CONDENSED CONSOLIDATED UNAUDITED INTERIM FINANCIAL RESULTS AND CASH DIVIDEND DECLARATION

HEPS +45% BOOSTED BY BULK PROPERTY SALE

SAFETY PERFORMANCE IMPROVEMENT TREND CONTINUED

MARKET SHARE MAINTAINED IN A DIFFICULT ENVIRONMENT

EXCELLENT PROGRESS ON ACQUISITIONS

INTERIM CASH DIVIDEND OF 125c DECLARED

FOR THE HALF-YEAR ENDED 30 JUNE 2015

good chemistry

INCOME STATEMENT

R millions	% change	2015 First-half Unaudited	2014 First-half Unaudited	2014 Year Audited
REVENUE [2]	+8	**8 629**	7 987	16 903
Net operating costs		**(7 638)**	(7 173)	(15 307)
PROFIT FROM OPERATIONS	+22	**991**	814	1 596
Interest expense		**(105)**	(99)	(204)
Interest received		**23**	25	54
Share of profit of equity-accounted investees, net of tax		**15**	14	31
Impairment of equity-accounted investees [3]		**(51)**	—	—
Profit before tax		**873**	754	1 477
Tax expense		**(201)**	(146)	(368)
PROFIT FOR THE PERIOD		**672**	**608**	**1 109**
Profit for the period attributable to:				
— Ordinary shareholders		**658**	601	1 096
— Preference shareholders		**2**	1	3
— Non-controlling interest		**12**	6	10
		672	**608**	**1 109**
HEADLINE EARNINGS ARE DERIVED FROM:				
Profit attributable to ordinary shareholders		**658**	601	1 096
Impairment of goodwill		**—**	—	*
Impairment of property, plant and equipment		**1**	—	3
Impairment of assets classified as held for sale		**—**	21	21
Impairment of equity-accounted investees [3]		**51**	—	—
Gain on bargain purchase [4]		**(23)**	—	—
Surplus on disposal of property, plant and equipment		**(35)**	(3)	(3)
Surplus on disposal of assets classified as held for sale [5]		**(33)**	(202)	(202)
Tax effects of the above items		**13**	19	28
HEADLINE EARNINGS		**632**	**436**	**943**
PER ORDINARY SHARE (CENTS):				
Headline earnings	+45	**565**	390	842
Diluted headline earnings		**533**	368	800
Basic earnings	+9	**588**	537	979
Diluted basic earnings		**555**	508	929
Ordinary dividends declared	+9	**125**	115	225
Ordinary dividends paid		**225**	210	325
Special dividends paid		**375**	—	—

* *Nominal amount.*

STATEMENT OF COMPREHENSIVE INCOME

R millions	2015 First-half Unaudited	2014 First-half Unaudited	2014 Year Audited
PROFIT FOR THE PERIOD	**672**	608	1 109
OTHER COMPREHENSIVE INCOME NET OF TAX:			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences	**91**	21	164
Items that may not be reclassified subsequently to profit or loss:			
Remeasurement of defined-benefit obligations	**4**	3	(65)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**767**	632	1 208
Total comprehensive income attributable to:			
— Ordinary shareholders	**752**	629	1 194
— Preference shareholders	**2**	1	3
— Non-controlling interest	**13**	2	11
	767	**632**	**1 208**

STATEMENT OF CHANGES IN EQUITY

R millions	2015 First-half Unaudited	2014 First-half Unaudited	2014 Year Audited
Total comprehensive income for the period	**767**	632	1 208
Dividends paid	**(692)**	(242)	(378)
Business combinations and change in ownership percentage	**—**	(6)	5
Share-based payment reserve	**32**	43	91
Equity at the beginning of the period	**7 803**	6 877	6 877
EQUITY AT THE END OF THE PERIOD	**7 910**	**7 304**	**7 803**
Made up as follows:			
Ordinary share capital	**116**	116	116
Share premium	**496**	496	496
Reserves	**966**	644	830
Foreign currency translation reserve	**767**	525	663
Share-based payment reserve	**199**	119	167
Retained earnings	**6 242**	5 994	6 284
Non-controlling interest	**84**	48	71
Preference share capital	**6**	6	6
	7 910	**7 304**	**7 803**

