SUMMARISED AUDITED CONSOLIDATED FINANCIAL RESULTS AND FINAL CASH DIVIDEND DECLARATION FOR THE YEAR ENDED 31 DECEMBER 2016

EXCELLENT CASH GENERATION:

+52% TO R1 918M

- NET DEBT REDUCED BY R881M TO R297M

PROFITS FROM OPERATIONS OF CORE BUSINESSES:

SPECIALTY CHEMICALS
+8,3% TO R1 214M

EXPLOSIVES
+7,4% TO R449M

SAFETY PERFORMANCE: TRIR OF 0,45

HEPS -9% TO 818c UNDERLYING HEPS +29% TO 920c

AECI®
good chemistry

FINAL ORDINARY CASH DIVIDEND: +15% TO 300CPS

INCOME STATEMENT

R millions	Note	% change	2016 Audited	2015 Audited
REVENUE	2	1	**18 596**	18 446
Net operating costs			**(17 261)**	(16 743)
PROFIT FROM OPERATIONS		(22)	**1 335**	1 703
Impairment of equity-accounted investee			**—**	(51)
Share of profit of equity-accounted investees, net of tax			**28**	28
PROFIT FROM OPERATIONS AND EQUITY-ACCOUNTED INVESTEES			**1 363**	1 680
Net finance costs			**(215)**	(187)
Interest expense			**(270)**	(253)
Interest received			**55**	66
PROFIT BEFORE TAX			**1 148**	1 493
Tax expense			**(336)**	(464)
PROFIT FOR THE YEAR			**812**	1 029
Profit for the year attributable to:				
— Ordinary shareholders			**777**	1 007
— Preference shareholders			**3**	3
— Non-controlling interest			**32**	19
			812	1 029
HEADLINE EARNINGS ARE DERIVED FROM:				
Profit attributable to ordinary shareholders			**777**	1 007
Impairment of goodwill			**28**	4
Impairment of property, plant and equipment			**54**	19
Impairment of equity-accounted investees			**—**	51
Gain on bargain purchase			**—**	(23)
Loss/(surplus) on disposal of property, plant and equipment			**9**	(26)
Surplus on disposal of assets classified as held for sale			**—**	(48)
Foreign currency translation differences reclassified on net investments in foreign operations			**17**	—
Tax effects of the above items			**(21)**	4
HEADLINE EARNINGS			**864**	988
PER ORDINARY SHARE (CENTS):				
Headline earnings		(9)	**818**	894
Diluted headline earnings			**800**	870
Basic earnings		(19)	**735**	911
Diluted basic earnings			**720**	886
Ordinary dividends declared		15	**300**	260
Ordinary dividends paid			**395**	350
Special dividend paid			**—**	375

STATEMENT OF COMPREHENSIVE INCOME

R millions	2016 Audited	2015 Audited
PROFIT FOR THE YEAR	**812**	1 029
OTHER COMPREHENSIVE INCOME NET OF TAX:		
Items that may be reclassified subsequently to profit or loss:		
— Foreign currency translation differences	**(376)**	808
— Effective portion of cash flow hedges	**(3)**	—
Items that may not be reclassified subsequently to profit or loss:		
— Remeasurement of defined-benefit and post-retirement medical aid obligations	**—**	820
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**433**	2 657
Total comprehensive income attributable to:		
— Ordinary shareholders	**405**	2 619
— Preference shareholders	**3**	3
— Non-controlling interest	**25**	35
	433	2 657

STATEMENT OF CHANGES IN EQUITY

R millions	2016 Audited	2015 Audited
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**433**	2 657
Dividends paid	**(435)**	(838)
Share-based payment reserve	**45**	(17)
Shares repurchased	**(39)**	(563)
Equity at the beginning of the year	**9 042**	7 803
EQUITY AT THE END OF THE YEAR	**9 046**	9 042
Made up as follows:		
Ordinary share capital	**110**	110
Reserves	**1 280**	1 605
Foreign currency translation reserve	**1 086**	1 455
Other reserves	**(1)**	—
Share-based payment reserve	**195**	150
Retained earnings	**7 523**	7 217
Non-controlling interest	**127**	104
Preference share capital	**6**	6
	9 046	9 042

