BEST-EVER SAFETY PERFORMANCE TRIR OF 0,52

REVENUE UP 15% TO R15,9bn

33% GENERATED OUTSIDE SA

HEADLINE EARNINGS UP 57% TO R885m

HEPS UP 57% TO 791c

RESULTS EXCLUDE SHANGHAI ZENDAI PROPERTY TRANSACTION

REVIEWED CONDENSED CONSOLIDATED FINANCIAL RESULTS AND FINAL CASH DIVIDEND DECLARATION FOR THE YEAR ENDED 31 DECEMBER 2013

1924 2014 YEARS of good chemistry

AECI™ good chemistry

INCOME STATEMENT

R millions	% change	2013	2012 Audited[2]	2012 Adjusted[2]	2012 Restated[2]
REVENUE[3]	+15	**15 908**	14 916	(1 089)	13 827
Net operating costs		**(14 510)**	(13 575)	945	(12 630)
PROFIT FROM OPERATIONS	+17	**1 398**	1 341	(144)	1 197
CST share-based payment[4]		**—**	(138)	—	(138)
Net income from pension fund employer surplus accounts		**—**	8	(8)	—
Net loss from plan assets for post-retirement medical aid liabilities		**—**	(6)	6	—
		1 398	1 205	(146)	1 059
Interest expense		**(211)**	(262)	6	(256)
Interest received		**37**	40	(2)	38
Share of profit of equity-accounted investees, net of tax		**43**	—	57	57
Profit before tax		**1 267**	983	(85)	898
Tax expense		**(313)**	(345)	36	(309)
PROFIT FOR THE YEAR		**954**	**638**	**(49)**	**589**
Profit for the year attributable to:					
— Ordinary shareholders		**946**	630	(49)	581
— Preference shareholders		**3**	2	—	2
— Non-controlling interest		**5**	6	—	6
		954	**638**	**(49)**	**589**
HEADLINE EARNINGS ARE DERIVED FROM:					
Profit attributable to ordinary shareholders		**946**	630	(49)	581
Impairment of goodwill		**5**	9	—	9
Impairment of property, plant and equipment		**9**	3	—	3
Profit on partial disposal of net investment in foreign operation		**(38)**	—	—	—
Surplus on derecognition of businesses, joint ventures and subsidiaries disposed of		**(3)**	(15)	—	(15)
Surplus on disposal of property, plant and equipment and investment property		**(49)**	(18)	—	(18)
Tax effects of the above items		**15**	2	—	2
HEADLINE EARNINGS		**885**	**611**	**(49)**	**562**
PER ORDINARY SHARE (CENTS):					
Headline earnings	+57	**791**	547	(44)	503
Diluted headline earnings		**740**	521	(42)	479
Basic earnings		**845**	564	(44)	520
Diluted basic earnings		**791**	537	(41)	496
Dividends declared	+14	**210**	185	—	185
Dividends paid		**290**	257	—	257

STATEMENT OF COMPREHENSIVE INCOME

R millions	2013	2012 Audited[2]	2012 Adjusted[2]	2012 Restated[2]
PROFIT FOR THE YEAR	**954**	638	(49)	589
OTHER COMPREHENSIVE INCOME NET OF TAX:				
Items that may be reclassified subsequently to profit or loss:				
Foreign currency translation differences	**362**	41	—	41
Items that will not be reclassified subsequently to profit or loss:				
Actuarial gain on defined-benefit obligations	**86**	—	49	49
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**1 402**	679	—	679
Total comprehensive income attributable to:				
— Ordinary shareholders	**1 389**	672	—	672
— Preference shareholders	**3**	2	—	2
— Non-controlling interest	**10**	5	—	5
	1 402	**679**	**—**	**679**