RECONCILIATION OF WEIGHTED AVERAGE NUMBER OF SHARES

Millions	2015 First-half Unaudited	2014 First-half Unaudited	2014 Year Audited
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES	**138,3**	138,3	138,3
Weighted average number of unlisted ordinary shares held by consolidated EST	**(10,1)**	(10,1)	(10,1)
Weighted average number of shares held by consolidated subsidiary	**(11,9)**	(11,9)	(11,9)
	116,3	116,3	116,3
Weighted average number of contingently returnable ordinary shares held by CST	**(4,4)**	(4,4)	(4,4)
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES FOR BASIC EARNINGS PER SHARE	**111,9**	**111,9**	**111,9**
Dilutive adjustment for potential ordinary shares	**6,7**	6,5	6,0
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES FOR DILUTED EARNINGS PER SHARE	**118,6**	**118,4**	**117,9**

INDUSTRY SEGMENT ANALYSIS

	REVENUE		PROFIT FROM OPERATIONS		NET ASSETS	
	2015	2014	**2015**	2014	**2015**	2014
R millions	**First-half Unaudited**	First-half Unaudited	**First-half Unaudited**	First-half Unaudited	**First-half Unaudited**	First-half Unaudited
Explosives	**3 956**	3 553	**212**	120	**3 656**	3 299
Specialty chemicals	**4 393**	4 062	**532**	397	**5 435**	5 153
Property [5]	**607**	652	**393**	447	**575**	322
Group services and inter-segment	**(327)**	(280)	**(146)**	(150)	**(153)**	(108)
	8 629	**7 987**	**991**	**814**	**9 513**	**8 666**

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

STATEMENT OF FINANCIAL POSITION

R millions	2015 30 Jun Unaudited	2014 30 Jun Unaudited	2014 31 Dec Audited
ASSETS			
NON-CURRENT ASSETS	**7 061**	6 662	7 161
Property, plant and equipment	**4 084**	3 845	4 046
Investment property	**136**	184	172
Intangible assets	**234**	136	247
Goodwill (6)	**1 345**	1 123	1 291
Pension fund employer surplus accounts	**144**	214	179
Investments in associates (3)	**212**	251	260
Investments in joint arrangements (4)	**311**	321	308
Other investments	**94**	56	99
Deferred tax	**501**	529	555
Loans receivable	*****	3	4
CURRENT ASSETS	**8 274**	7 180	7 626
Inventories	**3 001**	2 976	2 879
Accounts receivable	**3 738**	2 722	3 243
Pre-payment for business combination	**—**	400	—
Loans to joint arrangements	**—**	21	43
Assets classified as held for sale	**2**	207	85
Cash	**1 533**	854	1 376
TOTAL ASSETS	**15 335**	**13 842**	**14 787**
EQUITY AND LIABILITIES			
Ordinary capital and reserves	**7 820**	7 250	7 726
Non-controlling interest	**84**	48	71
Preference share capital	**6**	6	6
TOTAL EQUITY	**7 910**	7 304	7 803
NON-CURRENT LIABILITIES	**1 613**	2 142	2 691
Deferred tax	**162**	190	189
Non-current borrowings	**401**	1 002	1 459
Non-current provisions and employee benefits	**1 050**	950	1 043
CURRENT LIABILITIES	**5 812**	4 396	4 293
Accounts payable (5)(6)	**3 027**	2 927	3 513
Current borrowings	**2 720**	1 443	583
Loans from joint arrangements	**34**	17	49
Tax payable	**31**	9	148
TOTAL EQUITY AND LIABILITIES	**15 335**	**13 842**	**14 787**

* *Nominal amount.*

STATEMENT OF CASH FLOWS

R millions	2015 First-half Unaudited	2014 First-half Unaudited	2014 Year Audited
CASH GENERATED BY OPERATIONS	**1 284**	1 050	2 318
Dividends received	**—**	—	43
Interest paid	**(105)**	(99)	(204)
Interest received	**23**	25	54
Tax paid	**(252)**	(279)	(488)
Changes in working capital	**(898)**	72	547
Cash flows relating to defined-benefit costs	**(59)**	(51)	(94)
Cash flows relating to non-current provisions and employee benefits	**(42)**	(36)	(59)
CASH (UTILISED IN)/AVAILABLE FROM OPERATING ACTIVITIES	**(49)**	682	2 117
Dividends paid	**(692)**	(242)	(378)
CASH FLOWS FROM OPERATING ACTIVITIES	**(741)**	440	1 739
CASH FLOWS FROM INVESTING ACTIVITIES	**(246)**	(309)	(704)
Net investment expenditure	**(15)**	(79)	131
Pre-payment for business combination	**—**	(400)	—
Proceeds on disposal of capital property assets	**—**	507	—
Net capital expenditure	**(231)**	(337)	(835)
NET CASH (UTILISED)/GENERATED BEFORE FINANCING ACTIVITIES	**(987)**	131	1 035
CASH FLOWS FROM FINANCING ACTIVITIES	**1 083**	(509)	(912)
Non-current loans receivable	**4**	6	6
Borrowings	**1 079**	(515)	(918)
INCREASE/(DECREASE) IN CASH	**96**	(378)	123
Cash at the beginning of the period	**1 376**	1 219	1 219
Translation gain on cash	**61**	13	34
CASH AT THE END OF THE PERIOD	**1 533**	**854**	**1 376**

