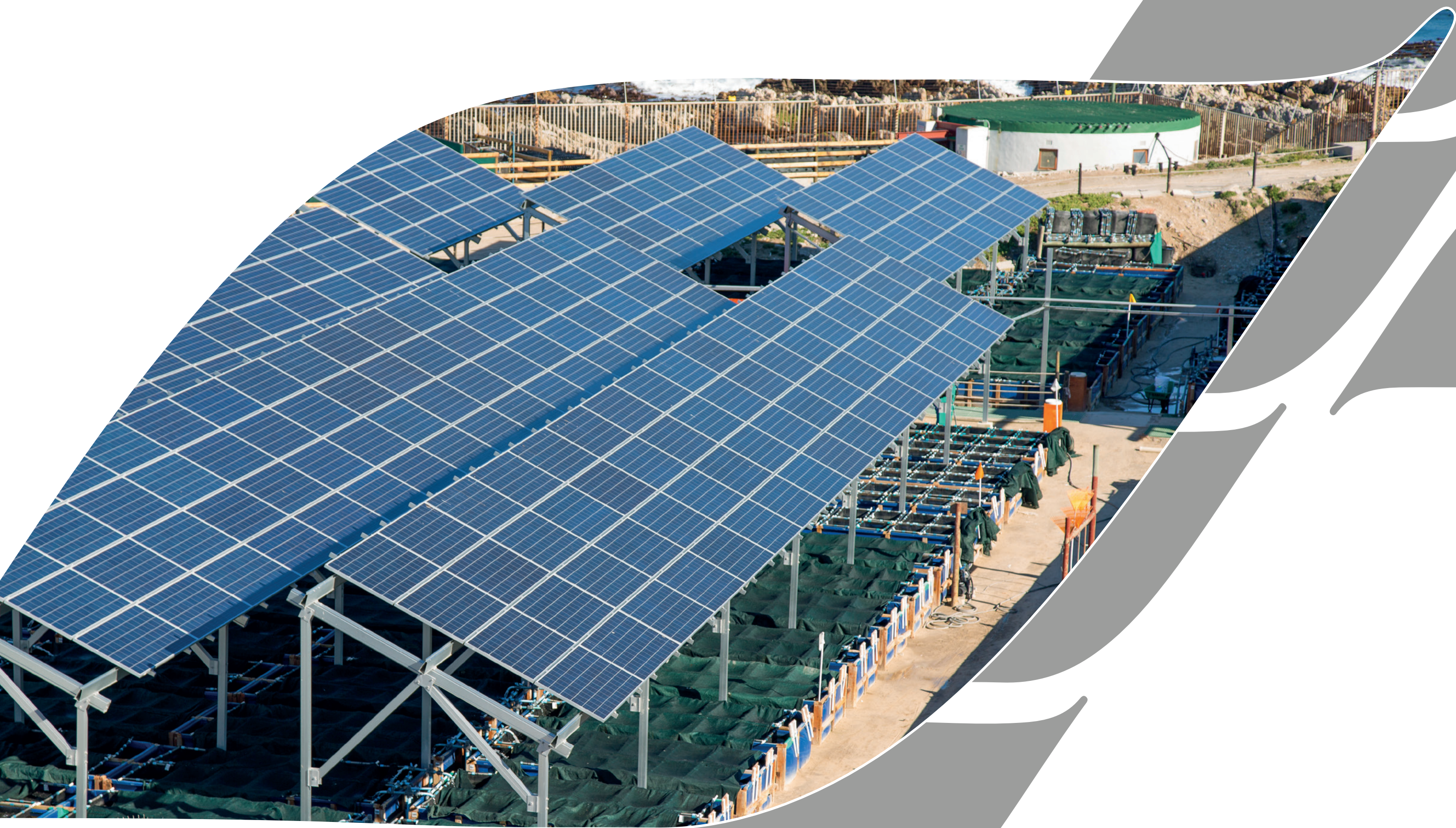
Premier Fishing & Brands Limited

The First Choice

GROUP ANNUAL FINANCIAL STATEMENTS 2018



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The reports and statements set out below comprise the consolidated annual financial statements presented to the shareholders:

LEVEL OF ASSURANCE

These consolidated annual financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa.

Preparer
Brent Robertson CA(SA)
Group Financial Manager

Supervised by
Isaiah Tatenda Bundo CA(SA)
Group Chief Financial Officer

Published
30 October 2018

AUDIT AND RISK COMMITTEE REPORT

1. MEMBERS OF THE AUDIT AND RISK COMMITTEE AND ATTENDANCE AT MEETINGS

The audit and risk committee is consisted of independent non-executive directors listed below, all of whom have the requisite business acumen and experience as well as financial skills to fulfil the committee's duties.

During the year under review, four meetings were held and attendance of those meetings is set out in the table below:

Name	Qualification	Date of appointment	Date of resignation	Attendance
Salim Young (Chairman)	BProc LLB (UWC), LLM	3 April 2018		4 / 4
Clifford van der Venter	BCom (Unisa), MBA (UCT)	3 April 2018		2 / 2
Advocate Ngoako Ramatlhodi	BA Law (NUL), LLB (NUL), MSc (UZ)	8 August 2018		1 / 1
Sebenzile Patrick Mngconkola	BTech Business Administration, HR Degree	8 August 2018		1 / 1
Rosemary Phindile Mosia	BCom, PDM, BCTA, MBL	2 May 2017		3 / 4
Arthur William Johnson	BA Law (UCT), BCom (UCT), CFA	1 February 2017	20 February 2018	
Takudzwa Tanyaradzwa Hove	BCom (Hons) CA(SA), ACMA, CGMA	1 February 2017	20 February 2018	

The committee is satisfied that the members thereof have the required, skills, knowledge and experience as set out in section 94 (5) of the Companies Act and regulation 42 of the Companies Regulation, 2011.

Takudzwa Hove and Arthur Johnson resigned as directors and members of the audit and risk committee during the year.