RECONCILIATION OF WEIGHTED AVERAGE NUMBER OF SHARES

Millions	2016 Audited	2015 Audited
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES AT THE BEGINNING OF THE YEAR	**132,4**	138,3
Weighted average number of unlisted ordinary shares held by consolidated EST	**(10,1)**	(10,1)
Weighted average number of contingently returnable ordinary shares held by CEDT	**(4,4)**	(4,4)
Weighted average number of shares held by consolidated subsidiary	**(11,9)**	(11,9)
Weighted average number of shares repurchased during the year	**(0,3)**	(1,4)
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES FOR BASIC EARNINGS PER SHARE	**105,7**	110,5
Dilutive adjustment for potential ordinary shares	**2,3**	3,1
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES FOR DILUTED EARNINGS PER SHARE	**108,0**	113,6

STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER

R millions	Note	2016 Audited	2015 Audited
ASSETS			
NON-CURRENT ASSETS		**7 538**	8 374
Property, plant and equipment	3	**3 990**	4 296
Investment property		**140**	137
Intangible assets		**211**	257
Goodwill	4	**1 541**	1 590
Pension fund employer surplus accounts	5	**583**	982
Investments in joint ventures		**327**	313
Investments in associates		**194**	250
Other investments		**25**	27
Deferred tax		**527**	522
CURRENT ASSETS		**8 282**	9 420
Inventories		**3 174**	3 358
Accounts receivable		**3 342**	3 825
Other investments		**190**	67
Assets classified as held for sale	6	**60**	—
Tax receivable		**51**	56
Cash		**1 465**	2 114
TOTAL ASSETS		**15 820**	17 794
EQUITY AND LIABILITIES			
EQUITY		**9 046**	9 042
Ordinary share capital and reserves		**8 913**	8 932
Non-controlling interest		**127**	104
Preference share capital		**6**	6
NON-CURRENT LIABILITIES		**2 324**	1 871
Deferred tax		**254**	427
Non-current borrowings		**1 600**	672
Contingent consideration		**58**	70
Non-current provisions and employee benefits	5	**412**	702
CURRENT LIABILITIES		**4 450**	6 881
Accounts payable		**4 148**	4 003
Current borrowings		**162**	2 620
Contingent consideration		**—**	15
Loans from joint ventures		**75**	36
Tax payable		**65**	207
TOTAL EQUITY AND LIABILITIES		**15 820**	17 794

STATEMENT OF CASH FLOWS

R millions	2016 Audited	2015 Audited
CASH GENERATED BY OPERATIONS	**2 328**	2 607
Dividends received	**46**	30
Interest paid	**(238)**	(253)
Interest received	**55**	66
Tax paid	**(636)**	(532)
Changes in working capital	**488**	(215)
Cash outflows relating to defined-benefit and post-retirement medical aid obligations	**(27)**	(284)
Cash outflows relating to non-current provisions and employee benefits	**(76)**	(64)
Settlement of performance shares	**(22)**	(94)
CASH AVAILABLE FROM OPERATING ACTIVITIES	**1 918**	1 261
Dividends paid	**(435)**	(838)
CASH FLOWS FROM OPERATING ACTIVITIES	**1 483**	423
CASH FLOWS FROM INVESTING ACTIVITIES	**(452)**	(844)
Net investment expenditure	**36**	(334)
Net capital expenditure	**(488)**	(510)
NET CASH GENERATED/(UTILISED) BEFORE FINANCING ACTIVITIES	**1 031**	(421)
CASH FLOWS FROM FINANCING ACTIVITIES	**(1 549)**	691
Non-current loans receivable	**—**	4
Shares repurchased	**(39)**	(563)
Borrowings raised	**1 110**	7 424
Borrowings repaid	**(2 620)**	(6 174)
NET (DECREASE)/INCREASE IN CASH	**(518)**	270
Cash at the beginning of the year	**2 114**	1 376
Translation (loss)/gain on cash	**(131)**	468
CASH AT THE END OF THE YEAR	**1 465**	2 114

