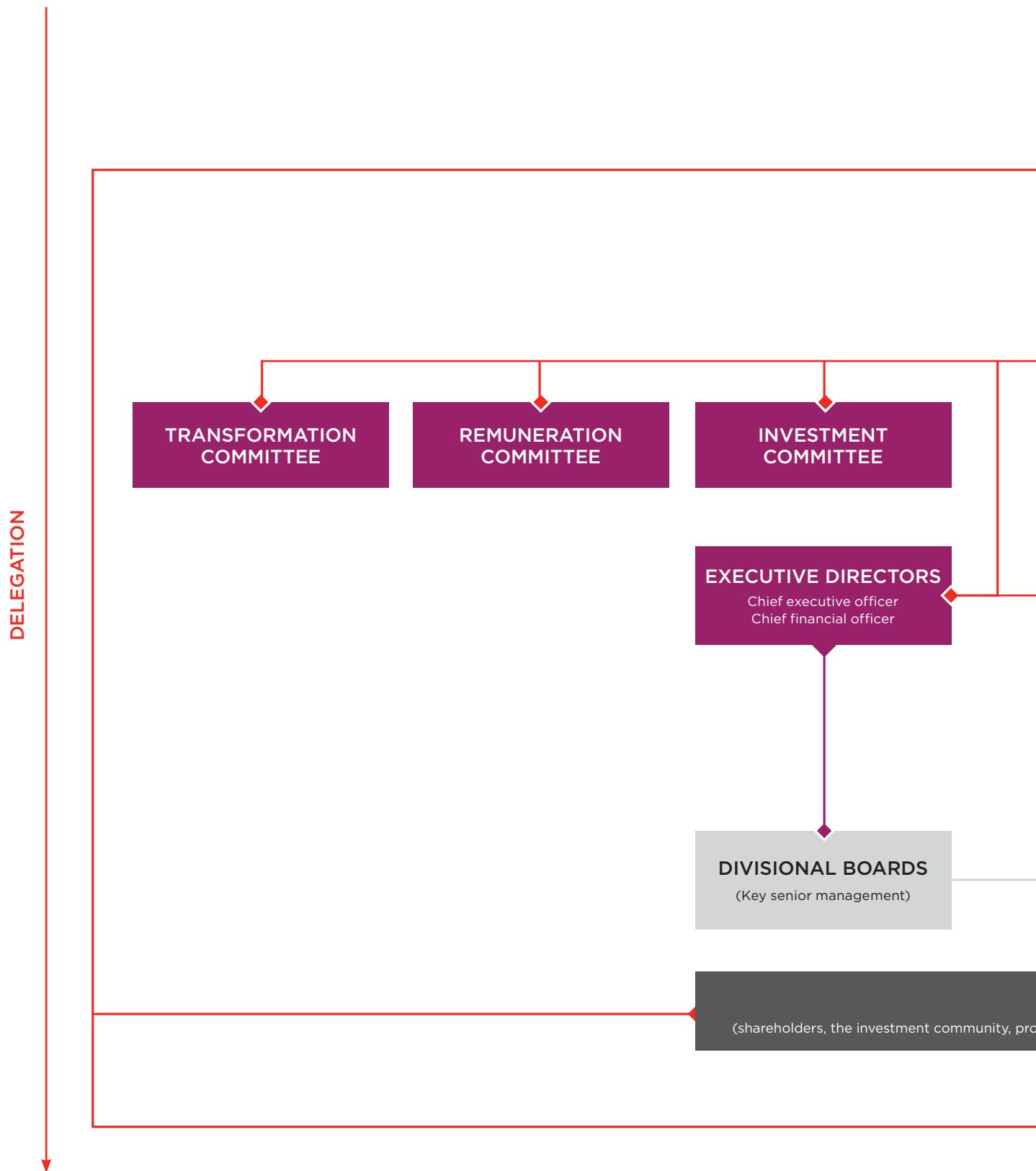
5.11%
DEBT PROVIDERS

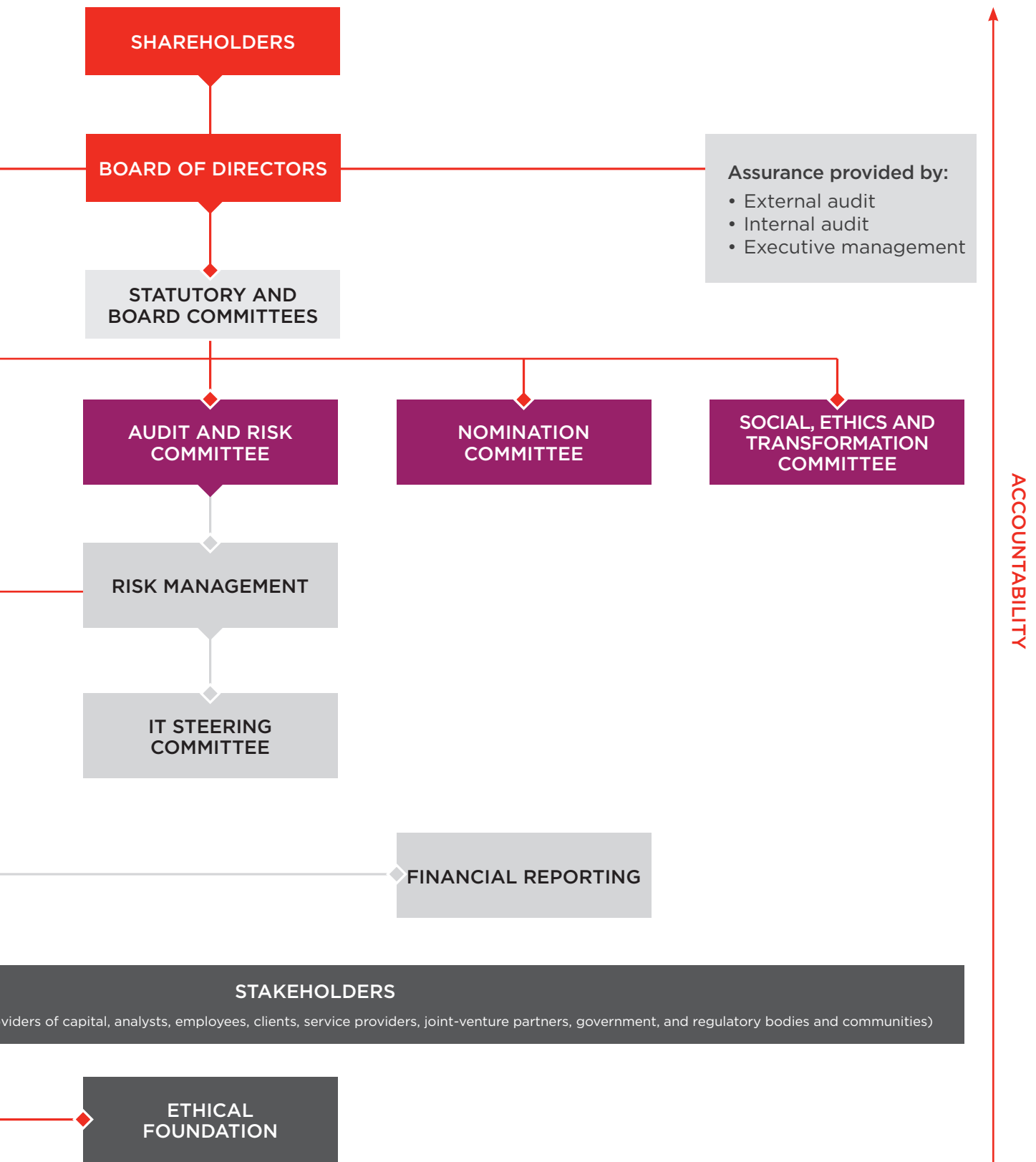


16.33%
CAPITAL PROVIDERS



CORPORATE GOVERNANCE STRUCTURE





CORPORATE GOVERNANCE REPORT – continued

OUR EFFECTIVE LEADERSHIP

In terms of AEEI's Memorandum of Incorporation and Board Charter, the Board is responsible for the strategic direction and ultimate control of the Company.





(left to right) Advocate Dr Ngoako Abel Ramatlhodi, Ismet Amod, Gaamiem Colbie, Moleboheng Gabriella Mosia, Jowayne van Wyk, Chantelle Rae Ah Sing, Khalid Abdulla, Aziza Begum Amod

CORPORATE GOVERNANCE REPORT – continued

INTRODUCING OUR BOARD OF DIRECTORS

The diversity and skills of our Board ensure that the Group is steered to deliver growth to all our stakeholders.

EXECUTIVE DIRECTORS



CHIEF EXECUTIVE OFFICER
Khalid Abdulla (54)

MBA (UCT), BCompt (Hons), CTA (Unisa), Project Management (UCT)

Appointed: 29 August 2007

Nationality: South African

Board committee:
Investment committee

Expertise and experience: Mr Abdulla is the Group chief executive officer (CEO) of AEEI and has been with the Group since 1999. He served as the CEO of various subsidiaries, i.e. the information technology and financial services businesses, and as Group chief financial officer (CFO) in 2007 before being appointed as Group CEO in November 2009.

Mr Abdulla has been appointed to and serves on various boards, committees and non-governmental organisations (NGOs). He has more than 30 years' commercial experience related to fishing, technology, health, biotherapeutics, events and tourism, and financial services. He is a regular invitee to and participant at the World Economic Forum in Africa as well as the Summer Davos in China. He was a speaker for the Department of Trade and Industry at conferences in the United Kingdom and Germany for "Investing into South Africa".

Mr Abdulla is the recipient of many awards, including the Global Leadership Excellence Award presented at the World Leadership Congress and Awards, which took place in Mauritius; overall winner of the Inaugural South African Vision 2030 Future Maker: Driver for Change 2017 Award; and the overall winner at the Oliver Empowerment Awards as SA's Most Empowered Business Leader of the Year (2017). *Financial Mail* voted him as one of the best CEOs in the country in 2016 and also ranked him among the 10 best executives of 2015. Mr Abdulla was the recipient of the prestigious Black Business Executive Circle/Absa Bank Kaelo Award for giving guidance and leadership to grow junior and middle management

Major directorships: Premier Fishing and Brands, Ltd, BT Communication Services South Africa (Pty) Ltd, Saab Grintek Defence (Pty) Ltd; Health System Technologies (Pty) Ltd; espAfrika (Pty) Ltd; Bioclones (Pty) Ltd, Premier Fishing SA (Pty) Ltd; Puleng Technologies (Pty) Ltd, Kalula Communications (Pty) Ltd, trading as Headsets Solutions, Orleans Cosmetics (Pty) Ltd; Tripos Travel (Pty) Ltd; AfriNat (Pty) Ltd; Magic 828 (Pty) Ltd; SGT Solutions (Pty) Ltd; and Global Control and Command Technologies (Pty) Ltd



CHIEF FINANCIAL OFFICER
Chantelle Rae Ah Sing (45)

BCom (Nelson Mandela University), Post-graduate diploma in Accounting (University of KwaZulu-Natal)

Appointed: 19 November 2009

Nationality: South African

Board committee:
Social, ethics and transformation committee

Expertise and experience: Ms Ah Sing is the Group CFO of AEEI and was appointed to the Board as an executive director in November 2009. She joined the Group in 2007 under the health and biotherapeutics divisions, where she was promoted to the role of financial director. She has more than 15 years' experience in the commercial sector and held various operational and financial management positions within various industries including service, manufacturing, healthcare and biotechnology after she qualified as a chartered accountant.

Major directorships: Premier Fishing SA (Pty) Ltd, AfriNat (Pty) Ltd, Bioclones (Pty) Ltd, Ribotech (Pty) Ltd and Saab Grintek Defence (Pty) Ltd

NON-EXECUTIVE DIRECTORS



NON-EXECUTIVE CHAIRPERSON Aziza Begum Amod (57)

Appointed: 12 November 2012

Nationality: South African

Board committees:

Audit and risk committee (*stepped down post year-end*)

Nomination committee

Remuneration committee

Investment committee

Social, ethics and transformation committee

Expertise and experience: Mrs Amod is a professional director, businesswoman, philanthropist and entrepreneur with more than 30 years of business experience in the retail sector. She provides consultancy to women-owned businesses in the areas of impact investment, social innovation and technology applications for social impact in the food and retail sector.

Mrs Amod has been featured and published in numerous articles in relation to business and female entrepreneurs. She is a well-known philanthropist supporting several NGOs, outreach programmes and serves on the board of trustees of numerous philanthropic associations. She currently serves as a director and trustee on various business entities and trusts.

Major directorships: Health System Technologies (Pty) Ltd, AYO Technology Solutions Ltd and Premier Fishing and Brands Ltd



LEAD INDEPENDENT NON-EXECUTIVE DIRECTOR Jowayne van Wyk (33)

CA(SA), BAcc (Hons), BCom, SAICA Independent Reviewer Certificate

Appointed: 23 September 2019

Nationality: South African

Board committees:

Audit and risk committee (*appointed post year-end*)

Investment committee (*appointed post year-end*)

Expertise and experience: Mr van Wyk is a qualified CA(SA) registered with the South African Institute of Chartered Accountants (SAICA) and holds a SAICA Independent Reviewer Certificate. He also holds a BAcc Honours and a BComm degree from Stellenbosch University. Mr van Wyk is currently the financial director for Van Wyk Chartered Accountants and the financial controller for Guala Closures South Africa and has over 10 years' experience in the accounting field.

Major directorships: Your Service Specialist (Pty) Ltd, Rexcor Innovations (Pty) Ltd and Masikhulisaneni Accountants (Pty) Ltd



INDEPENDENT NON-EXECUTIVE DIRECTOR Advocate Dr Ngoako Abel Ramathodi (64)

BA Law and LLB (National University of Lesotho), MSc in International Relations (University of Zimbabwe), admitted to the Bar of Lesotho and South Africa as an Advocate, Honorary Doctor of Law Degree (University of Limpopo)

Appointed: 7 March 2018

Nationality: South African

Board committees:

Audit and risk committee

Investment committee

Remuneration committee

Social, ethics and transformation committee

Expertise and experience: Advocate Dr Ramathodi is an experienced businessman, lawyer and advocate. He was the Premier of Limpopo and held the positions of Minister of Public Services, Minister of Mineral Resources and Deputy Minister of Correctional Services and was a member of the South African Parliament. Advocate Dr Ramathodi is a founder member and the first chairman of the University of the North Arts and Drama Association and chairman of the Central Cultural Committee. He lectured Public International Law at the University of the North. He maintains board positions in a number of other companies.

Major directorships: Premier Fishing and Brands Ltd, AYO Technology Solutions Ltd and Ebeneza Oils (Pty) Ltd

CORPORATE GOVERNANCE REPORT – continued



**INDEPENDENT
NON-EXECUTIVE DIRECTOR
Moleboheng Gabriella Mosia (27)**

Bachelor of Law (Wits University)

Appointed: 30 August 2019

Nationality: South African

Board committees:

Remuneration committee

Social, ethics and transformation committee

Investment committee

Expertise and experience: Ms Mosia has experience in arbitration and as a legal advisor in corporate services.

Major directorships: The Bridge of Hope Wines



**INDEPENDENT
NON-EXECUTIVE DIRECTOR
Gaamiem Colbie (30)**

Baccalaureus Technologiae Cost and Management Accounting

Appointed: 30 August 2019

Nationality: South African

Board committees:

Audit and risk committee

Remuneration committee

Nominations committee

Expertise and experience: Mr Colbie is an experienced financial professional with a history of working in a large investment holding company. In his current role he plays a lead role in the preparation of audited financial statements, tax returns, investment related reports and schedules to support financial reports. He has several years' experience in the financial industry working in both the public and corporate sectors.

Major directorships: Last Mile Logistics (Pty) Ltd, Brightside Consulting (Pty) Ltd and Property 360 (Pty) Ltd



**NON-EXECUTIVE DIRECTOR
Ismet Amod (63)**

National Diploma in Civil Engineering

Appointed: 21 January 2019

Nationality: South African

Board committees:

Nomination committee

Remuneration committee

Social, ethics and transformation committee

Expertise and experience: Having spent several years in the industry, Mr Amod completed various entrepreneurship business courses before joining a food ingredient business as a managing director. During that period, he was appointed to take charge of a subsidiary in the Sekunjalo Investment group that dealt in medical devices, and equipment.

Drawing on his engineering background, he oversaw the design, construction and project management of a new biopharmaceutical facility, ensuring that it met international Good Manufacturing Practice (GMP) specifications.

His operational experience spans a period of 32 years that covers diverse industries.

Major directorships: Siemens (Pty) Ltd, Bioclones (Pty) Ltd, Ribotech (Pty) Ltd, Sekunjalo Independent Media Consortium Two (Pty) Ltd and Independent Media (Pty) Ltd

OUR EXECUTIVE TEAM

CHIEF EXECUTIVE OFFICER

Mr Khalid Abdulla is the CEO of the Group and is an executive director appointed by the Board.

During the year under review, he was responsible for leading the implementation and execution of the approved strategy, policy and operational planning. He served as the chief link between management and the Board and is accountable to the Board.

He is responsible for aiding the achievement of performance goals, objectives and targets as well as maintaining an effective management team and management structure. He continued with the implementation of the Group's Vision 2020 Vision strategy as approved by the Board. He reviewed the annual business plans and budgets that support the Company's long-term view and made recommendations thereon. He ensured that the appropriate policies were formulated and implemented to guide activities across the Group and ensured that effective internal organisation and governance measures were deployed.

A succession plan is in place for the CEO in the event of unplanned leave or planned resignation.

( - Principle 10)

CHIEF FINANCIAL OFFICER

Ms Chantelle Ah Sing is the CFO of the Group and is an executive director.

During the year under review, she assisted the Board to protect and manage the Company's financial position with the assistance of the audit and risk committee. She supervises and reviews the financial statements to ensure they are fairly presented and contain the proper disclosures. She plays the overseer role to ensure the appropriate internal controls and regulatory compliance policies and processes are in place and that non-financial aspects relevant to the business of the Company were identified.

The audit and risk committee has considered the expertise and experience of the CFO and deems it appropriate.

The audit and risk committee has considered and is satisfied that the finance department has the appropriate expertise and is adequately resourced.

( - Principle 10)


CORPORATE AFFAIRS AND SUSTAINABILITY

Ms Cherie Hendricks is the corporate affairs and sustainability executive.

During the year under review, she ensured an effective ethical culture and that corporate governance is maintained in the Group. She reported to the Board on social and economic development, B-BBEE, sustainable development, transformation and good corporate citizenship, with the emphasis on corporate social responsibility. She is accountable for sustainability, transformation and social responsibility programmes and develops, plans and executes the Group's corporate affairs strategy.

She ensured regulatory compliance with the JSE Listings Requirements, Companies Act and King IV™. She wrote new policies and procedures, updated existing policies and procedures and also updated Board policies and charters in compliance with statutory, regulatory and legislative requirements for adoption and approval by the Board. She ensured that good corporate governance practices are adhered to and assisted with the governance of ethics. She ensured that stakeholder relationships and stakeholder engagement activities as well as consumer relationships, including public relations and marketing, were managed effectively.

She manages the human resources department, ensuring that fairness and ethical standards are upheld and is a primary contributor to the company secretarial department. She ensured that the human resources function and employment activities were aligned with Group policies.

She is responsible for writing the integrated report, the notice of the annual general meeting and form of proxy to the shareholders, and ensures the timely delivery thereof. ( - Principle 10)

CORPORATE GOVERNANCE REPORT – continued

CHIEF INVESTMENT OFFICER

Mr Wakeel Mclachlan is the chief investment officer (CIO) and is an executive.

The CIO is responsible for carrying out the duties as delegated by the investment committee. The main role of the position includes having a firm understanding of the Group's broad growth strategy – organic and acquisitive; leading the Group's investment strategy by providing recommendations on suitable investments; and preparing and submitting executive reports to management, the Board and clients. The CIO must maintain a broad understanding of and ensure continued development of all market securities plans to ensure satisfactory management of the Group's investment portfolio, and must also explore innovative and new approaches to the investment process as well as strategies for generating desirable returns for all stakeholders.

