CONDENSED FINANCIAL STATEMENTS

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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) as amended.

PREPARER

Wakeel Mclachlan CA(SA)
Group financial manager

26 November 2018

GROUP PERFORMANCE

Commentary on financial results

Due to the deemed disposal of the technology division, the Group has reallocated the net revenues and expenses of the technology division to profit from discontinued operations in both the 2017 and 2018 financial years in terms of IFRS 5 – Non-current assets held for sale and discontinued operations. This resulted in a restatement of the 2017 Statement of Profit or Loss and other comprehensive figures.

Financial highlights

- Restated revenue increased by 21% from R577m to R701m.
- Restated profit before tax increased by 852% from R631m to R6.01bn.
- Earnings per share increased by 946% from 97.10 cents to 1 016.01 cents.
- Normalised headline earnings per share increased by 142% from 10.38 cents to 25.09 cents.
- Total assets increased by 164% from R2.8bn to R7.4bn.
- Net asset value increased by (excluding minorities) 277% from R1.3bn to R4.9bn.
- Net asset value per share increased by 284% from 260.00 cents to 999.25 cents.
- Cash generated from operations increased by 138% from R73m to R174m.
- Net cash from operating activities increased by 64% from R80m to R131m.

Group performance

AEEI is a proud Level 1 Contributor in terms of the Department of Industry's Code of Good Practice on Broad-Based Black Economic Empowerment Amendment Act 2003, (Act No. 53 of 2003), with the Amended Generic Scorecard being applied, with black ownership at 73.72% and black female ownership of 38.29%.

During the year, the Group delivered excellent profit growth resulting from strong contributions from all its underlying investments for the year under review.

The Group's restated revenue increased by 21% from R577m to R701m, mainly due to significant revenue growth achieved from the fishing and brands division which is in line with our acquisitive growth strategy.

Group earnings grew by 946% from R477m to R4 992m. The earnings increased mainly as a result of a once-off gain from a deemed disposal of a subsidiary. More details are reflected in the section below.

Earnings per share (EPS) increased by 946% from 97.10 cents to 1 016.01 cents for the year under review as a result of a once-off gain on deemed disposal of a subsidiary during the financial year. Headline earnings per share (HEPS) decreased from 94.89 cents to 24.24 cents as a result of the prior year including a once-off fair value adjustment prior to BT Communication Services South Africa (Pty) Ltd (BT) becoming an associate.

The Group's normalised HEPS increased by 142% from 10.38 cents to 25.09 cents. Normalised earnings are defined as earnings from continuing operations excluding non-recurring items and once-off fair value adjustments.

Profit before tax for the year under review increased by 852% from R631m to R6.01bn mainly as a result of the gain on the deemed disposal of a subsidiary during the financial year and good performance of the food and fishing division.

The Group's total asset base increased by 164% from R2.8bn to R7.4bn mainly due to the growth in property, plant and equipment and the increased fair value investment in associates compared to the comparative year, as a result of the deemed disposal of a subsidiary in our technology division.

Net asset value (NAV) of the Group increased by 277% from R1.3bn to R4.9bn as a result of the financial performance and the greater fair value in the underlying investments.

As a result of the interest income earned in the Group, net cash flows from operating activities increased by 64% from R80m to R131m in the current year.

Fishing and brands

The fishing and brands division, Premier Fishing and Brands Ltd ("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 well with revenue increasing by 20% from R411m to R491m for the year, which includes the acquisition of Talhado Fishing Enterprises (Pty) Ltd (Talhado) and only three months of their financial performance is consolidated into the Group results.

The abalone division continued to focus on increasing its spat production and stock holding in preparation for the farm's expansion. An additional 40 tons animal rearing capacity has been added to date. The construction for the expansion of the abalone farm is on track and is in line with the expansion plans. This division produced results in line with management's expectations and continues to focus on their expansion plans, with increased performance expected to be achieved during the 2019/2020 financial year when the expansion of the abalone farm is completed. The well-known brand is in great demand from customers abroad, and since Premier's philosophy is based on pleasing its clients, the request for larger sized abalone can now be accommodated with the new hatchery.

