



AFRICAN EQUITY
EMPOWERMENT
INVESTMENTS
LIMITED

Unaudited condensed consolidated interim results for the six-month period ended 28 February 2023

empowering
people

FINANCIAL HIGHLIGHTS

African Equity Empowerment Investments Limited
(Incorporated in the Republic of South Africa)
Registration number 1996/006093/06
Share code: AEE ISIN: ZAE000195731
("AEEI" or "the Group" or "the Company")

	28 February 2023 R'000	Reclassified 28 February 2022 R'000	% Change
Revenue from continuing operations	344 634	283 421	22
Revenue from discontinued operations	1 018 901	783 311	30
Net cash utilised in operating activities	(368 715)	(239 420)	(54)
Loss before tax from continuing operations	(159 268)	(2 166)	(7 253)
Loss before tax from discontinued operations	(146 549)	(84 150)	(74)
Basic loss per share (cents) from continuing operations	(2 821)	(8)	(35 163)
Basic loss per share (cents) from discontinued operations	(623)	(2 363)	74
Headline loss from continuing operations	(138 511)	(4 891)	(2 732)
Headline loss from discontinued operations	(30 838)	(64 109)	52
Headline loss per share (cents) from continuing operations	(2 821)	(100)	(2 732)
Headline loss per share (cents) from discontinued operations	(628)	(1 306)	52
Normalised headline earnings from continuing operations	26 340	2 638	899
Normalised headline loss from discontinued operations	(42 065)	(42 329)	1
Normalised headline earnings per share (cents) from continuing operations	536	54	899
Normalised headline loss per share (cents) from discontinued operations	(857)	(862)	1
Net asset value per share (cents)	873	1 058	(17)
Total assets	5 510 243	6 345 636	(13)

GROUP PERFORMANCE

The Group had a sterling six months from a revenue perspective with revenue from continuing operations growing by 22% to R344 million from R283 million in the prior period. Headline loss per share for continuing operations increased from a reclassified loss of 8 cents to a loss of 2 821 cents per share, mainly due to the impairment of our investment in BT Telecommunications SA Proprietary Limited. Normalised headline earnings increased to 536 cents per share from 54 cents per share. The loss-making Technology division has been classified as a discontinued operation. The Technology division is currently being unbundled out of the AEEI portfolio, hence this classification. The division's revenue increased by 30% from R783 million to R1 billion, however, the loss before tax increased by 74% from R84 million to R146.5 million as a result of increased operational expenses attributed to retrenchment costs, legal costs and significant VAT disallowed by SARS on expenses from prior years amounting to R60 million. The fishing and brands division had an increase in revenue of 15.7% from R223 million to R256 million. Profit before tax showed an increase of 46.8% to R18.2 million from R12.6 million from the prior period.

The net asset value per share of the Group decreased from 1 058 cents to 873 cents. This was as a result of once-off restructuring and retrenchment costs as well as legal fees in the AYO Technology Solutions Limited ("AYO") court matter with the Public Investment Corporation ("PIC") which led to a drop in the cash reserves. The impairment of our investments was also a contributing factor. We are still confident that the strategies we have put in place will yield positive shareholder gains for the long term.

CONDENSED GROUP STATEMENT OF FINANCIAL POSITION

	Unaudited Group as at 28 February 2023 R'000	Unaudited Group as at 28 February 2022 R'000	Audited Group as at 31 August 2022 R'000
ASSETS			
Non-current assets	1 697 630	3 019 692	3 036 320
Property, plant and equipment	472 071	510 439	507 482
Goodwill	43 196	190 438	119 926
Intangible assets	262 361	403 198	384 469
Investments in associates	773 638	909 306	935 601
Investment in joint ventures	-	67 768	73 903
Other financial assets	38 640	216 501	260 996
Finance lease receivables	-	22 070	3 131
Right of use asset	32 422	133 414	149 599
Deferred tax	75 302	120 693	161 165
Loans receivable	-	204 439	176 259
Loans to related parties	-	241 426	263 789
Current assets	534 490	3 325 944	2 993 437
Inventory	82 647	192 928	258 136
Trade and other receivables	148 527	827 159	879 379
Other financial assets	-	255 052	235 109
Biological assets	83 073	104 226	83 073
Current tax receivable	4 622	18 420	4 389
Finance lease receivables	-	11 800	13 149
Cash and cash equivalents	205 246	1 721 856	1 349 896
Loans receivable	10 375	194 503	145 349
Loans to related parties	-	-	24 957
	2 232 120	6 345 636	6 029 757
Disposal group assets classified as held for sale	3 278 123	-	-
Total assets	5 510 243	6 345 636	6 029 757
EQUITY AND LIABILITIES			
Equity			
Equity attributable to equity holders of parent			
Share capital and share premium	402 240	402 240	402 240
Reserves	(28 420)	(21 927)	(21 254)
Retained earnings	1 832 680	2 284 426	2 188 533
Equity attributable to equity holders of parents	2 206 500	2 664 739	2 569 520
Non-controlling interest	2 081 605	2 532 259	2 307 902
	4 288 105	5 196 998	4 877 422

CONDENSED GROUP STATEMENT OF FINANCIAL POSITION (CONTINUED)