During the year under review, Mr Mclachlan developed and maintained an efficient relationship with the investment committee, ensured compliance with all policies and laws while monitoring the Group's current investments, and ensured operational efficiency across all Group entities using sound business development techniques.

He analysed the performance of the Group's investment portfolio and presented recommendations for additional investment opportunities and potential acquisitions to the investment committee. All recommendations were based on thorough research as well as in-depth quantitative and qualitative assessments of the businesses. Investment opportunities spanned across all AEEI's current segments and were selected based on the entities being key strategic fits within their relevant segments as well as offering future synergistic growth within the Group. All of the investment opportunities that arose were documented and analysed by preparing regular investment reports and reviews, including quantitative and qualitative portfolio studies. He reviewed quarterly financial statements and remained up to date with important valuation and policy changes.

BUILDING RELATIONSHIPS WITH OUR STAKEHOLDERS

At AEEI we believe that the strength of our relationships with our key stakeholders is critical to achieving our strategic objectives and creating mutual value for the Company and our stakeholders. As such, our stakeholder management approach involves gaining a thorough understanding of key stakeholders and assessing the matters that are material to them, including risks and opportunities. Our approach manages stakeholders' expectations and how much material matters impact them and the Group.

AEEI appreciates the role of its stakeholders and is committed to nurturing impactful relationships that deliver mutual benefits and encourage transparent, objective and relevant communication. The Group recognises that its business is but one of the stakeholders in the macro socio-economic and environmental system. It is essential for the Group to compete successfully in an increasingly complex and ever-changing business environment and to systematically bring about the change needed for sustainable development. Building and maintaining trust and respect with our various stakeholders has a positive impact on our reputation and

is essential in addressing risks and opportunities. We strive to respond timeously and appropriately to issues raised during our interactions.

Stakeholder engagement involves communicating our strategy, performance, decisions and activities that impact our stakeholders or are of significant interest to them, as well as understanding the needs and perspectives of our stakeholders.

Our stakeholders are integral to our ability to protect, create and grow value, a process that is advanced through relationships with others and balances the needs, interests and expectations of material stakeholders in the best interests of the Company over time.

The views and actions of our stakeholders can impact our ability to execute our strategy and conduct our business activities. Feedback from our stakeholders enables us to develop and update our engagement plan to help us create stronger partnerships and improve our overall relationships. We respond appropriately and timeously to matters that emerge – whether they are regulatory, shareholder-based or other.

WE HAVE IDENTIFIED THE FOLLOWING KEY STAKEHOLDER GROUPS WITH WHOM THE GROUP ENGAGES IN A STRUCTURED MANNER:

KEY STAKEHOLDERS THAT CONTRIBUTE TO OUR VALUE DRIVERS



**SHAREHOLDERS, INVESTMENT
COMMUNITY AND CAPITAL
PROVIDERS**



EMPLOYEES



REGULATORS



COMMUNITIES AND NGOS



CLIENTS

BUILDING RELATIONSHIPS WITH OUR STAKEHOLDERS – continued

BELOW IS AN OVERVIEW OF HOW WE ENGAGED WITH OUR PRINCIPAL STAKEHOLDERS INCLUDING WHAT THEY EXPECT FROM US:



SHAREHOLDERS, THE INVESTMENT COMMUNITY AND PROVIDERS OF CAPITAL

WHO ARE OUR SHAREHOLDERS?

We have a broad shareholder base, which includes our shareholders, the investment community and providers of capital. These are our primary stakeholders as they provide financial capital to sustain our business. Most of our shareholders have taken a medium - to long-term view on their investment in AEEL. We believe that, due to the like-mindedness of our long-term shareholders, we are able to grow our business sustainably.

Our retained earnings are key to running our businesses and making strategic investments.

As at 31 August 2019, we have **1 798 SHAREHOLDERS**

LOCAL: 1 759 SHAREHOLDERS

INTERNATIONAL: 39 SHAREHOLDERS

95%

5%

WHAT THEY EXPECT FROM US:

Engaging with our stakeholders is important to identify their needs and manage their expectations. These include creating sustainable growth, value-add and return on investments, net asset value (NAV), regular dividend payments and growth and a strong balance sheet allocation of capital to businesses with high returns. Experienced leadership, transparent reporting, ethical operations on a sustainable basis, responsible corporate governance and ethics are important to our stakeholders.

PRIMARY CONCERNS:

Shareholders, analysts and providers of capital:

- Sustainability of the business and operational performance
- Acceptable return on investment capital
- Shareholder returns
- Capital management
- Growth of the businesses
- Group strategy, including risks and opportunities
- Access to management
- Reputational damage

HOW WE ADDRESS THESE CONCERNS:

The delivery on our strategy to develop balance in the businesses across all areas supports the return and sustainability of the businesses. Management engages regularly with shareholders, investors and capital providers to maintain awareness of shareholder expectations and understand their needs. The Group reports against its Vision 2020 Vision and well-defined return targets. The Group is in constant communication around the negative media reports and is committed to executing its vision while addressing issues raised by the different interested parties.



SHAREHOLDERS, THE INVESTMENT COMMUNITY AND PROVIDERS OF CAPITAL (continued)

HOW WE ENGAGE WITH THEM:

A strategic, integrated business management and reporting approach that addresses economic, social and environmental issues, and reviews of business performance is done on a regular basis. We engage through formal and informal interactions and these channels include:

- Annual general meeting
- Annual and interim results presentations
- SENS announcements
- Pre-results and post-results feedback
- Integrated report
- Sustainability information
- Investor analyst reports
- Roadshows
- Site visits
- Media – print, television, radio broadcasts and social media
- Ad hoc meetings (as requested)
- Investor conferences
- Our website – www.aeei.co.za

HOW WE DELIVERED VALUE TO THEM:

Consistent financial performance and organic growth: Revenue increased by 239% from R701m to R2.4bn. Headline earnings increased by 316% from R119m to R496m. Headline earnings per share increased by 316% from 24.24c to 100.89c. Normalised headline earnings increased by 300% from R123m to R540m. Total assets to year-end grew to R7.4bn. A final dividend of 6 cents per share was declared to shareholders, which equates to a total annual dividend of 17 cents for the financial year. Net cash generated from operating activities increased by 9% from R131m to R143m. Dividends to shareholders for the 2019 financial year-end equate to R83.5m. NAV per share increased from 1 152.98c to 1 304.15c.

Strong Board and experienced executive management team: Maintained the diversity on our Board and our executive management team and also retained skills.

Sustainable growth strategy: Delivery across all our strategic focus areas. Our performance and outlook of our strategic focus areas can be found on page 28.

Transparent reporting: We maintained transparency in our reporting to provide investors with complete and relevant information to make informed decisions. This is reflected in our achievements and external awards received – refer to page 15 for more information.

Vision 2020 Vision strategy to ensure sustained financial performance and responsible investments to ensure growth and to manage the risks and opportunities in our markets.

The responsible allocation of capital, sound corporate governance practices, transparent executive remuneration and a stable dividend policy.

BUILDING RELATIONSHIPS WITH OUR STAKEHOLDERS – continued



INVESTING IN OUR EMPLOYEES

WHO ARE OUR EMPLOYEES?

We appreciate and understand the needs of our employees; without them we would not have a sustainable business. Our employees are important to our business. Our staff complement is as follows:

MALE	FEMALE	BLACK
72.47%	27.53%	80.78%

Employment was created for **3 406 CONTRACTORS** during the year.

WHAT OUR EMPLOYEES EXPECT FROM US:

Our employees expect open and effective communication across all levels. They expect skills training, career development opportunities, performance management, recognition, market-related remuneration and security of employment. Transformation that enables diversity and inclusivity is important to them. They expect a safe, inspiring and positive working environment with access to employee wellness programmes. In some divisions, our employees expect formal recognition agreements with trade unions.

PRIMARY CONCERNS:

- Competitive market-related remuneration and equal pay
- Clear career paths and opportunities for career development, including skills training
- Health and safety
- Secondary and tertiary education programmes
- Transformation and diversity
- Preferred procurement from B-BBEE-accredited companies
- Employee wellness programmes
- Corporate social investment and socio-economic development in communities
- Employee engagement and communication – the importance of open and honest feedback

HOW WE ADDRESS THESE CONCERNS:

The Group has an ethical approach to doing business, including fair treatment and market-related remuneration of employees.

The Group has an annual strategic session to discuss organisational direction and input for the business strategy. The Group introduced a new performance evaluation system with benchmarking and evaluation measures to identify further skills development plans.

We remain committed to health and safety standards and procedures and ensuring that working conditions are acceptable. The companies in the Group continued to make a substantial investment in skills development and maintained a good working relationship with trade unions. The Group is committed to transformation and diversity. Socio-economic development (SED) and corporate social investment (CSI) projects focus on company-specific areas of support. Bursary programmes are in place to assist with secondary and tertiary education.



INVESTING IN OUR EMPLOYEES (continued)

HOW WE ENGAGED WITH OUR EMPLOYEES:

We engaged with all levels of employees through a variety of regular and ongoing initiatives for both collective and individual interfaces and we have an open-door policy. Work performance reviews are linked to individual development plans. Senior employees are included in our results presentations. Our employees participate at business unit events and the Annual Group Awards Ceremony, where top achievers in different categories are recognised. Feedback and input from our employees assist us in understanding and responding to their concerns and needs. Communication channels include:

- Open-door policy
- Newsletters, electronic communication and notice boards
- CEO's communiqué and direct communication between managers, teams and individuals
- Regular internal meetings with trade union representatives
- Operational performance reviews and feedback sessions
- Company website
- Induction programmes
- Performance evaluation, including job grading and job specification requirements
- Training and development
- Union interaction
- Anonymous whistle-blowing hotline

HOW WE DELIVERED VALUE TO OUR EMPLOYEES:

Career development and succession plans continue to be implemented in order for us to achieve our strategic objectives and to ensure that we have the right skills for employees to succeed. This assists us to identify and establish a pipeline of young leaders. Career mobility remains a challenge at certain levels due to low attrition rates. During the year, the Group continued with its resource planning in the business units as this will identify scarce skills and enable headcount planning, career advancement as well as training and development.

Candidates for new vacancy positions are sourced from within the Group prior to being advertised externally and preference is provided for in terms of transformation and gender and race diversity. Continued progress is being made in delivering on our Transformation Plan and Strategy, inclusive of persons with disabilities. A decline in the number of misconduct incidents and Commission for Conciliation, Mediation and Arbitration (CCMA) referrals demonstrates an improvement in employee relations. Employee well-being programmes continued throughout the year. Standardised job profiles and performance evaluations were created in some business units to enhance consistency, fairness and assessing and developing employees.

A pension/provident fund is in place to assist employees towards investing for their future retirement. Group risk insurance, which is linked to the provident fund, provides a lump-sum payment in the event of the disability or death of an employee. Funeral cover is provided either through the existing retirement funds or as part of the collective bargaining council agreements. Share ownership schemes are in place in a number of the subsidiaries and associate companies.

BUILDING RELATIONSHIPS WITH OUR STAKEHOLDERS – continued



CLIENTS

WHO ARE OUR CLIENTS?

Our clients are our customers, service providers and joint-venture partners.

WHAT THEY EXPECT FROM US:

Our customers are increasing their demand for “smart green solutions” as well as innovative business solutions and services; delivery of quality products; long-term security of supply; planned procurement; professional services; technical expertise; the development, manufacture and distribution of innovative sustainable products; timeous payments; leveraging off our B-BBEE credentials; adherence to regulatory requirements; good corporate governance; and ethics.

PRIMARY CONCERNS:

Customers: Quality ethical products, sustainability of our businesses, delivery and standards, cost competitiveness, brands, B-BBEE and transformation, innovative products and solutions

Service providers: Fair treatment and sustainability, and fair payment terms. Long-term sustainable support for small black-owned supplier companies

Joint-venture partners: Financial performance, transparency, growth and leadership

HOW WE ADDRESS THESE CONCERNS:

Customers: Meet and exceed customer needs and expectations with broader product ranges and innovative solutions, including technical expertise. Focus on manufacturing excellence, long-term security of supply and cost efficiencies

Service providers: Timeous and fair payment terms and sustainability. Engaged with suppliers on product innovation. Maintained supportive relationships with small black-owned businesses to ensure their sustainability

Joint-venture partners: The Group is committed to ethical business practices and respects the interests of all our partners

HOW WE ENGAGED WITH THEM:

In a competitive, fast-changing environment, we continue to foster relationships and understand our clients’ needs and expectations. We continuously work towards understanding our customers, service providers and joint-venture partners. We take an ethical approach to doing business and are committed to open, clear and transparent business practices, alignment on standards, requirements, service, objectives and customer satisfaction. B-BBEE scores meet key clients’ requirements and vice versa.

We engage with them through various forums including:

- quality and performance reviews;
- contract negotiations and ongoing interactions in the ordinary course of business;
- customer visits;
- supplier audits;
- industry forums;
- service level agreements; and
- meetings, including site visits, one-on-one engagements and telephonic and electronic interaction.

HOW WE DELIVERED VALUE TO THEM:

We continued to provide professional services, technical expertise, innovative business solutions, quality products and services and timeous delivery and payment. We ensured long-term continuity of supply and adhered to regulatory compliance and laws in the supply of ethical products. We continuously strive for good corporate governance practices and ethical behaviour. Through our procurement from community-based service providers, employment was created. We assisted with enterprise and supplier development. We continuously ensured appropriate environmental and social compliance, and through a phased approach the installation of green energy at one of our farms continues.



ENGAGING WITH OUR REGULATORS

WHO ARE OUR REGULATORS?

Our primary regulators are the JSE, South African Revenue Service and various governmental departments. We also comply with regulatory bodies outside South Africa.

WHAT OUR REGULATORS EXPECT FROM US:

It is imperative for us to maintain transparent relationships with all our regulators to ensure compliance with all legal and regulatory requirements and adhere to those institutions with standardised practices.

PRIMARY CONCERNS:

- Ongoing compliance with regulatory frameworks and good governance
- Transformation, including gender and race diversity
- Environmental responsibility
- Socio-economic development
- Corporate social responsibility

HOW WE ADDRESS THESE CONCERNS:

- Maintained sound governance principles and procedures
- Regular regulatory submissions to ensure compliance with all relevant regulations and authorities
- Policies and procedures in place to ensure compliance
- Representation on industry bodies
- Engagement on specific policy issues
- Sensitivity to employment levels in line with regulatory requirements
- Investment in employee development
- The Group is committed to ethical business practices and supports social and environmental sustainability
- Our corporate social initiatives promote SED

HOW WE ENGAGED WITH OUR REGULATORS:

We continued to maintain transparent communication, attention to detail, professionalism and prompt reactions to matters raised. We ensured resilient business and management practices and processes. We ensured compliance with all industry requirements and obtained clarity where necessary.

We continue to report on ethics, governance, the impacts on society and our environmental stewardship. We participated in industry meetings and interacted with regulators and industry stakeholders to ensure sound regulatory frameworks.

Overall, the Group maintained transparent relationships with all regulators and complied with all regulatory and legal requirements.

HOW WE DELIVERED VALUE TO OUR REGULATORS:

We ensured that payments to regulatory bodies were made timeously to ensure compliance. We contributed to government revenues through the payment of direct, indirect and employee taxes and will continue to pay all taxes as required.

BUILDING RELATIONSHIPS WITH OUR STAKEHOLDERS – continued



COMMUNITIES

WHO ARE THE COMMUNITIES WE SERVE?

The communities we serve are members of society and the environment.

WHAT THEY EXPECT FROM US:

We collaborate with them for the greater good regarding matters concerning society and the environment. They expect us to be a responsible corporate citizen and to partner with community initiatives, contribute to socio-economic development and environmental issues and pioneer responsible corporate citizenship. They expect us to create awareness of social and environmental issues they are faced with and to assist them in obtaining the desired outcomes for their communities, their businesses and their families.

KEY ISSUES RAISED:

- Socio-economic development
- Enterprise development
- Development of society through employment opportunities and internships
- Financial access for learnership programmes
- Social welfare
- Environmental matters

HOW WE ADDRESS THESE CONCERNS:

- Continued to support early childhood development as part of our socio-economic development
- Monthly payment of salaries to an NGO to employ Grade R teachers in one of our communities – this is the foundation for learning
- Created over 1 221 permanent employment opportunities and 3 406 contract employment opportunities during the year
- Access to funding through defined programmes – bursary and learnership initiatives
- Back-to-school programme – supplied learning material for school needs, thus ensuring students remain in school – more than 780 school children benefited from this initiative in 2019
- Employee volunteerism – we encourage our employees to assist their communities by providing them with the time and resources needed to volunteer
- Employee participation in the Mandela Day Initiative for the underprivileged
- Quarterly programmes where we have financial and hands-on participation from employees
- Ensure that social welfare is aligned with national policies
- Contributing to the growth of small businesses through enterprise development initiatives

HOW WE DELIVERED VALUE TO THEM:

Support was provided for basic and tertiary education through our back-to-school bursary, tertiary and learnership programmes. We invested in building an early childhood development facility for Grade R learners and assisted them with their basic needs. We ensured that the facility is able to employ certificated early childhood development teachers and pay their monthly salaries. Our investment in education and training as well as development programmes will continue and will enhance further growth prospects. Our partnership with community-based entities resulted in the creation of new jobs and financial and in-kind support for new businesses. Health, welfare and NGOs also received direct support. Paying our taxes and royalties to government also contributed to the welfare of society. Our support of local businesses resulted in the promotion of social and economic development. With the landscape changing in B-BBEE, we will continue to assist communities and businesses. Our socio-economic contribution is in compliance with requirements. We provided investment into research and educational bodies as well as academic partnerships.

(📄 – Principle 16)

VALUE-ADDED STATEMENT

A measure of the value created by the Group is the amount of value added by its diverse activities to the cost of raw materials, products and services purchased.

This statement shows the total value created and how it was distributed.

VALUE-ADDED STATEMENT	2019 R'000	2018 R'000	2017 R'000
Cash value generated from revenue	1 672 255	1 512 467	970 806
Less cost of materials and services	(1 281 734)	(917 603)	(652 548)
Value added	390 521	594 864	288 258
Investment revenue	282 422	64 855	23 903
Wealth created	672 943	659 719	303 974
Distributed as follows:	%	%	%
Employees	56.61 380 937	44.07 195 144	58.20 181 666
Capital providers	16.33 109 872	9.76 43 238	8.30 25 804
Debt providers	5.11 34 399	7.05 31 217	9.00 28 267
Communities	1.53 10 277	1.53 6 718	1.00 3 070
Government	16.13 108 575	16.98 75 194	13.10 41 028
Retained for growth	4.29 28 883	20.61 91 241	10.40 32 327
Wealth distribution	100 672 943	100 442 818	100 312 161
Employee statistics			
Number of employees at year-end	2 201	889	858
Turnover per employee	760	1 701	1 134
Value added per employee	177	425	337
Wealth created per employee	306	498	365

REMUNERATION COMMITTEE REPORT

REMUNERATION REPORT

STATEMENT FROM THE CHAIRPERSON OF THE REMUNERATION COMMITTEE – MRS AZIZA BEGUM AMOD

I am pleased to provide you with my first summarised remuneration report. During the year under review, I replaced Mr Hove as chairman of the remuneration committee and, with the support of the committee members in the areas of human resources and organisational transformation, I was able to discharge my duties as mandated by the Board.

The summarised remuneration report, which includes the remuneration policy and implementation report as required by the provisions of King IV™, will be considered and voted upon at the forthcoming AGM of shareholders on behalf of the remuneration committee.

The committee was tasked by the Board to oversee the implementation of the remuneration policy, enabling it to achieve the Group's strategic objectives, translating into market-related yet affordable performance-linked rewards and to ensure balanced and transparent outcomes that align with shareholder interests over the short and long-term. Ultimately our policy enables the attraction and retention of valuable talent.