INDUSTRY SEGMENT ANALYSIS

R millions	2016 Audited	2015 Audited	2016 Audited	2015 Audited	2016 Audited	2015 Audited
	EXTERNAL REVENUE		INTER-SEGMENT REVENUE		TOTAL SEGMENT REVENUE	
Explosives	**7 918**	8 169	**56**	67	**7 974**	8 236
Specialty Chemicals	**10 363**	9 434	**422**	452	**10 785**	9 886
Property	**315**	843	**83**	79	**398**	922
Inter-segment	**—**	—	**(561)**	(598)	**(561)**	(598)
	18 596	18 446	**—**	—	**18 596**	18 446
	PROFIT FROM OPERATIONS		DEPRECIATION AND AMORTISATION		IMPAIRMENTS	
Explosives	**449**	418	**339**	329	**54**	18
Specialty Chemicals	**1 214**	1 121	**264**	242	**28**	5
Property	**87**	527	**9**	8	**—**	—
Group services	**(415)**	(363)	**14**	11	**—**	—
	1 335	1 703	**626**	590	**82**	23
	OPERATING ASSETS		OPERATING LIABILITIES		CAPITAL EXPENDITURE	
Explosives	**4 255**	5 333	**1 260**	1 512	**257**	313
Specialty Chemicals	**7 672**	7 521	**2 571**	2 365	**179**	235
Property	**315**	387	**72**	114	**26**	14
Group services	**216**	222	**245**	12	**40**	21
	12 458	13 463	**4 148**	4 003	**502**	583

Operating assets consists of property, plant and equipment, investment property, intangible assets, goodwill, inventories, accounts receivable and assets classified as held for sale. Operating liabilities consists of accounts payable.

In 2014, AECI revised its strategy and developed five key growth pillars, which have since been the focus of its integrated reporting. Progress has been made in managing the Group's businesses in terms of these pillars and the process of altering internal reporting to reflect this has commenced. In future, management reporting will be structured by pillar and the same restructuring will apply to reporting in the annual financial statements.

OTHER SALIENT FEATURES

R millions	2016 Audited	2015 Audited
Capital expenditure	**502**	583
— expansion	**183**	275
— replacement	**319**	308
Capital commitments	**233**	436
— contracted for	**62**	71
— not contracted for	**171**	365
Future rentals on leased property, plant and equipment	**443**	331
— payable within one year	**123**	112
— payable thereafter	**320**	219
Net borrowings	**297**	1 178
Depreciation and amortisation	**626**	590
Gearing (%)*	**3**	13
Current assets to current liabilities	**1,9**	1,4
Net asset value per ordinary share (cents)	**8 107**	8 096
ZAR/US$ closing exchange rate (rand)	**13,73**	15,48
ZAR/US$ average exchange rate (rand)	**14,72**	12,76

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

NOTES

(1) (a) Basis of preparation and accounting policies

The summarised 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 applicable to summarised financial statements. 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"); the South African Institute of Chartered Accountants Financial Reporting Guides as issued by the Accounting Practices Committee; Financial Pronouncements as issued by the Financial Reporting Standards Council; and to also, as a minimum, to contain the information required by IAS 34 Interim Financial Reporting. The accounting policies applied in the preparation of the audited consolidated financial statements, from which the summarised consolidated financial results were derived, are in terms of IFRS and are consistent with those applied in the previous consolidated financial statements. New standards adopted did not have a material effect on the financial results.

The preparation of these summarised consolidated financial results for the year ended 31 December 2016 was supervised by the Financial Director, Mr KM Kathan CA(SA)AMP (Harvard).

(b) Financial statement preparation and independent audit

The summary report is extracted from audited information but is itself not audited. The financial statements were audited by KPMG Inc. who expressed an unmodified opinion thereon.