	Notes	Unaudited Group as at 28 February 2023 R'000	Unaudited Group as at 28 February 2022 R'000	Audited Group as at 31 August 2022 R'000
LIABILITIES				
Non-current liabilities				
Other financial liabilities		4 706	52 817	2 249
Deferred tax		259 715	249 414	301 208
Finance lease liabilities		29 047	128 759	136 850
Employee benefit obligation		1 849	5 521	5 082
Deferred income		-	417	-
Current liabilities		147 060	711 710	706 946
Trade and other payables		75 122	490 421	447 743
Other financial liabilities		-	29 554	1 060
Current tax payable		17 701	12 782	32 666
Deferred income		2 824	36 237	47 719
Provisions		27 063	48 763	78 645
Finance lease liability		12 003	25 002	49 778
Dividend payable		12 210	57 727	46 076
Bank overdraft		137	36	3 259
Loans from related parties		-	11 188	-
		442 377	1 148 638	1 152 335
Disposal group liabilities classified as held for sale	2	779 761	-	-
Total liabilities		1 222 138	1 148 638	1 152 335
Total equity and liabilities		5 510 243	6 345 636	6 029 757
Net asset value per share (cents)		873.30	1 058.40	993.32
Net tangible asset value (cents)		811.07	937.51	890.60
Number of ordinary shares in issue (000's)		491 022	491 022	491 022

CONDENSED GROUP STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Unaudited Group to 28 February 2023 6 months R'000	*Reclassified Unaudited Group to 28 February 2022 6 months R'000	*Reclassified Audited Group to 31 August 2022 12 months R'000
Continuing operations				
Revenue		344 634	283 421	578 556
Cost of sales		(193 417)	(166 835)	(378 971)
Gross profit		151 217	116 586	199 585
Other income		14 872	5 877	28 840
Other operating expenses		(161 312)	(126 997)	(270 084)
Net impairments, impairment reversals and write-offs	3	(210 269)	14	(8 339)
Fair value adjustments		-	(9 702)	434
Income from equity accounted investments		42 513	16 287	42 582
Investment revenue		5 167	2 090	4 987
Finance cost		(1 456)	(6 321)	(7 130)
Loss before taxation		(159 268)	(2 166)	(9 125)
Taxation		39 591	1 794	15 465
Loss from continuing operations		(119 677)	(372)	6 340
Discontinued operations				
Loss from discontinued operations		(157 195)	(114 530)	(368 526)
Loss for the year		(276 872)	(114 902)	(362 186)
Other comprehensive loss net of tax				
Continuing operations		-	-	-
Discontinued operations		(3 448)	(1 501)	(610)
Total comprehensive loss for the period		(280 320)	(116 403)	(362 796)
Total comprehensive profit/(loss) attributable to:				
Equity holders of the parent from continuing operations		(138 511)	(4 891)	14 404
Equity holders of the parent from discontinued operations		(30 608)	(61 064)	(239 181)
Non-controlling interest from continuing operations		18 834	4 519	(8 064)
Non-controlling interest from discontinued operations		(130 035)	(54 967)	(129 955)
		(280 320)	(116 403)	(362 796)
Basic and diluted (loss)/earnings per ordinary share to equity holders of parent entity of continuing operations		(28.21)	(0.08)	2.93
Basic and diluted (loss)/earnings per ordinary share to equity holders of parent entity of discontinued operations		(6.23)	(23.63)	(48.71)
Weighted (and fully diluted) average number of ordinary shares in issue (000s)		491 022	491 022	491 022

* Reclassified to report discontinued operations separately from continuing operations.

CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY

	Attributable to Parent R'000	Non- Controlling Interest R'000	Total Equity R'000
Balance at 1 September 2021	2 831 017	2 582 707	5 413 723
Loss for the year	(224 167)	(138 019)	(362 186)
Other comprehensive loss	(610)	-	(610)
Movement in non-controlling interest - change in ownership	12 733	(12 733)	-
Dividends paid	(49 452)	(124 053)	(173 505)
Balance at 31 August 2022	2 569 521	2 307 902	4 877 422
Loss for the six-month period	(165 671)	(111 200)	(276 871)
Other comprehensive income	(3 448)	-	(3 448)
Acquisition of additional interest	(76 761)	(18 239)	(95 000)
Derivative financial assets derecognised in subsidiary	(113 739)	-	(113 739)
Movement on change in ownership reserve	(3 401)	-	(3 401)
Dividends paid	-	(96 858)	(96 858)
Balance at 28 February 2023	2 206 501	2 081 605	4 288 105

CONDENSED GROUP STATEMENT OF CASH FLOWS

	Unaudited Group to 28 February 2023 6 months R'000	Unaudited Group to 28 February 2022 6 months R'000	Audited Group to 31 August 2022 12 months R'000
Cash utilised by operations	(368 715)	(239 420)	(252 532)
Investment revenue	32 663	37 572	71 397
Dividend income	1 949	6 139	13 562
Loss on foreign exchange differences	(289)	-	-
Finance cost	(8 525)	4 242	(14 908)
Tax paid	(18 328)	(21 122)	(25 059)
Net cash flows from operating activities	(361 245)	(212 589)	(207 540)
Cash flows from investing activities			
Purchase of property, plant and equipment	(27 260)	(19 825)	(42 192)
Sale of property, plant and equipment	207	27	659
Purchase of other intangible assets	(1 760)	(2 653)	(1 943)
Sale of investment at fair value	20 881	-	-
Purchase of investments at fair value	(12 000)	(31 850)	(52 201)
Loans advanced to shareholders of subsidiaries	-	-	(731)
Acquisition of additional interest in subsidiary	(95 000)	-	-
Disposal of subsidiaries	-	-	(4 291)
Loans advanced to related parties	(760)	-	(40 850)
Loans to related parties repaid	503	3 676	2 084
Loans receivable advanced	(15 440)	(97 970)	(108 039)
Receipt of loans at amortised cost	-	5 522	-
Other loan repayments received	44 785	1 914	46 037
Purchase of investments at fair value through profit or loss	-	(31 850)	-
Lease liability repaid	-	(1 267)	-
Purchase of financial assets	(184)	(66 524)	(65 279)
Sale of financial assets	178	-	6 400
Other financial assets advanced	-	-	(30 000)
Deposits / (Withdrawals) of funds held in trust accounts	5 433	(58 083)	(284 763)
Finance lease asset receipts	8 977	5 751	23 261
Net cash flows (to)/from investing activities	(71 440)	(293 132)	(551 848)
Cash flows from financing activities			
Repayment of other financial liabilities	(1 691)	(6 230)	(43 239)
Proceeds from other financial liabilities	457	-	17 629
Loans from related parties	1 429	-	-
Loans from related parties repaid	(194)	20	(11 069)
Advances from loans from shareholders	982	-	-
Proceeds from DTI grant	-	-	30 000
Share buy back	-	(1 252)	(2 922)
Payments for contingent consideration arrangements	(436)	(15 000)	(30 000)
Repayment of lease liabilities	(19 978)	(12 945)	(32 405)
Long service awards payments	-	-	(443)
Dividends paid	-	(32 372)	(48 284)
Dividends paid to minorities	(90 216)	(48 559)	(116 850)
Net cash flows to financing activities	(109 647)	(116 338)	(237 583)
Total cash movement for the period	(542 332)	(622 059)	(996 971)
Cash and cash equivalent at the beginning of the period	1 346 637	2 343 879	2 343 879
Effect of foreign exchange	199	-	(271)
Cash and cash equivalents at the end of the period *	804 504	1 721 820	1 346 637