This report highlights the key components of our policy and how these are aligned to our performance and strategic objectives for the 2019 financial year. The remuneration committee is governed by its charter that is reviewed annually.

Shareholder focus remains on ensuring pay for performance and alignment with shareholder goals as well as enhanced disclosure so that shareholders can understand the quantum, rationale and drivers of executive remuneration.

Our approach to remuneration aligns to our ethics, corporate governance philosophy and shared values – respect and trust, people, integrity, accountability, stakeholders, commitment and investment. Remuneration and reward systems remain sensitive matters, especially in the socio-political environment. We will continue to review and adapt to changes in market conditions to ensure that our policy and principles remain appropriately aligned with our overall business strategy.

It is fundamental to our core remuneration principles that executive remuneration is aligned to the Group's performance. Income differentials are an important topic within the Group and the remuneration committee remains committed to monitoring and addressing this critical issue. Executive remuneration and the governance of remuneration continues to remain a feature of the corporate governance landscape while the issue of income differentials and the steps necessary to address these continue to enjoy prominence in the local and international markets.

The alignment of our executives' remuneration to the long-term strategic goals of the Group to deliver sustainable value to shareholders and build the business remained a key focus. Some decisions and their related impact in setting targets in terms of performance-related remuneration were made for the executives and senior management of the Group. Weightings of performance as well as specific financial targets were reviewed and amended accordingly. The committee was satisfied and will continue to monitor remuneration against the appropriate strategic objectives, performance and market benchmarks.

The committee had an independent third party perform a market comparison against our peers in other businesses. The comparison was used to determine where we should remunerate. The committee reviewed the targets set in terms of performance-related remuneration for the CEO, the executive management team and senior management in the Group; these targets include individual performance factors and a combination of portfolio-specific targets.

The CEO and executive management team's performances are assessed against a set of predetermined objectives that include, inter alia, strategic leadership, execution of the strategy through business results and stakeholder relations. The Board recognises that the successful delivery of the Group's objectives should constitute both financial and non-financial performance measures, with the key financial measures including profits, cash flow and asset growth weighted to 70% and the remaining 30% weighted to non-financial measures for most of the executives in the Group.

The committee remains mindful to ensure overall remuneration was appropriate for the performance of the Group and in relation to its operational peers. In doing so, the committee considered the overall risk environment, its risk appetite and risk profile and the need to attract, retain and motivate key talent to enable delivery of the Group's strategic objectives.

Our ethos is one of appreciation for commitment, diligence, care and attention to detail. We respect and recognise our employees for their contributions made during the year and inspire them to realise their full potential, and we believe in rewarding accordingly. We consistently applied the principle that our remuneration should be fair and competitive and should reflect the performance of the Group and the business units.

During the financial year, the remuneration committee:

- reviewed and determined the remuneration for the executives;
- reviewed the performance targets to ensure that they are both challenging and linked to the Group's strategic objectives;
- took into account the remuneration and employment conditions of all employees, the performance of the Group and the individual, current views and guidelines of shareholders and market conditions;

- continued to keep under review the relationship of risk to remuneration;
- satisfied itself that the remuneration structure for senior executives does not raise environmental, social or governance risks nor does it inadvertently motivate irresponsible behaviour;
- retained absolute discretion to reduce variable compensation in light of risk and the Group's overall performance; and
- received guidance from the following independent advisors:
 - an external advisor; and
 - PE Corporate Services – executive salary benchmarking and job grading

The committee conducted a detailed review of the performance of each of the four senior executives for the 2019 financial year, and recommended to the Board that a bonus be paid using the Matrix guidelines based on financial and qualitative performance. The committee agreed to recommend to the Board the approval of a general salary increase based on the current price index of 6% for all employees in the Group.

The information provided in this report has been approved by the Board on the recommendation of the remuneration committee. For the year under review, the committee is satisfied that it has fulfilled and complied with its obligations and statutory duties as reflected in its charter, in terms of the policy and duties assigned by the Board.

Due to the restructure of the Board, the committee was reconstituted post year-end.



Mrs Aziza Begum Amod

Chairperson of the remuneration committee

( – Principles 13 and 14)

REMUNERATION COMMITTEE REPORT – continued

ROLE OF THE REMUNERATION COMMITTEE

The remuneration committee's main purpose is to implement the guiding principles in the application of remuneration governance, practices and policies and to ensure that the Group remunerates fairly, responsibly and transparently so as to promote the achievement of the strategic objectives as well as positive outcomes in the short, medium and long term.

REMUNERATION POLICY

INTRODUCTION

AEEI's remuneration committee is primarily responsible for overseeing the remuneration and incentives of the Group's executive directors and key management, as well as providing strategic guidance.

To assist in the achievement of AEEI's long-term strategic goals, the remuneration committee has a formal remuneration policy in place. Each major subsidiary has its own remuneration committee and a policy specific to its business unit, including the industry in which it operates, taking into account AEEI's long-term strategic goals.

The main aim of the committee is to assist the Board in fulfilling its responsibilities in establishing formal and transparent policies and guiding principles of a standardised approach in the application of remuneration practices within all its business units and functions.

OVERVIEW OF THE MAIN PROVISIONS OF THE REMUNERATION POLICY

The remuneration policy is aimed at aligning remuneration practices that will enable the committee to support the Group in achieving its strategic objectives, translating these into market-related, yet affordable performance-linked, rewards and ensuring balanced and transparent outcomes that align with shareholders' interests over the short and long-term, and ultimately enable the attraction and retention of valuable talent. Our approach to remuneration aligns to our ethical approach, corporate governance philosophy, shared values and best practices.

The remuneration policy is designed to achieve the following strategic objectives:

- Support the attainment of AEEI's strategic business objectives and strategies
- Attract, retain and motivate key and talented individuals
- Compete in the marketplace to be an employer of choice
- Reward individual, team and business performance and encourage superior performance
- Support AEEI's shared values
- Promote the achievement of the Group's strategic objectives within its risk appetite
- Promote positive outcomes
- Promote an ethical culture and responsible corporate citizenship.

The remuneration policy addresses the Group's remuneration and includes provision for:

- arrangements towards ensuring that the remuneration of executive management is fair and responsible in the context of overall employee remuneration in the organisation;
- the use of performance measures that support positive outcomes across the economic, social and environmental context in which the Group operates and all the capitals that the Group uses or affects; and
- the Company to attract, engage and retain talent to drive performance and to meet the Group's strategic objectives.

EXECUTIVES AND EMPLOYEES

The remuneration of the executives is reviewed annually by the remuneration committee, which seeks to ensure that balance is maintained between the fixed (base salary) and variable (discretionary bonus) elements of remuneration, as well as between the short-term (base salary and discretionary bonus) and the long-term financial performance objectives of the Group.

Cost-to-company remuneration incorporates the following elements:

BASE SALARY

Base salary is guaranteed annual pay on a cost-to-company basis. It is subject to annual review and adjustments are effective 1 September of each year, coinciding with the commencement of the Group's financial year. Benchmarking is performed with reference to companies comparable in size, industry, business complexity and the level of responsibility that the individual assumes.

BENEFITS

Benefits form part of the total cost-to-company and include:

- membership to the pension/provident fund (providing death, disability and dread disease benefits);
- medical aid;
- unemployment insurance fund; and
- funeral cover.

COMPLIANCE

The remuneration policy is reviewed each year to ensure that the remuneration framework remains effective in supporting the achievement of the Company's business objectives and remains in line with best practice. AEEI complied with the remuneration policy and relevant remuneration governance codes and statutes. The recommended practice as stated under Principle 14 of King IV™ has been applied and is explained throughout this report through the outcomes achieved.

During the year, the committee engaged the services of an independent external advisor to support our endeavours to act independently and provide specialist input.

EXECUTIVE DIRECTORS' SERVICE CONTRACTS

Executive directors do not have fixed-term contracts, but have permanent employment agreements with the Company. The remuneration of executives is determined on a cost-to-company basis and is subject to an annual

review by the remuneration committee. Provident or pension fund and healthcare provision form part of the overall cost-to-company packages. Executive directors are members of the Group's provident fund and are required to retire from the Group as a director of the Board at the age of 65, unless requested by the Board to extend their term. There are no other special benefits for executive directors.

PRESCRIBED OFFICER

Mr Khalid Abdulla is not remunerated for his role as the prescribed officer of the Company.

PERFORMANCE APPRAISALS

Performance appraisals of the executive management team are done by the committee on an annual basis. Line managers and divisional managers also conducted performance appraisals on employees in the Group. The CEO conducted the performance appraisals of the divisional heads in the Group and provided feedback to the committee.

NON-EXECUTIVE DIRECTORS' REMUNERATION

The non-executive directors receive fees for serving on the Board and its committees. The fees for non-executive directors are reviewed annually by AEEI's executive committee, and thereafter referred to the remuneration committee which seeks to ensure that the fees are market related and presented to the shareholders for approval.

The Board recommends the fees to shareholders for approval at the AGM of the Company. Consideration is given to the relative contribution of each non-executive director and their participation in the activities of the Board and its committees. Changes to the fee structure are effective 1 September, subject to the approval by shareholders at AEEI's AGM held in February of each year. The annual fees payable to non-executive directors are, as in the past, fixed and not subject to the attendance of meetings. In the event of non-attendance on a regular basis, same may be reviewed.

REMUNERATION COMMITTEE REPORT – continued

EXECUTIVE AND NON-EXECUTIVE DIRECTORS' REMUNERATION

The 2019 remuneration of the executive directors is set out below:

EXECUTIVE	K Abdulla R'000	CR Ah Sing R'000	CF Hendricks* R'000	AM Salie** R'000	Total R'000
Salary	3 845	1 470	446	802	6 563
Bonus	3 274	334	257	491	4 356
Provident fund	521	199	89	108	917
Expense allowance	76	22	9	14	121
TOTAL	7 716	2 025	801	1 415	11 957

* Ms CF Hendricks' remuneration only reflects her time served on the Board from 1 September 2018 to 18 January 2019.

** Mr AM Salie's remuneration only reflects his time served on the Board from 1 September 2018 to 18 January 2019

The 2019 remuneration of the non-executive directors is set out below:

NON-EXECUTIVE	AB Amod R'000	Ramatlhodi R'000	Gaomab* R'000	Mehana** R'000	Total R'000
Directors' fees	212	227	95	265	799

*Mr JM Gaomab's remuneration only reflects his time served on the Board from 1 September 2018 to 18 January 2019.

**Reverend Dr VC Mehana's remuneration only reflects his time served on the Board from 1 September 2018 to 14 March 2019.

Mr TT Hove and Ms Z Barends waived their non-executive fees for their time served on the Board, from 1 September 2018 to 18 January 2019.

Mr Amod waived his non-executive fees for the time he served on the Board from 21 January 2019 to 31 August 2019. Mr G Colbie and Ms M Mosia waived their non-executive fees.

AEEI covers all reasonable travelling and accommodation expenses incurred to attend Board and committee meetings.

Non-executive directors do not have any employment contracts, nor do they receive any benefits associated with permanent employment.

NON-BINDING ADVISORY VOTES ON THE REMUNERATION POLICY AND IMPLEMENTATION REPORT

In the event that there is less than 75% support for the above-mentioned reports at the AGM, the Board will invite dissenting shareholders to send reasons for such votes in writing. Thereafter, further engagements may be scheduled to appropriately address legitimate and reasonable objections and concerns raised.

IMPLEMENTATION REPORT

This part of the report focuses on the performance outcomes against the targets set for 2019.

SALARY INCREMENT

The committee reviewed the targets set in terms of performance-related remuneration for the CEO, executive management team and senior management in the Group, which include individual performance factors and a combination of portfolio-specific targets. For the year ended 31 August 2019, a general salary increase was approved based on the yearly average current price index of 6% for all employees in the Group.

DISCRETIONARY BONUS

For the year ended 31 August 2019, the discretionary bonus was calculated as a percentage of the qualifying executive/senior management/employee's base salary according to seniority and the level of responsibility assumed. Qualifying executives and senior management received a discretionary cash bonus, dependent on them meeting both financial and qualitative strategic performance objectives. Employees received a discretionary cash bonus, dependent on them meeting both their personal and the Company's strategic objectives. Financial, qualitative, personal and Company strategic performance are aimed at ensuring sustainable long-term value creation to the benefit of all stakeholders. The total base salary and bonus paid were considered to be fair to the Company and the executive/senior manager/employee.

For the year ended 31 August 2019, the CEO and executive management team's performance was assessed against a set of predetermined objectives that include, inter alia, strategic leadership, execution of the strategy through business results and stakeholder relations. The successful delivery of the Group's objectives constitute both financial and non-financial performance measures, with the key financial measures, which include profits, cash flow and asset growth weighted to 70% and the remaining 30% weighted to non-financial measures for most of the executives in the Group. The committee remains mindful of ensuring that overall remuneration was appropriate for the performance of the Group and in relation to its operational peers. In doing so, the committee considered the overall risk environment, its risk appetite and risk profile and the need to attract, retain and motivate key talent to enable the delivery of the Group's strategic objectives. (📄 - Principle 14)

SHAREHOLDER VOTING/FEEDBACK

As required by King IV™ and the JSE Listings Requirements, the Company will put a non-binding advisory vote to shareholders regarding the approval of the remuneration policy and the implementation report. The Company seeks the support from its shareholders at the upcoming AGM. If any shareholders are inclined not to support the resolutions, we would ask that the reasons for such decision be communicated to the Company so that consideration can be given to those reasons. Please forward any comments to the company secretary at damien@aeei.co.za.

Should either vote receive 25% or more votes against, the Company will:

- issue a SENS announcement regarding the outcome of the voting results;
- invite shareholders to engage with the Company regarding their dissatisfaction with either of the votes;
- schedule engagements with concerned shareholders to record their concerns and objections;
- assimilate all responses and schedule a remuneration committee meeting to analyse concerns and issues raised with the aim of formulating changes to the policy and implementation required; and
- develop a formal response to shareholders that articulates the concerns raised, the details of where the changes will be made to address concerns raised and provide responses for areas where the Company, despite the shareholder feedback, believes its current policy and/or implementation is adequate.

Results of the shareholders' votes at the most recent AGM held on 18 January 2019, as a percentage of the total number of shares voted at the AGM, is indicated below:

	2019	2018
Approval of the remuneration policy	100%	100%
Implementation of the remuneration policy	100%	100%
Non-executive directors' fees	100%	100%

A copy of the full remuneration policy is available on www.aeei.co.za/committees/.

SUSTAINABILITY REPORT

The Board of AEEI oversees and drives a strategic approach to sustainability that responds to the interests of all key stakeholders while protecting and creating value.

AEEI is aware of and appreciates the evolution of governance and that the Group's core purpose, business model, performance, risks, opportunities and sustainable development are inseparable elements of the value-creation process. The Board is aware that its responsibility and accountability, in addition to producing solid financial results, include managing the Company's environmental and social impact, as well as addressing the expectations of stakeholders, including regulators, investors, clients and employees.

MATERIAL AREAS OF SUSTAINABILITY

ENSURING SOUND GOVERNANCE

Our sustainability governance practices
Engaging our stakeholders
Fostering ethical behaviour and good governance

DEVELOPING PEOPLE

Workplace transformation and diversity
Success
Skills development
Attracting and retaining talent

RESPONSIBLE PRODUCTS AND SERVICES TO OUR CUSTOMERS

Financing and empowerment infrastructure
Treating our clients fairly
Promoting responsible investment

INVESTING IN A PROSPEROUS SOCIETY

Transformation and empowerment
Responsible procurement and enterprise
Corporate social investment

PROMOTING ENVIRONMENTAL RESPONSIBILITY

Managing our direct environmental impact
Climate change and energy
Promoting sustainable water usage
Materials and waste management

SUSTAINABILITY GOVERNANCE FRAMEWORK

AEEI's business is built on a strong foundation, including its business model, core values and principles. Our products and services are the tangible outputs of our business activities and our social and ethical responsibilities guide our day-to-day activities. All forms of sustainability are extremely important in our strategy and operational activities. AEEI's goal has always been to provide management with innovative solutions to every

subsidiary and client while remaining committed to social responsibility.

Details of our business model and definitions of our values and principles are set out in our abridged integrated report, which can be found online at www.aeei.co.za.

The ultimate responsibility of sustainability rests with the Board and the Board has tasked the social, ethics and transformation committee to manage and monitor sustainability.

BOARD OF DIRECTORS

The Board of directors is primarily responsible for overseeing sustainability issues through the committees listed below:

CHIEF EXECUTIVE OFFICER

The CEO is accountable to the Board for the implementation of the Group's strategy and the overall management of the Group

AUDIT AND RISK COMMITTEE

- Responsible for overseeing and reviewing the integrated reporting process
- Reviews the annual financial statements, interim reports and preliminary results announcement
- Ensures integration in terms of integrated reporting and the application of our business model
- Ensures that the combined assurance model is applied
- Oversees the internal audit function
- Responsible for risk management, considers the top risks and monitors the progress of mitigating risks. Findings and recommendations are reported on at Board level
- Responsible for the governance of technology and information
- Recommends the services of the external auditor

REMUNERATION COMMITTEE

- Reviews and approves the remuneration and benefits policy and the reward philosophy and strategy adopted by the Company
- Ensures that the Group remunerates responsibly, fairly and transparently
- Reviews and approves the reward philosophy and strategy
- Determines the remuneration packages of the executive directors and senior managers
- Recommends to the Board the fees to be paid to non-executive directors for their services

SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE

- Ensures that the Group is and remains a committed socially responsible corporate citizen
- Reports on organisational ethics, sustainable development and stakeholder relationships
- Ensures compliance with statutory duties and encourages leading practice by having the social, ethics and transformation committee progress beyond mere compliance to contribute to value creation
- Monitors the Group's social impact, oversees compliance and ensures sound ethical and governance practices
- Oversees the transformation management, ensuring that management has implemented and maintained an effective transformation management process in the Group
- Assists the Board to lead transformation within the Group and to ensure that there are appropriate policies and procedures in place
- Ensures compliance with the amended B-BBEE Codes of Good Practice as revised from time to time

DAILY RESPONSIBILITY IS DELEGATED TO DIVISIONAL MANAGEMENT

SUSTAINABILITY REPORT – continued

In addition to the careful stewardship of natural resources, the Group continually works towards sustainable development by contributing to the eradication of poverty and income inequalities, with the goals being employment, accessing quality and affordable basic services, and fostering a stable and just society.

The Board remains firmly committed to the development of the intellectual and human capitals. The performance assessment of senior managers includes an assessment of how they have developed the human capital of the Group, especially the development of historically disadvantaged individuals. The Board has affirmed its practice regarding procurement from black economic empowerment companies, enterprise and supplier development as well as socio-economic development.

The Group has policies in place to ensure that the subsidiaries act in an environmentally-friendly manner that considers the existence of the communities in which the subsidiaries' operations are located. AEEI and its various business units are not considered to make a particularly heavy demand on the natural environment.

However, businesses in the Group are committed to being industry leaders and adding value to the services they provide by implementing sustainable business practices that minimise the impact that our operations have on the environment. Environmental commitments are an integral part of our day-to-day activities.

AEEI's carbon emissions are low and we have a very low direct impact on the environment, but we are affected by the environment in which we operate and the impact of how climate change affects our business. We commit our businesses to a journey of responsible environmental stewardship. We acknowledge that a stable economy and a sustainable business require a sustainable environment. Our fishing and brands division works closely with the relevant authorities to safeguard various fish species and pays careful attention to the environmental impact of its operations.

The Group's material matters, the stakeholders affected and how we manage them can be found on pages 43 to 49.

( – Principles 3, 4, 10, 11, 13, 14, 15 and 16)

SOCIAL SUSTAINABILITY

For AEEI, social sustainability and corporate citizenship go beyond legislative compliance. Social sustainability recognises the rights and responsibilities of businesses within a broader societal context and reinforces AEEI's mission of being a dynamic and innovative Company that creates superior stakeholder value.