In addition to the committee members, the head of internal audit, chief executive officer, chief financial officer and the external auditors attend the meetings of the committee by invitation.

The external auditors may communicate directly with the Chairman of the audit and risk committee and all of its members throughout the year. The Chairman of the committee is also available at the annual general meeting to answer questions about the committee's activities.

2. EXTERNAL AUDITOR

The audit and risk committee undertook a review of the cost and scope of the audit function performed by the independent auditors of the Group. BDO Cape Incorporated ("BDO") was appointed as the Company's auditors for the 2018 reporting period. Our prior period auditors, Grant Thornton Cape Incorporated, underwent a name change from Grant Thornton Cape Incorporated to BDO during the current 2018 reporting period. Ms Fayaz Mohamed was appointed as the designated auditor for the 2018 financial year for the first time. The committee recommended to the Board that the current auditors, BDO, previously named Grant Thornton Cape Inc. be reappointed as the Group's external auditors for the 2019 financial year.

The committee is of the view and is satisfied that the external auditor is independent of the Group.

The committee approved the level of scope, external audit fees and the extent of non-audit services for the 2018 audit. The nature and extent of all non-audit services provided by the external auditors are approved and reviewed by the committee. The extent of non-audit services did not exceed the approved limits.

The committee evaluated the audit and was satisfied with the performance of the external auditor during the reporting period and with the quality of the external audit procedure. BDO has been the auditor of Premier Fishing and Brands Limited for 21 years.

AUDIT AND RISK COMMITTEE REPORT (CONTINUED)

3. KEY AUDIT MATTERS RELATING TO THE 2018 AUDIT

The audit and risk committee considered the key audit matters as outlined in the independent auditors' report for the Group, set out on pages 6-10.

The key audit matters were:

- Business combination;
- Residual values of vessels;
- Physical quantities of biological assets; and
- Impairment of the fishmeal plant.

The committee is satisfied that these key audit matters were adequately addressed in the context of the audit.

4. INTERNAL AUDIT

The Group's internal audit function is fulfilled by the head of internal audit and the internal audit department provides the audit and risk committee with assurance of the effectiveness of the Group's internal control environment. The head of internal audit does not report directly to Premier's EXCO and therefore the internal audit function is considered to be independent. The head of internal audit reports directly to the Chair of the audit and risk committee. The committee reviewed the reports on the adequacy of the Group's internal control environment and based on that review, is satisfied that there have been no material breakdowns in the internal control environment of the Group.

5. ANNUAL FINANCIAL STATEMENTS

The committee reviewed the annual financial statements for the year ended 31 August 2018 and is satisfied that they comply in all material aspects with the requirements of International Financial Reporting Standards, the Companies Act and JSE Listings requirements. The committee recommended the annual financial statements to the Board for approval.

6. EXPERTISE AND EXPERIENCE OF THE CHIEF FINANCIAL OFFICER

The committee has satisfied itself in terms of paragraph 3.84(g)(i) of the JSE Limited Listings Requirements that the chief financial officer has the appropriate experience and expertise to meet the responsibilities of the position.

The committee has also satisfied itself in terms of paragraph 3.84(g)(i) of the JSE Limited Listings Requirements with the expertise of the finance department and is satisfied that the finance department has the appropriate expertise and is adequately resourced.

7. GOING CONCERN

The committee reviewed the going-concern status of the Group and recommended to the Board that the Group will continue to be considered on a going-concern basis for the foreseeable future and that the annual financial statements have been prepared on the basis of accounting policies applicable to a going concern.

8. CONCLUSION

I would like to thank my fellow committee members, executive and non-executive directors, the external and internal auditors, invitees and management for their contributions to the committee during the year.

On behalf of the audit and risk committee

Salim Young
Chairman audit and risk committee
30 October 2018

DIRECTORS' RESPONSIBILITIES AND APPROVAL

The directors are required in terms of the Companies Act to maintain adequate accounting records and are responsible for the content and integrity of the consolidated annual financial statements and related financial information included in this report. It is their responsibility to ensure that the consolidated annual financial statements fairly present the state of affairs of the Group as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards, the SAICA financial reporting guides issued by the Accounting Practice committee, the Listings Requirements of the JSE Limited and the Companies Act. The external auditors are engaged to express an independent opinion on the consolidated annual financial statements.

The consolidated annual financial statements, set out on pages 15 to 73, are based on appropriate accounting policies which has been consistently applied throughout the Group and which are supported by reasonable and prudent judgements and estimates. The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Group and place considerable importance on maintaining a strong control environment.

To enable the directors to meet these responsibilities, the board of directors sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Group and all employees are required to maintain the highest ethical standards in ensuring the Group business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Group is on identifying, assessing, managing and monitoring all known forms of risk across the Group. While operating risk cannot be fully eliminated, the Group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management and the internal auditors that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the consolidated annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the Group cash flow forecast for the year to 31 August 2019 and, in light of this review and the current financial position, they are satisfied that the Group has or had access to adequate resources to continue in operational existence for the foreseeable future.

The independent external auditors are responsible for reporting on whether the consolidated annual financial statements are fairly presented in accordance with the applicable financial reporting framework. The independent auditor's report to the shareholders of the Group is set out on pages 6 to 10 of this report.

The consolidated annual financial statements set out on page 15 to 73, which have been prepared on the going-concern basis, were approved by the board of directors on 30 October 2018. The consolidated annual financial statements are signed on the directors' behalf by:

Reverend Dr Vukile Charles Mehane
Non-executive chairman
30 October 2018

Mogamat Samir Saban
Chief executive officer
30 October 2018

COMPANY SECRETARY'S CERTIFICATION

Miss Nobulungisa Mbaliseli served as the company secretary up 4 September 2018, after which Mr Wazeer Moosa was appointed as the new company secretary with effect from 21 September 2018. He is not a director of the company. His roles and responsibilities are described in the Board charter.