STATEMENT OF CHANGES IN EQUITY

R millions	2013	2012 Audited[2]	2012 Adjusted[2]	2012 Restated[2]
Total comprehensive income for the year	**1 402**	679	—	679
Dividends paid	**(336)**	(297)	—	(297)
Business combinations and change in ownership percentage	**7**	1	—	1
Issue of ordinary shares:				
— at par value[4]	**—**	4	—	4
— at market value[5]	**—**	393	—	393
Net effect of acquisition of non-controlling interest to equity[5]	**—**	(393)	—	(393)
Share-based payment reserve	**47**	30	(1)	29
Transfer to retained earnings for CST share-based payment	**—**	138	—	138
Equity at the beginning of the year	**5 757**	5 214	(11)	5 203
EQUITY AT THE END OF THE YEAR	**6 877**	**5 769**	**(12)**	**5 757**
Made up as follows:				
Ordinary share capital	**116**	116	—	116
Share premium	**496**	496	—	496
Reserves	**813**	406	(1)	405
Property revaluation surplus	**237**	237	—	237
Foreign currency translation reserve	**500**	143	—	143
Share-based payment reserve	**76**	30	(1)	29
Other	**—**	(4)	—	(4)
Retained earnings	**5 394**	4 697	—	4 697
Preference share capital	**6**	6	—	6
Non-controlling interest	**52**	48	(11)	37
	6 877	**5 769**	**(12)**	**5 757**

ORDINARY SHARES IN ISSUE

	2013 millions	2012 millions
LISTED ORDINARY SHARES		
At the beginning of the year	**128,2**	119,1
Issued during the year for CST and KTH transactions[4][5]	**—**	9,1
At the end of the year	**128,2**	128,2
Treasury shares held by subsidiary company	**(11,9)**	(11,9)
	116,3	**116,3**
UNLISTED REDEEMABLE CONVERTIBLE ORDINARY SHARES		
At the beginning of the year	**10,1**	—
Issued during the year for EST transaction[4]	**—**	10,1
At the end of the year	**10,1**	10,1
Treasury shares held by consolidated EST[4]	**(10,1)**	(10,1)
	—	**—**
ORDINARY SHARES IN ISSUE	**116,3**	**116,3**

RECONCILIATION OF WEIGHTED AVERAGE NUMBER OF SHARES

	2013 millions	2012 millions
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES AT THE BEGINNING OF THE YEAR	**138,3**	119,1
Weighted average number of ordinary shares issued during the year	**—**	17,4
Weighted average number of ordinary shares held by consolidated EST	**(10,1)**	(9,0)
Weighted average number of contingently returnable ordinary shares held by CST	**(4,4)**	(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	**111,9**	**111,7**
Dilutive adjustment for potential ordinary shares	**7,7**	5,4
Dilutive adjustment for share options under the AECI share option scheme	**—**	0,1
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES FOR DILUTED EARNINGS PER SHARE	**119,6**	**117,2**

STATEMENT OF FINANCIAL POSITION

R millions	2013 31 Dec	2012 31 Dec Audited[2]	2012 31 Dec Adjusted[2]	2012 31 Dec Restated[2]	2012 01 Jan Audited[2]	2012 01 Jan Adjusted[2]	2012 01 Jan Restated[2]
ASSETS							
NON-CURRENT ASSETS	**6 472**	6 314	153	6 467	6 024	119	6 143
Property, plant and equipment	**3 756**	3 733	(71)	3 662	3 721	(134)	3 587
Investment property	**173**	445	—	445	436	—	436
Intangible assets	**143**	214	(55)	159	77	(56)	21
Goodwill	**1 123**	1 124	(35)	1 089	1 078	(54)	1 024
Pension fund employer surplus accounts	**231**	267	—	267	259	—	259
Investments in associates	**217**	56	—	56	—	—	—
Investments in joint ventures	**301**	—	318	318	—	363	363
Other investments	**50**	30	—	30	22	—	22
Loans receivable	**10**	11	—	11	24	—	24
Deferred tax	**468**	434	(4)	430	407	—	407
CURRENT ASSETS	**7 921**	6 752	(355)	6 397	6 433	(372)	6 061
Inventories[6]	**3 090**	2 867	(156)	2 711	2 584	(158)	2 426
Accounts receivable	**3 326**	2 737	(120)	2 617	2 772	(172)	2 600
Loans to joint ventures	**—**	—	—	—	—	40	40
Assets classified as held for sale[6]	**286**	—	—	—	16	—	16
Cash	**1 219**	1 148	(79)	1 069	1 061	(82)	979
TOTAL ASSETS	**14 393**	**13 066**	**(202)**	**12 864**	**12 457**	**(253)**	**12 204**
EQUITY AND LIABILITIES							
Ordinary capital and reserves	**6 819**	5 715	(1)	5 714	4 998	1	4 999
Non-controlling interest	**52**	48	(11)	37	210	(12)	198
Preference share capital	**6**	6	—	6	6	—	6
TOTAL EQUITY	**6 877**	5 769	(12)	5 757	5 214	(11)	5 203
NON-CURRENT LIABILITIES	**2 214**	2 488	(37)	2 451	2 702	(49)	2 653
Deferred tax	**168**	232	(31)	201	179	(29)	150
Non-current borrowings	**1 099**	1 251	—	1 251	1 507	(13)	1 494
Non-current provisions	**947**	1 005	(6)	999	1 016	(7)	1 009
CURRENT LIABILITIES	**5 302**	4 809	(153)	4 656	4 541	(193)	4 348
Accounts payable	**3 284**	2 912	(154)	2 758	2 987	(188)	2 799
Current borrowings	**1 861**	1 738	—	1 738	1 421	(8)	1 413
Loans from joint ventures	**21**	—	—	—	—	2	2
Tax payable	**136**	159	1	160	133	1	134
TOTAL EQUITY AND LIABILITIES	**14 393**	**13 066**	**(202)**	**12 864**	**12 457**	**(253)**	**12 204**