Technology

The information and communications technology (ICT) associate, AYO Technology Solutions Ltd (AYO) listed on the Johannesburg Stock Exchange (JSE) on 21 December 2017 as a leading Broad-based Black Economic Empowerment (B-BBEE) ICT company with strong management expertise and a sound track record. The current improving market conditions and regulation pertaining to B-BBEE have placed them favourably to capture the growing ICT spend across the South African market. The ICT associate is currently servicing customers in Southern and Northern Africa, Europe and Mauritius. AYO's strategic alliance with BT provides it with access to global technology trends as well as the global market.

Since its listing, AYO has shown excellent operational performance in delivering on its organic strategy as presented in its pre-listing statement, issued on 13 December 2017.

In the short time frame since listing, AYO concluded a significant contract with a multinational client, which has generated significant revenue in the last quarter of the financial year.

AYO achieved significant growth in revenue of 33% from R478m to R638m, mainly as a result of obtaining new customer contracts in the financial services sector, which leverages the strategy to gain market share through its enhanced B-BBEE credentials.

During the financial year, the AEEI Group relinquished control of AYO, resulting in the division becoming an associate in August 2018. AYO was reclassified as a discontinued operation in the Group's condensed financial results. Refer to significant events below.

Health and beauty

The companies in the health and beauty division focus on the importation and distribution of cosmetic brands as well as the manufacturing, sales and marketing of an extensive range of natural products that are human, animal and plant safe and internationally recognised in the food, agriculture, hygiene, beauty and general health sectors.

AfriNat (Pty) Ltd, previously known as Wynberg Pharmaceuticals (Pty) Ltd, was rebranded during the year. As a result of marketing the brand and improved volume movements, particularly in its pre-harvest line of products, revenue increased by 138% from R5.2m to R12.4m and operating profit increased from a loss of R1.1m to a profit of R2.7m.

The acquisition of Orleans Cosmetics (Pty) Ltd (Orleans Cosmetics) in the prior year, accounted for the first full year led to revenue increasing by 258% from R9.7m to R34.5m, mainly as a result of the financial results being included for twelve months compared to only four months in the prior year. Operating profit excluding the prior year gain on bargain purchase increased from a loss of R0.65m to a profit of R1.9m.

Biotechnology

Genius Biotherapeutics (Genius) progressed with its research and development activities as it completed the construction of a clean room facility.

The dendritic cell vaccine project obtained final approval from the Medicines Control Council to commence with phase 1 clinical trials on breast cancer, and on completion of an accredited clean room facility, the human clinical trials can commence in the 2019 year.

During the financial year, intangible assets namely the biosimilar drug under development, novel compound, licences and technologies as well as goodwill have been impaired by R140m due to the carrying amount of these assets exceeding their recoverable amount. The main reasons when we assessed the impairment of these intangible assets was due to milestones not being achieved. Funding is currently being sourced in order to evaluate the feasibility of these projects.

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 (Magic828) (managed under the corporate division).

espAfrika, a Group subsidiary, hosted a very successful 19th Cape Town International Jazz Festival during the financial year. The company's contribution to the Group's revenue amounted to R58m for the financial year.

Magic828, which has been in existence for 36 months, contributed R9m to the Group's gross revenue for the year and increased its listenership in the Western Cape to approximately 187 000 listeners.

Tripos Travel has been engaged in a turnaround strategy since 2016 which led to revenue increasing by 21% from R53m to R64m for the year under review.

Strategic investments

The Group's strategic investments consist of: Pioneer Foods Group Ltd (Pioneer), Sygnia Ltd (Sygnia), Saab Grintek Defence (Pty) Ltd (SGD) and BT, which is now managed and reported under the technology division and accounted for as an associate since the prior year.

AEEI has minority equity stakes in SGD, Sygnia and Pioneer. These investments have shown improvements in their investment value since the date of the acquisitions. Consistent growth in earnings and regular dividends are received from all the strategic investments.