The Board considered the competence, qualifications and experience of the company secretary and is satisfied that they are appropriate. The Board considered the interactions between the company secretary and the Board during the past financial year and is satisfied that there is an arm's length relationship between the Board and the company secretary.

CERTIFICATE OF THE COMPANY SECRETARY

In my capacity as the company secretary, I hereby confirm in terms of the Companies Act, that for the year ended 31 August 2018, Premier Fishing and Brands Limited has lodged with the Companies and Intellectual Property Commission, all such returns and notices that are required of a public company in terms of the Companies Act, and that all such returns and notices are, to the best of my knowledge and belief, true, correct and up to date.

per Wazeer Moosa
30 October 2018

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Premier Fishing and Brands Limited Group

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Premier Fishing and Brands Limited (the group) set out on pages 15 to 73, which comprise the consolidated statement of financial position as at 31 August 2018, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the group as at 31 August 2018, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the group in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants* (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT
(CONTINUED)

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
RESIDUAL VALUES OF VESSELS	
The residual values of the vessels are reviewed annually by management. In determining the residual value, management applies judgement in determining the estimated amount that the entity would currently obtain from the disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life. Accordingly, the residual values of vessels was considered to be a key audit matter, due to the significance of the estimates and the level of judgement applied by management. The disclosures relating to vessels are contained in note 1 (accounting policies) and note 3 (property, plant and equipment).	Our audit procedures on vessels residual values included, amongst others, an assessment of the reasonability of the residual values, namely: • Obtained a management expert's assessment of the residual values, confirming that the residual values are reasonable. • Assessed the independence, experience and expertise of management's expert. • Discussed the reasonableness of the residual values used with management. • Obtained a representation to confirm that management have reviewed the residual values.
PHYSICAL QUANTITIES OF BIOLOGICAL ASSETS	
Biological assets comprise of live abalone and are held in various weight categories. It is impractical to count all the abalone on a given day, due to factors such as the delicate nature of the abalone and the quantity of abalone held at the farm. As such, the quantities are determined through a process known as grading, which involves the periodic process of categorising systematic batches of abalone across the farm. Through this continual process and the use of industry growth algorithms, the number and average weight of the abalone is determined. Physical quantities of biological assets was a key audit matter due to the significant contribution to the consolidated results of the group as well as it requiring significant management judgement. The disclosures relating to biological assets are contained in note 1 (accounting policies) and note 13 (biological assets).	Our audit procedures on biological assets, amongst others, included the following: • Obtained an understanding of the overall control environment as well as the processes which have been implemented by management and which have been overseen by those charged with governance. • The attendance of the periodic grading on site, in order to observe the appropriateness of controls implemented in applying sampling methodologies, as well as to confirm the adherence to appropriate biological inventory processes. The procedures followed in the periodic grading were compared to that of the prior year in order to determine consistency. • Agreed the baskets counted on the day of observation to the stock sheets and system report to ensure reliance on the system inputs. • Agreed actual abalone graded on the day of observation to the system predicted weights to ensure reliance on the outputs and the system's accuracy of abalone growth prediction.

INDEPENDENT AUDITOR'S REPORT
(CONTINUED)

IMPAIRMENT OF FISHMEAL PLANT

The Fishmeal plant, located at Saldanha, is carried at cost less accumulated depreciation and accumulated impairment.

In accordance with IAS 36 – impairment of assets, management annually assess whether there is any indication that the plant may be impaired.

In assessing whether there is an indication of impairment, management applied judgement in:

- Determining whether any impairment indicators exists, and
- Determining the recoverable amount, being the higher of the assets fair value less costs to sell and its value in use.

Accordingly, the impairment assessment of the fishmeal plant was considered to be a key audit matter, due to the quantitative significance and the level of judgement involved.

The disclosures relating to property, plant and equipment are contained in note 1 (accounting policies) and note 3 (property, plant and equipment).

In assessing the impairment assessment performed by management, we performed, amongst others, the following procedures:

- Physically inspected the fishmeal plant for any indicators of impairment.
- Assessed for indicators of impairment based on our knowledge of the client and its operations,
- Discussed with management whether any impairment indication exists,
- Discussed with management the method in which management has estimated the recoverable amount and ensured that this has been performed on a consistent basis year-on-year,
- Reviewed and tested the reasonability of the method and key inputs used by management in determining the estimated recoverable amount, and
- Obtained a representation from management confirming that the plant is not impaired.

BUSINESS COMBINATION

Accounting for Business Combinations is governed by International Financial Reporting Standard IFRS 3 – Business Combinations. The requirements can be complex and requires management and those charged with governance to exercise judgement in determining certain estimates. The most significant is the determination of the Purchase Price Allocation Valuation (PPAV) which involves:

- Identifying the assets and liabilities acquired and determining their fair values;
- Identifying the acquisition date implicit in the purchase agreement;
- Determination and recognition of goodwill on acquisition; and
- Determining the value of the considerations transferred.

Management and those charged with governance engaged externally with experts to assist with the determination of the PPAV on the acquisition concluded during the year.

Due to the significant level of judgement involved in determining the PPAV this area has been regarded as a key audit matter.

The disclosure relating to business combinations are contained in note 1 (accounting policies) and note 31 (business combinations).

Our audit procedures on the business combination, amongst others, included the following:

- Obtained an understanding of the overall control environment as well as the processes which have been implemented by management and which have been overseen by those charged with governance.
- Involved our internal valuation specialists in the assessment of the valuation of identifiable assets and liabilities including assessing the adequacy of the valuation methods, appropriateness of key assumptions used and the inputs used in management's expert report;
- Obtained the acquisition agreement to confirm the purchase price and terms of the acquisition;
- Obtained expert technical opinions to determine the date of acquisition based on the acquisition agreement;
- Assessed the independence, expertise and experience of managements expert;
- Recalculated the value of the considerations transferred with reference to the purchase agreement and agreeing this to bank statements and share certificates.
- Recalculated the goodwill to be recognised on acquisition; and
- Reviewed and recalculated the related disclosures in the financial statements to ensure the accuracy of the disclosures and compliance with International Financial Reporting Standards.