The audited financial statements and the auditor's report thereon are available for inspection at the Company's registered office. The Company's Directors take full responsibility for the preparation of the provisional report and for the financial information having been extracted correctly from the underlying financial statements.

The summarised consolidated financial results do not include all of the disclosures required for full financial statements and should be read in conjunction with the consolidated annual financial statements for the year ended 31 December 2016.

(2) Revenue includes foreign and export revenue of R6 479 million (2015: R6 361 million).

(3) Impairment of plant and equipment

During the year, the directors performed a detailed impairment assessment in respect of the property, plant and equipment ("PPE") within the Explosives segment in South Africa. The recoverable amounts in respect of each cash generating unit ("CGU") was estimated based on the greater of its value in use and fair value less costs of disposal. Key inputs and assumptions used in determining value in use was revenue growth, remaining useful lives of the PPE and an appropriate discount rate applied to the future expected cash flows.

An impairment of R52 million was recognised in respect of plant and equipment used to service customers in the South African coal mining sector. The impairment arose due to continued adverse trading conditions in the local coal market.

Management estimated the recoverable amount of the cash-generating unit related to the assets used to service the coal mining sector. The recoverable amount was estimated based on the assets' fair value less costs of disposal. The impairment loss was included in net operating costs. Fair value less costs of disposal was determined by assessing the market value of the assets in their current condition and location.

In 2016, following changes to the use of certain robotic equipment that is part of AEL's ISAP plant, the Group reassessed its estimates and R8 million of the 2015 impairment was reversed.

In 2016 a decision was taken to exit the explosives manufacturing market in Egypt, resulting in the moveable assets of the business being transferred elsewhere in the Explosives segment. An impairment loss of R10 million was recognised on the remaining immovable assets, which represented the net book value of these assets.

(4) Impairment of goodwill

Exposure to South Africa's poultry industry, which has been disrupted by amended legislation regulating brining levels and imports, resulted in the recognition of an impairment loss of R28 million in respect of the goodwill in the Cobito business. The impairment loss was included in net operating costs. The business is part of Lake Foods, which in turn is part of the Specialty Chemicals segment.

(5) Settlement of post-retirement medical aid obligations

As stated in AECI's 2015 integrated report, voluntary alternative benefit offers had been made to active employees eligible for a post-retirement medical aid subsidy so as to settle their defined-benefit entitlements. The offers were made to eligible employees who are contributing members of the AECI Employees Provident Fund ("AEPrF"), the AECI Defined Contribution Pension Fund ("ADCPF") and the AECI Employees Pension Fund ("AEPF").

Offers made to active employees were funded from employer surplus accounts ("ESA") with a section 15E transfer from the ESA of the AECI Pension Fund ("APF") to the AEPF and the ADCPF required to enable the settlement. The section 15E transfer was approved by the Financial Services Board. The ESA transfers took place in March 2016, with the settlement offers finalised in June 2016 for those employees who had accepted the offer.

In 2016, AECI reissued offers to eligible pensioner members who had previously rejected or not responded to the alternative benefit offer made to them in 2014 and implemented in 2015. The pensioner members were given the opportunity to accept the offer previously made, which would be implemented as though they had accepted the original offer. At the end of the year, an additional 367 pensioners had accepted the offer. Implementation will occur in 2017 and AECI has recognised the settlement of these post-retirement medical aid subsidy obligations. The pensioner offers will be funded from the ESA in the APF for former members of that fund and in cash for other pensioners via a section 14 transfer to Momentum Group Limited ("MMI") and the purchase of annuities for cash from MMI.

The amount transferred from the ESA was R250 million whilst the accrual for settlement in 2017 amounts to R172 million (with R95 million of this to be transferred from ESA). The related liability that was derecognised had a carrying amount of R273 million, resulting in a loss on settlement of R149 million, which is included in net operating costs for the year.

