SAFETY PERFORMANCE IMPROVEMENT TREND MAINTAINED — TRIR 0,48

161c HEPS IMPACT OF PLATINUM MINING SECTOR STRIKES

BULK PROPERTY TRANSACTION CONTRIBUTED 192c TO HEPS

REVENUE +11% TO R8bn

PROFIT FROM OPERATIONS +33% TO R814m

HEADLINE EARNINGS +9% TO R436m

EPS +51% TO 537c

HEPS +10% TO 390c

CONDENSED CONSOLIDATED UNAUDITED INTERIM FINANCIAL RESULTS AND CASH DIVIDEND DECLARATION FOR THE HALF-YEAR ENDED 30 JUNE 2014

1924 2014 90 YEARS of good chemistry

AECI® good chemistry

INCOME STATEMENT

R millions	% change	2014 First-half Unaudited	2013 First-half Unaudited	2013 Year Audited
REVENUE[(2)(3)]	+11	**7 987**	7 223	15 942
Net operating costs		**(7 173)**	(6 611)	(14 544)
PROFIT FROM OPERATIONS[(3)]	+33	**814**	612	1 398
Interest expense		**(99)**	(97)	(211)
Interest received		**25**	16	37
Share of profit of equity-accounted investees, net of tax		**14**	20	43
Profit before tax		**754**	551	1 267
Tax expense		**(146)**	(150)	(313)
PROFIT FOR THE PERIOD		**608**	**401**	**954**
Profit for the period attributable to:				
— Ordinary shareholders		**601**	398	946
— Preference shareholders		**1**	1	3
— Non-controlling interest		**6**	2	5
		608	**401**	**954**
HEADLINE EARNINGS ARE DERIVED FROM:				
Profit attributable to ordinary shareholders		**601**	398	946
Impairment of goodwill		**—**	—	5
Impairment of property, plant and equipment		**—**	—	9
Impairment of assets held for sale[(3)]		**21**	—	—
Profit on partial disposal of net investment in foreign operation		**—**	—	(38)
Surplus on derecognition of businesses, joint ventures and subsidiaries disposed of		**—**	—	(3)
(Surplus)/loss on disposal of property, plant and equipment		**(3)**	1	(49)
Surplus on disposal of assets held for sale[(3)]		**(202)**	—	—
Tax effects of the above items		**19**	*	15
HEADLINE EARNINGS		**436**	**399**	**885**
PER ORDINARY SHARE (CENTS):				
Headline earnings	+10	**390**	356	791
Diluted headline earnings		**368**	333	740
Basic earnings	+51	**537**	356	845
Diluted basic earnings		**508**	332	791
Ordinary dividends declared	+10	**115**	105	210
Ordinary dividends paid		**210**	185	290

** Nominal amount.*

STATEMENT OF COMPREHENSIVE INCOME

R millions	2014 First-half Unaudited	2013 First-half Unaudited	2013 Year Audited
PROFIT FOR THE PERIOD	**608**	401	954
OTHER COMPREHENSIVE INCOME NET OF TAX:			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences	**21**	303	362
Items that may not be reclassified subsequently to profit or loss:			
Remeasurement of defined-benefit obligations	**3**	(4)	86
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**632**	700	1 402
Total comprehensive income attributable to:			
— Ordinary shareholders	**629**	697	1 389
— Preference shareholders	**1**	1	3
— Non-controlling interest	**2**	2	10
	632	**700**	**1 402**

STATEMENT OF CHANGES IN EQUITY

R millions	2014 First-half Unaudited	2013 First-half Unaudited	2013 Year Audited
Total comprehensive income for the period	**632**	700	1 402
Dividends paid	**(242)**	(213)	(336)
Business combinations and change in ownership percentage	**(6)**	(2)	7
Share-based payment reserve	**43**	17	47
Equity at the beginning of the period	**6 877**	5 757	5 757
EQUITY AT THE END OF THE PERIOD	**7 304**	**6 259**	**6 877**
Made up as follows:			
Ordinary share capital	**116**	116	116
Share premium	**496**	496	496
Reserves	**644**	726	813
Property revaluation surplus	**—**	237	237
Foreign currency translation reserve	**525**	442	500
Share-based payment reserve	**119**	46	76
Other	**—**	1	—
Retained earnings	**5 994**	4 880	5 394
Non-controlling interest	**48**	35	52
Preference share capital	**6**	6	6
	7 304	**6 259**	**6 877**