CONDENSED GROUP STATEMENT OF FINANCIAL POSITION

AS AT 31 AUGUST 2018

	Audited Group to 31 August 2018 R'000	Audited Group to 31 August 2017 R'000
ASSETS		
Non-current assets	**6 705 151**	1 855 213
Property, plant and equipment	**324 229**	154 527
Goodwill	**86 201**	82 940
Intangible assets	**277 853**	384 027
Investments in associates	**5 575 997**	780 559
Investment in joint ventures	**–**	33
Other loans receivable	**11 808**	8 366
Other financial assets	**419 905**	425 524
Deferred tax	**9 158**	17 578
Prepayments	**–**	1 659
Current assets	**657 125**	966 940
Inventory	**56 978**	64 181
Biological assets	**68 021**	54 323
Other loans receivable	**3 083**	26 771
Current tax receivable	**2 168**	1 591
Trade and other receivables	**164 157**	195 050
Cash and cash equivalents	**362 718**	625 024
Total assets	**7 362 276**	2 822 153
EQUITY AND LIABILITIES		
Equity		
Share capital and share premium	**403 177**	403 177
Reserves	**8 034**	8 030
Retained income	**4 498 480**	866 286
	4 909 691	1 277 493
Non-controlling interest	**755 358**	760 627
	5 665 049	2 038 120
LIABILITIES		
Non-current liabilities	**1 486 862**	461 302
Other financial liabilities	**208 392**	245 622
Deferred tax	**1 278 257**	211 046
Other non-current liabilities	**213**	4 634
Current liabilities	**210 365**	322 371
Trade and other payables	**105 993**	169 984
Other financial liabilities	**18 328**	47 232
Current tax payable	**21 969**	32 506
Provisions	**27 392**	27 642
Other current liabilities	**900**	485
Bank overdraft	**35 783**	44 522
Liabilities of disposal group	**–**	360
Total equity and liabilities	**7 362 276**	2 822 153
Net asset value per share (cents)	**999.25**	260.00
Tangible net asset value per share (cents)	**925.15**	164.96
Number of ordinary shares in issue ('000s)	**491 339**	491 339

CONDENSED GROUP STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 AUGUST 2018

	Audited Group to 31 August 2018 R'000	Audited (restated) Group to 31 August 2017 R'000
Continuing operations		
Revenue	700 691	576 607
Cost of sales	(410 192)	(338 626)
Gross profit	290 499	237 981
Other income	11 467	1 745
Other operating expenses	(256 060)	(177 598)
Net impairments, impairment reversals and write off	(140 319)	(2 605)
Fair value adjustments	(5 414)	535 083
Gain on deemed disposal of subsidiaries	6 049 029	–
Gain on bargain purchase	952	11 755
Profit from equity accounted investments	57 914	30 732
Investment revenue	33 421	21 796
Finance cost	(30 839)	(27 552)
Profit before taxation	6 010 650	631 338
Taxation	(1 062 789)	(143 740)
Profit from continuing operations	4 947 861	487 598
Discontinued operations:		
Profit from discontinued operations	159 533	41 074
Profit for the year	5 107 394	528 672
Other comprehensive income	–	(4)
Total comprehensive income	5 107 394	528 668
Total comprehensive income attributable to:		
Equity holders of the parent	4 992 064	477 085
Non-controlling interest	115 330	51 583
	5 107 394	528 668
Basic and diluted earnings per ordinary share (cents)	1 016.01	97.10
Headline earnings per ordinary share (cents)	24.24	94.89
Weighted (and fully diluted) average number of ordinary shares in issue ('000s)	491 339	491 339

CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 AUGUST 2018

	Attributable to parent R'000	Non-controlling interest R'000	Total equity R'000
Balance at 1 September 2016	**916 452**	**84 583**	**1 001 035**
Profit for the period	477 089	51 583	528 672
Other comprehensive income	(4)	–	(4)
Changes in ownership interest – control not lost	(91 355)	620 544	529 189
Dividends paid	(25 804)	(5 985)	(31 789)
Business combinations	1 115	9 902	11 017
Balance at 31 August 2017	**1 277 493**	**760 627**	**2 038 120**
Profit for the period	**4 992 064**	**115 330**	**5 107 394**
Transfer from reserves to retained income	**11 790**	**–**	**11 790**
Changes in ownership interest			
Additional shares acquired	**(4 826)**	**(1 705)**	**(6 531)**
Changes in ownership interest (disposal and share issue) – control not lost	**(1 323 592)**	**5 627 155**	**4 303 563**
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**

