REVIEWED CONDENSED CONSOLIDATED

FINANCIAL RESULTS AND FINAL CASH DIVIDEND DECLARATION

FOR THE YEAR ENDED 31 DECEMBER 2012

AECI
good chemistry

INCOME STATEMENT

R millions	% change	2012	2011
REVENUE[2]	+11	**14 916**	13 397
Net operating costs		**(13 575)**	**(12 081)**
PROFIT FROM OPERATIONS	+2	**1 341**	1 316
CST share-based payment[3]		**(138)**	–
Net income from pension fund employer surplus accounts		**8**	29
Net (loss)/income from plan assets for post-retirement medical aid liabilities		**(6)**	5
		1 205	1 350
Interest expense[4]		**(262)**	(234)
Interest received		**40**	27
Share of profit of associate companies		*	1
Profit before tax		**983**	1 144
Income tax expense[5]		**(345)**	(306)
PROFIT FOR THE YEAR		**638**	838
Profit for the year attributable to:			
– ordinary shareholders		**630**	777
– preference shareholders		**2**	2
– non-controlling interest		**6**	59
		638	838
HEADLINE EARNINGS ARE DERIVED FROM:			
Profit attributable to ordinary shareholders		**630**	777
Impairment of goodwill		**9**	–
Impairment of property, plant and equipment		**3**	–
Profit on disposal of businesses, joint ventures and subsidiaries		**(15)**	(1)
Profit on disposal of property, plant and equipment		**(18)**	(7)
Tax effects of the above items		**2**	3
HEADLINE EARNINGS		**611**	772
PER ORDINARY SHARE (CENTS):			
Headline earnings	- 24	**547**	720
Diluted headline earnings		**521**	719
Basic earnings	- 22	**564**	724
Diluted basic earnings		**537**	723
Dividends declared	+3	**185**	179
Dividends paid		**257**	213

* Nominal amount

STATEMENT OF COMPREHENSIVE INCOME

R millions	2012	2011
PROFIT FOR THE YEAR	**638**	838
OTHER COMPREHENSIVE INCOME NET OF TAX:		
Foreign currency translation differences net of deferred tax	**41**	182
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**679**	1 020
Total comprehensive income attributable to:		
– ordinary shareholders	**672**	954
– preference shareholders	**2**	2
– non-controlling interest	**5**	64
	679	1 020

STATEMENT OF CHANGES IN EQUITY

R millions	2012	2011
Total comprehensive income for the year	**679**	1 020
Dividends paid	**(297)**	(237)
Acquisition of subsidiary	**1**	(37)
Issue of ordinary shares:		
– at par value[(3)]	**4**	–
– at market value[(6)]	**393**	–
Net effect of acquisition of non-controlling interest to equity[(6)]	**(393)**	–
Share-based payment reserve	**30**	–
Transfer to retained earnings for CST share-based payment	**138**	–
Equity at the beginning of the year	**5 214**	4 468
EQUITY AT THE END OF THE YEAR	**5 769**	5 214
Made up as follows:		
Ordinary share capital	**116**	107
Share premium[(6)]	**496**	108
Reserves	**406**	344
Property revaluation surplus	**237**	237
Foreign currency translation reserve	**143**	101
Share-based payment reserve	**30**	–
Other	**(4)**	6
Retained earnings[(6)]	**4 697**	4 439
Preference share capital	**6**	6
Non-controlling interest[(6)]	**48**	210
	5 769	5 214

ORDINARY SHARES IN ISSUE

Millions	2012	2011
LISTED ORDINARY SHARES		
At the beginning of the year	**119,1**	119,1
Issued during the period for CST and KTH transactions[(3)(6)]	**9,1**	–
At the end of the year	**128,2**	119,1
Treasury shares held by subsidiary company	**(11,9)**	(11,9)
	116,3	107,2
UNLISTED REDEEMABLE CONVERTIBLE ORDINARY SHARES		
At the beginning of the year	**–**	–
Issued during the period for EST transaction[(3)]	**10,1**	–
At the end of the year	**10,1**	–
Treasury shares held by consolidated EST[(3)]	**(10,1)**	–
	–	–
ORDINARY SHARES IN ISSUE	**116,3**	107,2