(6) Assets classified as held for sale

Management is committed to a plan to sell the Olive Pride business and anticipates the disposal to be completed within the next financial year. The assets are available for immediate sale in their present condition. Accordingly, the business is presented as a disposal group held for sale as at 31 December 2016. No impairment loss was required to be recognised as its carrying amount is lower than its fair value less costs to sell. No cumulative income or expenses related to the disposal group are included in other comprehensive income. The Olive Pride business is part of the Specialty Chemicals segment.

The carrying amount of total assets classified as held for sale is:

	R millions
Goodwill	27
Property, plant and equipment	1
Intangible assets	21
Inventory	11
Assets classified as held for sale	60

(7) Shares repurchased

During the year AECI completed the general repurchase of shares in terms of the general authority to do so that was approved by the Company's shareholders at the Annual General Meeting on 1 June 2015. 442 212 shares were repurchased at a cost of R39 million.

(8) Contingent liabilities

The investigation process undertaken by the Competition Commission of South Africa ("the Commission") in 2014, on allegations of collusion by Akulu Marchon "Akulu" with a competitor, progressed. The Commission rejected Akulu's application for leniency. The matter is in the process of being finalised with the Commission. A provision, based on Group management's estimate, has been recognised in respect of the matter.

The Group is involved in various legal proceedings and is in consultation with its legal counsel, assessing the outcome of these proceedings on an ongoing basis. As proceedings progress, the Group's management makes provision in respect of legal proceedings where appropriate. Litigations, current or pending, are not likely to have a material adverse effect on the Group.

(9) The Group entered into various sale and purchase transactions with related parties in the Group in the ordinary course of business on terms that are no more and no less favourable than transactions with unrelated external parties. The nature of which is consistent with those previously reported. All transactions and balances with these related parties have been eliminated appropriately in the consolidated results.

(10) The Group measures forward exchange contracts at fair value (amounting to a net liability of R40 million) using inputs as described in level 2 of the fair value hierarchy. The fair values for forward exchange contracts are based on quotes from brokers. Similar contracts are traded in an active market and the quotes reflect the actual transactions on similar instruments. Other financial assets and financial liabilities, carried at fair value through profit or loss amounted to R190 million and R58 million respectively, using inputs described in level 1 and level 3, respectively, of the fair value hierarchy. There were no transfers between levels 1, 2 or 3 of the fair value hierarchy during the year ended 31 December 2016.

(11) The summarised consolidated financial results do not include all of the disclosures required for full financial statements and should be read in conjunction with the consolidated annual financial statements for the year ended 31 December 2016.

COMMENTARY

FINANCIAL PERFORMANCE

The Group's core operating segments, Explosives and Specialty Chemicals, delivered a commendable performance in a trading environment that remained very difficult both locally and internationally. Although the global resources sector showed some recovery and overall commodity prices increased in the latter part of 2016, volatility persisted and the longer-term sustainability of improved conditions in the sector remain uncertain. Growth in South Africa's manufacturing sector was negligible and the agricultural sector in a number of Southern African countries remained constrained by the effects of the drought for most of the year.

The Group's revenue increased by 1% to R18 596 million (2015: R18 446 million), of which 35% was generated outside South Africa. Profit from operations declined by 22% to R1 335 million (2015: R1 703 million). Headline earnings declined by 13% to R864 million (2015: R988 million), while HEPS declined by 9% to 818 cents (2015: 894 cents) and EPS was 735 cents (2015: 911 cents).

In addition to the effects of the prevailing environment, the Group's performance was also impacted by the following:

- the sale of sizeable parcels of land in Somerset West in 2015, which positively impacted HEPS in that year by 295 cents;
- in 2015 and 2016, the Group undertook to complete the de-risking of its defined-benefit ("DB") obligations for past and current employees. The settlement of these obligations, in terms of IAS 19 Employee Benefits, was charged to the income statement. The negative impact on HEPS for 2015 and 2016 was 116 cents and 102 cents per share, respectively.