OTHER SALIENT FEATURES

R millions	2015 First-half Unaudited	2014 First-half Unaudited	2014 Year Audited
Capital expenditure	**272**	343	745
— expansion	**146**	142	335
— replacement	**126**	201	410
Capital commitments	**537**	434	342
— contracted for [7]	**304**	131	161
— not contracted for	**233**	303	181
Future rentals on property, plant and equipment leased	**304**	244	358
— payable within one year	**61**	75	91
— payable thereafter	**243**	169	267
Net borrowings	**1 588**	1 591	666
Gearing (%)*	**20**	22	9
Current assets to current liabilities	**1,4**	1,6	1,8
Net asset value per ordinary share (cents)	**6 724**	6 234	6 644
Depreciation and amortisation	**298**	258	547
ZAR/US$ closing exchange rate (rand)	**12,28**	10,63	11,57
ZAR/US$ average exchange rate (rand)	**11,91**	10,70	10,85

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

NOTES

(1) Basis of preparation and accounting policies

The condensed consolidated unaudited interim financial results are prepared in accordance with International Financial Reporting Standard IAS 34 Interim Financial Reporting; 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 the requirements of the Companies Act of South Africa. The accounting policies applied in the preparation of these condensed consolidated interim results are in terms of International Financial Reporting Standards and are consistent with those applied in the previous consolidated financial statements.

The preparation of these condensed consolidated interim results for the half-year ended 30 June 2015 was supervised by the Financial Director, Mr KM Kathan CA(SA) AMP (Harvard). The condensed consolidated interim results have not been audited or reviewed by the Company's auditor, KPMG Inc.

(2) Includes foreign and export revenue of R3 096 million (2014: R2 502 million).

(3) During the period, the Group's investment in BBRI was impaired by US$4,2 million (R51 million). BBRI is an equity-accounted associate company. BBRI has incurred operating losses for the last two years and, with lower than anticipated production volumes and a depressed market as a result of low thermal coal prices, the carrying amount of the investment exceeds its value-in-use. This has resulted in the recognition of an impairment. The value-in-use was determined by discounting the expected future cash flows to be generated from the investment over the useful life of the underlying plant using a discount rate of 11,03%. At 30 June 2015 the recoverable amount of the investment in BBRI was R196 million.

(4) In June 2015 AECI, through its wholly-owned subsidiary Chemical Services Limited, acquired the remaining 50% share in Resinkem Proprietary Limited from its joint venture partner, GP Chemicals International Holdings S.A.R.L., for R1. AECI acquired 100% of the shares in the Resinkem business for a fair value consideration of R22,5 million. The fair value of the assets acquired and liabilities assumed amounted to R45 million, resulting in a bargain purchase gain of R22,5 million being recognised in net operating costs.

Acquirees' net assets at acquisition date

	R millions
Property, plant and equipment	17,0
Working capital	10,0
Provisions	(8,0)
Cash	26,0
Deferred and current tax	*
Net identifiable assets and liabilities	45,0
Gain on bargain purchase	22,5
Net consideration (non-cash)	22,5

* *Nominal amount.*

(5) The AECI Group transferred another property to Shanghai Zendai Property Limited in May 2015. Proceeds of R105 million, previously reflected as income received in advance, and the carrying amount of R72 million, previously classified as held for sale, were recognised in the income statement. The profit of R33 million was included in the property segment but excluded from HEPS as it was capital in nature.

One remaining property related to this transaction still needs to be transferred. It is reflected as assets classified as held for sale at 30 June 2015, in the amount of R2 million. Cash of R16 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 on transfer of the land to Shanghai Zendai Property Limited.