STATEMENT OF CASH FLOWS

R millions	2013	2012 Audited[2]	2012 Adjusted[2]	2012 Restated[2]
CASH GENERATED BY OPERATIONS	**2 191**	1 867	(90)	1 777
Dividends received	**62**	—	28	28
Interest paid	**(212)**	(245)	7	(238)
Interest received	**37**	40	(3)	37
Income tax paid	**(464)**	(308)	19	(289)
Changes in working capital	**(426)**	(326)	(5)	(331)
Expenditure relating to non-current provisions	**(66)**	(98)	(3)	(101)
CASH AVAILABLE FROM OPERATING ACTIVITIES	**1 122**	930	(47)	883
Dividends paid	**(336)**	(297)	—	(297)
CASH FLOWS FROM OPERATING ACTIVITIES	**786**	633	(47)	586
CASH FLOWS FROM INVESTING ACTIVITIES	**(772)**	(645)	29	(616)
Net investment expenditure	**(239)**	(144)	10	(134)
Net capital expenditure	**(533)**	(501)	19	(482)
NET CASH GENERATED/(UTILISED) BEFORE FINANCING ACTIVITIES	**14**	(12)	(18)	(30)
CASH FLOWS FROM FINANCING ACTIVITIES	**(28)**	75	21	96
Non-current loans receivable	**1**	14	—	14
Borrowings	**(29)**	61	21	82
(DECREASE)/INCREASE IN CASH	**(14)**	63	3	66
Cash at the beginning of the year	**1 069**	1 061	(82)	979
Translation gain on cash	**164**	24	—	24
CASH AT THE END OF THE YEAR	**1 219**	**1 148**	**(79)**	**1 069**

OTHER SALIENT FEATURES

R millions	2013	2012 Restated[2]
Capital expenditure	**633**	538
— expansion	**293**	259
— replacement	**340**	279
Capital commitments[7]	**746**	207
— contracted for	**87**	55
— not contracted for	**659**	152
Future rentals on property, plant and equipment leased	**199**	130
— payable within one year	**71**	52
— payable thereafter	**128**	78
Net borrowings	**1 741**	1 920
Gearing (%)*	**25**	33
Current assets to current liabilities	**1,5**	1,4
Net asset value per ordinary share (cents)	**5 864**	4 914
Depreciation and amortisation	**537**	460
ZAR/US$ closing exchange rate (rand)	**10,50**	8,49
ZAR/US$ average exchange rate (rand)	**9,63**	8,20
Per ordinary share (cents) (excluding CST share-based payment):		
— headline earnings	**791**	627
— diluted headline earnings	**740**	597

** Borrowings less cash as a percentage of total equity.*

INDUSTRY SEGMENT ANALYSIS

R millions	2013 Revenue	2012 Restated[2] Revenue	2013 Profit from operations	2012 Restated[2] Profit from operations	2013 Net assets	2012 Restated[2] Net assets
Explosives	**7 400**	6 327	**572**	417	**3 059**	2 837
Specialty chemicals	**8 359**	7 621	**922**	891	**4 541**	4 374
Property	**672**	400	**219**	33	**1 051**	808
Group services and inter-segment	**(523)**	(521)	**(315)**	(144)	**(38)**	(94)
	15 908	13 827	**1 398**	1 197	**8 613**	7 925

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.

Specialty fibres (USA) has been reported as part of the Specialty chemicals segment effective from 1 January 2013. The comparatives have been adjusted accordingly.