INDEPENDENT AUDITOR'S REPORT
(CONTINUED)

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the Directors' Report, Audit and Risk Committee Report and the Company Secretary's Certification as required by the Companies Act of South Africa. The other information does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT
(CONTINUED)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have compiled with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that BDO Cape Incorporated has been the auditor of Premier Fishing and Brands Limited for 21 years.

BDO Cape Inc.

BDO Cape Incorporated
Chartered Accountants (SA)
Registered Auditors

Fayaz Mohamed
Partner
Registered Auditor

30 October 2018

6th Floor, BDO House
123 Hertzog Boulevard
Foreshore
Cape Town

DIRECTORS' REPORT

The directors have pleasure in submitting their report which forms part of the consolidated annual financial statements for the year ended 31 August 2018.

1. NATURE OF BUSINESS

The Group operates in South Africa and is engaged in commercial harvesting, processing and marketing of marine resources. The Group's principal operations are catching, processing and marketing of pelagic (pilchards and anchovy), west coast rock lobster, south coast rock lobster, squid and hake. The Group also earns rental income by renting out its warehousing facilities through which it offers cold and dry storage for clients. The Group is also involved in aquaculture (abalone farming) as well as the manufacture of environmental friendly fertiliser products (organic liquid fertiliser).

The Group increased its operations during the current financial year with the acquisition of Talhado Fishing Enterprises Proprietary Limited ("Talhado"), a company which is involved in the harvesting, processing and marketing of squid.

2. FINANCIAL RESULTS

The consolidated annual financial statements have been prepared in accordance with International Financial Reporting Standards, the requirements of the Companies Act, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the SAICA financial reporting guides issued by the Accounting Practices Committee and the Listings Requirements of the JSE Limited. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the Group are set out in these consolidated annual financial statements. Refer to note 34 – Segmental Information for a detailed breakdown of the proportion of net income or loss attributable to the various divisions in the Group.

3. CORPORATE GOVERNANCE

The directors subscribe to the principles incorporated in the King IV Report on Corporate Governance for South Africa (King IV) and, save as disclosed in the corporate governance review, have complied as far as practical with principles contained therein throughout the reporting period. The directors recognise the need to conduct the Company with integrity and in accordance with generally accepted corporate practices. The Board and the Board committees have reviewed the Group's corporate governance policies and procedures in the current year and no issues were identified.

4. GOING CONCERN

The directors believe that the Group has adequate financial resources to continue in operation for the foreseeable future and accordingly the consolidated financial statements have been prepared on a going-concern basis. The directors have satisfied themselves that the Group is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the Group. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the Group.

The consolidated annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

5. EVENTS AFTER THE REPORTING PERIOD

A final dividend of 25 cents per share was approved by the board of directors on 29 October 2018 in South African rand in respect of the year ended 31 August 2018. The dividend is payable on 26 November 2018 to shareholders recorded in the register of the Company at close of business on 23 November 2018. The directors are not aware of any other material facts or circumstances which occurred between the reporting date and the date of this report that would require any adjustments to the consolidated annual financial statements.

6. SHARE CAPITAL

There have been no changes to the authorised or issued share capital during the year under review.

7. DIVIDENDS

A final maiden dividend of 15 cents per share amounting to R39 million was paid to shareholders during the year under review. A final dividend of 25 cents per share was approved by the board of directors on 29 October 2018 in South African rand in respect of the year ended 31 August 2018. The dividend is payable on 26 November 2018 to shareholders recorded in the register of the Company at close of business on 23 November 2018.

8. REPORT OF THE AUDIT AND RISK COMMITTEE

The report of the audit and risk committee, as required in section 94(7)(f) of the Companies Act, is set out on pages 2 to 3 of these consolidated annual financial statements.

9. BOARD EVALUATION OF THE AUDIT AND RISK COMMITTEE

The board of directors believes that the committee has satisfied its responsibilities for the year in compliance with the terms of reference of the Companies Act.

10. DIRECTORATE

The directors in office at the date of this report are as follows:

Directors	Office	Designation	Date of appointment	Date of resignation
MS Saban	Chief executive officer	Executive	1 February 2017	
IT Bundo	Chief financial officer	Executive	1 February 2017	
R Isaacs	Sales and marketing director	Executive	1 February 2017	
Rev. Dr VC Mehana	Chairman	Non-executive	1 February 2017	
K Abdulla	Deputy chairman	Non-executive	1 December 2008	
S Young		Non-executive	1 February 2017	
C Hendricks		Non-executive	6 July 2009	
AB Amod		Non-executive	13 January 2014	
TT Hove		Non-executive	1 February 2017	20 February 2018
RP Mosia		Non-executive	1 February 2017	
CL Van der Venter		Non-executive	1 February 2017	
AW Johnson		Non-executive	1 February 2017	20 February 2018
LS Naidoo		Non-executive	1 February 2017	20 February 2018
FEC Brand		Non-executive	1 February 2017	20 February 2018
Adv. N Ramatlhodi		Non-executive	7 March 2018	
SP Mngconkola		Non-executive	7 March 2018	

11. LIQUIDITY AND SOLVENCY

The directors have performed the required liquidity and solvency tests required by the Companies Act for the Group. The directors are satisfied that the Group is solvent and have no reason to believe that the business will not be a going concern in the year ahead.

DIRECTORS' REPORT
(CONTINUED)

12. DIRECTORS' INTERESTS IN SHARES

2018

Directors	Direct beneficial	Direct non beneficial	Indirect beneficial	Indirect non beneficial	Total percentage
S Young	50 000	–	–	–	0.01%
CL Van der Venter	33 000	–	–	–	0.01%
K Abdulla	70 000	–	–	–	0.03%
Total	153 000	–	–	–	0.05%

2017

Directors	Direct beneficial	Direct non beneficial	Indirect beneficial	Indirect non beneficial	Total percentage
S Young	50 000	–	–	–	0.01%
CL Van der Venter	33 000	–	–	–	0.01%
Total	83 000	–	–	–	0.02%

During the year, the directors held in aggregate a direct beneficial interest of 153 000 (2017: 83 000) in the company's shares, equivalent to 0.05% (2017: 0.02%) of the issued share capital.