RECONCILIATION OF WEIGHTED AVERAGE NUMBER OF SHARES

Millions	2012	2011
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES AT THE BEGINNING OF THE YEAR	**119,1**	119,1
Weighted average number of ordinary shares issued during the year	**17,4**	–
Weighted average number of ordinary shares held by consolidated EST	**(9,0)**	–
Weighted average number of contingently returnable ordinary shares held by CST	**(3,9)**	–
Weighted average number of shares held by consolidated subsidiary	**(11,9)**	(11,9)
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES FOR BASIC EARNINGS PER SHARE	**111,7**	107,2
Dilutive adjustment for potential ordinary shares	**5,6**	–
Dilutive adjustment for share options under the AECI share option scheme[(7)]	**0,1**	0,2
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES FOR DILUTED EARNINGS PER SHARE	**117,4**	107,4

STATEMENT OF FINANCIAL POSITION

R millions	2012	2011
ASSETS		
NON-CURRENT ASSETS	**6 314**	6 024
Property, plant and equipment	**3 733**	3 721
Investment property	**445**	436
Intangible assets	**214**	77
Goodwill	**1 124**	1 078
Pension fund employer surplus accounts	**267**	259
Investments	**86**	22
Loans receivable	**11**	24
Deferred tax	**434**	407
CURRENT ASSETS	**6 752**	6 433
Inventories	**2 867**	2 584
Accounts receivable	**2 737**	2 772
Assets classified as held for sale	**–**	16
Cash	**1 148**	1 061
TOTAL ASSETS	**13 066**	12 457
EQUITY AND LIABILITIES		
Ordinary capital and reserves	**5 715**	4 998
Non-controlling interest	**48**	210
Preference share capital	**6**	6
TOTAL EQUITY	**5 769**	5 214
NON-CURRENT LIABILITIES	**2 488**	2 702
Deferred tax	**232**	179
Non-current borrowings	**1 251**	1 507
Non-current provisions	**1 005**	1 016
CURRENT LIABILITIES	**4 809**	4 541
Accounts payable	**2 912**	2 987
Current borrowings	**1 738**	1 421
Tax payable	**159**	133
TOTAL EQUITY AND LIABILITIES	**13 066**	12 457

STATEMENT OF CASH FLOWS

R millions	2012	2011
CASH GENERATED BY OPERATIONS	**1 867**	1 883
Interest paid	**(245)**	(253)
Interest received	**40**	27
Income tax paid	**(308)**	(319)
Changes in working capital	**(326)**	(598)
Expenditure relating to non-current provisions	**(98)**	(78)
CASH AVAILABLE FROM OPERATING ACTIVITIES	**930**	662
Dividends paid	**(297)**	(237)
CASH FLOWS FROM OPERATING ACTIVITIES	**633**	425
CASH FLOWS FROM INVESTING ACTIVITIES	**(645)**	(615)
Net investment expenditure	**(144)**	(173)
Net capital expenditure	**(501)**	(442)
NET CASH UTILISED	**(12)**	(190)
CASH FLOWS FROM FINANCING ACTIVITIES	**75**	424
Non-current loans receivable	**14**	(3)
Borrowings	**61**	427
INCREASE IN CASH	**63**	234
Cash at the beginning of the year	**1 061**	732
Translation gain on cash	**24**	95
CASH AT THE END OF THE YEAR	**1 148**	1 061

OTHER SALIENT FEATURES

R millions	2012	2011
Capital expenditure(4)	**557**	475
– expansion	**265**	182
– replacement	**292**	293
Capital commitments	**225**	360
– contracted for	**73**	116
– not contracted for	**152**	244
Future rentals on property, plant and equipment leased	**178**	173
– payable within one year	**58**	43
– payable thereafter	**120**	130
Net borrowings	**1 841**	1 867
Gearing (%)*	**32**	36
Current assets to current liabilities	**1,4**	1,4
Net asset value per ordinary share (cents)	**4 912**	4 660
Depreciation and amortisation	**475**	395
ZAR/US$ closing exchange rate (rand)	**8,49**	8,15
ZAR/US$ average exchange rate (rand)	**8,20**	7,25
Per ordinary share (cents)		
(excluding B-BBEE transactions):		
– headline earnings	**697**	720
– diluted headline earnings	**664**	719

* Borrowings less cash as a percentage of total equity.