Taking the above adjustments into account, the Group's underlying performance can be analysed as follows:

	2016	2015	Change (%)
Reported HEPS	**818**	894	(9)
Somerset West land sales		(295)	
DB obligations de-risking	**102**	116	
UNDERLYING HEPS	**920**	715	29

The Board has declared a final gross cash dividend of 300 cents per ordinary share, an increase of 15% from 2015's 260 cents per share, bringing the total ordinary dividend for the 2016 financial year to 435 cents, 13% higher than the prior year's 385 cents. A South African dividend withholding tax of 20% will be applicable to the final dividend, resulting in a final net dividend of 240 cents per share payable to those shareholders who are not eligible for exemption or reduction of the withholding tax.

SAFETY

The aspiration remains zero harm to employees and contractors. The Total Recordable Injury Rate ("TRIR") was 0,45 in 2016. It was disappointing that this was behind the 0,35 achieved last year and management remains focused on improvements. The TRIR measures the number of incidents per 200 000 hours worked.

SEGMENTAL PERFORMANCE

EXPLOSIVES

AEL Mining Services' ("AEL") revenue declined by 3,2% to R7 974 million (2015: R8 236 million). This was due mainly to the sharp decline in ammonia prices in the second half of the year and the strengthening of the rand against the US dollar in the same period. Approximately 60% of AEL's revenue is US dollar based.

Profit from operations increased by 7,4% to R449 million (2015: R418 million). AEL's assets deployed in the local coal mining sector were impaired as a consequence of disappointing results in that business. The net cost of the impairment was R54 million (2015: R18 million). Excluding impairments, profit from operations would have increased by 15,4% to R503 million and the operating profit margin would have been 6,3%.

Overall explosive volumes were flat. In South Africa, explosive volumes improved by 1,1%. This improvement, in an environment where overall mining production contracted significantly, was largely due to two new contracts gained in the iron ore and uranium surface mining sectors, the supply of which commenced mid-year. Generally, customers continued to restructure their mining plans and reduce waste mining, resulting in the mining of high grade ores.

Volumes of initiating systems, which are supplied to the underground mining market, declined by 5,1%. This was due to the loss of sales to one mine and several protracted safety-related Section 54 stoppages at customer sites. Furthermore, customers ceased operations at loss-making mines, with the platinum sector being the most affected. Gold mining activity remained robust.

In the rest of Africa, overall volumes were 2,9% lower year-on-year. Volumes in the Democratic Republic of Congo were negatively impacted by unusually high rainfall which curtailed output early in the year. In the second half-year, most copper miners in Central Africa reduced their production rates as a consequence of the lower copper price and some mines were put under care and maintenance. Business in the region remains highly competitive.

There was an increase in demand from the gold mining sector in West and East Africa. AEL was awarded four new tenders, three in West Africa and one in East Africa. These will make a positive contribution by the end of 2017. The four contracts all meet the AECI Group's return hurdle rates and represent additional annual revenue of US$25 million for AEL. One contract was lost in Egypt in the fourth quarter.

The profitability of AEL's International businesses, mainly in Australia and Indonesia, improved although margins were still under sustained pressure.

There was good volume growth in Australia and the contractual arrangement with the major customer has been extended for a further three years.

In Indonesia, volumes sold to the largest customer stabilised and AEL's supply contract has been extended. With increases in thermal coal prices, volumes are expected to increase in 2017. The BBRI ammonium nitrate solution manufacturing ran well, albeit at a 55% utilisation rate. AEL has a 42,6% minority ownership stake in BBRI.

AEL's cash management in the year was exceptional. Net working capital reduced by more than R400 million and capital expenditure was controlled to below the depreciation charge. Capital expenditure was R257 million, of which R50 million was for investments at customer sites to support growth and to service new business.

INPUT VAT REFUNDS IN INDONESIA

In November, AEL's explosives licensee in Indonesia applied for tax amnesty in terms of a programme offered by the Indonesian Tax Office. The licensee's amnesty application was with reference to all tax assets and liabilities for the financial years up to and including 2015. As a result, the VAT refund due to the licensee will not be recovered from the Indonesian Tax Office. AECI is pursuing alternatives for recovery with the licensee. Full provision for the outstanding VAT was made in 2015. Good progress has been made in submitting VAT returns on the licensee's behalf for the 2016 financial year to recover the credit due to AECI.