Subsequent to year end but before the consolidated annual financial statements were authorised for issue, K Abdulla acquired a further 50 000 shares. The table above excludes this subsequent purchase of shares and only shows the directors interests in shares as at 31 August 2018.

13. INTERESTS IN SUBSIDIARIES, ASSOCIATES AND JOINT ARRANGEMENTS

Details of material interests in subsidiary companies, joint ventures and joint arrangements are presented in notes 6, 7 and 32.

TALHADO ACQUISITION

On 30 November 2017, the Group acquired a 50.31% shareholding in Talhado Fishing Enterprises Proprietary Limited ("Talhado") for a consideration of R89 million. Talhado was acquired for its squid fishing rights, brand, processing facilities and in order to enhance the Group's footprint in the squid sector.

In addition to the controlling interest acquired in Talhado, the Group also acquired direct shareholdings in the underlying subsidiaries of Talhado for a total consideration of R15 million.

For details of this acquisition, refer to note 31.

14. ULTIMATE HOLDING COMPANY

The Group's ultimate holding company is African Equity Empowerment Investments Limited which holds 55% (2017: 55%) of the Group's equity. African Equity Empowerment Investments Limited is listed on the JSE Limited.

15. SECRETARY

The company secretary is Mr Wazeer Moosa of:

Postal address:	PO Box 181 Waterfront Cape Town 8000
Business address:	Quay 7 East Pier V&A Waterfront Cape Town 8001

DIRECTORS' REPORT
(CONTINUED)

16. AUDITORS

BDO continued in office as the independent external auditors for the Company and its subsidiaries for 2018.

At the Annual General meeting ("AGM"), the shareholders will be requested to reappoint BDO as the independent external auditors of the Company and its subsidiaries and to confirm Miss Fayaz Mohamed as the designated auditor for the 2019 financial year.

17. PREPARER

These annual financial statements were prepared under the supervision of the Chief Financial Officer (CFO), Isaiah Tatenda Bundo CA(SA).

18. COMPANY SECRETARY

As required by JSE Listings Requirement 3.84(l), the Board has satisfied itself that the company secretary has the appropriate expertise, competence and experience. The company secretary is accountable to the Board and the following duties, among other things, were carried out:

- guidance to the directors in terms of their duties, responsibilities, powers, training and induction of the responsibilities and liabilities under the Companies Act;
- making the Board aware of any law relevant to and/or affecting the company;
- preparation of Board packs and recording of proper detailed minutes of meetings;
- ensuring proper and orderly conduct at all Board, committee and annual general meetings;
- disclosure of corporate actions on SENS announcements and directors' dealings in securities;
- preparation and timeous delivery of the integrated report and annual general meeting notice and proxy; to shareholders;
- compliance with JSE Listings Requirements and the Companies Act; and
- updated Board policies, Board charters in compliance with statutory, regulatory and legislative requirements.

All directors have access to the advice and services of the company secretary. The Board considered the competence, qualifications and experience of the company secretary and is satisfied that they are appropriate. This was concluded after due assessment following a review by the remuneration committee of the Company regarding the company secretary's qualifications, experience and performance.

19. SPECIAL RESOLUTIONS

The statutory information relating to special resolutions passed by subsidiaries is available from the registered office of the Company. The only special resolutions passed at the AGM on 20 February 2018 are as follows:

- remuneration for executive and non-executive directors;
- inter-company financial assistance;
- financial assistance for the acquisition of shares in the Company or a related or inter-related company;
- approval for the Company or its subsidiaries to repurchase Company shares;
- the amendment of the Memorandum of Incorporation of the Company in relation to the annual financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 AUGUST 2018

	Notes	2018 R'000	2017 R'000
ASSETS			
Non-current assets			
Property, plant and equipment	3	**310 242**	130 107
Goodwill	4	**70 129**	18 165
Intangible assets	5	**39 550**	62
Loans to Group Company	8	**89 618**	81 758
Deferred tax	9	**86**	65
		509 625	230 157
Current assets			
Inventories	10	**48 528**	43 083
Trade and other receivables	11	**128 643**	89 620
Other financial assets	12	**3 424**	1 707
Current tax receivable		**264**	154
Biological assets	13	**68 021**	54 323
Cash and cash equivalents	14	**350 580**	541 919
		599 460	730 806
Total assets		**1 109 085**	960 963
EQUITY AND LIABILITIES			
Equity			
Stated capital	15	**507 517**	507 517
Reserves	16	**8 014**	8 014
Retained income		**298 424**	255 566
Equity attributable to shareholders of Premier		**813 955**	771 097
Non-controlling interests		**48 481**	–
Total equity		**862 436**	771 097
Liabilities			
Non-current liabilities			
Other financial liabilities	17	**4 663**	7 651
Operating lease liability		**333**	1 243
Post-employment medical aid costs	18	**984**	1 075
Deferred tax	9	**110 154**	72 341
		116 134	82 310
Current liabilities			
Trade and other payables	19	**89 937**	55 455
Other financial liabilities	17	**6 712**	3 419
Current tax payable		**19 186**	21 752
Provisions	20	**14 680**	8 944
Bank overdraft	14	**–**	17 986
		130 515	107 556
Total liabilities		**246 649**	189 866
Total equity and liabilities		**1 109 085**	960 963