* The statement of cash flows presents the movement in cash flows related to continuing and discontinued operations

DETERMINATION OF HEADLINE EARNINGS/(LOSS)

	Unaudited Group to 28 February 2023 R'000	Reclassified Unaudited Group to 28 February 2022 R'000	Reclassified Audited Group to 31 August 2022 R'000
Loss attributable to ordinary equity holders of the parent entity from continuing operations No adjustments made	(138 511)	(4 891)	14 404
Headline loss from continuing operations	(138 511)	(4 891)	14 404
Normalised headline earnings from continuing operations (See supplementary information)	26 340	2 638	22 309
Loss attributable to ordinary equity holders of the parent entity from discontinued operations	(30 608)	(61 064)	(239 181)
Adjusted for:			
Reversal of impairment of intangible assets	-	(10)	-
Gain on disposal of subsidiary	-	1 925	9 848
Loss on disposals of property, plant and equipment	(230)	(358)	(391)
Profit on sale of intangibles	-	(4 602)	(4 601)
Impairment of property, plant and equipment	-	-	4 317
Impairment of goodwill	-	-	69 135
Non-controlling effects on adjustment	-	-	(35 983)
Headline loss from discontinued operations	(30 838)	(64 109)	(196 856)
Normalised headline loss from discontinued operations (See supplementary information)	(42 065)	(42 329)	(63 520)
Weighted average number of shares ('000)	491 022	491 022	491 022
Fully diluted weighted average number of shares ('000)	491 022	491 022	491 022
Headline earnings/(loss) and diluted headline loss from continuing operations per ordinary share	(28.21)	(1.00)	2.93
Headline loss and diluted headline loss from discontinuing operations per ordinary share	(6.28)	(13.06)	(40.09)
Normalised headline earnings per ordinary share from continuing operations (see supplementary information)	5.36	0.54	4.54
Normalised headline loss per ordinary share from discontinued operations (see supplementary information)	(8.57)	(8.62)	(12.94)

CONDENSED GROUP SEGMENTAL REPORT 2023

	Fishing and Brands Unaudited R'000	*Technology Unaudited R'000	Health and beauty Unaudited R'000	Biotechnology Unaudited R'000	Events and tourism Unaudited R'000	Corporate Unaudited R'000	Group Unaudited R'000
28 February 2023							
Revenue	257 709	1 067 231	25 603	-	15 039	117 002	1 482 584
External revenue	256 581	1 067 231	25 284	-	12 389	2 050	1 363 535
Internal revenue	1 128	-	319	-	2 650	116 901	120 998
Segment results Profit/(Loss) before tax	18 214	(136 929)	(779)	(556)	(3 031)	(182 736)	(305 817)
Included in segment results:							
Net impairments and write-offs	-	(32 331)	-	-	-	(210 269)	(242 600)
Fair value adjustments	-	46 651	-	-	-	-	46 651
Depreciation and amortisation	(17 454)	(32 203)	(39)	-	(10)	-	(49 706)
Non-current assets	570 453	1 255 005	45 445	138 412	6 297	1 165 221	3 180 833
Current assets	342 920	1 856 478	20 582	264	14 139	95 027	2 329 410
Non-current liabilities	158 002	117 069	11 623	29 818	4 219	372	321 103
Current liabilities	98 246	764 012	6 222	793	8 792	22 970	901 035
Profit from associates	-	2 191	-	-	-	42 513	44 704
Capital expenditure	(21 229)	(7 766)	(22)	-	-	-	(29 017)

CONDENSED GROUP SEGMENTAL REPORT 2022

	Fishing and Brands Unaudited R'000	*Technology Unaudited R'000	Health and beauty Unaudited R'000	Biotechnology Unaudited R'000	Events and tourism Unaudited R'000	Corporate Unaudited R'000	Group Unaudited R'000
28 February 2022							
Revenue	222 661	810 687	24 751	-	7 291	63 174	1 128 564
External revenue	222 092	810 687	24 716	-	4 686	4 551	1 066 732
Internal revenue	569	-	35	-	2 605	58 623	61 832
Segment results Profit/(Loss) before tax	12 375	(91 342)	(324)	(200)	(2 788)	(4 037)	(86 316)
Included in segment results:							
Net impairments and write-offs	14	(956)	-	-	-	-	(942)
Fair value adjustments	-	(26 861)	-	-	-	(9 676)	(36 537)
Depreciation and amortisation	(16 171)	(34 895)	(89)	-	(12)	(717)	(51 884)
Non-current assets	598 407	1 221 568	43 763	147 800	6 946	1 001 208	3 019 692
Current assets	313 138	2 859 683	18 854	(106)	5 173	129 202	3 325 944
Non-current liabilities	212 239	198 893	10 753	37 975	3 970	(26 902)	436 928
Current liabilities	72 168	571 893	5 493	629	9 622	51 905	711 710
Profit from associates	-	24 266	-	-	-	16 287	40 553
Capital expenditure	12 859	6 930	19	-	17	-	19 825

* AYO in the Technology Division has been classified as a discontinued operation.