The Group is aware of the critical role that a business should play in the upliftment and development of the previously disadvantaged majority. The Group is committed to investing in the upliftment of society and in playing a pivotal role in improving the quality of life among the disadvantaged communities through its corporate citizenship initiatives. We continue to subscribe to a sustainable approach in conducting our business.

AEEI's strategic focus on being an exemplary custodian assists us to manage our impact on the communities around us and to actively contribute to their socio-economic development through various initiatives.

Many of the subsidiaries in the Group support their own initiatives in line with the Group's policy and their areas of operation.

It is for this reason that we need to give back to the communities in which we operate by:

- driving the corporate social investment strategy across the Group, investing in social services in our communities and creating value through social investment;
- supporting local business and promoting social and economic development;
- providing employment opportunities and skills development;
- providing training and development through our internship programme;

- investing in the future of our youth and facilitating access to higher education;
- paying our taxes and royalties to government;
- driving the B-BBEE targets in the Group;
- further driving transformation throughout the Group;
- adhering to ethical standards and preventing corruption;
- ensuring effective risk management and compliance;
- promoting social and economic development;
- promoting partnerships with business peers, sector organisations and research bodies;
- having open channels of communications; and
- ensuring that the Group is and is seen to be a responsible corporate citizen.

CORPORATE SOCIAL INVESTMENT (CSI)

The Group invests directly in some of its CSI programmes while others are managed through the Sekunjalo Development Foundation (SDF). The aim is to create a sustained social impact through focused activities. AEEI and the SDF have selected focus areas that have an impact on individual and societal development and play a significant role in nurturing young people who represent the future.

AEEI and the SDF's approach is to:

- encourage employee participation and volunteering in its CSI programmes;
- prioritise CSI across the Group, focusing on set initiatives that support societal challenges; and
- ensure the integration of community needs.

SUSTAINABILITY REPORT – continued

 <p>ARTS AND CULTURE</p> <ul style="list-style-type: none"> • Cape Town International Jazz Festival • African Musicians Trust 	 <p>EDUCATION</p> <ul style="list-style-type: none"> • Back to School programme • Learnership programme • Internship programme • Premier Fishing Bursary Trust • Premier Fishing Learnership Programme • Where Rainbows Meet – Training and Development 	 <p>SPORTS DEVELOPMENT</p> <ul style="list-style-type: none"> • Saldanha Bay Rugby Club • Gansbaai and Hawston Primary Schools • Western Province Boys Hockey • Thornhill United Football Club • Fish Rite Hanover Park Cricket Club
 <p>ENTERPRISE DEVELOPMENT</p> <ul style="list-style-type: none"> • Funding for businesses • Anela Agri Enterprise Development • Engeli Enterprise Development 	 <p>SOCIAL DEVELOPMENT</p> <ul style="list-style-type: none"> • AEEI/Health System • Technologies Annual Golf Day • Women in Praise • Things on Wheels • The Sunflower Fund • The Amy Foundation • Durbanville Children's Home • Mandela Day Initiative • Women's Day – Women in Shelters 	 <p>OTHER</p> <ul style="list-style-type: none"> • Sekunjalo Development Foundation • Survé Philanthropies • Direct support for NGOs and community groupings

AEEI and the SDF continue to move away from ad hoc requests towards focused areas, which are shaped by an increasing need to ensure effective stakeholder relations and the socio-economic needs of the communities in which the Group conducts its business.

For the year ahead, AEEI and the SDF will continue with its CSI programmes in the focused areas with more emphasis in the areas of social and enterprise development.

RETURN ON CORPORATE SOCIAL INITIATIVES

1.58% SPEND VS PROFIT

	IMPACT	RETURN ON INVESTMENT
 ARTS AND CULTURE	SOCIETY	<ul style="list-style-type: none"> • Shared value with communities and organisations • Education of arts and culture, especially in the music arena • Education and mentorship • Self-sufficient – many of our students have become musicians in their own right and have become self-sufficient, and some are the only breadwinners in their families • Benefits to the communities • Promotion of African Arts and Culture
 EDUCATION	COMMUNITIES	<p>Education is a global equaliser. With education, people and communities around the world can become self-sufficient and prosper. Our investments in the communities have resulted in the following:</p> <ul style="list-style-type: none"> • Improved education outcomes • Increased literacy rates • Development of learnership programmes • Development of an internship programme • Increased student engagements and performance • Training • Skills development • Access to early childhood development – live, learn and play • Nurtured growth and entrepreneurship • Employment opportunities • Empowered previously disadvantaged women and men to actively participate in building healthy communities
 SPORTS DEVELOPMENT	COMMUNITIES	<ul style="list-style-type: none"> • Promotion of sports development in impoverished communities
 ENTERPRISE DEVELOPMENT	COMMUNITIES	<ul style="list-style-type: none"> • Promotion of an entrepreneurship culture • Ensured stability, growth and profitability of young entrepreneurs • Promotion of supply chain development and business incubation • Promotion of emerging farmers at grassroots level • Promotion of businesses owned and businesses run by women to become sustainable • Workforce development • Assisted to steer the economy to promote a stable environment

SUSTAINABILITY REPORT – continued

	IMPACT	RETURN ON INVESTMENT
 SPECIAL PROJECTS	ENVIRONMENT	<ul style="list-style-type: none"> Created awareness around sustainability, pollution, water, air, electricity and other
 SOCIAL DEVELOPMENT	SOCIETY	<ul style="list-style-type: none"> Ensured a better quality of life Promoted education Improved access to childcare and families Promoted access for women in shelters Supported NGOs to build capacity and improve efficiency of resources to the communities they support Ensured a better quality of life for people with disabilities Provided skills development through our various initiatives Provided internships Social education

CSI/SED EXPENDITURE

	2019 R'000	2018 R'000	2015 R'000
Rand value of CSI/SED	10 277	6 657	15 851
Percentage of CSI/SED spend invested in South Africa	100%	100%	100%
Education	1 359	617	562
Skills development	4 430	1 873	1 235
Health and HIV/Aids	0	0	0
Basic needs/social	543	684	641
Enterprise development	6 109	172	1 588
Arts and culture	1 833	1 100	7 721
Infrastructure development	0	711	1 562
Rand value spend on environmental management projects	0	59	345
Rand value spend on small business development	1 040	540	859
Discretionary spend	2 473 267	1 338	81 840
Spend as a percentage of net profit after tax	1.6%	0.1%	2.3%

Note: The above excludes AYO and Talhado

RESPONSIBLE INVESTMENTS

108	Footprint
109	FISHING AND BRANDS
109	Premier Fishing and Brands Ltd
112	TECHNOLOGY
112	AYO Technology Solutions Ltd
115	EVENTS AND TOURISM
115	espAfrika (Pty) Ltd
117	Tripos Travel (Pty) Ltd
119	Magic 828 (Pty) Ltd
121	HEALTH AND BEAUTY
121	AfriNat (Pty) Ltd
124	Orleans Cosmetics (Pty) Ltd
126	BIOTHERAPEUTICS
126	Genius Biotherapeutics
128	STRATEGIC INVESTMENTS
128	BT Communications Services South Africa (Pty) Ltd
129	Saab Grintek Defence (Pty) Ltd
130	Sygnia Ltd

AFRIC
EMPO
INVEST

FOOTPRINT

South Africa is AEEL's primary market while the Group continues to expand into the rest of Africa. Outside South Africa we have a market presence in Asia, Europe, Dubai, Saudi Arabia, Spain, the UK, the USA, Ghana, Uganda, Zambia, Cameroon, Tanzania, Nigeria, Namibia, Kenya, Zimbabwe, Botswana, Ethiopia, Lesotho, Eswatini (previously Swaziland), Malawi and Mauritius, SADC region, East Africa, Middle East, West Africa and the Ivory Coast.

As we expand our sphere of operations across Africa and the rest of the world, we embrace strategic partnerships to further diversify our portfolio of investments.

The map below details the operational presence of our subsidiaries, associates and strategic investments in South Africa.

SOUTH AFRICA:

- *Western Cape:* Overberg Region, Gansbaai, Saldanha Bay, Hout Bay, Cape Town, Hex Valley, Citrusdal, Ceres, Riebeeek-Kasteel, Tulbagh, Vredendal, Clanwilliam, Sutherland, Prince Albert, Still Bay and Simonstown
- *Eastern Cape:* Patensie, Gamtoos, Sundays River Valley, Port Alfred and Humansdorp
- *Limpopo:* Polokwane, Groblersdal, Marble Hall, Hoedspruit, Letsitele, Tzaneen and Alldays
- *Mpumalanga:* Nelspruit, Komatipoort, Hazyview Malelane and Ogies
- *Northern Cape:* Keimoes, Augrabies, Kakamas, Upington, Vaalharts and Port Nolloth
- *Free State:* Bethlehem and Ficksburg
- *Other:* Gauteng, North West and KwaZulu-Natal





FISHING AND BRANDS

CONTRIBUTION TO
REVENUE

R575m

PROFIT BEFORE TAX

R101m

PREMIER FISHING AND BRANDS LTD (PREMIER OR PREMIER GROUP)

KEY FACTS

CHIEF EXECUTIVE OFFICER	Mogamat Samir Saban
BOARD OF DIRECTORS	MS Saban, S Young, K Abdulla, IY Moosa, R Isaacs, AB Amod, RP Mosia, CL van der Venter, NA Ramatlhodi and SP Mngconkola
EMPLOYEES	776
HEAD OFFICE	V&A Waterfront, Cape Town
MARKET PRESENCE	Port Nolloth, Northern Cape Province, Cape Town, Overberg Region, Gansbaai, Humansdorp, Saldanha Bay, Hout Bay, the USA, Asia and Europe

PROFILE

Premier Fishing and Brands Ltd (Premier or the Premier Group) has been in existence since 1952 and has four operating divisions, two subsidiary companies and a number of joint-venture operations. Premier is a vertically integrated group which specialises in the harvesting, processing and marketing of fish and fish-related products.

Premier and its subsidiaries hold medium to long-term fishing rights in west coast rock lobster, south coast rock lobster, small pelagics (anchovy and sardine), hake deep-sea trawl, longline and squid. In addition, Premier owns an abalone farm and invests in organic agriculture through the Seagro range of products.

The Premier Group is the largest black-owned and controlled fishing company in South Africa and aims to:

- implement innovative procedures within the value chain to increase efficiency in line with environmental best practices, thereby reducing their carbon footprint;
- invest in reliable technology which allows the Company to reduce mortalities of live lobster kept for the export market, therefore assisting in obtaining the best market price;
- develop all its employees;
- assist small businesses to grow and achieve their full potential; and
- ultimately deliver sustainable returns to all stakeholders.

FISHING AND BRANDS – continued

2019 OPERATIONAL PERFORMANCE

The Premier Group delivered a satisfactory performance for the year, with revenue increasing by 17% from R491m to R575m.

The 2019 financial year incorporated twelve months of results, relating to the Talhado Fishing Enterprises (Pt) Ltd (“Talhado”), as compared to only a portion of the period in the prior year, (namely from 9 May 2018 to 31 August 2018), due to IFRS 3 reporting principles.

Cash generated from operations for the period increased to R124m, compared to R91m in the prior year. Property, plant and equipment increased by 31% from R310m to R408m. EBITA increased by 3% to R112 from R109m.

A final dividend of 10 cents per share was declared to shareholders which equates to a total dividend of 22 cents for the 2019 financial year compared to 25 cents per share in 2018.

Note: The seasonal nature of the fishing industry does not tie in with the financial year. For more information on their listing visit www.premierfishing.co.za

VISION 2020 VISION – PREMIER'S CONTRIBUTION

Following the strategic planning session held in 2015, which entailed an analysis of the business with the primary objective of having focused and aligned efforts across the business to deliver on its long-term goals, a five-year strategic plan to the year 2020 was implemented. The strategic plan has clear deliverables, strategic actions for each strategic lever, as well as specific time frames

Below is the high-level outline of their Vision 2020 Vision strategic goals:

- Expand the abalone farm and capital expenditure in their underlying businesses to improve production and revenue
- Drive an efficient cost base
- Construct/acquire a processing facility
- Product diversification to further penetrate foreign markets – procurement of fish species for local and international markets and enhanced marketing capacity
- Continuous growth of outside quota holders
- Increase enterprise development initiatives
- Acquire a canning facility
- Acquire another fishing business
- Further explore green energy alternatives with the emphasis on the efficient use of water and electricity

2019 ACHIEVEMENTS:

- Obtained a level 1 B-BBEE rating
- Obtained synergies from their acquisition of the Talhado Group in the prior year
- Increased their stock holding to 161 tons, compared to 144 ton in the prior year
- Continued to produce spat at an average monthly production of 200 000 animals per month

PROSPECTS AND FUTURE OUTLOOK

Premier is well positioned for growth over the next two years to further unlock shareholder value. The following prospects have been identified in reaching their Vision 2020 Vision:

- Continue to explore innovative fishing and production techniques
- Increase partnerships with outside quota holders
- Product diversification to further penetrate foreign markets
- Acquisition of additional fishing companies as part of the Vision 2020 Vision strategy as agreed
- Additional production capacity created as part of the abalone farm expansion project
- A fully functional canning facility to be constructed at the abalone farm
- New jobs to be created as part of the abalone farm expansion project

MARKET PRESENCE

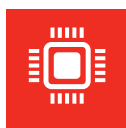
Premier has operations in Cape Town, Overberg region, Saldanha Bay, Hout Bay, Eastern Cape, Humansdorp, the USA, Asia and Europe

PRODUCTS AND BRANDS

Through their various business activities Premier offers the following products and services: sales, marketing and production of west coast rock lobster, south coast rock lobster, abalone, small pelagics, canned fish products, longline hake, squid and Seagro (organic fertiliser)



Detailed information about Premier's business model, stakeholders, risks and governance is available on the website at www.aeei.co.za.



TECHNOLOGY

CONTRIBUTION TO
REVENUE

R1 663m

PROFIT BEFORE TAX

R124m

AYO TECHNOLOGY SOLUTIONS LTD

KEY FACTS

CHIEF EXECUTIVE OFFICER	Howard Plaatjes
BOARD OF DIRECTORS	WA Mgoqi, H Plaatjes, IT Bundo, V Govender, AB Amod, DH George, RP Mosia, SM Rasethaba, NA Ramatlhodi and I Amod
EMPLOYEES	1 244
HEAD OFFICE	Observatory, Cape Town
MARKET PRESENCE	South Africa, with some presence in other African countries

PROFILE

AYO Technology Solutions Ltd (AYO) is rooted in South Africa, with a purpose to help organisations reach new heights by empowering their people, enriching their processes and developing industry disruptor technology solutions that enable them to be market leaders in the digitally transformed economies they operate in.

The AYO Group leverages its group-wide capabilities and strategic partnerships to deliver end-to-end digital and technology solutions to multiple industries in South Africa's public and private sectors as well as across the African continent and beyond.

The AYO Group consists of a number of technology companies that offer Information Communication Technology (ICT) services and solutions to clients across a range of industries that are best served by technology that enables them to be efficient in their key capabilities. Key group companies include:

Puleng Technologies (Pty) Ltd is a 15-year-old, proudly South African ICT company with its roots firmly in building local expertise and providing customers with "Project Success" linked to the solutions Puleng designs and supports. The Puleng Blueprint provides customers with a client-centric strategy to manage and secure the two most valuable assets an organisation has: its data and users, while facilitating IT and business with a platform to build an efficient, collaborative and integrated cybersecurity program. To further enhance its strategy, Puleng provides its customers with data centre infrastructure platforms, which allow Puleng to leverage its core strengths across its Compute, Storage, Virtualisation and Management teams.

Sizwe Africa IT Group (Pty) Ltd offers various ICT services to its customers, including a focused spectrum of physical infrastructure, metro and long-distance optic fibre, facility management, continuous energy supply, networking and security to hosting, storage server processing, mobility, data centre, end-user computing and associated consumables.

Health Systems Technologies (Pty) Ltd offers ICT solutions to the healthcare industry, such as hospitals; primary healthcare, laboratory and pharmacy information systems; electronic health records; continuity of care records and telemedicine backed by the necessary professional services, such as consulting, system architecture design, system integration, business intelligence and development of bespoke software solutions.

Kalula Communications (Pty) Ltd (trading as Headset Solutions) imports and distributes notable brands within the telecommunications and consumer electronic markets. Headset Solutions is the distributor for all Poly, Jabra and Konftel products in Southern Africa. Poly designs headsets for a wide range of devices, including phones, laptops, handhelds, entertainment and music devices. Konftel is a worldwide leader in the manufacture of audio-conferencing equipment and the inventor of audio conference technology.

SGT Solutions (Pty) Ltd is a turnkey solutions integrator, specialising in the design, supply, deployment and maintenance of multi-technology telecommunication systems for fixed, mobile and converged networks through partnerships with their customers and technology providers. They create value-added customer experiences by offering solutions that yield tangible benefits and differentiation for their customers, thereby leveraging the investment in their existing networks.

Global Control and Command Technologies (Pty) Ltd (GC²T) is the national sovereign command and control capability of the Department of Defence. GC²T has existed in various forms since 1982 when it was moved out of the then Andromeda (state owned) into the Altech Group as the first phase of establishment of a national command and control strategy. Today the company is 100% South African and majority black-owned. GC²T operates in the defence and related technologies space and focuses on the provision of system level 4, 5 and 6 Command, Control, Communication and Information solutions

Digital Matter (Pty) Ltd is an IT specialist focusing on mobile application development including mobile inspection management, fixed asset management, and solutions for clients in mobile field services, technician management, franchise evolution, mobile banking and plant commissioning.

Afrozaar (Pty) Ltd is a software consulting and product development business focused on the development of innovative software products in the mobile, digital and cloud environments. Afrozaar is fast becoming a leader in digital transformation of traditional media and brand groups around how they value their digital processes, assets and respective audiences.

2019 OPERATIONAL PERFORMANCE

The Group delivered a strong performance for the year with revenue amounting to R1.6bn and profit before tax of R124m.

The Group achieved significant organic growth during the year as a result of a contract with a multinational company. Work on the contract is progressing very well, with positive feedback from the client. AYO expects to obtain new contracts with other multinational companies as it builds on its platforms driven by the “Go to Market” strategy.

VISION 2020 VISION – AYO’S VISION

AYO’s vision is to be the leading empowered digital and technology solutions partner for organisations across the African continent.

AYO’S CONTRIBUTION:

- The Company acquired a 55% equity interest in Zaloserve (Pty) Ltd (Zaloserve), 40% equity interest in Saab Grintek Technologies (Pty) Ltd – now known as SGT Solutions (Pty) Ltd (SGT Solutions) – via a special purpose vehicle, Main Street 1653 (Pty) Ltd, and a 32% equity interest in Bambelela Capital (Pty) Ltd (Bambelela) (previously Vunani Group (Pty) Ltd).
- Zaloserve holds an indirect 100% shareholding in Sizwe Africa IT Group (Pty) Ltd (Sizwe).
- On 1 March 2019, AYO acquired a 24% equity interest in Global Command and Control Technologies Proprietary Limited (GC²T).
- On 19 March 2019, AYO signed an agreement with Bambelela and Vunani Capital (Pty) Ltd (Vunani Capital) in which AYO is a 50% shareholder, Bambelela a 30% shareholder and Vunani Capital a 20% shareholder. This special purpose vehicle was formed to invest in disruptive financial services technology as part of its “Go to Market” strategy.

TECHNOLOGY – continued

PROSPECTS AND FUTURE OUTLOOK

AYO continues to focus on its acquisition strategy in order to complement and augment the current businesses and enhance its vertical industry “Go to Market” strategy.

On successful completion of certain acquisitions, AYO will be strongly positioned to win significant market share in its industry and to challenge and disrupt the ICT landscape that has been dominated by the same brands.

Through the above strategies, AYO’s product and service portfolio and digital ecosystem should be able to service a substantial customer base and capture 5% to 8% of the South African market by 2022.

The exciting growth prospects that these target businesses will enjoy within the AYO digital ecosystem will have a compounding effect on the Company’s organic growth.