CONDENSED GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2018

	Audited Group to 31 August 2018 R'000	Audited Group to 31 August 2017 R'000
Cash generated by operations	174 263	73 478
Investment revenue	33 421	23 903
Dividend income	31 434	30 064
Finance cost	(31 217)	(28 267)
Other operating activities	(77 087)	(19 646)
Net cash flows from operating activities	**130 814**	79 532
Cash flows from investing activities		
Net movement in property, plant and equipment	(120 059)	(24 485)
Net movement in intangible assets	(8 059)	(1 859)
Business combination and additional shares purchased	(77 217)	(1 559)
Deemed disposal of businesses and sale of business	(4 303 642)	–
Movement in other investing activities	671	(3 503)
Purchase of financial assets	(85 056)	(14 118)
Movement from investment in associates	18 746	16 183
Net cash flows from investing activities	**(4 574 616)**	(29 341)
Cash flows from financing activities		
Repayment of other financial liabilities	(80 573)	(46 006)
Receipt of other financial liabilities	20 492	45 519
Change in ownership	4 322 111	507 518
Dividends paid including minorities	(71 795)	(31 789)
Net cash flows from financing activities	**4 190 235**	475 242
Total cash movement for the year	(253 567)	525 433
Cash and cash equivalent at the beginning of the year	580 502	55 069
Cash and cash equivalents at the end of the year	**326 935**	580 502

CONDENSED ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 AUGUST 2018

BASIS OF PREPARATION

The condensed consolidated annual financial statements are prepared in accordance with the JSE 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 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 manager, Wakeel McLachlan BCom (Hons), CA(SA) and were audited by the Group's external auditors, BDO Cape Inc. An unqualified opinion has been issued.

REPORTING ENTITY

African Equity Empowerment Investments Limited (AEEI) is a company domiciled in South Africa. These condensed consolidated annual financial statements as at and for the year ended 31 August 2018 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 B-BBEE and sound corporate governance and ethical practices.

USE OF JUDGEMENTS AND ESTIMATES

In preparing these 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. Final 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 2018.

MEASUREMENT OF FAIR VALUES

The Group has an established control framework with respect to the measurement of fair values. The fair valuation calculations are performed by the Group's finance department and operational team on an annual basis. The finance department reports to the Group's chief financial officer. The valuation reports are approved by the investment committee in accordance with the Group's reporting policies.

NOTES TO CONDENSED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018

1. BUSINESS COMBINATION

During the financial year the Group acquired 50.31% of the squid fishing rights, brand and related assets of Talhado within its fishing and brands division for a total consideration of R89m in order to enhance the Group's footprint in the squid sector. The purchase agreement had an effective date of acquisition of 30 November 2017; however, in terms of IFRS 3 Business Combinations, the date of acquisition has been determined as 9 May 2018.

The fair value calculation of the acquired fishing rights, brand and assets. The fair values of the identifiable assets and liabilities are shown below:

Property, plant and equipment	78 987
Intangible assets	40 268
Inventories	25 815
Trade and other receivables	25 292
Other financial assets	1 510
Current tax payable	(19 871)
Cash and cash equivalents	28 085
Other financial liabilities	(10 302)
Deferred tax	(35 888)
Trade and other payables	(31 132)
Provisions	(9 736)
Dividends payable	(5 007)
Total identifiable net assets	**88 021**
Non-controlling interests	(50 662)
Goodwill	51 964
Total purchase consideration	**89 323**
Net cash outflow on acquisition date:	
Cash consideration paid	89 323
Cash acquired	(28 084)
Net cash outflow on acquisition	**61 239**

Interest accrued on the purchase consideration between the legal acquisition date and effective IFRS acquisition date amounting to R3.9m was included as part of the purchase consideration, which was measured at fair value. All other acquisition related costs amounting to R1.79m were expensed and are included in operating expenses in comprehensive income.