NOTES

(1) Basis of preparation and accounting policies

The reviewed condensed consolidated financial results are prepared in accordance with the requirements of the JSE Limited's Listings Requirements ("Listings Requirements") for provisional reports and the requirements of the Companies Act of South Africa, No. 71 of 2008. The Listings Requirements require provisional reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS") and the South African Institute of Chartered Accountants Financial Reporting Guides as issued by the Accounting Practice Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting. The accounting policies applied in the preparation of the reviewed condensed consolidated financial results are in terms of IFRS and are consistent with those applied in the previous consolidated annual financial statements, except for the adoption of the new standards as detailed below. The preparation of these reviewed condensed consolidated financial results for the year ended 31 December 2013 was supervised by the Financial Director, Mr KM Kathan CA(SA)AMP (Harvard).

The reviewed condensed consolidated financial results have been reviewed by the Company's auditors, KPMG Inc., who have issued an unqualified review opinion. A copy of the review opinion is obtainable from AECI's registered office.

(2) Change in accounting policies

IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors has been applied retrospectively to adjust the income statement, statement of comprehensive income, statement of changes in equity, statement of financial position and statement of cash flows for the effects of the following new accounting standards:

IAS 19 – Employee Benefits became effective from 1 January 2013. Under its previous accounting policy, AECI elected to recognise its defined-benefit costs in the income statement and applied asset limitation in recognising the defined-benefit pension fund assets in the statement of financial position. The liability for the post-retirement medical aid was recognised in the statement of financial position. The income statement effects were recognised in profit from operations except for the net return on the employer surplus accounts and the net return on the post-retirement medical aid, which were separately disclosed after profit from operations. Under the revised IAS 19, the basis of calculation of finance costs has been altered and is determined by applying the discount rate used to measure the defined-benefit obligation to the net defined-benefit asset/obligation at the beginning of the year. Profit from operations now includes only the current service cost and the net interest of the defined-benefit asset/liability. Remeasurements of the net defined-benefit asset/liability are now recognised in other comprehensive income. There are no amendments to the statement of financial position.

AECI has also adopted the new Consolidation Suite of standards: IFRS 10 – Consolidated Financial Statements, IFRS 11 – Joint Arrangements, IFRS 12 – Disclosure of Interests in Other Entities, IAS 27 – Separate Financial Statements and IAS28 – Investment in Associates and Joint Ventures, effective from 1 January 2013. In terms of IFRS 11, the proportionate consolidation of joint arrangements is no longer permitted. Joint arrangements are now classified as either joint ventures or joint operations. Joint ventures are required to be equity accounted. For joint operations, AECI recognises its share of assets, liabilities, revenue and expenses. This is done on a line-by-line basis. Equity accounting of AECI's joint ventures has resulted in a restatement of the income statement, statement of comprehensive income, statement of changes in equity, statement of financial position and statement of cash flows for the year ended 31 December 2012.

(3) Includes foreign and export revenue of R 5 224 million (2012 restated: R4 345 million).

(4) Share-Based payments

CST share-based payment: The AECI Community Education and Development Trust ("CST") subscribed for 4 426 604 ordinary shares at par value in the Company in 2012. The shares vested immediately and a share-based payment expense of R138 million (2012 first half) 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 AECI Employees Share Trust ("EST") subscribed for 10 117 951 unlisted B ordinary shares of the Company. The total cost is estimated at R155 million of which R38 million (2012: R29 million) was recognised in the income statement. The remainder of the expense will be recognised in future periods over the respective vesting periods.

(5) The Kagiso Tiso Holdings Proprietary Limited (RF) ("KTH") transaction in the 2012 financial year 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 shares issued were recognised in equity, with R5 million allocated to share capital and R388 million allocated to share premium. The non-controlling interest was reduced by the carrying amount of R172 million with the balance of R221 million recognised directly in retained earnings.

(6) AECI concluded agreements to dispose of a portion of its surplus property assets at Modderfontein to Shanghai Zendai Property Limited in November 2013. A significant portion of the transaction is expected to be effective during 2014. Property assets to be disposed of include vacant land and property and buildings held for leasing purposes and these assets, amounting to R286 million have been reclassified from investment property to assets classified as held for sale at 31 December 2013 in terms of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. The agreements also include the disposal of property under development and the related development costs (bulk infrastructure) of R214 million which is included in the Group's inventory as at 31 December 2013.