MARKET PRESENCE

AYO and its subsidiaries operate across a variety of industries and have a market presence in South Africa, SADC region, Eswatini (previously Swaziland), Botswana, SADC region, East Africa, Middle East, Mauritius and Nigeria.

AYO, through its subsidiaries and associate companies, offers solutions and services across the depicted technology offerings.

COMPANY BRAND



BRANDS





EVENTS AND TOURISM

CONTRIBUTION TO
REVENUE

R103m

LOSS BEFORE TAX

(R42m)

ESPAFRIKA (PTY) LTD

KEY FACTS

CHIEF EXECUTIVE OFFICER	K Abdulla (acting)
BOARD OF DIRECTORS	K Abdulla, CF Hendricks, M Domingo, E Domingo and S Ramdenee
EMPLOYEES	19
HEAD OFFICE	Claremont, Cape Town
MARKET PRESENCE	Western Cape, Limpopo and Ivory Coast

PROFILE

espAfrika (Pty) Ltd (espAfrika) is a cutting-edge global competitor in events management. Over the past decade, it has staged international music festivals throughout Africa. Under their leadership, The Cape Town International Jazz Festival (CTIJF) is positioned as “Africa’s Grandest Gathering” and continues to grow and maintain its rating in the top 10 Jazz Festivals in the world. The CTIJF has also been named the Best Festival in Cape Town in the OFLOCAL 2015 poll and in 2016 was voted one of the World’s Best Festivals by FEST 300. The CTIJF contributes more than R0.9bn to the gross domestic product (GDP) of the South African economy and creates more than 3 000 jobs.

espAfrika’s highly-skilled team of professionals produces and hosts a range of events, from festivals to corporate functions, gala dinners and conferences. This innovative events management company thrives on challenges and their collective energy produces dynamic results.

espAfrika’s primary strategy is to use indigenous resources and collaborate with local businesses and the public to ensure that all stakeholders benefit from this collaboration.

espAfrika consistently aspires and inspires new business within the events and entertainment sector throughout Africa. Having diligently established trustworthy relationships in the international music industry, espAfrika ensures a lucrative flow of artists and expertise between Africa, Europe, Asia and the United States.

2019 OPERATIONAL PERFORMANCE

Despite the challenging economic climate, the Cape Town International Jazz Festival delivered a successful Jazz Festival and met all its objectives. The company contributes positively to all its stakeholders and with its projected plan it will continue to strengthen its sustainability and returns to all the stakeholders.

EVENTS AND TOURISM – continued

ESPAFRIKA'S CONTRIBUTION

In line with the Vision 2020 Vision, espAfrika is on track to meet its strategic objectives listed below.

2019 ACHIEVEMENTS

During the financial year, the Company incurred a loss as a result of the current economic climate. Plans have been put in place to return the Company to profitability and ensure it is sustainable for the foreseeable future, thus ensuring adequate returns to all its stakeholders.

During the financial year, maintaining the 30% return on investment for the Jazz Festival was not attainable due to the current economic climate. Moving forward with the changes and plans they implemented; they expect to return to normality. Additional events are being planned for the Jazz Festival to expand the festival footprint.

The Company plans to introduce new events during the new financial year to maximise its return on investment.

espAfrika continuously tenders for new events and recently won a tender from the City of Cape Town to produce and manage the "Switching of the Lights" celebration which was attended by over 100 000 people. The Company has also recently signed an agreement with a client in the Ivory Coast to produce and manage an international music event.

The objective of acquiring their own venue to further expand the business remains an ongoing process and is continually being assessed.

PROSPECTS AND FUTURE OUTLOOK

With the addition of the new events to the espAfrika calendar, the Company will be able to maximise the use of its resources throughout the year, and as a result improve on its profitability and sustainability while creating more employment and a socio-economic impact.

In addition to the company-owned events, espAfrika is working on securing events both in South Africa and in Africa where espAfrika intends to produce and manage events on behalf of clients, and establish the Company as the leader in events production and management on the continent. As part of this drive espAfrika recently concluded an agreement to produce and manage an international music festival on behalf of a client in the Ivory Coast.

Through their existing and new business initiatives, social development programmes and innovative leadership, the previously disadvantaged communities will be able to have more access to and opportunities in this industry

MARKET PRESENCE

espAfrika now operates in the Western Cape, Limpopo and the Ivory Coast.

COMPANY BRAND



BRANDS



TRIPOS TRAVEL (PTY) LTD

KEY FACTS

GENERAL MANAGER	R Romaney
BOARD OF DIRECTORS	K Abdulla, AM Salie, CF Hendricks and LO Burt
EMPLOYEES	9
HEAD OFFICE	Woodstock, Cape Town
MARKET PRESENCE	South Africa

Tripes Travel (Pty) Ltd (Tripes) has been in existence since 1970 and has two distinct operating divisions: Travel Management Services and Inbound Tours and Events. While they are specialists in corporate travel, they provide a service in both the corporate and leisure markets. In the Inbound Tours and Events department, they focus on inbound tours to Southern Africa for groups and independent travellers.

Tripes has long-term contracts with corporate clients and independent (on and off site) travel consultants.

Tripes aims to:

- deliver a superior service while actively contributing to the development of people in the travel industry;
- invest in leading-edge technology to service clients online and in person;
- develop its employees;
- build strong relationships and leverage its membership in the Sure Group to provide clients with the best prices;
- grow the inbound tourism business; and
- deliver good sustainable returns to its stakeholders.

2019 OPERATIONAL PERFORMANCE

The challenging economic conditions had an impact on revenue, with companies looking at cost-cutting measures while there is a continuing decline in the traditional travel agency industry. This created a very competitive arena for travel companies. Tripes plans to address this by focusing on acquiring small to medium-sized clients and investing more resources into the growth of their leisure and inbound tourism departments.

Cash flow management has improved with a complete overhaul of the back-office administration department. The efficiency in debt collection has improved and the Company can meet its day-to-day obligations through working capital.

VISION 2020 VISION – TRIPOS' CONTRIBUTION

A detailed analysis of the business was done in 2015 with the primary objective to have focused and aligned efforts across the business to deliver on its long-term goals.

A five-year strategic plan was implemented with clear deliverable, strategic actions for each strategic lever and specific time frames.

Below is a high-level outline of their progress of the Vision 2020 Vision strategic goals:

- Tripes continues to:
 - concentrate its efforts to increase revenue and operating profits; and
 - invest in resources to promote niche tours and to grow its footprint.
- Tripes's relationship with the SURE Consortium Group continues to strengthen in that they continue to provide support in all aspects of their business, from client acquisition to supplier contract negotiation.
- Tripes was elected as the official travel partner by espAfrika, the owner and producer of the 20th CTIJF.
- A key value of Tripes is to put the customer first and this is entrenched in their values, staff coaching and training, incentives and allocation of resources.

EVENTS AND TOURISM – continued

PROSPECTS AND FUTURE OUTLOOK

Triplos plans to improve its revenue position by aggressively targeting small businesses for new business, outbound leisure business and exploit the growth in inbound travel to South Africa.

Triplos plans to restructure and consolidate resources to improve its profitability.

The actions in progress to achieve this are listed below:

- Expand the responsibilities of an existing staff member to focus on the acquisition of new business, targeting small to medium companies
- Continue to develop, promote and sell inbound packages for Southern Africa to the identified regions
- Evaluate prospects for acquisition in the inbound tourism sector
- Sell niche packages for the Cape Town International Jazz Festival as the official travel partner on a long-term basis

- Sell niche packages for The Harley Davidson Tours
- Promote and sell outbound leisure packages
- Work closely with suppliers to provide the best deals to customers
- Arrange customer service and sales training for all staff
- Build on and make optimal use of our improved systems and processes

OPERATIONAL FOOTPRINT

Triplos has a single office in Cape Town. Its corporate client list is predominantly Cape Town based with a small percentage (less than 5%) based in Gauteng. Triplos' inbound tours department specialises in providing tours to the Southern African region. This year, Triplos serviced clients from Dubai, France, Belgium and Canada.

COMPANY BRAND

BRAND



MAGIC 828 (PTY) LTD (MAGIC)

KEY FACTS

CHIEF EXECUTIVE OFFICER	Currently managed by directors
BOARD OF DIRECTORS	K Abdulla, CF Hendricks, AB Amod, JC van Niekerk
EMPLOYEES	19
HEAD OFFICE	Mowbray, Cape Town
FOOTPRINT	Western Cape

PROFILE

Magic 828 (Pty) Ltd (Magic) is a medium wave (AM/MW) independent commercial music radio station, broadcasting throughout the Western Cape and streaming worldwide. The studios are situated in Golf Park, Mowbray, Cape Town with a transmitter sited at the centre of a geographic triangle with Paarl, Durbanville and Malmesbury as the three corner points.

The station radiates a 25 000 watt (25kw) signal to all areas of the Western Cape, unrestricted by mountainous terrain. The transmitter is five generations up on existing MW transmitters in South Africa. Magic also broadcasts in digital/stereo streaming via its website, mobile applications on both IOS and Android platforms, and other radio applications.

Magic's music format is defined as adult contemporary hits with a touch of rock and a taste of Golden Oldies, broadcasting hits from the 1960s to 2000s. Magic believes that its music format has no colour lines as these hits are easily recognised by listeners, constantly entertaining them through more music and less talk, thus invoking memories of past experiences. Magic's target audience comprises individuals between the ages of 35 to 65 of no specific race or gender, even though they receive feedback from listeners outside this age group.

Magic's listenership has grown by 42% to 187 000 listeners in 2018 (research privately done by Freshly Ground Insights) and increased its unique streaming listeners by more than 100% to over 20 000 via its digital platforms.

A detailed analysis of Magic was done during the 2018 financial year with the primary objective to focus and align efforts across the business to deliver on its long-term goals.

A short-term plan has been put in place in relation to programming, sales and marketing and establishing clear reporting channels to all employees whereby they understand their roles and responsibilities. A five-year strategic plan to the year 2020 was implemented in 2015 with clear deliverables, strategic actions for each strategic lever as well as specific time frames.

2019 OPERATIONAL PERFORMANCE

Magic's core focus was and currently is to create awareness to increase listenership, generate high-quality programming to retain existing listeners, ultimately to generate more revenue and create a sustainable business which is profitable.

The radio station is built on an advertising revenue model, split between agencies and direct advertising, which is driven primarily by listenership. This relationship of listenership vs advertising revenue is evident with both increasing by more than 40%. With the base costs now established and stabilised, its focus has moved to implementing an aggressive marketing strategy to create awareness, and exploring new opportunities and partnerships to achieve its overall objectives.

Magic understands that listenership figures from the Broadcasting Research Council are predominately used by customers to assess a potential return on investment. This has been a challenge, however, Magic is forging new relationships with all stakeholders, including the Broadcasting Research Council which is allowing the Company to appear on its research as having listenership figures.

An overall plan has been established by partnering with another radio station to benefit from its listenership and potentially sell advertising nationally. These plans are currently being actioned and will be monitored regularly in the 2020 financial year.

EVENTS AND TOURISM – continued

The Board of Magic relies on the executive team to work with management to implement the plans over the next 12 to 18 months.

VISION 2020 VISION – MAGIC'S CONTRIBUTION

The following prospects have been identified in reaching Magic's Vision 2020 Vision:

- Further increasing brand awareness and increasing listenership
- Performing at various community events and encouraging the underprivileged to participate
- Extending its broadcasting via programming from Magic AM on FM community stations
- Protecting its industry to create more employment
- Further advertising opportunities arising due to the exposure of the radio station
- Further growth in listenership
- Continue to look at joint ventures in marketing and advertising
- Creating an e-Entertainment magazine in conjunction with another entity to realise further advertising and income
- Employing more people on an equal employment basis, as well as obtaining the HDP level of 70% as per the Independent Communications Authority of South Africa (ICASA) licence agreement
- Increasing its broadcast area by going digital

PROSPECTS AND FUTURE OUTLOOK

Magic has adjusted its business model to ensure that the business structure, processes and objectives are aligned to the requirements of the ICASA radio licence to ensure compliance. Magic embarked on a digital journey, allowing it to become the first Western Cape radio station broadcasting on Digital Audio Broadcasting, resulting in Magic becoming a competitor with other FM broadcasting stations. An application has been submitted to ICASA to allow the Company to start digital trials from December 2018, within the limits of trial licences allowed by ICASA.

The main opportunity that exists is the agency business through its sales house, The Media Connection, which has shown significant advertising revenue growth since inception. However, this has been impacted by the economic downturn in the economy.

This opportunity is enhanced by the partnership with another radio station broadcasting in Gauteng, which allows Magic to sell national advertising and to benefit from the combined listenership of these two stations.

Management adopted a business model focused on local direct sales as agency sales have not met expectations in previous years. This will result in steadily increasing revenue throughout the year leading up to 2020

The following prospects have been identified in reaching the Vision 2020 Vision:

- Increasing its broadcast area
- Further increasing brand awareness and increasing listenership with aggressive marketing
- Exploring opportunities to obtain government business with the assistance of its partners
- Constructing a roadshow to visit agencies in three centres, namely Gauteng, Cape Town and KwaZulu-Natal; this has been proven by other stations to be exceedingly successful
- Performing at various community events and encouraging the underprivileged to participate
- Extending its broadcasting via programming from Magic AM online for digital presence
- Protecting the industry to create more employment
- Further advertising opportunities arising due to the exposure of its radio station
- Growing its listenership
- Continue to look at joint ventures in marketing and advertising
- In conjunction with another entity create an e-Entertainment magazine realising further advertising and income
- Employing more people on an equal employment basis, as well as obtaining the HDP levels of 70% as per the ICASA licence agreement

MARKET PRESENCE

Magic's market presence includes the Cape Town region and Simonstown, extending to Vredendal, Clanwilliam, Sutherland, Prince Albert and including Still Bay.

COMPANY BRAND





HEALTH AND BEAUTY

CONTRIBUTION TO
REVENUE

R42m

PROFIT BEFORE
TAX

R1m

AFRINAT PTY (LTD)

KEY FACTS

CHIEF EXECUTIVE OFFICER	Dr Abdusamad Sidar
BOARD OF DIRECTORS	K Abdulla, CR Ah Sing, CF Hendricks, AB Amod and A Sidar
EMPLOYEES	8
HEAD OFFICE	Victoria & Alfred Waterfront, Cape Town
FOOTPRINT	<i>Western Cape:</i> Hex Valley, Citrusdal, Ceres, Riebeek Kasteel and Tulbagh <i>Eastern Cape:</i> Patensie, Gamtoos, Sundays River Valley, Port Alfred and Humansdorp <i>Limpopo:</i> Polokwane, Groblersdal, Marble Hall, Hoedspruit, Letsitele, Tzaneen and Alldays <i>Mpumalanga:</i> Nelspruit, Komatipoort, Hazyview, Malelane and Ogies <i>Northern Cape:</i> Keimoes, Augrabies, Kakamas, Upington and Vaalharts <i>Free State:</i> Bethlehem and Ficksburg

PROFILE

AfriNat Pty (Ltd) (AfriNat) supplies a range of natural biostimulants and agricultural pre-harvest products as well as a range of hygiene and sanitation products under the brand ViBacSan® to the post-harvest industry and hygiene and sanitation sector. These products are human, animal and plant safe. They are also internationally recognised and certified as such using British and European Standards (BS, ES), National Regulatory Compulsory Specifications (NRCS) and SABS. Agricultural products are registered with the Department of Agriculture, Forestry and Fisheries (DAFF) and have the NSF international accreditation.

The products are registered and manufactured locally and are being used with success in the agricultural, food, and general health and hygiene sectors. AfriNat acquired the intellectual property (IP) from a UK-based company called Phyto, and is currently in a joint venture with them providing access to their other products for select markets.

Over the past 18 months the strategic objectives were changed to focus on South Africa and Southern Africa.

2019 OPERATIONAL PERFORMANCE

AfriNat operates in three sectors: pre-harvest, post-harvest, and hygiene and sanitation with different ranges of products. The drop in sales was due to international tariff increases and local protests at ports, which forced distributors to return stock for the 2018 season. Overall numbers are below budget. However, all stock was sold and growth was evident.

HEALTH AND BEAUTY – continued

Strategic objectives in post-harvest and hygiene and sanitation have been put in place to address the underperformance and are starting to show results. The biggest challenge still remains the change in thinking required to use their product ranges as pricing versus application and the effect is different to conventional products. This requires extensive marketing efforts which the Company has not engaged in fully, but has planned a strategy for the new financial year. This involves approaching food preparation companies, and shopping mall property companies to offer a high-efficacy, cost-saving solution.

AfriNat delayed the introduction of food additives and preservatives and rather focused its efforts on the current divisions. However, diversification into the food sector is critical to avoid the risks of the drought and the cyclical nature of the agricultural market. This is largely mitigated by the current research and development projects underway in the food sector. The Company has engaged with manufacturers to establish its market presence and hopes to see the results in the new financial year.

VISION 2020 VISION – AFRINAT'S CONTRIBUTION

A detailed analysis of the business was done in 2015 and a five-point strategic plan was implemented in 2015 with clear deliverables, strategic actions for each strategic level as well as specific time frames.

2019 ACHIEVEMENTS:

- They moved from research to commercialisation of products in the agricultural sector.
- The introduction and successful registration of additional products to the original 15 products in the ViBacSan® range have been subjected to independent evaluation and trials, establishing the credentials of the product in local markets. New regulatory submissions to the NRCS are currently in progress. A test trial, on two ViBacSan® products was successful at the GLP Laboratory overseas "Micro-Challenge" and AfriNat was granted the ACT 5 Registration Number by the NRCS.
- The introduction of pre-harvest products to the local market has been extremely successful with farmers. The products, through delivery of a comprehensive spray programme, have shown benefits of increased health and thus crop yield increases. All DAFF registrations for pre-harvest products have been successfully accomplished.
- The post-harvest products will add to the value chain in the agricultural sector. These are part of the products mentioned in the second bullet point above and used in the processing following harvest and

picking. Packhouses are the primary customer and AfriNat is signing up agents and distributors in various regions to actively promote the range. This gives packhouses the opportunity to meet international standards on food safety in the export of fruit and vegetables.

- Growth in the hygiene and sanitation sector is being developed through cleaning contractors and large property companies. They offer a natural water-saving alternative to end-users which is in line with international trends. This is in addition to the food preparation business showing steady acceptance. Food ingredients and preservative aspects are still in the research and development phase, having conducted multiple tests in food and fishing.

PROSPECTS AND FUTURE OUTLOOK

AfriNat has developed a platform for growth which is estimated at 25% per annum based on the uptake of the product offering over the next three years. They have seen an almost 200% growth in the pre-harvest division this year through active marketing efforts and with additional distributors being signed on in different provinces. There are no planned acquisitions in the short to medium term and organic growth is expected by increasing market share and penetration into both the pre-harvest and post-harvest markets.

The main opportunity that exists is the international focus on a green economy and protecting the environment. AfriNat has acquired the rights to internationally recognised natural products supporting key industries that impact on the health and well-being of the population. These products range from domestic hygiene to food security.

The following prospects have been identified in reaching their Vision 2020 Vision:

- Growth of the product portfolio in the pre-harvest sector – there are opportunities to capitalise on their empowered status and successfully attract international and local partners to expand their product portfolio.
- Discussions with multiple international companies to have trade relations supplying products and, in turn, having exclusivity on their products in South Africa in the pre-harvest sector .
- The food and beverage manufacturing and processing sector has been delayed for active entry until the 2019/20 fiscal year due to the intense focus and demand from the agricultural sector.
- Conclude a local manufacturing facility – this initiative will provide jobs locally and require the transfer of new skills to employees.

- Diversity of products and market – AfriNat is adding products to its portfolio.
- Expansion into new sectors with innovative products – a significant opportunity exists to capture a large portion of the infection control and hygiene and sanitation markets in the health delivery system, as well as the food processing and hospitality sectors, with their internationally recognised, totally natural range of sanitation and hygiene products.
- Retention of business won – in a business environment that is based on a high level of relationship building, the successful retention of business is a key measure of AfriNat's performance.
- Expand into new markets outside of South Africa.