STATEMENT OF CASH FLOWS

R millions	2014 First-half Unaudited	2013 First-half Unaudited	2013 Year Audited
CASH GENERATED BY OPERATIONS[3]	**1 050**	1 044	2 261
Dividends received	**—**	7	62
Interest paid	**(99)**	(103)	(212)
Interest received	**25**	16	37
Tax paid	**(279)**	(202)	(464)
Changes in working capital	**72**	(573)	(426)
Expenditure relating to defined-benefit costs	**(51)**	(52)	(104)
Expenditure relating to non-current provisions and employee benefits	**(36)**	(17)	(32)
CASH AVAILABLE FROM OPERATING ACTIVITIES	**682**	120	1 122
Dividends paid	**(242)**	(213)	(336)
CASH FLOWS FROM OPERATING ACTIVITIES	**440**	(93)	786
CASH FLOWS FROM INVESTING ACTIVITIES	**(309)**	(261)	(772)
Net investment expenditure	**(79)**	(52)	(239)
Pre-payment for business combination[4]	**(400)**	—	—
Proceeds on disposal of capital property assets[3]	**507**	—	—
Net capital expenditure	**(337)**	(209)	(533)
NET CASH GENERATED/(UTILISED) BEFORE FINANCING ACTIVITIES	**131**	(354)	14
CASH FLOWS FROM FINANCING ACTIVITIES	**(509)**	318	(28)
Non-current loans receivable	**6**	3	1
Borrowings	**(515)**	315	(29)
DECREASE IN CASH	**(378)**	(36)	(14)
Cash at the beginning of the period	**1 219**	1 069	1 069
Translation gain on cash	**13**	102	164
CASH AT THE END OF THE PERIOD	**854**	**1 135**	**1 219**

STATEMENT OF FINANCIAL POSITION

R millions	2014 30 Jun Unaudited	2013 30 Jun Unaudited	2013 31 Dec Audited
ASSETS			
NON-CURRENT ASSETS	**6 662**	6 553	6 472
Property, plant and equipment	**3 845**	3 677	3 756
Investment property	**184**	480	173
Intangible assets	**136**	148	143
Goodwill	**1 123**	1 089	1 123
Pension fund employer surplus accounts	**214**	247	231
Investments in associates	**251**	53	217
Investments in joint arrangements	**321**	278	301
Other investments	**56**	136	50
Deferred tax	**529**	437	468
Loans receivable	**3**	8	10
CURRENT ASSETS	**7 180**	6 760	7 921
Inventories[3]	**2 976**	2 979	3 090
Accounts receivable	**2 722**	2 635	3 326
Pre-payment for business combination[4]	**400**	—	—
Loans to joint arrangements	**21**	11	—
Assets classified as held for sale[3]	**207**	—	286
Cash	**854**	1 135	1 219
TOTAL ASSETS	**13 842**	**13 313**	**14 393**
EQUITY AND LIABILITIES			
Ordinary capital and reserves	**7 250**	6 218	6 819
Non-controlling interest	**48**	35	52
Preference share capital	**6**	6	6
TOTAL EQUITY	**7 304**	6 259	6 877
NON-CURRENT LIABILITIES	**2 142**	2 844	2 214
Deferred tax	**190**	210	168
Non-current borrowings	**1 002**	1 626	1 099
Non-current provisions and employee benefits	**950**	1 008	947
CURRENT LIABILITIES	**4 396**	4 210	5 302
Accounts payable[3]	**2 927**	2 418	3 284
Current borrowings	**1 443**	1 678	1 861
Loans from joint arrangements	**17**	7	21
Tax payable	**9**	107	136
TOTAL EQUITY AND LIABILITIES	**13 842**	**13 313**	**14 393**

RECONCILIATION OF WEIGHTED AVERAGE NUMBER OF SHARES

Millions	2014 First-half Unaudited	2013 First-half Unaudited	2013 Year Audited
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES FOR BASIC EARNINGS PER SHARE	**111,9**	111,9	111,9
Dilutive adjustment for potential ordinary shares	**6,5**	7,9	7,7
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES FOR DILUTED EARNINGS PER SHARE	**118,4**	**119,8**	**119,6**

OTHER SALIENT FEATURES

R millions	2014 First-half Unaudited	2013 First-half Unaudited	2013 Year Audited
Capital expenditure	**343**	216	633
— expansion	**142**	104	293
— replacement	**201**	112	340
Capital commitments[(4)]	**434**	476	746
— contracted for	**131**	161	87
— not contracted for	**303**	315	659
Future rentals on property, plant and equipment leased	**244**	258	199
— payable within one year	**75**	64	71
— payable thereafter	**169**	194	128
Net borrowings	**1 591**	2 169	1 741
Gearing (%)*	**22**	35	25
Current assets to current liabilities	**1,6**	1,6	1,5
Net asset value per ordinary share (cents)	**6 234**	5 347	5 864
Depreciation and amortisation	**258**	258	537
ZAR/US$ closing exchange rate (rand)	**10,63**	9,94	10,50
ZAR/US$ average exchange rate (rand)	**10,70**	9,20	9,63