RECONCILIATION OF REPORTABLE SEGMENTS PROFIT/(LOSS)

	Unaudited Group to 28 February 2023 R'000	Reclassified Unaudited Group to 28 February 2022 R'000	Reclassified Audited Group to 31 August 2022 R'000
Total loss before tax for reportable segments for continuing operations	(159 268)	(2 166)	(9 125)
Taxation	39 591	1 794	15 465
Profit/(Loss) from continuing operations	(119 677)	(372)	6 340
Other comprehensive loss for the period net of taxation	-	-	-
Profit/(Loss) for the period and total comprehensive income from continuing operations	(119 677)	(372)	6 340

DIVISIONAL PERFORMANCE

CONTINUING OPERATIONS

Fishing and brands

Premier Fishing division specialises in the harvesting, processing and marketing of fish and fish-related products. Revenue increased by 15.7% to R257.7 million from R222.6 million, primarily due to the increase of the squid resource. Profit before tax increased by 46.8% to R18.2 million from R12.4 million. The fishing segment delivered a solid performance for the period ended 28 February 2023. Volumes landed and sold, and overall squid catch rates in the squid sector have improved compared to the prior year. The revenues for the other sectors have done very well, especially the lobster and hake deep sea sectors.

Health and beauty

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, including a perfume range. Revenue increased from R24.7 million to R25.6 million, an increase of 3.6%. The loss before tax increased from R0.3 million to R0.8 million. Gross profit only increased by 4% due to lower margins on Orleans Cosmetics Proprietary Limited's Gatineau brand and the sales mix of higher sales of locally manufactured items at lower margins than on imported brands. Challenges with shipment delays as an after effect of Covid-19 still continue, aggravated by shipping disruptions due to the war in Ukraine. Afrinat Proprietary Limited ("Afrinat") revenue decreased from R6.9 million to R6 million and the loss before tax increased from R0.7 million to R1.4 million due to orders from farmers being deferred to later dates due to a tough agricultural climate.

Afrinat has streamlined its business through a recently concluded retrenchment process which will result in significant cost savings. There are signs of improvement in sales orders post the interim period.

Biotechnology

The research and development division is engaged in product development phases at different stages, including developmental work on the dendritic cell vaccine (DCV) for cancer immunotherapy and communicable diseases such as extreme drug-resistant tuberculosis.

There was minimal progress during 2022 due to the multiple strains of the COVID-19 pandemic and funding not being available, resulting in work being unable to continue. Our legal teams have registered and maintained the IP registrations into new territories worldwide for the maturation of the dendritic cells, which is the basis of this technology.

Management continues to seek alternative funding partners to derive value from these high potential innovative products.

Events and tourism

This division comprises events management and travel solutions. The events and tourism division had a significant increase in revenue of 105.5% from R7.3 million to R15 million. The increase in revenue is predominantly attributed to Tripos Travel Proprietary Limited ("Tripos") as a result of more clients traveling post the Covid-19 pandemic. ESP Afrika Proprietary Limited ("ESP") was able to host a Festival of Lights event that contributed some moderate revenue. Although the Tripos operation was breaking even, ESP made a loss as some costs were incurred in preparation for the February 2024 Jazz Festival. This contributed to the events and tourism division making a loss before tax of R2.8 million down from a loss before tax of R3 million in the prior year.

Corporate division

The Group's strategic investments consist of investments in BT Communications Services South Africa Proprietary Limited ("BT"), African Legend Investments Proprietary Limited ("ALI") and Sygnia Limited ("Sygnia"). These are reported under the corporate division.

Sygnia's investment value decreased by R18 million from R46 million to R28 million due to the disposal, as announced on SENS on 4 November 2022, of 56% of the Group's shareholding in the half-year period to February 2023. BT's investment value was impaired to the recoverable amount of R773 million from a value of R978 million for the six month period ended February 2023.

The corporate division's revenue decreased from R4.5 million to R2.05 million and the profit before tax decreased from a loss of R4 million to a loss of R182 million due to the R204 million impairment to our investment in BT.

DISCONTINUED OPERATION

Technology

AYO revenue increased by 30% from R783 million to R1 018 million and the loss before tax increased from R84.1 million to a loss before tax of R146.5 million mainly because of the decrease in gross margin and the one-off restructuring and retrenchment costs. VAT was also disallowed by SARS on expenses from prior years amounting to R60 million which had a significant negative impact on profits and cash reserves. AYO implemented cost saving initiatives, retrenchments and restructuring which resulted in a one-off increase in overall operating expenditure.