Talhado's revenue and profits for the full year beginning 1 September 2017 amounted to R272m and R39m respectively.

i) Non-controlling interest

Non-controlling interest, which is a present ownership interest and entitles the holders to a proportionate share of the entity's net assets in the event of liquidation, is measured at the present ownership interests' proportionate share of the acquiree's identifiable net assets.

ii) Goodwill

Goodwill recognised at acquisition relates to the expected growth and cost synergies which cannot be separately recognised as an intangible asset.

Refer to pro forma financial information in the Premier Fishing and Brands SENS on their website at www.premierfishing.co.za.

2. EXPANSION OF THE ABALONE FARM

During the current reporting period, the carrying value of plant and machinery increased from R39m to R61m within the fishing and brands division as a result of the abalone farm expansion. Assets under construction increased to R30m compared to R5m in the prior year. As at 31 August 2018, Premier's directors authorised capital expenditure of R102m that has not been contracted for relating to the abalone farm expansion.

NOTES TO CONDENSED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2018

3. SUBSIDIARY BECOMES AN ASSOCIATE AND CHANGES IN CONTROL

The Group held an 80.011% equity interest in AYO as at 31 August 2017. Prior to the listing of AYO, a decision was made to issue 10% of its shares to a B-BBEE Consortium, which resulted in a dilution of the Group's investment in AYO to 69.55%. On 21 December 2017, AYO listed on the main board of the JSE, prior to which AYO issued shares under a private placement resulting in a further dilution of the Group's shareholding to 49.36%. Please refer to the statement of changes in equity for the effect of the transaction on retained earnings and non-controlling interest without a loss of control on this date.

This investment was accounted for as a discontinued operation up to and including 24 August 2018, with its financial results being reclassified to discontinued operations. Subsequent to 24 August 2018, the investment became an associate as the Group relinquished control over AYO, when the Board of directors was restructured to comprise a majority of independent non-executive directors, resulting in AEEI no longer unilaterally directing the relevant activities of the business from this date.

The effect of the transaction is therefore as follows:

	Audited 31 August 2018 R'000
Derecognise assets (including goodwill) and liabilities at date control is lost IFRS10.B98(a)	**(4 474 831)**
Derecognise non-controlling interest IFRS10.B98(a)	**5 767 589**
Net assets value derecognised	**1 292 758**
Fair value of remaining interest in AYO IFRS10.B98(b)	**4 756 271**
Gain on deemed disposal of subsidiary	**6 049 029**
Investment in associate	
Balance as at 1 September 2017	**780 559**
Amount transferred to investment in associate	**4 756 271**
Share of profits in associate	**57 914**
Dividend received from associate	**(18 746)**
Balance of investment in associates as at 31 August 2018	**5 575 997**

During the year under review the volume-weighted average price was used as an assessment of the share, which resulted in no impairment being required.

4. DISCONTINUED OPERATIONS

During the year the Group lost control of AYO as mentioned previously, which resulted in the reclassification of AYO to discontinued operations in terms of IFRS 5 – Non-current assets held for sale and discontinued operations.

The breakdown of the profit from discontinued operations is as follows:

	Audited 31 August 2018 R'000	Audited (Restated) 31 August 2017 R'000
Revenue	**645 548**	475 587
Cost of sales	**(439 909)**	(315 582)
Other income	**1 802**	8 238
Expenses	**(220 256)**	(119 552)
Investment revenue	**216 899**	2 107
Loss from equity accounted investments	**–**	(529)
Finance cost	**(379)**	(715)
Profit before tax	**203 705**	49 554
Taxation	**(44 172)**	(11 291)
Profit from continuing operations	**159 533**	38 263
Profit from discontinued operations	**–**	2 810
Profit for the year	**159 533**	41 074

NOTES TO CONDENSED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2018

5. RECLASSIFICATION OF PRIOR YEAR

Upon loss of control of AYO, certain items previously included in the condensed consolidated profit and loss and other comprehensive income were reclassified as the criteria of IFRS 5 – Non-current held for sale and discontinued operations were met. The effect is that net revenue and expenses related to AYO is reflected in the discontinued operations note and the net total profit for AYO has been reflected in profit from discontinued operations.