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

INDUSTRY SEGMENT ANALYSIS

R millions	2014	2013	2014	2013	2014	2013
	First-half Unaudited		First-half Unaudited		First-half Unaudited	
	Revenue		Profit from operations		Net assets	
Explosives	**3 553**	3 551	**120**	312	**3 299**	3 181
Specialty chemicals	**4 062**	3 667	**397**	389	**5 153**	4 597
Property[(3)]	**652**	278	**447**	50	**322**	811
Group services and inter-segment	**(280)**	(273)	**(150)**	(139)	**(108)**	1
	7 987	**7 223**	**814**	**612**	**8 666**	**8 590**

Net assets consist of property, plant, equipment, investment property, intangible assets, goodwill, inventories, accounts receivable, pre-payment for business combination, assets classified as held for sale less accounts payable.

NOTES

(1) Basis of preparation and accounting policies

The condensed consolidated financial results are prepared in accordance with IAS 34 Interim Financial Reporting and South African Institute of Chartered Accountants Financial Reporting Guidelines as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council. The accounting policies applied in the preparation of the condensed consolidated financial results are in terms of IFRS and are consistent with those applied in the previous consolidated financial statements. The preparation of these condensed consolidated financial results for the half-year ended 30 June 2014 was supervised by the Financial Director, Mr KM Kathan CA(SA) AMP (Harvard). The condensed consolidated financial results have not been audited or reviewed by the Company's auditor, KPMG Inc.

(2) Includes foreign and export revenue of R2 502 million (2013: R 2 348 million).

(3) The AECI Group agreed to dispose of the bulk of its surplus property assets, at Modderfontein, to Shanghai Zendai Property Limited in November 2013. In March 2014, all conditions precedent to the transaction were met. Accordingly, the transaction became effective on 20 March 2014 and AECI received cash in the amount of R1 117 million (including VAT) in full settlement of the transaction. The amount comprised R54 million (including VAT) in reimbursement for development costs incurred after the purchase price was set; R1,5 million in interest on the reimbursement amount, and the purchase price of R1 061 million (including VAT). The VAT amounts paid were R7 million and R131 million, respectively. R1,5 million was recognised as interest received with the balance of the amount (R978 million) recognised in accordance with the Group's accounting policies.

At 30 June 2014, R462 million was recognised in revenue in the property segment. R248 million of the full purchase price was recognised as a profit on disposal, together with the related costs for capital land assets transferred. R13 million of the R54 million reimbursement was also recognised together with actual expenditure in the same amount. A further R221 million of the purchase price and R34 million of the reimbursement amount were recognised in the statement of financial position as cash received in advance, as the criteria for recognition of the disposal of these assets have not been met.

In the statement of cash flows revenue of R462 million, R9 million of the reimbursement amount and related costs were included in cash generated by operations. However, the capital profit was excluded and the proceeds of R507 million (including R38 million for development expenditure) were included as a cash inflow under investing activities.

A net profit of R421 million was included in profit from operations of the property segment. A further profit of R47 million will be recognised when the remaining property assets are transferred. A portion of the R421 million profit was capital and R202 million was deducted from headline earnings. The property segment's profit from operations also included an impairment of R21 million recognised in respect of a portion of land that has not yet been transferred and is still classified as held for sale. In accordance with IFRS 5, this impairment was recognised because its carrying amount exceeds its selling price.

Property assets included in assets classified as held for sale at 30 June 2014 amounted to R207 million. Cash of R255 million received for this property was included in accounts payable as income received in advance. Both these amounts will be recognised as a net profit on disposal when they are transferred to Shanghai Zendai Property Limited.

(4) AECI and Clariant Southern Africa Proprietary Limited 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. This was included in capital commitments at 31 December 2013. R400 million was paid to Clariant as at 30 June 2014 and recognised as a pre-payment for the business combination which became effective on 1 July 2014.

(5) The 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 2013.

COMMENTARY

PERFORMANCE

The first six months of 2014 were challenging for South Africa's economy as a whole and for the platinum mining sector in particular. This had a negative effect on AECI's results since revenue from customers in this sector is significant as the Group pursues its mining solutions growth strategy.

AECI nevertheless improved its year-on-year performance. Key in this regard was the completion of the bulk surplus property sale at Modderfontein. A robust result from the specialty chemicals cluster also assisted.