OPERATIONAL FOOTPRINT

AfriNat's administrative function which includes management, marketing and finance operates from the V&A Waterfront, Cape Town. Manufacturing is done under agreement with a contract manufacturer in Blackheath, Cape Town. The distribution of products is done under distribution agreements with vendors in the respective sectors and provinces.

COMPANY BRAND



PRODUCTS



VIBACSAN

Natural Disinfectants & Cleaners



HEALTH AND BEAUTY – continued

ORLEANS COSMETICS (PTY) LTD (ORLEANS COSMETICS)

KEY FACTS

CHIEF EXECUTIVE OFFICER	D Kourie
BOARD OF DIRECTORS	K Abdulla (chairman), AM Salie, CF Hendricks, AB Amod and DN Kourie
EMPLOYEES	78
HEAD OFFICE	Westlake Business Park, Cape Town
MARKET PRESENCE	South Africa, Southern Africa (including Namibia, Zimbabwe, Lesotho, Eswatini [previously Swaziland] and Botswana) and Mauritius

PROFILE

Orleans Cosmetics (Pty) Ltd (Orleans Cosmetics) was acquired in May 2017 and became a subsidiary of AEEL. It was a business previously known as Orleans Distributors CC and RVB Cosmetics CC, which had been in business in South Africa for the past 23 years.

Orleans Cosmetics imports and distributes four cosmetic brands from Europe on an exclusive basis in South Africa and neighbouring territories, through retailers and beauty salons.

Orleans Cosmetics is the exclusive Southern African distributor of the following imported cosmetic brands, each one with a long international history:

- Gatineau – founded in France in 1932
- NUXE – founded in France in 1990
- RVB Skinlab/Diego Dalla Palma Professional – founded in Italy in 1961
- Sothys – founded in France in 1946

Gatineau and NUXE are sold in retailing groups such as Truworths, Woolworths and Edgars, while Gatineau is sold in Dis-Chem. Both brands are also sold in beauty salons.

RVB Skinlab/Diego Dalla Palma Professional and Sothys are exclusively found in beauty salons and spas across South Africa.

The Company's present focus is on skincare with an emphasis on anti-ageing. The business has a make-up range in RVB/Diego Dalla Palma.

2019 OPERATIONAL PERFORMANCE

The Company is expected to make a pretax and pre-interest profit of R3.2m for the year ending 31 August 2019.

VISION 2020 VISION – ORLEANS' COSMETICS CONTRIBUTION

Orleans Cosmetics vision is to be a leading player in the prestige and masstige cosmetics industry in both the retail industry and in beauty salons. It intends to acquire another skincare range and fragrance lines to complement its current skincare ranges.

PROSPECTS AND FUTURE OUTLOOK

The chief executive officer of Orleans Cosmetics has a vast amount of experience in this industry having worked with major brands for many years. As a result, he understands the industry very well and is well placed to drive the future growth of the business.

The key drivers in the business are the following:

- Superb customer service at point of sale through their dedicated, highly-trained beauty consultants and their extremely well-qualified beauty therapists
- Training of store consultants and beauty therapists
- Close strategic relationships with key retailers
- Excellent management at head office and in the field, by the area managers
- Public relations

OUTLOOK FOR 2020

- Focus on strengthening the brands' presence in the marketplace
- Introduce a skincare brand, Resultime, from the NUXE group
- Explore the opportunity of obtaining exclusive agencies in fragrances

They intend to double the size of the business within the next four to five years. Growth will occur through a balance of organic growth and acquisitions.

The business was previously owned and managed by the Neilson family for 21 years. The intention is to retain the entrepreneurial spirit which already exists, and to blend this with the business expertise which AEEI can provide. The Company has built a solid reputation as being professional, well managed and responsive to the needs of its end customers and to retailers and beauty salons.

As a subsidiary of AEEI, Orleans Cosmetics is very well positioned to be the partner of choice for both local companies and to represent overseas brands due to AEEI's B-BBEE credentials.

Industry statistics indicate that the luxury and masstige segments of the cosmetics market are considered to be in excess of R9bn per annum at retail prices, indicating that there is enormous potential growth for Orleans Cosmetics.

OPERATIONAL FOOTPRINT

Orleans Cosmetics has the exclusive distribution rights for the four overseas-based principals for South Africa and Namibia, and in certain cases it also has the rights to Mauritius, Zimbabwe, Eswatini (previously Swaziland), Botswana and Lesotho.

COMPANY BRAND



BRANDS

Orleans Cosmetics is the exclusive South Africa and Southern Africa distributor of Gatineau, NUXE, RVB Skinlab/Diego Dalla Palma Professional and Sothys brands.



RVB SKINLAB

diego dalla palma
PROFESSIONAL



BIOTHERAPEUTICS

GENIUS BIOTHERAPEUTICS (GENIUS)

(Bioclones (Pty) Ltd)

KEY FACTS

CHIEF EXECUTIVE OFFICER	Dr Abdusamad Sidar
BOARD OF DIRECTORS	K Abdulla, I Amod, CR Ah Sing, CF Hendricks and A Sidar
EMPLOYEES	8
HEAD OFFICE	V&A Waterfront, Cape Town
FOOTPRINT	Cape Town and Centurion, Pretoria

PROFILE

Genius Biotherapeutics (Genius) focuses particularly on healthcare applications and more specifically on the production of biopharmaceutical products (those that are derived from living genetically modified cells and are of a protein or carbohydrate nature).

Biopharmaceutical products include therapeutics such as hormones, protein-based drugs and antibodies. Of critical importance in the healthcare industry is the movement away from traditional chemical-based pharmaceuticals to biotechnology-derived medicines due to the extremely inefficient success rates within the traditional pharmaceutical industry. The biopharmaceutical products are commonly thought of as the therapeutic products of the future.

The biotechnology industry is vast and covers a range of sectors in addition to the medical and healthcare applications, including genetically modified crops and foodstuffs, alcoholic beverage manufacture, mining, industrial waste treatment and water treatment. The market size opportunities for biotechnology applications is substantial

2019 OPERATIONAL PERFORMANCE

There are multiple divisions engaged in product development phases at different stages:

- Regulatory preparation and process validation phase for the production of erythropoietin (Repotin), a biosimilar drug used to treat anaemia caused by kidney disease.
- Developmental work on the dendritic cell vaccine (DCV) for cancer immunotherapy and communicable diseases such as extreme drug-resistant tuberculosis.
- Further developmental activities at the Ribotech facility for a second biosimilar drug called Recogen, a granulocyte-colony stimulating factor (G-CSF) used for the treatment of neutropenia which is a condition of low white blood cell count in patients undergoing chemotherapy.
- Production of protein-based reagents used mainly in research laboratories and industrial applications.

VISION 2020 VISION - GENIUS' CONTRIBUTION

Genius' outlook for its business units and its value proposition are based on a long-term vision and value-add that is linked to defined milestones.

Unlike other typical investments in other sectors, biopharmaceutical companies work towards achieving milestones in their developmental stage, hence a five-year strategic plan to the year 2020 was implemented with clear deliverables and strategic actions for each strategic lever as well as specific time frames.

The DCV project is preparing for the first phase of human clinical trials in breast cancer patients. Ribotech is immersed in research and development for the production of an additional biotech drug for humans.

PROSPECTS AND FUTURE OUTLOOK

The following prospects have been identified:

SHORT-TERM PROSPECTS:

- Genius is finalising negotiations with an international partner to add four additional products to its portfolio of biosimilars.
- This partnership entails a technology transfer to facilitate more efficient production of all products and final formulation which negates the need for cold chain.
- Development support from government to develop skills in this sector and increase employment in order to provide a lower cost of health.
- All approvals have been met for phase 1 human clinical trial in breast cancer patients and trial work is scheduled.
- Pre-clinical work on other diseases has begun, such as incurable tuberculosis and lung cancer with three additional cancers to follow in 2020/21.

MEDIUM-TO LONG-TERM PROSPECTS:

- The international partnership will allow for scalable local production to supply Africa as well as Europe and is planned for post 2020.
- Two South African multinational pharmaceutical companies show support to market and distribute the Company's biosimilar products.
- Following the successful results of phase I, further funding for the genomics component which will further strengthen the health platform offering.

- Based on the phase 1 trial results, accelerate the listing of Genius to obtain the necessary capital to complete phase 2 and 3 trials.

PRODUCTS AND RESEARCH AND DEVELOPMENT PROJECTS

The Bioclones product and project portfolio can be divided into three key segments:

- Biosimilars which are biologically derived products having the same therapeutic effect as its competitor. It is similar to a generic, however, only the active protein effect compound is similar.
- New technologies are those which will deliver healthcare solutions through products and innovations.
- Healthcare data and genomics research which is the study of genetics and extracting information related to the functioning and optimisation of the human body while identifying markers for predispositions to diseases.

MARKET PRESENCE

Genius has two Good Manufacturing Practice (GMP) built production facilities: a cell culture division laboratory in Pretoria involved with erythropoietin production and a second facility, Ribotech located in the Western Cape.

The sales and marketing function will be outsourced to two South African pharmaceutical companies that have a footprint in South Africa and in countries in the SADC region. Based on the growth plan, Genius intends to expand its footprint to central and north African countries that are aligned to its plans to improve its production output.

COMPANY BRAND



PRODUCTS





STRATEGIC INVESTMENTS

BT COMMUNICATIONS SERVICES SOUTH AFRICA (PTY) LTD



The AEEI Group also holds a 30% equity interest in BT Communications Services South Africa (Pty) Ltd (BT). This investment is accounted for as an associate.

BT has been present in South Africa for more than 19 years and is continuing to expand its operations in sub-Saharan Africa. This partnership is a demonstration of BT's long-term commitment to South Africa and the B-BBEE agenda.

BT provides networked information technology services to clients in South Africa. BT operates as a subsidiary of BT Group plc.

MARKET AND SERVICES

BT is focused on serving the increasing requirements of both South African-based multinationals expanding globally as well as global companies that are expanding their presence into South Africa and the rest of Africa. BT has experience across all industry sectors, and has unrivalled expertise in the financial services, mining, oil and gas, government, healthcare, media and broadcast, and transport and logistics sectors.

Customers include more than 300 blue chip clients in South Africa, including Anglo American plc, Barclays Bank Africa and Visa Inc.

BT has extended its next-generation global IP network into South Africa to three global points of presence within South Africa. BT's Global Media Network is also being extended to South Africa with the deployment of the media and broadcast node in Johannesburg enabling the delivery of high-quality, real-time video content between South Africa and popular media hubs worldwide.

BT has extended its global managed voice network into South Africa, providing carrier-grade global voice services including global termination services for outbound voice requirements (both mobile and fixed line originated), global inbound voice services for South African call centre operations, as well as extending BT's conferencing services into the region.

On top of these network services delivered by the BT 21st Century Network platform globally, BT also delivers unified communications and collaboration services, including Immersive TelePresence, Managed LAN and IPT services as well as the security and consulting services that form an essential part of these offerings.

BT's investment in technology is mirrored in its commitment to corporate social responsibility. In 2007, BT announced its development partnership with Unicef, committing R20m to enhance the quality of education for children from some of South Africa's poorest socio-economic backgrounds.

BT's business strategy for sub-Saharan Africa is to provide the best-of-breed managed network services for multinational companies operating in Africa. They provide expertise to the national operators to improve their retail and domestic market offerings to their respective citizens.

BT is one of the world's leading communications services companies. They serve the needs of customers in the UK and in 180 countries worldwide. Their main activities are the provision of fixed-line services, broadband, mobile and TV products and services as well as networked IT services. Further information can be found on www.globalservices.bt.com/uk/en/aboutus.

Further information on this strategic investment can be found on www.bt.com/globalservices.

STRATEGIC INVESTMENTS – continued

SAAB GRINTEK DEFENCE (PTY) LTD



Saab Grintek Defence (Pty) Ltd (Saab) has reinforced its position as a leading South African defence and security company, bringing capabilities including electronic warfare systems, sensor technology, command and control, training systems, avionics, security and support solutions to the African and international markets.

Saab provides a broad range of world-leading products, services and solutions within military defence and civil security to the African market. An impressive range of defence forces across the globe are using South African electronic warfare and avionics technology, which is designed at their facilities in South Africa,

With new and improved technological systems and solutions, Saab increases a country's defence capabilities and provides innovative, effective products and services for those tasked to maintain security. Saab also works with various stakeholders in gathering data and providing insight into how security threats evolve, and what the best market-customised solutions are.

Saab is able to work with customers to create solutions that meet their needs and budgets and many of their solutions can be retrofitted to existing infrastructure, further enhancing their versatility and cost efficiency.

Important markets beyond the country's borders are where Saab intends to maintain and expand its successes including India, Asia Pacific and Europe. On the continent, markets of focus include Botswana and Kenya, while the Company's solutions and services are at home in many nations beyond these.

Saab offers practical services to a wide range of sectors, including conservation, mining, health support services, peace-keeping, air traffic control, weather forecasting and other sectors that require sophisticated military-grade technology to deliver the best solutions for civilian safety and protection. Saab's local aeronautics business focuses on the marketing and sales of all aeronautics products and services, programme components and support for its Gripen Fighter System supplied to the South African Air Force.

With more than 800 employees across two campuses in Pretoria and Cape Town, the Company represents the second largest of Saab's workforces worldwide out of the 40 countries in which it operates, with the local team researching, developing, producing, exporting, maintaining and upgrading world-standard technologies.

Saab is the first South African defence company to embrace transformation in support of government's equity and empowerment goals by creating partnerships with locally owned companies.

Further information on this strategic investment can be found on www.saab.com/region/saabafrica.

SYGNIA LTD



Sygnia Ltd (Sygnia) is an innovative fintech company based in South Africa and was listed on the main board of the JSE in October 2015. Sygnia provides asset management, stockbroking and administration services as well as a wide range of savings products to institutional and retail clients. All that Sygnia does is supported by leading-edge technology platforms.

Sygnia manages and administers assets on behalf of more than 600 domestic and international institutional clients, and more than 6 000 individual clients. The integrity of these relationships is at the core of its business. Sygnia's principal geographic focus is South Africa, where it has been operating in its current form since November 2006.


Sygnia's main services include asset management, transaction management, investment administration, liability administration, stockbroking and digital financial advice.

The primary institutional clients span both the private and public sectors and include retirement funds, umbrella funds, life insurers, third-party multi-managers, endowments and other special purpose funds. The primary retail clients include individual members and beneficiaries of retirement funds, as well as the wider individual savings market.

SYGNIA AT A GLANCE

- R228bn in assets under management and administration
- R27bn in unit trusts since launch in 2012
- Over 900 institutional clients (domestic and international)
- Over 14 000 individual clients
- Offices in Cape Town, Johannesburg and Durban
- Over 220 employees
- Market disruptor business strategy
- Focus on innovation through technology
- Most cost-effective savings products in South Africa, with fees starting at 0.35% (excluding VAT) per annum (global balanced funds range)

Further information on this strategic investment can be found on www.sygnia.co.za.



AFRICAN EQUITY
EMPOWERMENT
INVESTMENTS

“Sustainable development is the pathway to the future we want for all. It offers a framework to generate economic growth, achieve social justice, exercise environmental stewardship and strengthen governance.”

— Ban Ki-Moon

AFRICAN
EQUITY
EMPOWERMENT
INVESTMENTS LIMITED

TM

CONDENSED FINANCIAL STATEMENTS

INDEX

The reports and statements set out below comprise the financial statements presented to the shareholders:

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LEVEL OF ASSURANCE

These condensed annual financial statements have been audited in compliance with the applicable requirements of the Companies Act No. 71 of 2008.

PREPARER

Rufaro Chanakira CA(SA)

SUPERVISOR

Michelle Hunlun CA(SA)
Group financial manager

31 January 2020

GROUP PERFORMANCE

FINANCIAL HIGHLIGHTS

- Revenue increased by 243% from R701m to R2.4bn
- Headline earnings increased by 316% from R119m to R496m
- Headline earnings per share increased by 316% from the 24.24c to 100.89c
- Net cash generated from operating activities increased by 9% from R131m to R143m
- Net asset value per share increased by 13% from 1 152.98c to 1 304.15c
- Total assets at year-end have grown to R7.4bn
- Gross final dividend of 6 cents per share declared to shareholders, which equates to a total dividend of 17 cents for the 2019 financial year
- A total dividend to shareholders for the 2019 financial year equates to R83.5m

The Group delivered excellent revenue growth due to both organic and acquisitive growth predominately from the technology and fishing and brands divisions respectively. Revenue increased significantly by 243% from R701m to R2.4bn as a result of recognising revenue growth of R1.6bn from the technology division and R83m from the fishing and brands division. In the prior year, the technology division was accounted for as an associate and thus excluded from the Group's revenue as the division was equity accounted in terms of IAS 28 Investment in Associates.

Effective 21 December 2018, the Group obtained control over AYO Technology Solutions Ltd ("AYO"), previously accounted for as an investment in associate. AYO was therefore treated as a subsidiary from the aforementioned effective date as AEEI had the ability to exercise its power over AYO in line with IFRS 10 Consolidated Financial Statements. The technology division's financial performance for the eight-month period has therefore been consolidated into the Group's statement of profit and loss and other comprehensive income. Refer to details below under significant events.

During the year, AEEI regained control over its investment in AYO and the Group therefore incurred a once-off accounting loss on deemed disposal (IFRS 10) of associate amounting to R2.4bn in the current year. This resulted in the Group's profit before tax decreasing from R6.01bn to a loss of R2.38bn and earnings per share decreasing from 1 016.01c to a loss per share of 304.09c.

Headline earnings increased by 316% from R119m to R496m. Headline earnings per share ("HEPS") increased by 316% from 24.24c to 100.89c, indicating the strategic plans in place driving both organic and acquisitive growth in revenue and earnings.

The NAV increased by 12% from R5.67bn to R6.4bn as a result of the strengthened financial position.

The NAV per share amounted to 1 304.15c despite a challenging national economy, stakeholder scrutiny and market forces.

AEEI is a proud Level 1 Contributor in terms of the Department of Trade and Industry's Code of Good Practice on Broad-Based Black Economic Empowerment Amendment Act No 53 of 2003, with the Amended Generic Scorecard being applied, with black ownership at 73.55% and black female ownership of 39.39%.

FISHING AND BRANDS

The fishing and brands division, Premier Fishing and Brands Limited ("Premier" or the "Premier Group") operates a vertically integrated fishing business which specialises in the harvesting, processing and marketing of fish and fish-related products. The Premier Group holds medium to long-term fishing rights in squid, lobster, small pelagics, hake deep-sea trawl, hake longline, horse mackerel, swordfish and tuna. The Premier Group also owns an abalone farm and invests in organic fertilisers through the "Seagro" range of products.

The fishing and brands division performed in line with expectations with revenue increasing by 17%. The division benefited from the excellent sales performance from the deep sea lobster and squid divisions, including the financial performance of Talhado Fishing Enterprises (Pty) Ltd for a full year. The pelagic division performed admirably despite industry-wide catch rates. This was offset by the lower operational performance of the lobster division as result of lower total allowable quotas obtained for the west coast rock lobster division.

Sales volumes declined in the abalone division due to an exogenous factor that arose as a result of the political situation in Asia. The farm expansion is progressing well and is on track with construction to be completed in the 2020 financial year.

TECHNOLOGY

The information and communications technology (“ICT”) subsidiary, AYO Technology Solutions Ltd (“AYO”) is one of the largest Broad-based Black Economic Empowerment 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 Africa, North America, Europe and Mauritius.

The technology division achieved significant organic growth in its revenue as a result of the acquisitions in Sizwe Africa IT Group Ltd (“Sizwe”), SGT Solutions (Pty) Ltd (“SGT”) via Main Street 1653 (Pty) Ltd (“Main Street”) and Global Command and Control Technologies (Pty) Ltd (“GC²T”). These acquisitions took place effective 19 December 2018, 28 February 2019 and 1 March 2019 respectively. AYO contributed R1.6bn to the Group’s revenue for the year. Refer to the business combination note further below.