NOTE 1. OTHER FINANCIAL ASSETS

	Unaudited Group as at 28 February 2023 R'000	Unaudited Group as at 28 February 2022 R'000	Audited 31 August 2022 R'000
Non-current assets: Other financial assets from continuing operations			
Fair value through profit and loss:			
Investments in unlisted public companies	9 500	12 325	15 198
Investments in unlisted private companies	716	624	716
Investments in listed public companies	28 424	38 974	46 204
Total fair value through profit and loss from continuing operations	38 640	51 923	62 118
Loans and receivables at amortised cost from continuing operations			
Sekpharma Proprietary Limited	723	2 778	454
African Equity Empowerment Holdings Proprietary Limited	1 864	1 005	1 864
Treasury shares – Share buy-back	1 487	1 487	1 487
Premier Seacat Joint Venture	3 390	2 684	3 012
Other	2 911	6 041	54
Total loans and receivables at amortised cost from continuing operations	10 375	13 995	6 871
Total other financial assets from continuing operations	49 015	65 918	68 989

NOTE 1. OTHER FINANCIAL ASSETS (CONTINUED)

Non-current assets: Other financial assets from discontinued operations

Fair value through profit and loss:

Investments in unlisted private companies

Investments in listed public companies

Total fair value through profit and loss from discontinued operations

Loans and receivables at amortised cost from discontinued operations

Tamlalor Proprietary Limited

Other

Total loans and receivables at amortised cost from discontinued operations*

Total other financial assets from discontinued operations

Total other financial assets from continuing and discontinued operations

	Unaudited Group as at 28 February 2023 R'000	Unaudited Group as at 28 February 2022 R'000	Audited 31 August 2022 R'000
	120 750	211 641	117 062
	338 336	207 989	200 357
	459 086	419 630	317 419
	260 329	224 739	246 510
	300 963	401 734	473 465
	561 292	626 473	719 975
	1 020 378	1 046 103	1 037 394
	1 069 393	1 112 021	1 106 383

* Refer to non-current assets held for sale

NOTE 2. DISPOSAL GROUP HELD FOR SALE

On 19 January 2023, the Board resolved to unbundle AEEI's entire shareholding in AYO, being 169 866 829 ordinary shares in AYO ("AYO Shares") to AEEI Shareholders ("Unbundling"). The Unbundling comprises the distribution of 49.36% of the total issued share capital of AYO, by way of a *pro rata* distribution *in specie*, in the ratio of 1 AYO Share for every 2.89 shares in AEEI ("AEEI Shares") held on the Unbundling record date. The unbundling process is currently underway and is expected to be finalised by the financial year end.

The following assets and liabilities were reclassified as held for sale and disclosed in terms of IFRS 5 as at 28 February 2023:

		Unaudited 28 February 2023 R'000	Unaudited 28 February 2022 R'000	Audited 31 August 2022 R'000
	Note			
Disposal group assets classified as held for sale				
Property, plant and equipment		38 128	44 379	38 627
Right-of-use of assets		89 533	100 982	94 360
Goodwill		75 458	144 593	75 458
Intangible assets		115 829	131 456	121 912
Investments in equity-accounted joint ventures and associates		74 610	71 211	72 692
Loans to related party companies	1	286 113	241 427	288 261
Other loans receivable	1	275 179	385 046	431 714
Investments at fair value through profit or loss		138 050	107 683	116 059
Finance lease receivables		8 259	33 869	16 280
Deferred tax asset		75 756	64 937	70 892
Inventories		265 055	141 531	200 251
Trade and other receivables		771 240	756 055	781 662
Other financial assets	1	459 086	419 630	317 419
Current tax receivable		6 324	11 840	1 328
Cash and cash equivalents		599 503	1 513 498	1 114 912
Total assets of disposal group held for sale		3 278 123	4 168 137	3 741 827
Disposal group liabilities classified as held for sale				
Other financial liabilities		228	18 823	1 717
Derivative financial liability		-	16 192	39 017
Lease liabilities		65 641	92 520	76 660
Employee benefit obligation		3 233	3 805	3 233
Deferred tax liability		45 275	58 559	44 431
Trade and other payables		453 680	428 926	393 603
Loans from related party companies		-	10 979	-
Other financial liabilities		3 988	26 799	12 567
Lease liabilities		37 566	18 983	29 869
Deferred income		12 432	36 609	45 075
Current tax payable		20 291	3 735	14 824
Provisions		97 389	27 943	51 784
Dividend payable		39 930	35 834	32 305
Contingent consideration liability		-	9 228	-
Bank overdraft		108	9	3 079
Total liabilities of disposal group held for sale		779 761	788 944	748 164

NOTE 2. DISPOSAL GROUP HELD FOR SALE (CONTINUED)

	Unaudited 28 February 2023 R'000	Unaudited 28 February 2022 R'000	Audited 31 August 2022 R'000
Note			
Statement of profit and loss			
Revenue	1 018 901	783 311	1 754 914
Cost of sales	(819 379)	(616 913)	(1 361 959)
Gross profit	199 522	166 398	392 955
Other operating income	45 283	35 934	72 802
Fair value adjustments	46 651	(26 835)	(37 860)
Other operating expenses	(476 328)	(341 610)	(769 542)
Net impairments, impairments reversals and write-offs	(32 331)	(956)	(132 211)
Finance income	76 555	64 789	137 516
Finance costs	(8 092)	(6 136)	(15 267)
Profit from equity-accounted investments	2 191	24 266	29 903
Loss before taxation	(146 549)	(84 150)	(321 704)
Taxation	(10 646)	(30 380)	(46 822)
Loss after taxation	(157 195)	(114 530)	(368 526)
Cash flows from discontinued operations			
Net cash outflow from operating activities	(317 439)	(272 462)	(177 920)
Net cash inflow/(outflow) from investing activities	28 059	(245 601)	(563 154)
Net cash outflow from financing activities	(223 257)	(132 169)	(310 544)
	(512 637)	(650 232)	(1 051 618)

NOTE 3. IMPAIRMENT OF INVESTMENT IN ASSOCIATE AND INVESTMENTS

Impairment expenses consists of impairment of the following investments and associates:

African Legend Proprietary Limited - Investment
BT Communication Services South Africa Proprietary Limited - Associate

Unaudited
Group to
28 February
2023
6 months
R'000

5 698

204 571

210 269

African Legend Proprietary Limited

Carrying value of investment as at 31 August 2022
Impairment of investment

Carrying
amount

15 198

(5 698)

9 500

Recoverable amount on investment as at 28 February 2023

BT Communication Services South Africa Proprietary Limited

Carrying value of investment as at 31 August 2022
Share of profit from associate for the six months ending 28 February 2023

Carrying
amount

935 601

42 513

Carrying value of investment before impairment

978 114

Impairment of investment in associate

(204 571)

773 543

Recoverable amount on investment as at 28 February 2023

These investments are included in the Corporate segment of the Group.