(6) On 1 June 2015 AECI's wholly-owned subsidiary AECI (Mauritius) Limited acquired 100% of the shares of Farmers Organisation Limited ("FOL"), a company based in Malawi which distributes agrochemicals, seeds and spraying equipment. The acquisition grows AECI's agrochemicals footprint in Africa and allows Nulandis, AECI's existing agrochemicals business, the opportunity to expand sales of its manufactured products into Malawi.

The acquisition has been recognised on a provisional basis as the Purchase Price Allocation ("PPA") has not yet been completed.

The estimated purchase price of US$11 million (R134 million) has been recognised as a liability at 30 June 2015 since the initial payment of US$9,3 million (R113 million) was paid on 1 July 2015. There is an additional amount of US$700 000 (R8 million) payable based on FOL's audited working capital, and a contigent consideration of US$1 million (R12 million) that is dependent on its future earnings. The contingent consideration liability will be assessed as part of the PPA to determine the appropriate liability to be included in the purchase consideration at acquisition date. The liability and goodwill recognised may be adjusted accordingly.

In June 2015, FOL contributed revenue of R15 million and profit from operations of R1 million. If the acquisition had occurred on 1 January 2015, management estimates that AECI's consolidated revenue would have been R8 682 million and AECI's consolidated profit from operations would have been R996 million.

The FOL acquisition had the following effect on the Group's assets and liabilities (the values are provisional and subject to change on conclusion of the effective date audit, this being 31 May 2015):

Acquirees' net assets at acquisition date (provisional)

	R millions
Property, plant and equipment	3
Working capital	66
Deferred and current tax	11
Net identifiable assets and liabilities	80
Goodwill on acquisition	54
Net initial purchase price (recognised as a current liability)	134

(7) AECI entered into an agreement to acquire 100% of Southern Canned Products Proprietary Limited ("SCP"), a leading manufacturer and distributor of ingredients for juice-based drinks and products, from Gerber Goldschmidt South Africa, a private equity investment company, and the management of SCP. The conditions precedent in the agreement had not been fulfilled at 30 June 2015 and an amount of R235 million was included in capital commitments in relation to the acquisition. The conditions precedent were met in July and the acquisition's effective date will be 1 August 2015.

(8) Contingent liabilities

There were no further developments in the investigation by the Competition Commission of South Africa in respect of Akulu Marchon, as disclosed in AECI's 2014 integrated report. Accordingly, no provision for any potential liability has been made.

(9) The AECI Group entered into various sale and purchase transactions with related parties in the Group in the ordinary course of business, on an arm's length basis, the nature of which was consistent with those previously reported. All transactions and balances with these related parties have been appropriately eliminated in the consolidated results.

(10) The AECI Group measures forward exchange contracts at fair value 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. The carrying values of all other financial assets or liabilities approximate their fair values based on the nature or maturity period of the financial instrument. There were no transfers between levels 1, 2 or 3 of the fair value hierarchy during the half-year ended 30 June 2015.

(11) The condensed consolidated unaudited interim financial results do not include all of the disclosures required for full financial statements and should be read in conjunction with the consolidated financial statements for the year ended 31 December 2014.

COMMENTARY

Operating environment

AECI again delivered creditable results in an ever-more challenging local and international environment. Commodity prices continued to weaken owing to the deceleration of global growth, particularly in China. This trend, which is expected to persist in the medium term, added further pressure to the global mining sector. Some mines have closed, others have undertaken operational restructuring and all mining houses have intensified cost containment processes in their supply chain.

Growth in South Africa's economy remained weak, specifically in the manufacturing and mining sectors. In the rest of Africa growth remained more resilient.

Performance

AECI's revenue increased by 8% to R8 629 million (2014: R7 987 million). 36% of this was generated outside South Africa, reflecting the progress made in the Group's strategy to diversify geographically. The weak ZAR/US$ exchange rate contributed to this increase.

Profit from operations was R991 million, 22% higher than the R814 million achieved in the prior corresponding period. Headline earnings improved by 45% to R632 million (2014: R436 million). EPS was 588 cents (2014: 537 cents), a 9% year-on-year improvement. HEPS was 45% higher at 565 cents (2014: 390 cents), with the bulk sale of the Group's surplus property assets at Somerset West contributing 230 cents. This transaction, for R400 million in cash (excluding VAT) with the City of Cape Town, became unconditional in June 2015 when all conditions precedent were met.

The performance from the specialty chemicals segment was most pleasing, reflecting the benefits of recent acquisitions and of AECI's active portfolio management which assists in maintaining an effective cost base.

Although the strikes in South Africa's platinum mining sector did not recur, AEL Mining Services' ("AEL") results were adversely affected by prevailing market conditions.