INDUSTRY SEGMENT ANALYSIS

	Revenue		Profit from operations		Net assets	
R millions	**2012**	2011	**2012**	2011	**2012**	2011
Explosives	**6 327**	5 494	**431**	510	**2 837**	2 569
Specialty chemicals	**8 397**	7 558	**944**	881	**4 470**	4 048
Property	**400**	476	**34**	99	**808**	762
Specialty fibres (USA)	**339**	333	**40**	53	**187**	175
Group services and inter-segment	**(547)**	(464)	**(78)**	(227)	**(94)**	143
EST share-based payment(3)			**(30)**	–		
	14 916	13 397	**1 341**	1 316	**8 208**	7 697

Net assets consist of property, plant, equipment, investment property, intangible assets, goodwill, inventory, accounts receivable and assets classified as held for sale less accounts payable.

NOTES

(1) **Basis of preparation and accounting policies:** The reviewed condensed consolidated financial results are prepared in accordance with the recognition and measurement requirements of International Financial Reporting Standards ("IFRS"), the presentation and disclosure requirements of IAS 34 – Interim Financial Reporting, the AC500 series issued by the Accounting Practices Board, the Listings Requirements of the JSE Limited and the requirements of the Companies Act of South Africa, No. 71 of 2008, as amended. Accounting policies have been applied consistently by all entities in the Group and are consistent with those applied in the previous financial year. The preparation of these reviewed condensed consolidated financial results for the year ended 31 December 2012 was supervised by the Financial Director, Mr KM Kathan CA(SA) AMP (Harvard). The condensed consolidated financial results have been reviewed by the Company's auditors, KPMG, who have issued an unqualified review opinion. A copy of the review opinion is obtainable from AECI's registered office.

(2) Includes foreign and export revenue of R4 527 million (2011: R3 859 million).

(3) **SHARE-BASED PAYMENTS**

CST share-based payment: The 3,5% AECI Community Education and Development Trust ("CST") transaction became effective on 13 February 2012. The CST subscribed for 4 426 604 ordinary shares at par value in the Company. The shares vested immediately and a share-based payment expense of R138 million was recognised in full in the income statement. These shares are contingently returnable and, as a result, are excluded from EPS and HEPS.

EST share-based payment: The 8% AECI Employees Share Trust ("EST") transaction took effect on 9 February 2012, with the EST subscribing for 10 117 951 unlisted B ordinary shares of the Company. The dividend payable on these shares may not exceed that for ordinary shares. Employees of the Group were allocated 7 569 669 of these shares with a grant date of 30 April 2012. The total cost is estimated at R143 million of which R30 million was recognised in the income statement in the year ended 31 December 2012. The remainder of the expense will be recognised in future periods over the respective vesting periods.

(4) No interest was capitalised in the year (2011: R17 million).

(5) The higher effective income tax rate of 35% related primarily to the non-deductibility of the B-BBEE transaction IFRS 2 charges of R168 million and the effects of tax on higher profits in geographies outside South Africa.

(6) The Kagiso Tiso Holdings Proprietary Limited (RF) ("KTH") transaction took effect on 18 January 2012 and involved the purchase by AECI of the 25,1% interest held in AEL Holdco Limited by a KTH-led consortium in exchange for 4 678 667 ordinary shares in AECI. The transaction is recognised as a change in ownership interest in terms of IAS 27 and the carrying amounts of controlling and non-controlling interests have been adjusted. The transaction has been measured at the fair value of the consideration paid and is based on the closing price of R83,98 of the Company's shares on 17 January 2012. The shares issued have been recognised in equity, with R5 million allocated to share capital and R388 million allocated to share premium. The non-controlling interest has been reduced by the carrying amount of R172 million, with the balance of R221 million recognised directly in retained earnings.