Methods and assumptions used in the valuation of investments

The valuation method in other financial assets is determined by using the discounted cash flow technique. A capital asset pricing model is used in which the present value of the expected cash flows of the investment are determined. The expected cash flows are determined by considering the current and planned operational activities of each investment.

Significant assumptions

Risk-free rate	10.62%
Risk premium	5.95%
Prime interest rate	10.75%
Corporate tax	27%
Long-term growth rate	4.5%

Key inputs used in measuring fair value of investments and contingent consideration liabilities include current forecasts of the extent to which management believes performance criteria will be met, discount rates reflecting the time value of money and contractually specified earn-out payments.

EVENTS AFTER REPORTING DATE

On 11 November 2022, AEEI and Premier Fishing and Brands Limited ("PFB") announced on SENS that AEEI, in concert with other related entities, are working on a potential transaction to buy out the minority shareholders in PFB and delist the company. On 9 December 2022, PFB and AEEI published a joint announcement of a firm intention for the offer to PFB minority shareholders. There was an update on the AEEI Offer released by AEEI and PFB on SENS on Thursday, 9 February 2023 wherein shareholders were advised, *inter alia*, that as the JSE Limited ("JSE") had advised AEEI that the AEEI Offer constitutes a related party transaction for AEEI in terms of section 10 of the JSE Listings Requirements, AEEI had determined that it would be prudent to substitute AEEI with Sekunjalo Investment Holdings Proprietary Limited ("Sekunjalo") as the offeror to PFB Minority Shareholders. Thereafter, there was a joint firm intention announcement released by PFB and Sekunjalo on SENS on Friday, 3 March 2023 relating to the offer from Sekunjalo to acquire 6.14% of the issued ordinary share capital of PFB from the PFB minority shareholders, for a cash consideration of R1.60 per Scheme Share by way of a scheme of arrangement, and the subsequent delisting of PFB from the securities exchange operated by the JSE. PFB shareholders will convene a general meeting to vote on the scheme of arrangement on 9 June 2023.

On 19 January 2023, the Board resolved to unbundle AEEI's entire shareholding in AYO, being 169 866 829 ordinary shares in AYO ("AYO Shares") to AEEI Shareholders ("Unbundling"). The Unbundling comprises the distribution of 49.36% of the total issued share capital of AYO, by way of a *pro rata* distribution *in specie*, in the ratio of 1 AYO Share for every 2.89 shares in AEEI ("AEEI Shares") held on the Unbundling record date. The unbundling process is currently underway and is expected to be finalised by the financial year end.

On 31 May 2019, AYO received a summons issued by the PIC and the Government Employees Pension Fund ("GEPF"). The summons sought a declaration that the subscription agreement entered into by the PIC with AYO be declared unlawful and set aside. The Parties entered into a settlement agreement, which was made an order of court on 24 March 2023. Shareholders are hereby referred to the supplementary announcement released on SENS by the Company on 18 May 2023 for full details regarding the terms of the settlement agreement and the implementation thereof.

The Group is party to an Equality Court application against 27 Banks declaring that the decision of the banks to terminate and/or refuse to provide or to give notice of termination and/or refusal of banking services and facilities to the Group and other parties involved in the application is inconsistent with their obligations under the Constitution and the Promotion of Equality and Prevention of Unfair Discrimination Act, 2000.

The Group is also party to a High Court Application against 23 Banks raising contractual concerns regarding the banks' decision that the provision of banking facilities to their clients ought to be subject to constitutional control and that the termination by the banks of their banking relationship with their clients, purely on notice, is unconstitutional.

The application also seeks to highlight that the termination by the banks of their banking relationship with their clients, purely on notice is irrational, arbitrary and reviewable under the Promotion of Administrative Justice Act, alternatively under the principle of legality and/or the common law. The application requires reviewing, correcting and setting aside of the withdrawal, termination and closure by the banks of the financial products or services and banking relationships with the Group and the other applicants.

During the last year, the Group (hereinafter "the applicants") instituted an application with the Competition Tribunal against Nedbank Limited, Standard Bank of South Africa Limited, First Rand Bank Limited, ABSA Bank Limited, Mercantile Bank Limited, Sasfin Bank Limited, Investec Bank Limited, Bidvest Bank Limited, Access Bank Limited and the Competition Commission (hereinafter "the respondents") to interdict and restrain the respondents on an interim basis from terminating their relationship with the applicants and/or refusing to provide banking and payment services to the applicants.

Judgement was handed down on 16 September 2022, and the Competition Tribunal granted an order for the respondents to reinstate or restore the bank accounts including all services that they provided to the applicants that held accounts with them, on the same terms and conditions as existed prior to the closure or termination of the accounts. The order was for a period of six months from 16 September 2022 or the conclusion of an investigation into the conduct of the respondents by the Competition Commission. Shareholders are advised that three banks launched an appeal of the Competition Tribunal's order. The matter was heard on 30 and 31 March 2023 and the Parties await the verdict. Shareholders are further advised that the order of the Competition Tribunal, as at the date of publication of these interim financial results remains and has been further extended by the Competition Tribunal. As a result of the order, FNB and Nedbank have reopened the bank accounts that had previously been terminated for the applicants.