SPECIALTY CHEMICALS

Revenue increased by 9,1% to R10 785 million (2015: R9 886 million). Profit from operations improved by 8,3% to R1 214 million (2015: R1 121 million). The increase in revenue was driven by higher prices as a result of the weaker average rand exchange rate against the US dollar and the benefits of the acquisitions finalised in 2015. Overall volumes declined by 1,6%, a consequence of the severe drought conditions and the decline of South Africa's poultry industry. The goodwill relating to the poultry business was impaired at a cost of R28 million. Operating margin remained at a pleasing 11,3%.

Senmin, the mining chemicals business achieved excellent results. Volumes grew by 7,5% and profit from operations increased by 10,5% on the back of exports.

Robust performances, with improvements in excess of 20%, were delivered by Chemical Initiatives, ChemSystems, ImproChem, Nulandis and SANS Technical Fibers.

The results of ImproChem, AECI's water treatment business, were adversely impacted by the protracted drought in Southern Africa. This was offset by savings from the integration of manufacturing sites and growth in the public water market in the rest of Africa.

Nulandis' agrochemicals business was also impacted by drought conditions, which still persist in the Western Cape, but benefited from the acquisition of Farmers Organisation and Biocult in 2015.

Lake Foods' performance was curtailed by the adverse conditions in the poultry industry and that of Southern Canned Products was negatively impacted by low demand from its large beverage customers. The sale of an initial 51% of the Olive Pride business to Clover SA Ltd was approved unconditionally by the Competition Commission of South Africa by year-end and the transaction will take effect in 2017.

The Specialty Chemicals cluster remained highly cash generative and controlled working capital very well during the year. Capital expenditure for the segment was R179 million. Of this amount, R127 million was for expansion purposes. During 2017, R90 million will be invested to expand Senmin's xanthates production capacity by 4 000 tonnes a year. These products are used in the extraction of gold, platinum and copper. The project is expected to come on line early in 2018.

PROPERTY

All bulk land surplus to AECI's operational requirements and available for redevelopment in the short term was disposed of in the prior two financial years. The Group's remaining property activities comprise mainly the leasing of buildings at Modderfontein (Gauteng) and Umbogintwini (KwaZulu-Natal), as well as the provision of services at the Umbogintwini Industrial Complex.

Results in the prior year included the bulk sale of the Somerset West site. As such, revenue from the Property segment declined to R398 million (2015: R922 million) while profit from operations was a pleasing R87 million.

CASH UTILISATION

Cash available from operating activities increased by 52% to R1 918 million (2015: R1 261 million). This was particularly pleasing, given that 2015's results included the sale of the Somerset West properties. The improvement in cash generation was primarily due to good working capital management by all Group businesses and by AEL in particular. In spite of some large customers extending their payment terms, at year end the ratio of net working capital to revenue reduced to 12,7% from 17,2% in the prior year.

Capital expenditure, which was curtailed to below the depreciation and amortisation charge, was R502 million (2015: R583 million). Of this amount, R183 million was expansion capital.

Cash interest cover was at 11,0 times (2015: 12,4 times). It was affected by higher interest rates and the share repurchase programme completed during the year. Consequently, the net interest cost increased to R215 million (2015: R187 million).

More than R1 billion in dividend proceeds from the Group's African subsidiaries was repatriated to South Africa. These funds were used to settle short-term borrowings.

CONFIRMATION OF CHANGES TO THE BOARD OF DIRECTORS

As announced in July 2016, Schalk Engelbrecht and Richard Dunne will retire from their positions as Non-executive Directors of the Company. Schalk will retire as Chairman of the Company and the Board today and Richard will retire at the Annual General Meeting of the Company's shareholders scheduled for 29 May 2017. The Board thanks them for their valuable contributions to the affairs of the Company and the Board over many years. On 1 September 2016, the Board welcomed Moses Kgosana as a new Non-executive Director.