As a result of the change in control (as referred to under “Significant Events,” the technology division was recognised as a subsidiary from 21 December 2018. Despite the additional requirements from the JSE and the litigation from stakeholders, organic growth was achieved as well as acquisitive growth.

On 31 May 2019, AYO received a summons issued by the Public Investment Corporation (“PIC”) and the Government Employees Pension Fund (“GEPF”). The summons seeks a declaration that the subscription agreement entered into between the PIC and AYO be declared unlawful and set aside and that AYO be ordered to pay the PIC R4.2bn together with interest of 10.25% per annum accrued from 22 December 2017 to the date of final payment. AYO has instructed its attorneys to oppose the action.

In the event that the PIC and GEPF are successful in their court application, management believes that they will be able to reconfigure AYO into a pure investment holding company. AYO has several subsidiaries that have been in existence for more than 20 years, delivering both satisfactory trading performance and dividend income for AYO. These subsidiaries are expected to continue trading at an optimal level independent of the PIC funding.

AEEL’s associate investment in BT Communication Services SA (Pty) Ltd (“BT”) 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 and make-up 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.

Revenue from the health and beauty businesses declined during the year due to subdued consumer demand in the current economic climate. However, management expects an improvement in the businesses in the next financial year.

BIOTECHNOLOGY

Genius Biotherapeutics, one of Africa’s largest medical biotechnology companies, in collaboration with research partners at the University of Cape Town will commence with clinical trials on breast cancer next year. The Group is currently in the process of acquiring the intellectual property in relation to the dendritic cell vaccine project and is preparing for the recruitment phase of selected patients for its pending human clinical trials.

EVENTS AND TOURISM

The events and tourism division manages and owns an events planning and production company, espAfrika (Pty) Ltd (“espAfrika”); a travel services company, Tripos Travel (Pty) Ltd (“Tripos Travel”) and a radio station Magic 828 (Pty) Ltd (“Magic 828”) (managed under the corporate division). During the year the Group acquired additional shares in espAfrika increasing its shareholding from 75% to 100%.

espAfrika, a Group subsidiary, hosted their annual 20th annual Cape Town International Jazz Festival event promoting the well-established brand. The company did not achieve its expected revenue during a challenging year due to the local economic uncertainty. Magic 828, which has operated for over four years, contributed R12m to the Group’s gross revenue for the year. Its listenership continues to increase year-on-year.

STRATEGIC INVESTMENTS

The Group’s strategic investments consist of: BT Communications Services South Africa (Pty) Ltd (“BT”) which is now reported under the technology division; Saab Grintek Defence (Pty) Ltd (“SGD”); African Legend Investments (Pty) Ltd (“ALI”) and Sygnia Ltd (“Sygnia”).

AEEL has minority equity stakes in BT, SGD, ALI and Sygnia. The strategic investments have shown consistent growth in earnings with regular dividend payments on an annual basis. The Pioneer Foods Ltd’s (“PFG”) shares were disposed of on 15 March 2019 and Quantum Foods Ltd’s shares were disposed of on 27 May 2019. Refer to the disposal of the PFG investment below for full details.

CONDENSED GROUP STATEMENT OF FINANCIAL POSITION

AS AT 31 AUGUST 2019

	Audited to 31 August 2019 R'000	Audited to 31 August 2018 R'000
ASSETS		
Non-current assets	2 501 535	6 705 151
Property, plant and equipment	521 176	324 229
Goodwill	219 093	86 201
Intangible assets	293 309	277 853
Investments in associates	825 520	5 575 997
Investment in joint ventures	33	-
Other loans receivable	350	11 808
Other financial assets	544 180	419 905
Deferred tax	97 874	9 158
Current assets	4 952 776	657 125
Inventory	222 929	56 978
Biological assets	83 260	68 021
Other financial assets	38 886	3 083
Other current assets	755	-
Current tax receivable	13 287	2 168
Trade and other receivables	715 745	164 157
Cash and cash equivalents	3 877 914	362 718
Total assets	7 454 311	7 362 276
EQUITY AND LIABILITIES		
Equity		
Share capital and share premium	402 240	403 177
Reserves	7 776	8 034
Retained income	2 905 241	4 498 480
Equity attributable to equity holders of parent	3 315 257	4 909 691
Non-controlling interest	3 088 434	755 358
	6 403 691	5 665 049
LIABILITIES		
Non-current liabilities	283 628	1 486 862
Other financial liabilities	71 105	208 392
Deferred tax	156 836	1 278 257
Other non-current liabilities	55 687	213
Current liabilities	766 992	210 365
Trade and other payables	541 647	105 993
Other financial liabilities	55 194	18 328
Current tax payable	26 267	21 969
Provisions	53 764	27 392
Other current liabilities	48 703	900
Bank overdraft	41 417	35 783
Total liabilities	1 050 620	1 697 227
Total equity and liabilities	7 454 311	7 362 276
Net asset value per share (cents)	1304.15	1 152.98
Tangible net asset value per share (cents)	1 211.81	1 077.02
Number of ordinary shares in issue ('000s)	491 022	491 339

CONDENSED GROUP STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 AUGUST 2019

	Audited to 31 August 2019 R'000	Audited to 31 August 2018 R'000
Revenue	2 377 368	700 691
Cost of sales	(1 652 055)	(410 192)
Gross profit	725 313	290 499
Other income	37 276	11 467
Other operating expenses	(816 347)	(256 060)
Net impairments, impairment reversals and write off	(82 573)	(140 319)
Fair value adjustments and other operating gains/(losses)	(57 871)	(5 414)
(Loss)/gain on deemed disposal of associate and subsidiaries	(2 480 713)	6 049 029
Gain on bargain purchase	-	952
Profit from equity accounted investments	63 634	57 914
Investment revenue	257 578	33 421
Finance cost	(34 399)	(30 839)
(Loss)/profit before taxation	(2 388 102)	6 010 650
Taxation	996 841	(1 062 789)
Profit from continuing operations	(1 391 261)	4 947 861
Discontinued operations		
Profit from discontinued operations	-	159 533
(Loss)/profit for the year	(1 391 261)	5 107 394
Other comprehensive loss	(254)	-
Total comprehensive (loss)/income	(1 391 515)	5 107 394
Total comprehensive (loss)/income attributable to:		
Equity holders of the parent	(1 493 605)	4 992 064
Non-controlling interest	102 090	115 330
	(1 391 515)	5 107 394
Basic and diluted earnings per ordinary share (cents)	(304.09)	1 016.01
Headline earnings per ordinary share (cents)	100.89	24.24
Weighted average number of ordinary shares in issue ('000s)	491 178	491 339

CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 AUGUST 2019

	Attributable to parent R'000	Non- controlling interest R'000	Total equity R'000
Balance at 1 September 2017	1 277 493	760 627	2 038 120
Profit for the year	4 992 064	115 330	5 107 394
Transfer from reserves to retained income	11 790	-	11 790
Additional shares acquired	(4 826)	(1 705)	(6 531)
Changes in ownership interest - control not lost	(1 323 592)	5 627 155	4 303 653
Dividends paid	(43 238)	(30 147)	(73 385)
Changes in ownership interest (deemed disposal) - control lost	-	(5 767 588)	(5 767 588)
Business combinations and additional shares purchased	-	51 686	51 686
Balance at 31 August 2018	4 909 691	755 358	5 665 049
Loss for the year	(1 493 351)	102 070	(1 391 261)
Other comprehensive income	(254)	-	(254)
Shares repurchase	(937)	-	(937)
	5 768	(4 168)	1 600
Change in ownership - additional shares acquired			
Changes in ownership interest - acquisition of minorities	(27 455)	(11 045)	(38 500)
Business combination	34 806	16 745	51 551
Dividends paid	(113 022)	(104 280)	(217 302)
Derecognition relating to sale of business	11	(384)	(373)
Business combinations - control obtained	-	2 334 119	2 334 119
Balance at 31 August 2019	3 315 257	3 088 434	6 403 691

CONDENSED GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2019

	Audited to 31 August 2019 R'000	Audited to 31 August 2018 R'000
Cash (utilised)/generated by operations	(693)	174 263
Investment revenue	264 903	33 421
Dividend income	24 844	31 434
Finance cost	(32 786)	(31 217)
Tax paid	(113 124)	(77 087)
Net cash flows from operating activities	143 144	130 814
Cash flows from investing activities		
Net movement in property, plant and equipment	(140 922)	(120 059)
Purchase of biological assets	(8 975)	-
Net movement in intangible assets	(20 538)	(8 059)
Business combination	3 330 183	(77 217)
Sale of business and deemed disposal of subsidiaries	1 203	(4 303 642)
Movement in other investing activities	7 202	671
Purchase of financial assets	(358 442)	(85 056)
Sale of financial assets	1 038 207	-
Funds in trust	(110 000)	-
Dividend recovery by associates	18 868	18 746
Net cash flows from investing activities	3 756 786	(4 574 616)
Cash flows from financing activities		
Repayment of other financial liabilities	(149 290)	(80 573)
Proceeds from other financial liabilities	774	20 492
Movement in other financing activities	(15 175)	(869)
Change in ownership	(9 600)	4 322 980
Dividends paid including minorities	(217 078)	(71 795)
Net cash flows from financing activities	(390 369)	4 190 235
Total cash movement for the year	3 509 561	(253 567)
Cash and cash equivalent at the beginning of the year	326 935	580 502
Cash and cash equivalents at the end of the year	3 836 496	326 935

CONDENSED ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 AUGUST 2019

BASIS OF PREPARATION

The condensed reviewed consolidated annual financial statements are prepared in accordance with the Johannesburg Stock Exchange Ltd ("JSE") Listings Requirements and the requirements of the Companies Act, applicable to summarised audited financial statements. The JSE Listings Requirements require financial reports to be prepared in accordance with the framework concepts, the measurement and recognition requirements of the 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 summarised consolidated annual financial statements from which the summary consolidated annual financial statements were derived are in terms of IFRS and are consistent with the accounting policies applied in the preparation of the previous consolidated annual financial statements.

This summarised report is extracted from the audited financial statements but is not itself audited. The directors take full responsibility for the preparation of the condensed report and that the financial information has been correctly extracted from the underlying annual financial statements. The full audited annual financial statements and audit report are available for inspection at the registered offices and at www.aeei.co.za.

The audited annual financial results were prepared by the Group financial controller, Rufaro Chanakira CA (SA), under the supervision of Group financial manager, Michelle Hunlun CA (SA), and were audited by the Group's external auditors, BDO South Africa Inc. who issued an unqualified opinion.

Reporting entity

African Equity Empowerment Investments Ltd ("AEEI") is a company domiciled in South Africa. These provisional condensed consolidated annual financial statements as at and for the year ended 31 August 2019 comprise AEEI 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 Broad-based Black Economic Empowerment, sound corporate governance and ethical practices.

Use of judgements and estimates

In preparing these provisional condensed annual financial statements, management made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual financial 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.

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 corporate finance department reports to the Group's chief investment officer. The valuation reports are approved by the investment committee in accordance with the Group's reporting policies.

Accounting policies

During the reporting year, the Group adopted the following newly effective standards as from 1 September 2018, which did not have a material impact on the 2019 annual financial statements:

- IFRS 9 Financial instruments (replacing IAS 39 Financial Instruments: Recognition and Measurement)
- IFRS 15 Revenue from contracts with customers

IFRS 9 Financial Instruments

The Group applied the expected credit loss ("ECL") impairment model for the measurement of the trade and other receivables, financial assets and other loans receivable by establishing the provision matrix which is based on the historical credit loss experience, adjusted for forward-looking factors specific to trade and other receivables. For financial assets and financial liabilities, the existing classification and measurement requirements of IAS 39 will remain the same under IFRS 9.

The classification of financial assets in accordance to IFRS 9 measurement will require loans receivable, trade and other receivables, other financial assets as well as cash and cash equivalents to be categorised as subsequently measured at amortised cost.

NOTES TO CONDENSED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019

The adoption of the general approach for other loan receivables means that a three-stage approach is undertaken to recognise credit loss as significant, not significant or credit-impaired. At each reporting date, the Group assesses whether financial assets classified at amortised cost are credit impaired by identifying one or more events that has a detrimental impact on the estimated cash flows or a failure to make payment when due. Based on the current reporting date, credit risk has not increased significantly since the initial recognition and therefore 12-months ECL has been determined to be not material.

Based on the detailed assessment performed in the various divisions, the application of IFRS 9 had no material impact on the reported earnings or the financial position for the reporting year under review.

Transition Method

The Group transitioned to IFRS 9 by applying the standard retrospectively with the cumulative effect of initial application recognised 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 39. The Group applied the standard from 1 September 2018 and there has been no impact on the opening retained income of the Group as at 1 September 2018.

IFRS 15 Revenue from contracts with customers

IFRS 15 replaces all existing revenue requirements in IAS 18 and applies to all revenue arising from contracts with customers, unless the contracts are in the scope of the standards on leases, insurance contracts and financial instruments.

However, given the nature of revenue streams and contracts with customers, the adoption of the standard did not materially affect the manner of revenue recognition, and therefore no transitional adjustment is required to the opening retained income at the date of the initial application. The Group will include enhanced revenue disclosures related to the nature and timing of the service obligations.

Transition Method

The Group transitioned to IFRS 15 by applying the standard retrospectively with the cumulative effect of initial application recognised 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 18 standards. However, given the nature of revenue streams and customer contracts in the Group, no adjustment is required to adjust the retained income or any financial statement line items by the application of IFRS 15 on 1 September 2018. The adoption of the above standard has not resulted in a material impact and additional enhanced disclosure has been included in the revenue note due to the Group adopting IFRS 15 requirements.

Standard issued but not yet effective

The Group decided not to adopt the following standard which is effective for the financial year commencing 1 September 2019 early. IFRS 16 replaced IAS 17 "Leases" and its related interpretations. IFRS 16 introduces a single lessee accounting model that requires a lessee to recognise assets and liabilities for all leases with a term of more than 12-months, unless the underlying asset is of low value.

Due to the quantitative value of the lease payments, the application of the standard is expected to have a material impact on the Group's financial statements, which will result in changes to the statement of financial position and the changes to the statement of comprehensive income, with a reduction in current operating lease costs being replaced with an expected increase in depreciation expenses and finance costs. The standard will further impact the key performance measures such as operating profit, earnings before interest and tax, depreciation and amortisation, earnings per share and taxation.

The Group is in the process of assessing the full impact of IFRS 16 and will apply it on either full retrospective method or retrospectively, with cumulative effect recognised as an adjustment to opening retained income method.

NOTES TO CONDENSED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2019

1. BUSINESS COMBINATIONS - ASSOCIATE BECOMES A SUBSIDIARY

On 21 December 2018, the Group regained control over AYO, and consolidated AYO from this date. The change in control stemmed from AEEI's ability to direct the relevant activities as a result of the AYO board changes based on the IFRS 10 control assessment. AEEI's investment in AYO was previously classified as an associate and was accounted for using the equity method in accordance with IAS 28 Investment in associates.

AYO and its underlying subsidiaries was consolidated with effect from 22 December 2018 with a carrying value of net identifiable assets of R4.59bn, which included an intangible asset resulting from a major contract amounting to R65.25m and non-controlling interest of R2.32bn. Due to the aforementioned, the fair value of the previously held investment equated to R2.3bn resulting in no goodwill or gain on bargain purchase. However, the deemed disposal of the associate resulted in an accounting loss of R2.48bn.

Non-controlling interest is measured at its proportion percentage of the recognised amounts of the acquiree's identifiable net assets. AYO's revenue of R1.6bn and profit of R153m has been included in the Group's trading results which includes Zaloserve's revenue of R748m and profit of R31m since the effective acquisition date. The fair values of the identifiable assets and liabilities are summarised in the aggregate business combination table below:
Aggregated business combination note

	R'000
Property, plant and equipment	107 094
Goodwill	105 704
Intangible assets	116 368
Investment in joint ventures	33
Other financial assets	1 072 534
Finance lease receivable	8 155
Deferred tax	18 018
Inventories	174 050
Trade and other receivables	381 200
Current tax receivable	1 442
Cash and cash equivalents	3 413 784
Other financial liabilities	(244 403)
Trade and other payables	(440 992)
Provisions	(29 339)
Current tax payable	(8 230)
Bank overdraft	(531)
Total identifiable net assets	4 684 123
Non-controlling interests	(2 341 898)
Fair value of previously held interest	2 266 381
Goodwill	37 107
Total	112 953
Consideration paid	112 953
Cash	83 070
Present value of contingent consideration	29 883
Net cash (outflow)/inflow on acquisition date:	3 330 183
Cash consideration paid	(83 070)
Cash acquired	3 413 253

Business combinations during the year**Acquisition of SGT Solutions Proprietary Limited**

On 9 February 2019, Competition Commission approval was obtained for the acquisition of an effective 80% shareholding in SGT Solutions Proprietary Limited ("SGT") via a special purpose vehicle, Main Street 1653 Proprietary Limited ("Main Street") for a purchase consideration of R100m. On 28 February 2019 all conditions precedent in terms of the agreements were met, allowing the Group to acquire the aforementioned effective shareholding in SGT, effective 01 March 2019. The consideration includes a cash portion of R60m and a contingent consideration of R40m, if the company achieves profit warranties for the 2020 and 2021 financial years. In terms of IFRS 10 Consolidated Financial Statements, the acquisition date is determined as 01 March 2019 when all conditions precedent was met for the Group to control Main Street.

SGT is a turnkey solutions integrator specialising in the design, supply, deployment, commissioning and maintenance of multi - technology telecommunication systems for mobile broadband and converged solutions, through

NOTES TO CONDENSED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2019

partnerships with its customers and technology providers. SGT specialises in integrated, leading-edge and comprehensive solutions across the entire spectrum of telecommunications. SGT has been operating in South Africa for the past fourteen years.

The fair value of the assets acquired, and liabilities are summarised in the aggregate business combination table above.

The contingent consideration arrangement for SGT required the Group to pay the former owners of SGT for achieving certain earn-out targets for the 2020 and 2021 financial years, up to a maximum undiscounted amount of R20 million for each financial year. The fair value of the contingent consideration arrangements was calculated as the present value of the future expected cash flows. The calculation was based on the assumption that the earn-out targets will be met based on the best available forecast information at acquisition date and were discounted at the weighted average cost of capital of the relevant subsidiary.

The acquisition related costs of R1.3m which have been included in the operating expenses in the statement of profit and loss and other comprehensive income. Goodwill is attributable to the strong position and profitability in SGT trading in the telecommunications market and synergies are expected to arise after the Company's acquisition of the new subsidiary.

Revenue of R220m and profit contribution of R19,5m has been included in the Group's trading results since the acquisition date. Had Main Street been consolidated from 1 September 2018 the revenue and profit after tax would have been R477m and R28m respectively.

Acquisition of Global Command and Control Technologies Proprietary Limited

On 13 December 2018, the Group acquired an effective 88% of the ordinary share capital in Global Command and Control Technologies Proprietary Limited ("GC²T"). GC²T purchased the command, control, training and simulation business as a going concern from Saab Grintek Defence Proprietary Limited for a cash consideration of R23m. The effective date of the transaction when the conditions precedent were fulfilled was 1 March 2019. AEEI acquired this business to strengthen its intellectual asset base and to expand its footprint into Africa as part of its strategic objectives.

The fair value of the assets acquired, and liabilities assumed are summarised in the aggregate business combination table above.

Revenue of R25m and a loss contribution of R6.3m has been included in the Group's trading results since the acquisition date

2. ADDITIONS TO OTHER FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

On 28 September 2018, the AEEI Group through its subsidiary AYO, purchased 32% of the issued shares in Bambelela Capital (Pty) Ltd ("Bambelela") for a nominal amount. The 32% shareholding does not represent a significant influence over the entity. This is because the Group has no representation on the board of directors and does not participate in any financial or operating activities in Bambelela. The voting rights only provide the Group with limited decision making. The investment has been accounted for as an investment at fair value. Bambelela holds a 49% interest in Vunani Ltd, a diversified financial services group.