Shareholders are also advised of the PFB general meeting, which took place on the 9th of June 2023. All resolutions were duly approved by the requisite majority of shareholders present. Please refer to the Results of the General Meeting: Scheme of Arrangement announcement released by PFB on SENS on the 9th of June 2023.

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

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 that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

The Group held the following instruments measured at fair value:

		Unaudited Group as at 28 February 2023	Unaudited Group as at 28 February 2022	Unaudited Group as at 31 August 2022
Fair value hierarchy		2023	2022	2022
Recurring fair value measurements				
Abalone	Level 3	83 073	105 428	83 073
Total intangible assets	Level 3	83 073	105 428	83 073
Financial assets designated at fair value through profit/(loss)				
Listed shares from continuing operations	Level 1	28 424	38 974	46 204
Listed shares from discontinued operations	Level 1	338 336	207 989	200 357
Investments in unlisted private companies from continuing operations	Level 3	716	624	716
Investments in unlisted private companies from discontinued operations	Level 3	120 750	211 641	117 062
Investments in unlisted public companies from continuing operations	Level 3	9 500	12 325	15 198
Total financial assets designated at fair value through profit/(loss)		497 726	471 553	379 537
Loans and receivables from continuing operations		10 375	13 995	6 871
Loans and receivables from discontinued operations		561 292	626 473	719 975
Total financial assets		1 069 393	1 112 021	1 106 383
Financial liabilities at fair value through profit/(loss)				
Other financial liabilities		4 706	82 371	3 309
Total financial liabilities at fair value through profit/(loss)		4 706	82 371	3 309

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

REPORTING ENTITY

AEEI is a company domiciled in South Africa.

These unaudited condensed consolidated interim results for the 6 months ended 28 February 2023 comprise of AEEI, its subsidiaries and its interest in associates and joint ventures.

USE OF JUDGEMENTS AND ESTIMATES

In preparing these unaudited condensed consolidated interim results, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the audited consolidated financial statements as at and for the year ended 31 August 2022.

RELATED PARTIES

The Group entered into various transactions with related parties in the ordinary course of business. As at 28 February 2023, the Group held the following material balances with related parties:

	Unaudited Group as at 28 February 2023 R'000	Unaudited Group as at 28 February 2022 R'000	Audited Group to 31 August 2022 R'000
Loan and other receivables balances from discontinued operations			
Vunani Fintech Fund Proprietary Limited - Loan 1	139 099	126 991	132 319
The loan is unsecured, bears interest at prime and is repayable on 28 March 2024.			
Vunani Fintech Fund Proprietary Limited - Loan 2	121 230	97 748	114 191
The loan is unsecured, bears interest at the prime plus 2%. R35 million of the loan is repayable on 14 October 2025, R15 million is repayable on 19 April 2026, R39.2 million is repayable on 1 June 2026 and R10.8 million is repayable on 4 April 2027.			
Zaloserve Management Proprietary Limited	-	16 148	16 825
The loan bore interest at the prime rate and was repayable from distributions received by ZM from its shareholding in Zaloserve. The loan was secured by a pledge and cession of shares by ZM. The agreement which led to the transaction was reversed in the current reporting period.			
Crealpha Proprietary Limited	25 784	-	24 316
The loan is unsecured, has no fixed repayment terms and therefore is payable on demand. The loan bears no interest for the first three years from the date of draw-down and thereafter shall bear interest at the prime rate. The loan is subordinated to any claims of any third-party creditors of the AYO.			
Communications Products Proprietary Limited	-	-	610
The loan was unsecured, bore no interest and the loan was repaid in the current year.			
Isakhiwo Group International Proprietary Limited	-	540	-
The loan bore interest at the prime rate and was repayable from distributions received by the shareholder from time to time. The loan was fully repaid in the 2022 financial period.			
	286 113	241 427	288 261

REPORTING ENTITY (CONTINUED)

BASIS OF PREPARATION

The unaudited condensed consolidated interim financial results for the six months ended 28 February 2023 have been prepared in accordance with the requirements of the JSE Limited Listings Requirements ("Listings Requirements") for interim reports and the requirements of the Companies Act, 2008 (Act 71 of 2008) as amended ("Companies Act") applicable to interim financial statements. The Listings Requirements require interim reports to be prepared in accordance with IAS 34 Interim Financial Reporting and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council. The accounting policies applied in the preparation of the unaudited condensed consolidated interim financial results are in terms of International Financial Reporting Standards ("IFRS") and are consistent with those accounting policies applied in the preparation of the annual financial statements for the year ended 31 August 2022.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 August 2022.

The unaudited condensed interim financial results were prepared by Makaita Chikwavira CA(SA), Group Financial Manager, under the supervision of Jowayne van Wyk CA(SA), Chief Financial Officer. The interim results were not reviewed or audited by the Group's external auditors, Crowe JHB and Thawt Inc.

BUSINESS COMBINATIONS

In the calculation of goodwill arising from a business combination, the Group allocates the excess fair value of the consideration transferred, over the net of the fair value of the identifiable assets and liabilities of the acquired entity. Management made judgements in determining the fair value allocation of the consideration transferred as well as estimates of the useful lives of the intangible assets recognised in the business combination.

SUBSIDIARIES CONSOLIDATED WHEN LESS THAN 50% INTEREST IS HELD

The Group consolidates subsidiaries with an effective interest of less than 50% when the Group has control and power over the investee; it is exposed to or has rights to variable returns from involvement with the investee; and it has the ability to use its power over the investee to affect the amount of the investor's returns.

DISPOSAL GROUP HELD FOR SALE

Disposal group classified as held for sale are presented separately and measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell. However, some held for sale assets such as financial assets or deferred tax assets, continue to be measured in accordance with the Group's relevant accounting policy for those assets. Once classified as held for sale, the assets are not subject to depreciation or amortisation.