6. EFFECTIVE TAX RATE

As a result of the deferred tax raised on the Group's investment in AYO as an associate of R1.07bn, this resulted in a significant increase in the tax rate during the year.

7. EVENTS AFTER REPORTING PERIOD

Subsequent to year-end on 9 November 2018, the Board approved a buyback of shares, which management believe is trading at a discount, creating shareholder value.

A final gross dividend of 12.00 cents per share has been declared 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 annual financial statements.

8. FAIR VALUE INFORMATION

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: Other techniques for all inputs which have a significant effect on the recorded fair value and are observable, either directly or indirectly.

Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

As at 31 August 2018, the Group held the following instruments measured at fair value:

2018	Level 1 R'000s	Level 2 R'000s	Level 3 R'000s	Total R'000s
Listed shares	**202 201**	**–**	**–**	**202 201**
Unlisted shares	**–**	**–**	**217 704**	**217 704**
Biological assets	**–**	**–**	**68 021**	**68 021**
Total	**202 201**	**–**	**285 725**	**487 926**

2017	Level 1 R'000s	Level 2 R'000s	Level 3 R'000s	Total R'000s
Listed shares	235 298	–	–	235 298
Unlisted shares	–	–	190 226	190 226
Biological assets	–		54 323	54 323
Total	235 298	–	244 549	479 847

Refer to fair value adjustments in the Group's statement of comprehensive income.

NOTES TO CONDENSED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2018

9. DIVIDENDS

The Board of directors are pleased to announce that it has approved and declared a dividend of 12.00 cents per share for the year ended 31 August 2018 from income reserves. The dividend amount, net of South African dividend tax of 20% which equates to 2.40 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 491 339 434 and the income tax number of the Company is 9314001034.

The record date is Friday, 14 December 2018 and the dividend payment date is Tuesday, 18 December 2018.

10. EARNINGS PER SHARE AND RECONCILIATION OF REPORTABLE SEGMENTS PROFIT OR LOSS

Reconciliation of reportable segments profit or loss	Audited 31 August 2018 R'000	Audited (Restated) 31 August 2017 R'000
Total profit before tax for reportable segments	6 010 650	631 338
Taxation	(1 062 789)	(143 740)
Profit for the year and total comprehensive	4 947 861	487 598
Profit from discontinued operations	159 533	41 074
Other comprehensive income	–	(4)
Profit for the year and total comprehensive income	5 107 394	528 668

Determination of normalised headline earnings		Audited 31 August 2018 R'000 Gross	Audited 31 August 2018 R'000 Nett	Audited (Restated) 31 August 2017 R'000 Nett
Earnings attributable to ordinary equity holders of parent entity	IAS 33		4 992 064	477 085
Adjusted for:				
Impairment of intangible assets	IAS 38	132 812	95 625	–
Impairment of goodwill	IAS 36	11 937	11 937	–
Loss on disposal of property, plant and equipment	IAS 16	4 918	3 541	2 048
(Gain)/loss on disposal of associates	IAS 28	(1 491)	(1 491)	–
(Gain)/loss on disposal of subsidiaries	IFRS 3	1 985	1 985	(4 334)
Gain on bargain purchase	IFRS 3	(952)	(952)	(8 567)
Gain on deemed disposal of subsidiary	IFRS 10	(6 049 029)	(4 983 624)	–
Headline earnings			119 085	466 232
Determination of normalised headline earnings				
Headline earnings			119 085	466 232
Share-based payment			11	–
Fair value adjustments			5 414	(535 083)
Deferred tax on fair value adjustments			(1 213)	119 859
Normalised headline earnings			123 297	51 008
Headline and diluted headline earnings per ordinary share (cents)			24.24	94.89
Normalised headline and diluted earnings per ordinary share (cents)			25.09	10.38

NOTES TO CONDENSED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2018

11. SEGMENTAL ANALYSIS

Group segmental report – 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 deemed disposal of subsidiary	–	–	–	–	–	–	–	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 TO CONDENSED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2018