(7) Calculated in accordance with IAS 33. The Company has purchased call options over AECI shares which will obviate the need for the Company to issue new shares in terms of the AECI share option scheme. In practice, therefore, there will be no future dilution.

(8) The reviewed condensed consolidated financial statements do not include all of the disclosures required for full annual financial statements and should be read in conjunction with the consolidated annual financial statements for the year ended 31 December 2011.

(9) The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

COMMENTARY

Performance

The Group's underlying businesses delivered a creditable performance in an extremely challenging trading environment characterised by depressed global economic conditions, particularly in Europe, and protracted strike action in South Africa's mining, transport and agricultural sectors. The strikes had an adverse impact in excess of R100 million on the Group's profit from operations.

Revenue increased by 11% to R14 916 million (2011: R13 397 million), largely as a result of the weaker exchange rate and increased selling prices to recover higher ammonia and chemical commodity prices. Overall volumes were flat.

Headline earnings declined by 21% to R611 million (2011: R772 million), due mainly to non-cash IFRS charges of R168 million relating to the B-BBEE transactions concluded early in the year. Profit from operations of R1 341 million was up 2% on the R1 316 million achieved in the prior year, the trading margin declined to 9,0% (2011: 9,8%), earnings per share were 564 cents (2011: 724 cents) and headline earnings per share were 547 cents (2011: 720 cents).

The Board has declared a final cash dividend of 185 cents per ordinary share (2011: 179 cents).

Safety

The Group achieved its best ever safety performance in 2012, with the Total Recordable Incident Rate ("TRIR") improving to 0,53 (2011: 0,67). The TRIR measures the number of incidents per 200 000 hours worked. Safety is a key performance indicator for management and it is pleasing that the sustained efforts in this regard have had such a positive result.

Explosives

AEL Mining Services ("AEL") increased its revenue by 15% to R6 327 million (2011: R5 494 million). Volumes improved by 5%, mainly in markets outside South Africa. Profit from operations declined to R431 million (2011: R510 million). In the first half-year, supply chain constraints in respect of ammonia and plant shutdowns adversely impacted results by R50 million. In the second six months, AEL's results were marred by strikes at customers' sites in the local coal, gold and platinum sectors. The loss of profits due to these disruptions was estimated at R62 million. Higher priced ammonium nitrate in Indonesia also affected performance in the second half.

The trading margin declined to 6,8% (2011: 9,3%).

Significant growth was recorded in the coal and open pit mining sectors in Southern Africa. Strikes in South Africa's underground narrow reef gold and platinum mines as well as safety-related closures compounded the loss of revenue and profit for AEL's regional business.

Good volume and revenue growth were recorded by the African business, especially in West Africa. AEL invested in three additional bulk emulsion explosives manufacturing plants to improve its supply capacity. The plants are in Burkina Faso, the Democratic Republic of Congo and Egypt and these will be commissioned in 2013.

The international business also grew, with four new contracts secured in Indonesia – three in the coal sector and one in underground gold mining. Supply to these will commence in 2013.

During September 2012, AECI negotiated the acquisition of a 42% shareholding in an equity partnership with PT Black Bear Resources Indonesia ("BBRI") for US$23 million. This three-phased investment, which is subject to certain conditions, will give AEL in-country access to a secure source of ammonium nitrate that will assist in sustaining the business' growth in the region. BBRI is currently erecting a 60 000 tonne per annum ammonium nitrate facility which is due to be commissioned by mid-2013. It is anticipated that the final phase of the acquisition will be completed by the first quarter of 2014, once the ammonium nitrate plant achieves name plate capacity.

The Initiating Systems Automated Plant ("ISAP") produced 90 million detonators and 24 million automated shock tube assemblies. Production ramp-up in the first six months was disappointing and a focused intervention commenced in July to rectify problems and enhance efficiencies. The plant is now technically complete and the technology has been proved. Production volumes in the second half were adversely affected by market constraints owing to the mining strikes. Cost savings of R57 million were achieved during the year. The reduction in personnel at the conventional plants is underway, having been delayed by the industrial relations climate prevailing in South Africa. Section 189 notices were issued after year-end in terms of the Labour Relations Act, No. 66 of 1995.