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	2018 R'000	2017 R'000
Revenue	21	**490 870**	410 733
Cost of sales		**(280 651)**	(230 586)
Gross profit		**210 219**	180 147
Other operating income		**19 523**	1 249
Other operating expenses		**(138 161)**	(116 245)
Operating profit	22	**91 581**	65 151
Investment revenue	23	**40 975**	33 015
Finance costs	24	**(3 543)**	(3 323)
Profit before taxation		**129 013**	94 843
Taxation	25	**(33 672)**	(26 743)
Profit for the year		**95 341**	68 100
Other comprehensive income		**–**	–
Total comprehensive income for the year		**95 341**	68 100
Profit attributable to:			
Shareholders of Premier		**81 858**	68 100
Non-controlling interests		**13 483**	–
Total profit for the year		**95 341**	68 100
Total comprehensive income attributable to:			
Shareholders of Premier		**81 858**	68 100
Non-controlling interest		**13 483**	–
Total comprehensive income for the year		**95 341**	68 100
Earnings per share information			
Basic earnings per share (cents)	29	**31.48**	33.77
Diluted earnings per share (cents)	29	**31.48**	33.77

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 AUGUST 2018

	Stated capital R'000	Reserves R'000	Retained income R'000	Total attributable to equity holders of Premier R'000	Non-controlling interest R'000	Total equity R'000
Balance at 1 September 2016	–	8 014	217 466	225 480	–	225 480
Profit for the year	–	–	68 100	68 100	–	68 100
Issue of shares	526 500	–	–	526 500	–	526 500
Share issue costs	(18 983)	–	–	(18 983)	–	(18 983)
Dividends	–	–	(30 000)	(30 000)	–	(30 000)
Balance at 1 September 2017	**507 517**	**8 014**	**255 566**	**771 097**	**–**	**771 097**
Profit for the year	–	–	81 858	81 858	13 483	95 341
Non-controlling interest arising on acquisition	–	–	–	–	50 662	50 662
Acquisition of additional shares from non-controlling interest in subsidiaries of Talhado	–	–	–	–	(15 664)	(15 664)
Dividends	–	–	(39 000)	(39 000)	–	(39 000)
Balance at 31 August 2018	**507 517**	**8 014**	**298 424**	**813 955**	**48 481**	**862 436**
Notes	15	16				

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	2018 R'000	2017 R'000
Cash flows from operating activities			
Cash receipts from customers		**477 875**	376 255
Cash paid to suppliers and employees		**(386 688)**	(336 161)
Cash generated from operations	26	**91 187**	40 094
Interest income		**29 448**	17 446
Finance costs		**(3 543)**	(3 323)
Tax paid	27	**(54 820)**	(12 659)
Net cash from operating activities		**62 272**	41 558
Cash flows from investing activities			
Purchase of property, plant and equipment to sustain operations	3	**(28 837)**	(14 066)
Purchases of property, plant and equipment to expand operations	3	**(86 803)**	(7 995)
Purchase of intangible assets	5	**(1 862)**	(27)
Purchases of biological assets		**(520)**	–
Business combinations	37	**(61 239)**	–
Acquisition of additional shares from non-controlling interests in subsidiaries of Talhado		**(15 664)**	–
Loans advanced to Group companies		**(58 721)**	(21 485)
Loans to Group companies repaid		**60 720**	–
Loans from Group companies repaid		**–**	(1 478)
Financial assets advanced		**(341)**	(641)
Net cash to investing activities		**(193 267)**	(45 692)
Cash flows from financing activities			
Proceeds on share issue	15	**–**	526 500
Share issue costs	15	**–**	(18 983)
Repayment of other financial liabilities		**(4 300)**	(2 966)
Proceeds from other financial liabilities		**942**	–
Dividends paid		**(39 000)**	–
Net cash (to)/from financing activities		**(42 358)**	504 551
Total cash movement for the year		**(173 353)**	500 417
Cash at the beginning of the year		**523 933**	23 516
Total cash at end of the year	14	**350 580**	523 933

PREMIER FISHING AND BRANDS LIMITED
ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 AUGUST 2018

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of preparation

The consolidated annual financial statements have been prepared on the going concern basis in accordance with, and in compliance with IFRS, SAICA Financial Reporting Guides issued by the Accounting Practices Committee, the Financial Reporting Procurements as issued by the Financial Reporting Standards Council, the requirements of the Companies Act and the Listings Requirements of the JSE Limited.

The consolidated annual financial statements have been prepared on the historical cost basis, except where otherwise stated and incorporate the principle accounting policies set out below. These accounting policies are consistent with the previous year.

1.2 Consolidation

The Group annual financial statements represent consolidated financial statements and incorporate the annual financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company has power over the investee; is exposed, or has rights to variable returns from involvement with the investee; and has the ability to use its power over the investee to affect its returns. The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. When necessary, adjustments are made to the annual financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All subsidiaries have the same financial year-end to that of Premier.

All intragroup income and expenses, assets and liabilities, equity and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. Non-controlling interests in the net assets of subsidiaries are identified separately from the Group's equity.

Non-controlling interests consist of the amount of the non-controlling shareholders' interest at the date of the business combination and their share of changes in equity since the date of the acquisition. In addition, if the Group acquires direct shareholdings in the underlying subsidiaries that does not result in any change in control, the resulting change in the effective shareholding is reflected as a movement in the non-controlling interests.

1.3 Business combinations

The Group accounts for business combinations using the acquisition method. The consideration transferred in a business combination is measured as the aggregate of the fair values of assets given, liabilities incurred or assumed and equity instruments issued by the Group in exchange for control of the acquiree. Costs directly attributable to the business combination are expensed as incurred.

Goodwill arising on acquisition is determined as the excess of the consideration transferred, plus the fair value of any shareholding held prior to obtaining control, plus non-controlling interest in the acquiree over the net of the fair value of the identifiable assets and liabilities assumed. Goodwill recognised on acquisitions of subsidiaries are allocated to the Group's respective segment and is not expected to be deductible for tax purposes. If, after reassessment, the net of the acquisition-date fair value amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree, the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests arising from a business combination, which are present ownership interests, and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation, are measured either at the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets or at fair value. The treatment is not an accounting policy choice but is selected for each individual business combination, and disclosed in the note for business combinations. All other components of non-controlling interests are measured at their acquisition date fair values, unless another measurement basis is required by IFRS.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (which cannot exceed one year from the acquisition date), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.4 Interest in joint venture

The results and assets and liabilities of joint ventures are incorporated in these Group annual financial statements using the equity method of accounting.