11. SEGMENTAL ANALYSIS (continued)

Group segmental report – 2018 (continued)

	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	410 694	–	–	–	14 886	99	124 235	130 611	5 889	136 500	686 414
External sales	407 814	–	–	–	14 886	99	118 813	29 106	5 889	34 987	576 607
Intergroup sales	2 880	–	–	–	–	–	5 422	101 578	–	101 513	109 880
Segment results:											
Profit/(loss) before tax	94 745	–	569 963	569 963	10 647	(13 162)	(1 196)	49 440	(79 099)	(26 659)	631 338
Discontinued operations	–	41 074	–	41 074	–	–	–	–	–	–	41 074
Included in the segment results:											
Net (impairments)/impairment reversals and write offs	–	–	–	–	–	–	–	(2 605)	–	(2 605)	(2 605)
Depreciation and amortisation	(14 262)	–	–	–	(73)	(2 260)	(239)	(1 451)	–	(1 451)	(18 285)
Gain on bargain purchase	–	–	–	–	11 898	–	–	–	–	–	11 898
Gain on disposal of subsidiaries/business	–	–	–	–	–	–	–	–	–	–	–
Fair value adjustments	–	–	570 000	570 000	–	–	286	40 184	(75 387)	(35 203)	535 083
Non-current assets	156 119	83 205	780 559	863 764	40 365	349 706	10 207	225 961	209 091	435 053	1 855 213
Current assets	706 873	213 958	6	213 964	17 756	3 337	19 160	5 806	44	5 850	966 940
Non-current liabilities	89 957	14 368	–	14 368	16 798	91 066	720	114 576	133 817	248 393	461 302
Current liabilities	88 181	142 506	34	142 540	19 245	3 955	16 090	52 360	–	52 360	322 371
Profit from associates	–	–	30 814	30 814	(82)	–	–	–	–	–	30 732
Capital expenditure	17 543	–	–	–	–	16	89	135	–	135	17 783

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.

NOTES TO CONDENSED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2018

12. 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.

13. CHANGE IN THE DIRECTORATE AND COMPANY SECRETARY

At the annual general meeting (AGM) held on 21 February 2018, Mr Salim Young did not make himself available for re-election at the AGM and, accordingly, the requisite resolution was withdrawn.

The Board further advises that Mr Abdul Malick Salie was appointed to the Board of directors as an executive director in the capacity of chief investment officer effective 21 February 2018.

Advocate Dr Ngoako Ramatlhodi was appointed as the lead independent non-executive director to the Board of AEEI effective 7 March 2018.

Ms Nobulungisa Mbaliseli resigned as the company secretary on 3 September 2018, and Mr Damien Terblanche was appointed on 4 September as the new company secretary.

EMPLOYMENT EQUITY ACT SUMMARY (UNAUDITED)

The Group has been successful in providing equal employment opportunities and in promoting internal employees and is committed to driving employment equity goals and enhancing diversity across the Group.

The Group subscribes to the Employment Equity Act 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 Employment Act of South Africa, herewith a summary of the Group's 2018 Employment Report in respect of its operations as at 31 August 2018, required by Section 21 of the Act.

EMPLOYMENT EQUITY ACT SUMMARY

	Non-designated groups Foreign nationals			Designated groups Male			Designated groups Female				
Occupational levels	W	M	F	A	C	I	A	C	I	W	Total
AEEI board members	0	2	0	2	1	1	1	3	0	0	10
Top management	14	3	0	6	8	4	3	9	0	1	48
Senior management	15	1	0	4	6	2	1	4	1	9	43
Middle management	27	1	1	10	11	4	5	11	3	20	93
Skilled upper	42	0	1	28	45	9	55	36	13	22	251
Semi-skilled	15	0	0	38	18	3	20	25	3	9	131
Labour/unskilled	0	4	0	75	51	0	36	14	0	0	180
Seasonal	0	0	0	35	77	1	3	8	0	0	124
Contract workers incl Interns and fixed term contracts	0	0	1	1	0	0	2	3	0	2	9
Total	**113**	**11**	**3**	**199**	**217**	**24**	**126**	**113**	**20**	**63**	**889**