Revenue increased by 11% to R7 987 million (2013: R7 223 million). Revenue generated outside South Africa was R2 502 million, 31% of total revenue. Profit from operations increased by 33% to R814 million compared to R612 million in the prior corresponding period. Headline earnings improved by 9% to R436 million (2013: R399 million).

On 20 March 2014, the bulk property sale transaction at Modderfontein became effective and thus cash of R1 061 million (including VAT) was received. Profit from operations relating to the transaction was R421 million before tax. This was included in earnings per share ("EPS"). Owing to the nature of the property sold, R240 million of the R421 million was recognised in headline earnings per share ("HEPS").

EPS was 537 cents (2013: 356 cents), 51% higher than in 2013, and HEPS improved by 10% to 390 cents (2013: 356 cents).

The Board has declared an interim cash dividend of 115 cents per ordinary share (2013: 105 cents), a 10% year-on-year increase.

SAFETY

AECI's 12-month rolling average Total Recordable Injury Rate ("TRIR") was 0,48 (2013: 0,60). An exceptional performance from AEL Mining Services ("AEL") underpinned the improvement. The TRIR measures the number of incidents per 200 000 hours worked.

EXPLOSIVES

Revenue from AEL was flat at R3 553 million (2013: R3 551 million). The negative effects of the five-month platinum mining sector strike on volumes and profit from operations were partly offset by a weaker ZAR/US$ exchange rate. The operating margin declined to 3,4% (2013: 8,8%).

Explosives volumes to mining customers increased by 1% while those for initiating systems decreased by 39%. Profit from operations declined by 62% to R120 million (2013: R312 million). It is estimated that R150 million of the decline was due to the direct impact of the strikes. In addition, a further R62 million provision was made for the planned restructuring of AEL's head office at Modderfontein.

The initiating systems optimisation project is nearing completion and the targeted savings of R20 million and R60 million in 2014 and 2015, respectively, are on track.

In spite of the strikes, the Southern African business performed solidly and explosives volumes improved by 1,2%. This was largely attributable to growth in the iron ore mining sector.

High rainfall in the first quarter of the year curtailed the performance of the surface coal mining sector.

Explosives volumes in the rest of Africa grew by 5,1%. There was a strong performance in Central Africa's copper belt. However, volumes were lower in West Africa where customers mined higher-grade ores, at a lower cost, owing to the gold price decline.

Volumes in AEL's Indonesian international business were restricted by poor thermal coal prices which led to the closure of some smaller thermal coal mines in the region. The performance of Kaltim Prima Coal ("KPC"), the largest customer in Indonesia, remained solid. Overall volumes declined by 7,4%.

AEL has been invited by some of its customers to partner with them in the Australian market. An AECI office has been established in Brisbane and a bulk emulsion plant is being shipped to a site in Bajool, Queensland. It is anticipated that trial blasts will be conducted before year-end.

The equity investment in PT Black Bear Resources Indonesia ("BBRI"), for US$23 million, was completed. BBRI's plant was successfully commissioned in February 2014 and qualified ammonium nitrate solution is being produced and supplied to KPC.

Capital investment in the half-year was R225 million, of which R168 million was replacement capital. Major projects included a statutory shutdown of the No. 11 Nitric Acid Plant, a boiler replacement, expansion of the ammonia offloading facility and expenditure related to the new detonator campus. These investments at Modderfontein will enhance AEL's operations going forward.

SPECIALTY CHEMICALS

The specialty chemicals cluster delivered a pleasing result. Revenue increased by 11% to R4 062 million (2013: R3 667 million) thanks to 5% volume growth and the effects of the ZAR/US$ exchange rate. The volume decline in Senmin, due to the strikes, was offset by an increase in traded volumes in Chemical Initiatives and Nulandis. The strikes also had an effect on the profit from operations and the trading margin of the cluster as a whole. It is estimated that R100 million in profit from operations was lost. Nonetheless, the cluster achieved a 2% improvement, with profit from operations of R397 million (2013: R389 million). The operating margin was 9,8% compared to 10,6% last year.

There were excellent performances from Chemical Initiatives, ImproChem, Lake Specialties and Nulandis. The portfolio restructuring initiatives implemented in 2013 and the successful integration of acquisitions delivered the expected savings and business enhancements.

The acquisition of Clariant's African water treatment business ("Clariant"), announced in February 2014, was finalised in June for a cash consideration of R400 million. The business has been integrated into ImproChem and its financial results will be consolidated from July 2014. The acquisition is in line with the Group's strategy to grow its African footprint in the water solutions sector.