(7) Subsequent to year-end, AECI and Clariant Southern Africa Proprietary Limited ("Clariant") have reached agreement for AECI's wholly-owned subsidiary ImproChem Proprietary Limited to acquire Clariant's water treatment business in Africa and its South African assets for a total cash consideration of R409 million. The acquisition is subject to certain conditions precedent.

(8) The reviewed condensed consolidated financial results 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 2012 taking into account the changes in accounting policies as set out above.

COMMENTARY

AECI produced commendable results in 2013 in an environment where trading and market conditions remained challenging. Revenue increased by 15% to R15 908 million (2012: R13 827 million). Revenue generated outside South Africa was 20% higher at R5 224 million, representing 33% of total revenue. Headline earnings improved by 57% to R885 million (2012: R562 million). Profit from operations increased by 17% to R1 398 million compared to R1 197 million in 2012, the trading margin was 8,8% (2012: 8,7%), earnings per share ("EPS") were 845 cents (2012: 520 cents) and headline earnings per share ("HEPS") were 791 cents (2012: 503 cents).

Key drivers of performance were pleasing year-on-year improvements in the explosives and property businesses, the non-recurrence of the non-cash IFRS charge relating to the community share trust component of the B-BBEE transactions concluded in 2012, the weaker ZAR/US$ exchange rate and increased selling prices.

The Board has declared a final cash dividend of 210 cents per ordinary share (2012: 185 cents) bringing the total cash dividend for the year to 315 cents per share, a 20% increase on 2012's 263 cents per share.

SAFETY

The Group again improved its safety performance, with a best-ever Total Recordable Incident Rate ("TRIR") of 0,52. The TRIR measures the number of incidents per 200 000 hours worked. Safety remains a key performance indicator for management and it is pleasing that sustained efforts in this regard are having such a positive result.

EXPLOSIVES

AEL Mining Services ("AEL") achieved a 17% increase in revenue to R7 400 million (2012: R6 327 million) and overall explosives volumes to mining and quarrying customers were 5,6% higher. Profit from operations improved to R572 million (2012: R417 million) after taking to account a R84 million retrenchment charge for the closure of the old initiating systems plants and the subsequent relocation of production to the Initiating Systems Automated Plant ("ISAP"). AEL benefited from the weakening rand as more than 50% of its revenue is generated outside South Africa and is mostly denominated in US dollars. Consequently, the profit improvement in AEL's foreign operations enhanced the overall result by R72 million. In addition, a R38 million foreign exchange gain was realised by repatriating cash to the AECI Group's central offshore Treasury.

The trading margin improved to 7,7%, (8,9% before severance costs) (2012: 6,6%). The target remains to improve this to above 10%.

The South African business performed well notwithstanding lower gold and platinum prices. Explosives volumes were 6,8% higher than in 2012. Market share grew in the open cast and massive businesses, particularly in the iron ore and coal sectors. New supply contracts were secured and this enabled AEL to diversify its commodity portfolio further in line with its strategy. Major contracts in initiating systems were retained although volumes declined in line with decreased output from the narrow reef gold and platinum mining sectors in South Africa.

The African business continued to expand its already extensive footprint as a result of an increase in mining activity with the commencement of greenfield projects and the commissioning of three new bulk explosive plants in Burkina Faso, the DRC and Egypt. In addition, AEL gained new supply contracts in the copper and gold mining sectors. Explosives volume growth in Africa was 5,4%.

The International business recorded improved profitability and growth even though some new contracts were delayed by customers owing to low thermal coal and gold prices. Explosives volume growth was 1,9%.

The ammonium nitrate plant in Indonesia, part of AECI's minority investment in PT Black Bear Resources Indonesia ("BBRI"), was in commissioning by year-end. It will provide AEL with a secure in-country source of ammonium nitrate.

During 2013 ISAP produced 98,9 million detonators and assembled 31,8 million units in line with market demand. ISAP is commercially complete and its 120 million detonator output capacity has been verified. A further R30 million was delivered in cost savings and efficiencies.

Capital investment amounted to R290 million (2012: R367 million). Of this, R126 million was for expansion projects in the African business and for the improvement of ammonia storage facilities at Modderfontein. As part of the phased investment in BBRI an additional R159 million was invested in 2013, bringing the total investment to R201 million.