Any profit or loss arising from the sale of a non-current asset held for sale or its remeasurement to fair value less costs to sell is recognised in profit or loss.

The Group classifies a component of the business as a discontinued operation when that component has been disposed of, or is classified as held for sale or for distribution, and: represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale. Discontinued operations are presented separately within the income statement, statement of Other Comprehensive Income and the statement of cash flows. Intercompany income and expense transactions between the Group's continuing and discontinued operations are eliminated.

GOVERNANCE MATTERS

PROSPECTS

Despite areas of resilience within the Group, we anticipate that the rest of 2023 will still be challenging thus impacting the performance of our investments. There is still a long runway for recovery, which has been made more uncertain with the current wave of load shedding by the power utility which hinders business performance. AEEI's response to this uncertainty is to focus on protecting our core investments through strategic cost saving and managing our working capital more optimally. The board will also focus on specific ways to unlock shareholder value, which commenced with the unbundling of our investment in AYO.

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

CHANGES IN THE DIRECTORATE

No changes to the board of directors.

DIVIDENDS

The board of directors has elected not to declare a dividend for the interim period ended 28 February 2023 in order to preserve cash in the current tough economic environment.

SUPPLEMENTARY INFORMATION (UNREVIEWED)

Normalised earnings are defined as earnings from continuing operations excluding non-recurring items and once-off fair value adjustments.

	Unaudited Group to 28 February 2023 6 months R'000	Reclassified Unaudited Group to 28 February 2022 6 months R'000	Reclassified Audited Group at 31 August 2022 12 months R'000
Normalised loss before tax reconciliation			
Loss before tax from continuing operations	(159 268)	(2 166)	(9 125)
Loss on deemed disposal		-	
Fair value adjustments	-	9 702	(434)
Net impairments, impairment reversals and write-offs	210 269	(14)	8 339
Normalised (loss)/profit before tax from continuing operations	51 001	7 522	(1 220)
Normalised headline earnings before tax reconciliation			
Headline earnings	(138 511)	(4 891)	14 404
Fair value adjustments	-	9 702	(434)
Net impairments, impairment reversals and write-offs	210 269	-	8 339
Tax effects on adjustments	(45 418)	(2 173)	94
Normalised headline earnings from continuing operations	26 340	2 638	22 309
Normalised headline earnings per share from continuing operations	5.36	0.54	4.54
Loss before tax from discontinued operations	(146 549)	(84 150)	(321 704)
Loss on deemed disposal			-
Fair value adjustments	(46 651)	26 835	37 860
Net impairments, impairment reversals and write-offs	32 331	956	132 211
Normalised loss before tax from discontinued operations	(160 869)	(56 359)	(151 633)
Normalised headline loss before tax reconciliation			
Headline earnings	(30 838)	(64 109)	(196 856)
Fair value adjustments	(46 651)	26 835	37 860
Net impairments, impairment reversals and write-offs	32 331	956	132 211
Tax effects of adjustments	3 093	(6 011)	(36 735)
Normalised headline loss from discontinued operations	(42 065)	(42 329)	(63 520)
Normalised headline loss per share from discontinued operations	(8.57)	(8.62)	(12.94)

APPRECIATION

We sincerely thank our employees, Group executives, management, our board of directors as well as our strategic partners, shareholders, stakeholders and business partners for their loyalty and dedication in contributing to the success of the Group.

Mrs Aziza Amod

Non-executive chairperson

Mrs Valentine Dzvoza

Chief executive officer

Cape Town

13 June 2023

Directors

*Valentine Dzvoza (chief executive officer); Aziza Amod (non-executive Chairperson);

*Jowayne van Wyk (chief financial officer);

Gaamiem Colbie; Willem Raubenheimer (lead independent director); Bongikhaya Qama; Membathisi Mdladlana;

Stephen Nthite; Carin-Lee Geuking-Cohausz

* *Executive directors*

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Joint auditors:

Crowe JHB

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Thawt Inc.

3 Monte Vista Blvd, Monte Vista, Cape Town, 7460

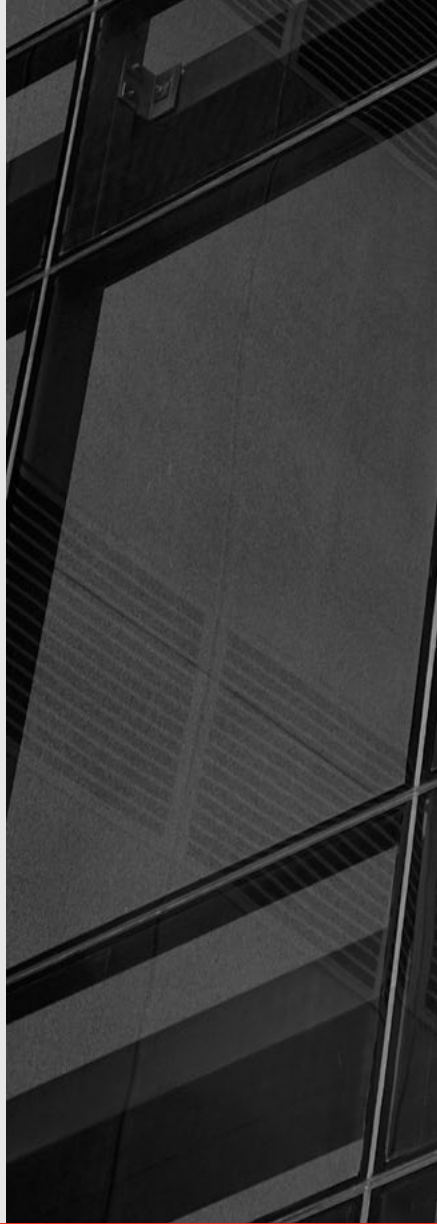
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