As previously reported, Khotso Mokhele will succeed Schalk Engelbrecht as Chairman on 1 March 2017 and the Board looks forward to working with Khotso in his new role.

OUTLOOK

The global outlook is more positive than it was a year ago. Better overall GDP growth is forecast, the US dollar is expected to remain strong and it is not anticipated that oil prices will return to the low levels seen in the early part of 2016. This should have a positive effect on input chemical prices. Commodity prices in general appear to be on an upward trend, a positive signal for activity in the mining sector.

In South Africa, the GDP growth forecast for 2017 and 2018, though still modest, indicates an improvement in economic activity from 2016's low base.

A more positive overall environment will benefit AECI as it implements its strategy. Group businesses are focused on the mining sector; the water treatment industry in Africa, where water remains a scarce resource required by every sector of the economy; agrochemicals in Southern Africa, where rainfall patterns appear to have normalised on the whole; the food industry in Southern Africa, where growth continues to outpace that of GDP; and the diverse industries that comprise South Africa's manufacturing sector. The Group's customer-centric and value-adding specialty chemicals businesses are well placed to benefit from improvements in this sector.

Cash management will remain a focus area, as will the pursuit of accelerated growth through acquisitions and the realisation of benefits from strategic value growth initiatives embarked on in the last two years.

Schalk Engelbrecht
Chairman

Mark Dytor
Chief Executive

Woodmead, Sandton
28 February 2017

Directors: S Engelbrecht (Chairman), GW Dempster, MA Dytor (Chief Executive), RMW Dunne*, Z Fuphe, G Gomwe**, M Kgosana, KM Kathan (Executive), LL Mda, KDK Mokhele, AJ Morgan, R Ramashia

**British **Zimbabwean*

Group Company Secretary: EN Rapoo

NOTICE TO SHAREHOLDERS

DECLARATION OF FINAL ORDINARY CASH DIVIDEND NO. 166

NOTICE IS HEREBY GIVEN that, on Monday, 27 February 2017, the directors of AECI declared a gross final cash dividend of 300 cents per share, in respect of the financial year ended 31 December 2016. The dividend is payable on Monday, 10 April 2017 to holders of ordinary shares recorded in the register of the Company at the close of business on the record date, being Friday, 7 April 2017.

The last day to trade "cum" dividend will be Tuesday, 4 April 2017 and shares will commence trading "ex" dividend as from the commencement of business on Wednesday, 5 April 2017.

A South African dividend withholding tax of 20% 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 240 cents per share payable to those shareholders who are not eligible for exemption or reduction. Application forms for exemption or reduction may be obtained from the Transfer Secretaries and must be returned to them on or before Tuesday, 4 April 2017.

The issued share capital at the declaration date is 121 829 083 listed ordinary shares, 10 117 951 unlisted redeemable convertible B ordinary shares and 3 000 000 listed cumulative preference shares. The dividend has been declared from the income reserves of the Company.

Any change of address or dividend instruction must be received on or before Tuesday, 4 April 2017.

Share certificates may not be dematerialised or rematerialised from Wednesday, 5 April 2017 to Friday, 7 April 2017, both days inclusive.

By order of the Board
EN Rapoo
Group Company Secretary

Woodmead, Sandton
28 February 2017

TRANSFER SECRETARIES

COMPUTERSHARE INVESTOR SERVICES (PTY) LTD

Rosebank Towers
15 Biermann Avenue
Rosebank
Johannesburg
2196

COMPUTERSHARE INVESTOR SERVICES PLC

PO Box 82
The Pavilions
Bridgwater Road
Bristol BS 99 7NH
England

REGISTERED OFFICE

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

SPONSOR

Rand Merchant Bank (A division of FirstRand Bank Limited)
1 Merchant Place, cnr Fredman Drive and Rivonia Road,
Sandton, 2196

AECI LIMITED

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