Capital investment, including BBRI, totalled R409 million (2011: R276 million). R205 million of this was for expansion projects.

Specialty chemicals

The specialty chemicals cluster's revenue increased by 11% to R8 397 million (2011: R7 558 million) due to sustained high chemical commodity prices as the ZAR/US$ exchange rate remained weaker in the year. Volumes were marginally negative largely due to the strike action at customers. Profit from operations was 7% higher at R944 million (2011: R881 million). As a result of the higher revenue value of traded commodity products at lower margins, the overall trading margin declined to 11,2% from 11,7% in 2011.

This was a highly commendable performance in a depressed environment for the mining and manufacturing sectors. Particularly good results were achieved by Akulu Marchon, Chemical Initiatives, Industrial Oleochemical Products, Lake International Technologies and Nulandis. Senmin again delivered a solid result, notwithstanding the platinum mining industry's difficulties in respect of strike action and some product substitution due to high guar prices.

The negative effect of the strikes on the cluster's overall profit from mining chemicals was estimated at R45 million.

The weaker exchange rate had little effect on customers' output as export opportunities were curtailed by an adverse global economic climate, particularly in the Eurozone.

The acquisition of General Electric's Chemical and Monitoring Solutions business in Africa and the Indian Ocean Islands was completed at the end of June, for a consideration of R167 million. The acquisition has been fully integrated into ImproChem and will enhance ImproChem's technology and service offering for water treatment and process chemicals markets. The realisation of the benefits are expected from 2013.

AECI also acquired 80% of Afoodable which has been merged into Lake Foods, expanding the company's product and service offering to include liquid marinades and sauces.

The acquisition of Cellulose Derivatives was approved by the Competition Tribunal, with conditions, late in the year. This business is a strategic addition to the mining chemicals portfolio.

After a detailed strategic review AECI sold its 50% interest in Resitec in Brazil to its joint venture partner, the MeadWestvaco Corporation. Although investment in Brazil remains part of AECI's strategy, the review concluded that Resitec's business model and positioning was unlikely to contribute meaningfully to AECI's strategic objectives in the region. Net proceeds of R108 million were received on the disposal and a profit on the sale of the investment of R10 million was realised.

Capital expenditure for the cluster totalled R161 million (2011: R150 million), most of which was invested in expansion projects.

Property

Revenue of R400 million (2011: R476 million) from Heartland was comprised largely of income from rentals and operation services. Land sales totalled R47 million. Operating profit decreased to R34 million (2011: R99 million) and development expenditure of R66 million (2011: R25 million) was incurred.

Although the South African property development market remains weak overall, demand for land for industrial end uses is improving and sales are expected at Modderfontein in 2013.

AECI continues to assess alternative models to accelerate value realisation from land surplus to its operational requirements.

Specialty fibres

SANS Technical Fibers ("STF") delivered revenue of R339 million (2011: R333 million) and profit from operations declined to R40 million (2011: R53 million).

Although performance was tempered by depressed global economic conditions for most of the year, good results were delivered by STF's industrial business and sales to the automotive sector exceeded expectations as the US economy showed a level of recovery.

STF's results were impacted by high raw material prices and uncompetitive two-stage technology. During 2013 new single-stage technology will be installed and this R80 million investment will improve global competitiveness and product diversity.

STF's results will be reported as part of the specialty chemicals cluster in future. AECI continues to evaluate this business' long-term strategic fit in the Group.

Financial

Capital expenditure totalled R557 million for the year (2011: R475 million), with R265 million of this committed to expansion projects at customer sites for explosives and mining chemicals. Cash was well maintained and gearing decreased to 32% of shareholders' interest (2011: 36%) despite an increase in working capital. Net working capital was 18,0% of revenue (2011: 17,7%) which reflects the longer working capital trade cycles in operations outside South Africa.