Further expansion in Africa and other territories of interest is expected in 2014.

SPECIALTY CHEMICALS

Revenue increased by 10% to R8 359 million (2012: R7 621 million). Excluding sulphur trading, overall volumes grew by 5,2%. Profit from operations increased by 3% to R922 million (2012: R891 million) and the operating margin was 11,0% compared to 11,7% last year. Although commodity prices increased, profit margins in rand terms did not follow the same trend owing to the subdued trading environment in South Africa's manufacturing sector. Higher sales at typically lower margins to the agricultural sector diluted the segment's overall margin further.

Chemfit, Chemical Initiatives, ImproChem, Nulandis and Senmin delivered very good performances when compared to 2012. Senmin's results in 2012 were negatively impacted by strikes in South Africa's platinum mining industry but a strong recovery was evident in 2013. ImproChem benefited from the integration of General Electric's Chemical and Monitoring Solutions business in Africa, which was acquired in 2012. Other companies in the specialty chemicals cluster were challenged by the volatile conditions prevailing in South Africa's manufacturing sector.

A number of businesses in the cluster were restructured in the year, at a total cost of about R30 million. ChemSystems terminated its electroplating activities and Chemisphere Technologies, which supplies specialty chemical products and services to the pulp and paper industry, will be integrated into ChemSystems as a business unit in 2014. Industrial Urethanes was brought into Lake Specialties and Infigro was moved to Lake Foods in the first half of the year.

The acquisition of SA Premix was finalised in June 2013 and integrated into Chemfit's business in the third quarter. SA Premix produces and distributes animal feed formulations that fortify and enhance the nutritional content of feeds. A new blending plant is scheduled to come on line early in 2014.

In January 2014 AECI announced that it had reached agreement with Clariant Southern Africa Proprietary Limited ("Clariant") for AECI's wholly-owned subsidiary ImproChem to acquire Clariant's water treatment business in Africa and its South African assets for a total cash consideration of R409 million. Also included in the acquisition is a 50% shareholding in Blendtech, Clariant's B-BBEE partner in South Africa. The acquisition is in line with the Group's strategy to grow its footprint in the water solutions sector. It is subject to certain conditions precedent, including approval by the relevant competition authorities.

Capital expenditure for the cluster totalled R236 million (2012: R145 million) of which R151 million was for expansion, mainly at SANS Technical Fibers in the USA where conversion to single stage nylon-spinning equipment is close to completion.

PROPERTY

Revenue from Heartland's combined activities increased by 68% to R672 million (2012: R400 million). Operating profit increased from R33 million to R219 million. Revenue comprised the recognition of land sale transactions totalling R306 million (2012: R53 million) mostly in Longlake Ext 1 and Westlake Industrial, primarily for industrial end-uses. Heartland's results do not include income from the Shanghai Zendai bulk sale transaction which will take effect in 2014.

On the back of weak demand for office space and no discernible improvement in vacancy rates, office market rentals and office land sales continued to show lacklustre growth overall although there was better demand for office space in Somerset West, Western Cape. In the housing sector the entry-level market was strong.

To accelerate the realisation of value from its surplus property assets, in November 2013 AECI concluded an agreement for the disposal of the bulk of its surplus property assets at Modderfontein and its property development business to Shanghai Zendai Property Limited ("Shanghai Zendai") for R1 061 million (including VAT). Approval for the transaction was received from the Competition Commission in South Africa in January 2014 as was the approval of Shanghai Zendai's shareholders.

For the transaction to take effect, properties to the value of R513 million (including VAT) (the "First Tranche") must be transferred to Shanghai Zendai's South African subsidiaries. This transfer process has commenced and its completion is anticipated by no later than 31 July 2014, subject to the relevant extension provisions of the transaction. Once the First Tranche has been executed the full purchase price will be remitted to AECI. The full terms of the transaction were published on the Stock Exchange News Service on 4 November 2013. On receipt of the cash proceeds, the Board will evaluate options for the application thereof.

The Group continues to investigate solutions for the disposal of its surplus land and assets at Somerset West.

FINANCIAL

Capital expenditure totalled R633 million for the year (2012: R538 million) with R293 million of this invested in expansion projects at AEL's customer sites, SANS Technical Fibers' expansion in single stage technology and the improvement of ammonium nitrate storage and nitric acid production facilities at Modderfontein. Gearing was at 25% from 35% in June 2013 and 33% in December 2012. Net working capital was 19,7% of revenue (2012: 18,6%), reflecting the longer working capital trade cycles in operations outside South Africa and in the property market.