Under the equity method, the investment in a joint venture is carried at cost less any accumulated impairment in the consolidated statement of financial position plus the Group's share of the net post-acquisition profit or loss and other comprehensive income, if applicable, of the joint venture. In profit and loss the Group recognises its share of after-tax profits or losses and other comprehensive income. When the Group's share of losses exceeds the Group's interest in the joint venture, the Group discontinues recognising its share of further losses.

The difference between the carrying amount of the joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the joint venture is included in the determination of the gain or loss on disposal of the joint venture.

Unrealised profits or losses from transactions between Group entities and a joint venture are eliminated to the extent of the Group's interest.

1.5 Interest in joint operations

The Group as a joint operator recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses. When a Group entity transacts with a joint operation in which a Group entity is a joint operator (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells the assets to a third party. When a Group entity transacts with a joint operation in which a Group entity is a joint operator (such as a sale of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the Group's annual financial statements only to the extent of other parties' interests in the joint operation.

1.6 Property, plant and equipment

Property, plant and equipment are initially measured at cost. The cost of property, plant and equipment comprises of any costs incurred to bring the asset to the location and condition necessary for it to operate as intended by management and costs to construct an item of property, plant and equipment.

Plant and machinery, buildings, equipment, motor vehicles and vessels are carried at cost less accumulated depreciation and impairment. If plant and machinery and vessels comprise major components with different useful lives, these components are depreciated as separate items. Costs incurred to replace or modify a significant component of plant and machinery and vessels are capitalised if it is probable that future economic benefits associated with the item will flow to the Group. The component which is being replaced is derecognised.

Land is carried at cost and is not depreciated.

Improvements to leasehold land and buildings are capitalised and depreciated over the remaining period of the lease to their estimated residual values.

Costs incurred as work in progress in respect of activities to develop, expand or enhance items of property, plant and equipment are capitalised as assets under construction. When the activities are complete the costs are reallocated to the specific item of property, plant and equipment.

Plant and machinery, equipment, motor vehicles and vessels are depreciated on the straight-line basis over their expected useful lives to their estimated residual value. Leasehold buildings are depreciated on the straight-line basis over the shorter of their lease period and their expected useful lives to their estimated

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.6 Property, plant and equipment (continued)

residual value.

Depreciation commences when the asset is available for use and ceases when the asset is derecognised. The depreciation charge for each period is recognised in profit and loss. The estimated remaining useful lives, residual values and depreciation methods are reviewed at each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate on a prospective basis.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Land	Indefinite
Buildings	5 to 40 years
Leasehold property	5 to 40 years
Plant and machinery	2 to 30 years
Furniture and fixtures	2 to 12 years
Motor vehicles	2 to 5 years
Office equipment	3 to 20 years
Computer equipment	1 to 3 years
Vessels	3 to 32 years
Assets under construction	Not applicable

Gains or losses which arise on derecognition are included in profit and loss in the period of derecognition. The gain or loss is calculated as the difference between the net disposal proceeds and the carrying amount of the asset at the date of the disposal.

1.7 Goodwill

Goodwill is classified as an intangible asset with an indefinite useful life and is initially recognised at cost and is subsequently measured at cost less accumulated impairment.

If the initial accounting for business combinations has been determined provisionally, then adjustments to the fair values of assets and liabilities resulting from the emergence of new information within the measurement period relating to the acquisition date are made against goodwill. In addition, goodwill is adjusted for changes in the fair value on contingent considerations that qualify as measurement period adjustments.

Goodwill is tested for impairment on an annual basis or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For the purpose of impairment testing, goodwill is allocated to a cash-generating unit ("CGU") or to a group of CGUs. Impairment is determined by assessing the recoverable amount, which is the higher of fair value less costs to sell and value-in-use of the CGU to which the goodwill is allocated. Where the CGU's recoverable amount is less than its carrying value an impairment loss is recognised. The impairment loss is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to other assets of the unit *pro rata*, based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit and loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

1.8 Intangible assets

Intangible assets which are separately acquired are initially recognised at cost. Intangible assets acquired as part of a business combination are recognised at fair value at the date of acquisition.

Intangible assets with a finite useful life are stated at cost less any accumulated amortisation and any impairment losses. Intangible assets with indefinite useful lives are not amortised, but are reviewed on an annual basis for indications that continue to support an indefinite useful life assessment.

The useful lives of items of intangible assets have been assessed as follows:

Item	Useful life
Trademarks	4 – 15 years
Fishing quotas	2.5 years
Computer software	5 years

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.8 Intangible assets (continued)

Item	Useful life
Brands	Indefinite

Intangible assets are derecognised on disposal or when no future economic benefits are expected from their continued use. Gains or losses which arise on derecognition are included in profit and loss in the period of derecognition. Gains or losses on disposal are calculated as the difference between the net disposal proceeds and the carrying amount of the intangible asset at the date of its disposal.

The Group tests intangible assets with an indefinite useful life for impairment annually. Impairment is determined by comparing the recoverable amount of the intangible assets, which is the higher of fair value less costs to sell and value in use to its carrying amount. The value in use is calculated as the present value of the future cash flows expected to be derived from the intangible assets. Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit and loss.

1.9 Financial instruments

The Group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

The Group's financial assets are loans receivables, trade and other receivables and cash and cash equivalents. The Group's financial liabilities are loans payable, trade and other payables and bank overdrafts.

Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes party to the contractual provisions of the instrument.

Loans receivables and payables

These financial instruments are initially recognised at fair value plus direct transaction costs.

Subsequently, loans and receivables are measured at amortised cost using the effective interest method, less any impairment loss recognised to reflect irrecoverable amounts.