Capital expenditure for the cluster totalled R115 million (2013: R93 million) of which R84 million was for expansion. Key projects included a new blending plant at SA Premix, in Burgersdorp, installation of a new reactor at ImproChem, Umbogintwini and completion of SANS Technical Fibers' ("STF") technology conversion project in the USA. STF's single stage equipment was commissioned in March 2014 and is ramping up.

PROPERTY

Following the Shanghai Zendai transaction, the property business was rebranded as Acacia Real Estate ("Acacia"). The segment's results were driven by the bulk property sale at Modderfontein. This transaction contributed R421 million of the R447 million (2013: R50 million) in profit from operations.

The transaction became effective on 20 March 2014, when the requisite properties were transferred to the purchaser and R1 061 million (inclusive of VAT) was received by the Group. In total, R468 million in profit from operations will be recognised from the transaction, primarily when property transfers to the purchaser have been concluded. For the six months ended 30 June 2014, profits were recognised as already detailed. It is likely that the balance of the profits will be recognised in 2015.

The rest of Acacia's revenue and profit from operations were generated by the leasing and services businesses that are still owned by the Group in Modderfontein and Umbogintwini.

The Group continues to evaluate alternatives for the disposal of its surplus land and assets at Somerset West. A bulk disposal remains the preferred solution and increased interest from potential purchasers has been noted.

CASH UTILISATION

Capital expenditure totalled R343 million for the period (2013: R216 million) with R201 million of this invested in replacement projects. Most of the expenditure was at AEL, as already outlined. Gearing was at 22% from 25% in December 2013. Gearing was impacted by capital spend, the acquisition of Clariant, the Modderfontein transaction and the platinum mining sector strikes. Net working capital improved to 19,0% of revenue (2013: 21,8%) although inventory levels increased due to diminished offtake during the strikes.

Cash interest cover improved to 13,4 times (2013: 9,3 times). Net interest paid decreased to R74 million (2013: R87 million) as the proceeds from the property sale improved the debt position.

DIRECTORATE

As announced in February, Mike Leeming retired from the Board on 2 June 2014 after 12 years' service. The Board thanks him for his input and guidance. Richard Dunne succeeded Mike as Chairman of the Audit Committee. Tak Hiemstra was appointed as a Non-executive Director on the Company's Board with effect from 1 May 2014. AECI welcomes him and looks forward to his contribution in years to come.

OUTLOOK

The outlook for the global economy and commodity prices is still uncertain, and growth in the South African economy is expected to remain weak for the rest of 2014.

Nonetheless, AECI's growth potential in South Africa's iron ore and coal mining sectors is positive. In platinum mining, uncertainty remains regarding the timing and extent of the industry's recovery from the strikes. The negative effects of these have continued into the second half-year and it is unlikely that AECI's businesses serving these customers will recover lost profits.

The outlook for the Group's strategic growth areas of agriculture and water solutions in Africa is also positive, as are prospects for acquisitions on the continent. Businesses acquired in the last two years are delivering the benefits anticipated and the same is expected of the recently acquired Clariant water treatment business.

Although labour relations remain of concern in South Africa it is most pleasing that settlement of wage increases was reached in July 2014, under the auspices of the National Bargaining Council for the Chemical Industry, without any industrial action.

AECI will continue to pursue its strategy of expanding into new markets in Africa and other countries of interest. It will build on the progress made to date in Africa, Australasia and Latin America.

Schalk Engelbrecht
Chairman

Mark Dytor
Chief Executive

Woodmead, Sandton
29 July 2014

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

*† Executive * British*

Group Company Secretary: EN Rapoo

NOTICE TO SHAREHOLDERS

INTERIM ORDINARY CASH DIVIDEND NO. 161

Notice is hereby given that on Monday, 28 July 2014 the Directors of AECI declared a gross interim cash dividend of 115 cents per share, in respect of the six month period ended 30 June 2014, payable on Monday, 8 September 2014 to ordinary shareholders recorded in the books of the Company at the close of business on Friday, 5 September 2014.

The last day to trade cum dividend will be Friday, 29 August 2014 and shares will commence trading ex dividend as from Monday, 1 September 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 97,75000 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, 29 August 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, 29 August 2014.

Share certificates may not be dematerialised or rematerialised from Monday, 1 September 2014 to Friday, 5 September 2014, both days inclusive.

By order of the Board

EN Rapoo
Group Company Secretary

Woodmead, Sandton
29 July 2014

Transfer Secretaries

COMPUTERSHARE INVESTOR SERVICES PROPRIETARY LIMITED

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Johannesburg
2001

and

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Sponsor

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AECI LIMITED

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