On 4 March 2019, the AEEI Group through its subsidiary AYO, subscribed for 19% of the share capital in KSA (Pty) Ltd ("KSA"). KSA is a company established online by AYO and Loot (Pty) Ltd to specialise in e-commerce with a key focus being on the business-to-business marketplace for fashion, luxury goods and services in Africa. KSA's key focus will be on marketing locally manufactured goods and global brands.

Loans receivable at amortised cost

The Group subscribed for 500 000 cumulative redeemable non-participating convertible "C" Class preference shares of no-par value in Bambelela for a consideration of R145m. Interest is accrued at variable prime rate multiplied by a dividend adjustment of 72%. Interest accrued is R11m for the year under review.

The loan with Tamlalor (Pty) Ltd is unsecured and bears interest at prime. The loan is repayable on 28 February 2024.

The loan with Volt Business Solutions (Pty) Ltd bears interest at prime plus 2% per annum and 50% of the balance is repayable on 1 January 2020 with the remaining balance on 1 January 2024.

The loan with Cortex Logic (Pty) Ltd ("Cortex") has no fixed repayment terms and bears interest at a rate of prime plus 2%. The loan is secured by a guarantee and pledge of shares in Cortex by the majority shareholders.

NOTES TO CONDENSED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2019

Other financial assets	31 August 2019 R'000	31 August 2018 R'000
Fair value through profit and loss:		
Investments in unlisted public companies	36 113	36 113
Investments in unlisted private companies	200 837	181 051
Investments in listed public companies	22 847	202 201
Other	9 388	-
Total fair value through profit and loss	269 185	419 905
Loans and receivable at amortised cost:		
Bambelela Capital (Pty) Ltd	150 996	-
Tamlalor (Pty) Ltd	103 026	-
Volt Business Solutions (Pty) Ltd	11 534	-
Cortex Logic (Pty) Ltd	11 432	-
Supplier development	24 462	-
Other	12 431	11 808
Total loans and receivables at amortised cost	313 881	11 808
Total other financial assets	583 066	431 713

3. DISPOSAL OF OTHER FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

On 26 February 2019, the AEEI Board of directors accepted the non-binding offer by Pioneer Foods Group Ltd ("PFG") to repurchase 1 589 998 Pioneer Foods shares and 1 598 998 Quantum Foods Holding shares for the purchase consideration of R78.19 and R3.30 per share respectively. The proceeds were used to redeem all outstanding liabilities in respect of the A preference shares and B preference shares as well as settle all outstanding dividends on the latter shares by 27 May 2019.

The financial impact on the Group is the net proceeds received from the disposal of the Pioneer Foods and Quantum Foods shares, before any tax liability, amounts to R17m.

4. EXPANSION OF THE ABALONE FARM

During the current reporting year, the carrying value of plant and machinery increased from R61m to R81m within the fishing and brands division as a result of the abalone farm expansion. Assets under construction increased to R121m compared to R30m in the prior year, where R90m was transferred to buildings and plant and machinery. As at 31 August 2019, Premier's directors authorised capital expenditure of R40m that has not been contracted for relating to the abalone farm expansion.

5. EVENTS AFTER REPORTING DATE

On 13 September 2019, the AEEI Group via its subsidiary AYO, acquired an additional 43% shareholding in Puleng Technologies (Pty) Ltd from the minority shareholders for a purchase consideration of R38.5m and increasing its effective shareholding to 100%.

A final gross dividend of 6.00 cents per share has been declared and approved by the Board of directors in respect of the financial year ended 31 August 2019 after the reporting period but before the financial statements were authorised for issue.

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

6. 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.

NOTES TO CONDENSED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2019

As at 31 August 2019, the Group held the following instruments measured at fair value:

	Fair value hierarchy	2019	2018
Recurring fair value measurements		R'000	R'000
Abalone	Level 3	83 260	68 021
Intangible assets acquired through business combinations			
Patents and trademarks		4 157	23 225
Licences and technologies		4 157	-
Brands		12 829	17 028
Software development		7 344	15
Customer contracts and lists		76 034	-
Distribution rights		9 876	-
Total intangible assets	Level 3	114 391	40 268
Financial assets designated at fair value through profit/(loss)			
Listed shares	Level 1	22 847	202 201
Investments in unlisted private companies	Level 3	210 225	181 591
Investments in unlisted public companies	Level 3	36 113	36 113
Total financial assets designated at fair value through profit/(loss)		269 185	419 905
Loans and receivables		313 881	-
Total financial assets		583 066	419 905
Financial liabilities at fair value through profit/(loss)			
Other financial liabilities		39 297	226 720
Contingent consideration liability		44 977	-
Total financial liabilities at fair value through profit/(loss)		84 274	226 720

Refer to fair value adjustments in the Group's statement of profit or loss and other comprehensive income.

7. DIVIDENDS

The Board of directors is pleased to announce that it has approved and declared a dividend of 6.00 cents per share for the year ended 31 August 2019 from income reserves. The dividend amount, net of South African dividend tax of 20% which equates to 4.80 cents per share, is therefore 9.60 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. Share certificates may not be dematerialised or rematerialised between Wednesday, 29 January 2020 and Friday, 31 January 2020, both days inclusive.

8. EARNINGS PER SHARE AND RECONCILIATION OF REPORTABLE SEGMENTS PROFIT OR LOSS**Reconciliation of reportable segments profit and loss**

	Audited 31 August 2019 R'000	Audited 31 August 2018 R'000
Total (loss)/profit before tax for reportable segments	(2 388 102)	6 010 650
Taxation	996 841	(1 062 789)
(Loss)/profit for the year and total comprehensive	(1 391 261)	4 947 861
Profit from discontinued operations	-	159 533
Other comprehensive income	(254)	-
(Loss)/profit for the year and total comprehensive loss income	(1 391 515)	5 107 394

NOTES TO CONDENSED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2019

Determination of headline earnings

		Audited 31 August 2019 R'000 Gross	Audited 31 August 2019 R'000 Nett	Audited 31 August 2018 R'000 Nett
Earnings attributable to ordinary equity holders of parent entity	IAS 33		(1 493 605)	4 992 064
Adjusted for:				
Impairment of intangible assets	IAS 38	80 265	52 022	95 625
Impairment of goodwill	IAS 36	9 920	9 920	11 937
Loss on disposal of property, plant and equipment	IAS 16	1 303	938	3 541
(Gain)/loss on disposal of associates	IAS28	-	-	(1 491)
(Gain)/loss on disposal of subsidiaries	IFRS 3	1 345	1 345	1 985
Gain on bargain purchase	IFRS 3	-	-	(952)
Loss/(gain) on deemed disposal of associate or subsidiary	IFRS 10	2 480 713	2 480 713	(4 983 624)
Deferred tax effect on deemed disposal of associate	IAS 12	(555 770)	(555 769)	-

Headline earnings

495 565

119 085

Headline and diluted earnings per ordinary share (cents)

100.89

24.24

Determination of normalised headline earnings

Headline earnings	495 565	119 085
Nett impairments	(400)	-
Share based payment	-	11
Fair value adjustments	57 871	5 414
Deferred tax on fair value adjustments	(12 963)	(1 213)
Normalised headline earnings	540 073	123 297
Normalised headline and diluted earnings per ordinary share (cents)	109.95	25.09

NOTES TO CONDENSED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2019

9. SEGMENTAL ANALYSIS
Group segmental report – 2019

2019	Fishing and brands R'000	Technology R'000	Telecommunications R'000	Combined technology and telecommunication R'000	Health and beauty R'000	Biotechnology R'000	Events and tourism R'000	Corporate R'000	Group R'000
Revenue	575 007	1 663 465	-	1 663 465	42 311	-	103 363	249 484	2 633 630
External sales	573 986	1 640 903	-	1 640 903	42 219	-	79 718	40 542	2 377 368
Inter-group sales	1 021	22 562	-	22 562	92	-	23 645	208 942	256 262
Segment results:									
Profit/(loss) before tax	101 257	123 839	-	123 839	1 057	(67 771)	(42 341)	(2 504 143)	(2 388 102)
Included in the segment results:									
Net (impairments)/impairment reversals and write offs	-	(21 529)	-	(21 529)	-	(60 644)	-	(400)	(82 573)
Depreciation and amortisation	(10 761)	(59 027)	-	(59 027)	(211)	(2 163)	(163)	(1 376)	(73 701)
Loss on deemed disposal of associate	-	-	-	-	-	-	-	(2 480 713)	(2 480 713)
Fair value adjustments	-	(43 358)	-	(43 358)	-	-	38	(14 551)	(57 871)
Non-current assets	515 203	675 047	-	675 047	40 131	163 683	15 396	1 092 075	2 501 535
Current assets	417 467	4 481 802	-	4 481 802	20 546	1 131	7 829	24 000	4 952 776
Non-current liabilities	133 579	56 238	-	56 238	9 504	-	-	84 307	283 628
Current liabilities	80 592	596 237	-	596 237	7 520	3 240	16 652	62 752	766 992
Profit from associates	-	38 970	24 644	63 634	-	-	-	-	24 644
Capital expenditure	126 372	24 573	-	24 573	36	-	81	592	151 653

EMPLOYMENT EQUITY ACT SUMMARY (UNAUDITED)

FOR THE YEAR ENDED 31 AUGUST 2019

SEGMENTAL ANALYSIS (continued)

Group segmental report – 2019 (continued)

2018	Fishing and brands R'000	Tech-nology R'000	Tele-communi-cations R'000	Combined technology and tele-communi-cation R'000	Health and beauty R'000	Biotech-nology R'000	Events and tourism R'000	Corporate R'000	Food R'000	Combined corporate and strategic invest-ments R'000	Group R'000
Revenue	490 870	-	-	-	46 961	-	123 716	110 625	6 661	117 286	778 833
External sales	490 859	-	-	-	46 961	-	121 576	34 634	6 661	41 295	700 691
Intergroup sales	11	-	-	-	-	-	2 140	75 991	-	75 991	78 142
Segment results:											
Profit/(loss) before tax	92 588	-	57 905	57 905	4 777	(153 285)	(6 321)	6 052 154	(37 168)	6 014 986	6 010 650
Discontinued operations	-	159 533	-	159 533	-	-	-	-	-	-	159 533
Included in the segment results:											
Net (impairments)/impairment reversals and write offs	-	-	-	-	(3)	(139 791)	-	(525)	-	(525)	(140 319)
Depreciation and amortisation	(14 685)	-	-	-	(198)	(2 226)	(211)	(2 658)	-	(2 658)	(19 978)
Gain on bargain purchase	-	-	-	-	-	-	-	-	-	-	-
Gain on disposal of subsidiaries/business	-	-	-	-	-	-	-	6 049 029	-	6 049 029	6 049 029
Fair value adjustments	-	-	-	-	-	-	-	28 357	(33 771)	(5 414)	(5 414)
Non-current assets	434 949	-	819 726	819 726	40 598	204 322	11 228	5 019 005	175 323	5 194 328	6 705 151
Current assets	614 575	-	20	20	19 775	(1 530)	17 611	6 568	106	6 674	657 125
Non-current liabilities	130 802	-	-	-	10 479	55 111	2 854	1 158 102	129 514	1 287 616	1 486 862
Current liabilities	147 744	-	24	24	8 595	746	11 393	41 863	-	41 863	210 365
Profit from associates	-	-	57 914	57 914	-	-	-	-	-	-	57 914
Capital expenditure	116 400	-	-	-	-	-	70	224	-	224	116 694

Notes

The events and tourism division excludes Magic 828 (Pty) Ltd (Magic828), as the company was managed under the corporate office for the financial year under review. During the year, management assessed the above segments' profits/losses using profit before tax as a result of the Group moving towards becoming an investment entity whereby both subsidiaries and equity accounted investments are being assessed.

10. RELATED PARTIES

The Group, in the ordinary course of business, entered into various sales and purchases transactions on an arm's length basis with related parties.

11. CHANGE IN THE DIRECTORATE

Messrs AM Salie, TT Hove, JM Gaomab and Ms Z Barends did not make themselves available for re-election at the AGM held on 18 January 2019 and voluntarily elected to step down from the Board. Ms CF Hendricks voluntarily elected to step down from the Board as an executive director of the Company on 18 January 2019 but continues in her role as an executive for Corporate Affairs and Sustainability.

Mr Ismet Amod was appointed to the Board of directors as a non-executive director effective 21 January 2019 as well as a member of the audit and risk committee. Reverend Dr Vukile Charles Mehana resigned as an independent non-executive director of the Board and its committees effective 14 March 2019.

Ms Moleboheng Gabriella Mosia and Mr Gaamiem Colbie were appointed to the Board of directors as non-executive directors effective 30 August 2019. Mr JS van Wyk was appointed post year-end on 23 September 2019 as the lead independent non-executive director. Mrs AB Amod was appointed as the non-executive chairperson of the Board on 9 December 2019. Due to the changes on the Board during the year, the committees were restructured.

Refer to fair value adjustments in the Group's statement of comprehensive income. The Group has been successful in providing equal employment opportunities and in promoting internal employees, and it remains committed to driving employment equity goals and enhancing diversity across the Group. The Group subscribes to the Employment Equity Act, 1998 (No. 55 of 1998) and senior executives work with the Department of Labour to ensure ongoing compliance and proactive implementation of regulations and plans. Open dialogue is encouraged between employees and management through our information sessions and committees. In terms of section 22 of the Act, herewith a summary of the Group's 2019 Employment Report in respect of its operations as at 31 August 2019, as required by section 21 of the Act.

EMPLOYMENT EQUITY ACT SUMMARY

	Non-designated groups			Designated groups			Designated groups				Total
	Foreign nationals			Male			Female				
	W	M	F	A	C	I	A	C	I	W	
Occupational levels	0	0	0	1	2	1	1	2	0	0	7
AEEI board members	19	1	0	7	9	7	3	4	1	1	51
Top management	22	0	0	10	10	20	5	5	2	6	80
Senior and middle management	140	1	1	41	27	27	12	15	4	43	279
Skilled upper	80	0	2	125	80	32	92	49	20	58	536
Semi-skilled	14	0	0	275	126	8	47	30	10	21	531
Labour/unskilled	0	0	0	75	62	0	29	11	1	0	178
Seasonal	0	0	0	35	202	0	6	15	0	0	89
Contract workers including interns and fixed term contracts	38	0	0	202	87	10	64	35	3	11	450
Total	283	2	3	771	436	105	259	166	41	140	2 201



SHAREHOLDER INFORMATION

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ANALYSIS OF SHAREHOLDER INFORMATION (continued)

FOR THE YEAR ENDED 31 AUGUST 2019

ANALYSIS OF SHAREHOLDINGS AS AT 31 AUGUST 2019

	Number of shareholders	Percentage of total shareholders	Number of shares	Percentage of total issued shares
1 – 5 000	1 193	66.35	1 599 132	0.33
5 001 – 10 000	214	11.90	1 748 524	0.36
10 001 – 100 000	267	14.91	8 508 690	1.73
100 001 – 1 000 000	119	6.62	118 535 734	24.14
1 000 001 and more	4	0.22	360 630 354	73.44
Total	1 791	100.00	491 022 434	100.00

MAJOR SHAREHOLDERS (5% AND MORE OF THE SHARES IN ISSUE)

	Number of shares	Percentage of total issued share capital
Sekunjalo Investment Holdings (Pty) Ltd	303 756 325	61.82
Miramare Investments (Pty) Ltd	44 859 927	9.13
Total	348 616 252	74.05

DISTRIBUTION OF SHAREHOLDERS

	Shareholders		Shares	
	Number	Percentage	Number	Percentage
Individuals	1 604	89.56	44 564 117	9.08
Nominee companies and trusts	86	4.80	37 615 724	7.66
Public companies	22	1.23	20 452 778	4.16
Close corporations and private companies	79	4.41	388 389 815	79.10
Total	1 791	100.00	491 022 434	100.00

NON-PUBLIC AND PUBLIC SHAREHOLDING

	Number of shareholders	Percentage of total shareholders	Number of shares	Percentage of total shares issued
Non-public	10	0.56	363 875 958	74.10
Directors	5	0.28	2 135 316	0.43
>Than 10% of I/C	1	0.06	303 756 325	61.86
Associates	4	0.22	57 984 317	11.80
Public	1 771	98.88	127 146 471	25.90
Total	1 791	100.00	491 022 434	100.00

SHARE TRADING STATISTICS

	Market price per share (cents)
High	500
Low	10
Year-end	165
Volume traded (shares)	8 966 736
Value traded (rand)	26 913 410
Volume of shares traded as a percentage of issued capital	1.83
Market capitalisation at 31 August 2019 (rand)	810 187 016
Market capitalisation at 16 January 2020 (rand)	540 124 677

VOTING RIGHTS

Share capital

Authorised

1 000 000 000 "B" class ordinary shares (listed)

1 000 "A" class convertible redeemable cumulative preference shares

10 000 000 "B" class redeemable preference shares

15% of the "B" class ordinary shares in issue at the beginning of the financial year are at the disposal of the directors in terms of a resolution of shareholders passed at the last annual general meeting of the Company. This authority remains in force until the next annual general meeting of the Company.

"B" class ordinary shares each carry one vote per share.

Issued

491 022 434 "B" class ordinary shares

	2019 0'000	2018 0'000
Reconciliation of number of issued "B" class ordinary shares		
Opening balance	491 339	491 339
Share repurchase	(317)	-
Closing balance	491 022	491 339

SHAREHOLDER'S DIARY

FOR THE YEAR ENDED 31 AUGUST 2019

FINANCIAL REPORTS

Announcement of annual results	November 2020
Integrated report	November 2020
Announcement of interim results	May 2020
Interim report	May 2020

DIVIDEND PAYMENT

Gross dividend (cents per share)	6.00
Dividend net of dividend withholding tax (cents per share)	4.80
Last day to trade cum dividend	Tuesday, 28 January 2020
Trading ex-dividend commences	Wednesday, 29 January 2020
Record date	Friday, 31 January 2020
Date of payment	Monday, 3 February 2020

Share certificates may not be dematerialised between Wednesday, 29 January 2020 and Thursday, 30 January 2020, both days inclusive.

ADMINISTRATION

FOR THE YEAR ENDED 31 AUGUST 2019

COMPANY SECRETARY

Company secretary	Damien Terblanche	damien@aeei.co.za
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EXECUTIVE MANAGEMENT TEAM

Chief executive officer	Khalid Abdulla	khalid@aeei.co.za
Chief financial officer	Chantelle Ah Sing	chantelle@aeei.co.za
Corporate affairs and sustainability	Cherie Hendricks	cherie@aeei.co.za
Chief investment officer	Wakeel McLachlan	wakeel@aeei.co.za
Prescribed officer	Khalid Abdulla	khalid@aeei.co.za

BUSINESS ADDRESS AND REGISTERED OFFICE

1st Floor, Waterway House North, 3 Dock Road, Victoria & Alfred Waterfront, Cape Town, 8001, South Africa
 Postal address: PO Box 181, Cape Town, 8000, South Africa
 Telephone: +27 21 427 1500

EMAIL AND WEBSITE

Email address: info@aeei.co.za
 Website: www.aeei.co.za

COMPANY REGISTRATION NUMBER

1996/006093/06

TRANSFER SECRETARIES

Link Market Services South Africa (Pty) Ltd
 Rennie House, 13th Floor, 19 Ameshoff Street, Braamfontein, 2001, South Africa
 Postal address: PO Box 4844, Johannesburg, 2000, South Africa
 Telephone: +27 11 713 0800
 Telefax: +27 86 674 4381
 Website: www.linkmarketservices.co.za

AUDITORS

BDO South Africa Inc.

SPONSOR

Vunani Capital

LISTING

Johannesburg Stock Exchange Sector: Diversified Industrials
 Share code: AEE
 ISIN code: ZAE000195731