Further progress was made in relation to the regulatory aspects of de-risking the Company's defined-benefit obligations and the project is expected to be finalised by year-end.

The Board has declared an interim cash dividend of 125 cents per ordinary share, a 9% increase on 2014's 115 cents.

Safety

Tragically, as reported in February this year, a fatality occurred in January. Zingisile Reginald Mkhosi, a Group employee, died in a traffic accident while travelling on a public road to a customer's site in the Northern Cape.

AECI's Total Recordable Injury Rate ("TRIR") improved further to 0,33 from 0,50 in December 2014. AEL maintained its excellent record and there was good overall improvement in the specialty chemicals segment's performance. The TRIR measures the number of incidents per 200 000 hours worked.

Explosives

Revenue increased by 11% to R3 956 million (2014: R3 553 million). Profit from operations was R212 million, 77% up on that for the prior corresponding period. The operating margin was 5,4% (2014: 3,4%). Overall explosives volumes to mining customers were 10% higher.

In South Africa, AEL benefited from improved volumes in the platinum mining sector and initiating systems volumes were 59% higher. This had a positive effect on the ISAP plant, where record production was achieved. Investments in new business gained in surface mining did not deliver the expected returns, resulting in lower margins although explosives volumes increased by 18%. In addition to the effects of the commodity cycle, which resulted in lower stripping ratios, other factors that depressed demand were safety-related stoppages, unprotected strikes and operational problems at some customer sites.

AEL retained business in the recent retendering processes undertaken by major customers, albeit that it was necessary to sacrifice margin.

There were robust results from businesses on the rest of the continent thanks to a more favourable product mix, even though volume increases were marginal. Particularly pleasing was the performance of Central Africa's copper mining sector. The gold mining sector in West Africa, though still challenged by the effects of lower gold prices, stabilised. There was good growth in East and North Africa.

AEL's business in Indonesia remained severely constrained as a result of very weak thermal coal prices. Mines have closed, customers have reduced their stripping ratios and have focused on free digging, all of which reduced the demand for explosives and AEL's volumes declined by 38%.

The BBRI plant in Indonesia is fully operational and its ability to achieve desired run-rates has been demonstrated. AECI's US$23 million investment in this facility in 2012 was motivated by the supply requirements of its largest customer in the region. Regrettably, with the severe decline in the thermal coal mining market from 2014, the customer has scaled back its operations significantly and it was necessary to run the BBRI plant at lower rates. Given that the market is not expected to recover significantly in the medium term the investment has been partially impaired by US$4,2 million.

The new business in Australia commenced commercial operation in January and is supplying three large coal mines via AEL's partner, Thiess.

Capital expenditure in the six months was R126 million, of which R55 million was for investments at customer sites to support new business gained.

Specialty chemicals

Revenue increased by 8% to R4 393 million (2014: R4 062 million) and profit from operations was 34% higher at R532 million (2014: R397 million). The sale of Akulu Marchon's former site in Mobeni, KwaZulu-Natal, accounted for R34 million of this. In addition, R23 milion was recognised on a bargain purchase as a result of the acquisition of the remaining 50% of Resinkem from the joint venture partner. The operating margin improved to 12,1% from 9,8% last year also thanks to the improved profitability of Chemfit, ChemSystems, Industrial Oleochemical Products, Lake Foods and SANS Technical Fibers.

Senmin made a solid contribution as platinum mining activities recovered after last year's protracted strikes. Exports were lower but are expected to increase in the second six months.

ImproChem's performance, particularly in the public water sector, was boosted by the acquisition and integration of Clariant Southern Africa's water treatment business in Africa. The acquisition, which took effect on 1 July 2014, was in line with AECI's strategy to become a leading provider of water treatment solutions in Africa.

The provision of agrochemicals in Africa and in other selected geographies is another strategic growth area. Nulandis delivered a good result. This business is leading the Group's agrochemicals thrust and its footprint was enhanced through the acquisition of 100% of Farmers Organisation Limited ("FOL"), with effect from 1 June 2015.

FOL is a distributor of agrochemicals, seeds and spraying equipment on behalf of multinational producers, based in Malawi. The company operates in the commercial estates market and revenue from the smallholder market segment is increasing. This provides Nulandis with a springboard into the smallholder market there and in other countries in Southern and East Africa. The acquisition also presents further opportunities for Nulandis to expand sales of its in-house products through FOL.