The higher effective income tax rate of 35% related primarily to the non-deductibility of the B-BBEE transaction IFRS 2 charges of R168 million and the effects of tax on higher profits in geographies outside South Africa.

Cash interest cover improved to 8,2 times (2011: 7,7 times). Net interest paid decreased to R205 million (2011: R226 million) as lower interest rates offset the longer working capital trade cycle. No interest was capitalised in the year (2011: R17 million).

Directorate

Fani Titi retired as a Non-executive Director and Chairman of the Board at the Annual General Meeting in May. He was succeeded as Chairman by Schalk Engelbrecht.

Graham Edwards, Chief Executive, will retire from the Board on 28 February 2013. Mark Dytor, who was appointed to the Board in an Executive capacity on 2 January 2013, will assume the role of Chief Executive on 1 March 2013.

The Board thanks both Fani and Graham for their dedicated service to the Company.

Strategic focus and outlook

Management's focus in 2013 will be on improving internal efficiencies, including working capital, and on optimising its operating platforms. At the same time, AECI will continue to pursue its growth strategy in the rest of Africa and further afield.

A number of factors external to the Company could affect its performance in the coming year. The platinum sector is likely to undergo restructuring. This could result in a contraction in South Africa's platinum mining industry which would impact AEL and Senmin. The industrial relations climate in South Africa could also be a determinant for AECI's local customers and operations.

Mining volumes in other countries, where Group businesses have an established presence, are expected to increase in line with growth in emerging markets.

Manufacturing growth in South Africa is expected to continue, albeit at a slow pace, owing to the prevailing global and local economic environments.

Schalk Engelbrecht
Chairman

Graham Edwards
Chief Executive

Woodmead, Sandton
26 February 2013

Directors: S Engelbrecht (Chairman), GN Edwards (Chief Executive)†, RMW Dunne*, MA Dytor†, Z Fuphe, KM Kathan (Financial Director)†, MJ Leeming, LL Mda, AJ Morgan, LM Nyhonyha, R Ramashia.

†Executive *British

Company Secretary: EN Rapoo

NOTICE TO SHAREHOLDERS

Final ordinary cash dividend No. 158

Notice is hereby given that on Monday, 25 February 2013 the Directors of AECI declared a gross final cash dividend of 185 cents per share, in respect of the financial year ended 31 December 2012, payable on Monday, 15 April 2013 to ordinary shareholders recorded in the books of the Company at the close of business on Friday, 12 April 2013.

The last day to trade cum dividend will be Friday, 5 April 2013 and shares will commence trading ex dividend as from Monday, 8 April 2013.

A South African dividend withholding tax of 15% will be applicable to all shareholders who are not either exempt or entitled to a reduction of the withholding tax rate in terms of a relevant Double Taxation Agreement resulting in a net dividend of 157,25 cents per share to those shareholders who are not exempt. Application forms for exemption or reduction may be obtained from the Transfer Secretaries and must be returned to them on or before Friday, 5 April 2013.

The issued share capital at the declaration date is 128 241 140 listed ordinary shares and 10 117 951 unlisted redeemable convertible B ordinary shares. The dividend has been declared from the income reserves of the Company. No Secondary Tax on Companies' credits are available to be used.

Any change of address or dividend instruction must be received on or before Friday, 5 April 2013.

Share certificates may not be dematerialised or rematerialised from Monday, 8 April 2013 to Friday, 12 April 2013, both days inclusive.

By order of the Board

EN Rapoo
Company Secretary

Woodmead, Sandton
26 February 2013

TRANSFER SECRETARIES

Computershare Investor Services Proprietary Limited
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Johannesburg
2001

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24 The Woodlands
Woodlands Drive
Woodmead
Sandton

SPONSOR:
Rand Merchant Bank (A division of FirstRand Bank Limited)

AECI Limited

("AECI" or "the Company" or "the Group")
(Incorporated in the Republic of South Africa)
Registration number 1924/002590/06
Tax reference number 9000008608

SHARE CODE: AFE
ISIN NO: ZAE000000220