Cash interest cover improved to 11,3 times (2012: 7,8 times). Net interest paid decreased to R175 million (2012: R201 million) as interest rates remained low and offset the longer working capital trade cycle.

Higher corporate centre charges were incurred, due largely to an increase in the provision for AECI's long-term incentive scheme which tracks the share price and HEPS, a higher provision for costs associated with the Company's defined-benefit retirement and post-retirement medical aid, as well as transaction costs relating to the disposal of land to Shanghai Zendai. In addition, the management of the Group's environmental costs and liability provision were moved from the property segment to the corporate centre in 2013.

RESTATEMENT OF 2012 COMPARATIVES

On 1 January 2013, the following accounting standards applicable to the AECI Group's reporting took effect:

- IAS 19: Employee Benefits
- IFRS 10: Consolidated Financial Statements
- IFRS 11: Joint Arrangements

As a result of these changes comparative figures for the periods 1 January 2012 and 31 December 2012 have been restated. The effect of the restatements was a decrease in HEPS of 8%, from 547 cents per share to 503 cents per share.

DIRECTORATE

Mike Leeming will retire as a Non-executive Director of the Company at the Annual General Meeting to be held on 2 June 2014. Mike has served on the Board and several Board Committees since 2002. The Board thanks him for his dedicated service over the past 11 years. The recruitment process to appoint an additional Non-executive Director to fill the vacancy has commenced.

STRATEGIC FOCUS AND OUTLOOK

AECI's explosives and mining chemicals businesses are poised for further growth in South Africa in open cast mining, particularly in iron ore and coal, while the narrow reef platinum and gold sectors are expected to remain under pressure owing to weaker commodity prices and escalating costs. Industrial action will have a negative effect on local markets. Strikes in the platinum mining industry in 2014 have already impacted on AECI's results in the early part of the year.

The benefits of growth outside South Africa from both green- and brownfield expansion projects in the copper, gold and iron ore mining sectors, as well as those of the BBRI investment, are expected from 2014.

The expansion of the Group's African footprint will continue to be supported not only in mining solutions but also in other markets of strategic interest namely water, oil, energy and gas; food additives; agriculture and specialty chemicals distribution.

Further restructuring in the explosives business as well as the specialty chemicals cluster can be expected as the Group continues to review its portfolio and cost base to ensure the best possible alignment with customer requirements and the maximisation of growth opportunities in all countries where it operates.

Acquisitions in South Africa, the rest of Africa and in selected other regions in AECI's markets of interest will continue to be pursued in the coming year.

Schalk Engelbrecht
Chairman

Mark Dytor
Chief Executive

Woodmead, Sandton
25 February 2014

NOTICE TO SHAREHOLDERS

FINAL ORDINARY CASH DIVIDEND NO. 160

Notice is hereby given that on Monday, 24 February 2014 the Directors of AECI declared a gross final cash dividend of 210 cents per share, in respect of the financial year ended 31 December 2013, payable on Monday, 14 April 2014 to ordinary shareholders recorded in the books of the Company at the close of business on Friday, 11 April 2014.

The last day to trade cum dividend will be Friday, 4 April 2014 and shares will commence trading ex dividend as from Monday, 7 April 2014.

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 178,50000 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, 4 April 2014.

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, 4 April 2014.

Share certificates may not be dematerialised or rematerialised from Monday, 7 April 2014 to Friday, 11 April 2014, both days inclusive.

By order of the Board

EN Rapoo Group
Company Secretary

Woodmead, Sandton
25 February 2014

Transfer Secretaries

COMPUTERSHARE INVESTOR SERVICES PROPRIETARY LIMITED

70 Marshall Street
Johannesburg
2001

COMPUTERSHARE INVESTOR SERVICES PLC

PO Box 82
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Bridgwater Road
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Registered Office

1st floor, AECI Place
24 The Woodlands
Woodlands Drive
Woodmead
Sandton

Sponsor

Rand Merchant Bank (A division of FirstRand Bank Limited)

AECI LIMITED

(Incorporated in the Republic of South Africa)
Registration number 1924/002590/06
Tax reference number 9000008608
("AECI" or "the Company")
Share code: AFE
ISIN Number: ZAE000000220

Lake Foods
Lake Specialties