AECI entered into an agreement to acquire 100% of Southern Canned Products ("SCP"), a leading manufacturer and distributor of ingredients for juice-based drinks and products based in Cape Town. The acquisition, which will become effective on 1 August 2015, is part of AECI's stated strategy of growing its food additives and ingredients business in South Africa and ultimately the rest of Africa. This growth initiative is led by Lake Foods which represents international manufacturers and suppliers of specialty ingredients and commodities for the bakery, beverage, dairy, health and nutrition, meat, poultry and wine industries. SCP will enhance the offering to the beverage industry, in particular.

Capital expenditure for the segment totalled R134 million of which R83 million was for expansion. Key projects were completion of Senmin's new Research and Development centre, in Sasolburg, and Lake Foods' new manufacturing facility in Cape Town.

Portfolio management

Restructuring of Akulu Marchon has been completed. The petroleum jelly division was closed in 2014 and its assets have been sold. The white oils activities were integrated with Industrial Oleochemical Products, the surfactants business was transferred to Chemical Initiatives and the personal care portfolio has been divisionalised into ChemSystems.

Resinkem has also been moved to ChemSystems.

Property

Revenue of R607 million (2014: R652 million) comprised R435 million related to land sales and the balance to the leasing and facilities management businesses. Profit from operations was R393 million (2014: R447 million). Last year's results included profit of R421 million from the bulk land disposal at Modderfontein.

The Somerset West bulk land sale to the City of Cape Town was approved by the Competition Tribunal and, accordingly, revenue of R400 million and profit from operations of R294 million were recognised. The transfer process has commenced and completion is expected before year-end.

The sale excluded Precinct 1, which is 25 hectares in extent and was independently valued at R119 million in September 2014. Value from this land will continue to be realised in the ordinary course of business.

Cash utilisation

Capital expenditure was R272 million, lower than 2014's R343 million, and was aligned with the depreciation charge. R146 million of the expenditure was for expansion projects.

Gearing was higher at 20%, from 9% in December 2014. Net working capital was at 21% of revenue owing to the longer working capital cycle in the Indonesian business and the fact that the cash proceeds of the Somerset West sale are yet to be received. Excluding the effects of the latter, net working capital would have been at 19% of revenue, unchanged from the prior corresponding period. A special dividend of 375 cents per ordinary share was also paid in the period.

Cash interest cover improved to 15,1 times (2014: 13,4 times). Net interest paid increased to R82 million (2014: R74 million) in line with the higher gearing ratio.

Outlook and strategy

Conditions in the global and domestic mining industry, and in the local manufacturing sector, will remain difficult. In South Africa, electricity constraints and uncertainty in labour relations will exacerbate this.

AECI will need to remain nimble and flexible enough to enhance the Group's value-adding product and service offering to its customers in an environment that is likely to remain challenging. This includes reshaping and refocusing its mining solutions businesses to align them with the significantly changed conditions in the mining industry.

The Group will continue to consolidate its geographical footprint and will concentrate on growing its position further in African markets.

The benefits of recent strategic acquisitions and capital expenditure programmes are also expected to assist the Group's performance.

Schalk Engelbrecht
Chairman

Mark Dytor
Chief Executive

Woodmead, Sandton
28 July 2015

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

*†Executive *British **Zimbabwean; appointed 1 January 2015*

Group Company Secretary: EN Rapoo

NOTICE TO SHAREHOLDERS

Declaration of interim ordinary cash dividend no. 163

Notice is hereby given that on Monday, 27 July 2015, the Directors of AECI declared a gross interim cash dividend of 125 cents per share in respect of the six-month period ended 30 June 2015. The dividend is payable on Monday, 7 September 2015 to holders of ordinary shares recorded in the register of the Company at the close of business on the record date, being Friday, 4 September 2015.

The last day to trade "cum" dividend will be Friday, 28 August 2015 and shares will commence trading "ex" dividend as from the commencement of business on Monday, 31 August 2015.

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 106,25000 cents per share 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 Friday, 28 August 2015.

The issued share capital at the declaration date is 128 241 140 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 Friday, 28 August 2015.

Share certificates may not be dematerialised or rematerialised from Monday, 31 August 2015 to Friday, 4 September 2015, both days inclusive.

By order of the Board
E N Rapoo
Group Company Secretary

Woodmead, Sandton
28 July 2015

Transfer Secretaries

COMPUTERSHARE INVESTOR SERVICES (PTY) LTD

70 Marshall Street
Johannesburg
2001

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)

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: ZAE000000220

good chemistry