On loans receivable an impairment loss is recognised in profit and loss when there is objective evidence that it is impaired. The impairment is measured as the difference between the loan's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Impairment losses are reversed in subsequent periods when an increase in the recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the loan at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Loans payable are measured at amortised cost using the effective interest method.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value plus transaction costs, and are subsequently measured at amortised cost using the effective interest method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit and loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and short-term deposits held with banks that are available for use by the Group. These are initially and subsequently recorded at amortised cost.

Trade payables

Trade payables are initially measured at fair value plus transactions costs, and are subsequently measured at amortised cost, using the effective interest method.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method.

1.10 Tax

Deferred tax assets and liabilities

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the annual financial statements and the corresponding tax bases used in the computation of taxable profit.

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

The total of current and deferred taxes is recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or a business combination.

The current tax charge is the expected tax payable on the taxable income for the period. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date. Current tax assets and liabilities are offset only if there is a legally enforceable right to set off the recognised amounts; and the Group intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

1.11 Inventories

Inventories are measured at the lower of cost and net realisable value on the first-in-first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Obsolete, redundant and slow moving items are identified on a regular basis and are written down to their estimated net realisable values.

1.12 Biological assets

Biological assets consist of abalone cultivated at an aquaculture farm and are measured at their fair value less estimated point-of-sale costs. Fair value is determined based on the market prices of abalone of similar size. Point of sale costs includes all costs that would be incurred in order to get the abalone to the customer.

Gains or losses arising from measurement on initial recognition or from a subsequent change in fair value less estimated point-of-sale costs is included in profit or loss for the period in which it arises.

1.13 Stated capital and equity

When Premier shares are issued the consideration received is recognised directly in the statement of changes in equity. Transactions costs that are directly attributable to the issue of Premier's shares are recognised directly in the statement of changes in equity. No gains or losses are recognised in profit and loss from the issue of Premier's shares.

1.14 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Operating lease payments are recognised in profit and loss on a straight-line basis over the term of the lease. The difference between the actual cash flows per the lease agreement and the amounts on the straight-line basis is recognised as an operating lease liability or asset in the statement of financial position.

1.15 Post-employment medical costs

The Group has an obligation to pay the medical aid cost of retired employees. The entitlement of these benefits was based on the employees remaining in service up to retirement age and the completion of a minimum service period.

The present value of the liability incurred is calculated based on remaining contributions to the medical aid fund. The difference between the present value of the liability and the carrying amount in the previous financial year less the actual cash contributions is recognised in profit and loss.

Contributions to the medical aid fund increases annually, based on current market trends.

1.16 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

1.17 Revenue

Revenue is comprised of the selling value of goods delivered and services rendered during the year, and rental income. Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

Service revenue relates to processing, marketing and distribution services offered to the Group's external quota holders. When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the end of the reporting period. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

Quota usage revenue is recognised on a straight-line basis over the term of the agreement.

Rental income relates to revenue earned from the letting out of the Group’s cold storage, dry storage and warehousing facilities. This is recognised over the period of the relevant rental agreements entered into with its customers.

1.18 Cost of sales

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The related cost of providing services recognised as revenue in the current period is included in cost of sales.

1.19 Employee benefits

Employee benefits in the form of annual leave entitlements are provided for when they accrue to employees with reference to services rendered up to statement of financial position date. The expense is recognised in profit and loss of the period in which the employee renders the service. Furthermore, the Group recognises a liability and an expense for bonuses. The Group recognises provisions for bonuses and annual leave entitlements where contractually obliged or where there is a past practice that has created a constructive obligation.

PREMIER FISHING AND BRANDS LIMITED
ACCOUNTING POLICIES (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.20 Finance income and finance costs

Interest income comprises of interest earned on bank accounts and loans to Group companies. Interest income is recognised in profit and loss using the effective interest method. Finance costs are recognised in profit and loss in the period in which they are incurred.

1.21 Translation of foreign currencies

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the statement of financial position date monetary assets and liabilities are translated at the closing exchange rate.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in profit and loss when they arise.

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

1.22 Fair value measurement

The Group does not have any financial instruments which are traded in an active market. Fair value is determined using valuation techniques as outlined below. Where possible, inputs are based on quoted prices and other market determined variables.

Fair value hierarchy

Financial assets, financial liabilities and non-financial assets measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement as follows:

Level 1: Quoted unadjusted prices in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices (included in level 1) that are observable for the asset or liability (directly or indirectly).

Level 3: Inputs for the asset or liability that are unobservable.

Refer to note 37 for further detail.

1.23 Dividends

Dividends payable and the related tax are recognised as liabilities in the period in which the dividends are declared.

1.24 Earnings per share

Earnings per share is calculated on the weighted average number of shares in issue in respect of the year and is based on profit attributable to ordinary shareholders. Headline earnings per share is calculated in terms of the requirements set out in Circular 02/2018 issued by SAICA.

1.25 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive management.

Segment results include revenue and expenses directly attributable to a segment and the relevant portion of enterprise revenue and expenses that can be allocated on a reasonable basis to a segment, whether from external transactions with other Group segments. Segment results are determined before any adjustments for minority interests.

Segment assets and liabilities comprise the operating assets and liabilities that are directly attributable to the segment or can be allocated to the segment on a reasonable basis. Segment assets are determined after deducting related allowances that are reported as direct offsets in the Group's statement of financial position.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.25 Segment reporting (continued)

Capital expenditure represents the total costs incurred during the period to acquire segment assets that are expected to be used during more than one period, namely, property, plant and equipment, and intangible assets other than goodwill.

The Group's segments comprise the following which is aggregated upon consolidation:

Fishing:

- Lobster
- Pelagics
- Hake
- Squid
- Horse Mackerel

Aquaculture:

- Abalone
- Seagro

Services:

- Processing and marketing
- Cold storage.

Refer to note 34 for the financial detail of how each operating segment has performed during the year under review.

1.26 Significant judgements and sources of estimation uncertainty used in the preparation of the annual financial statements

In preparing the annual financial statements in conformity with IFRS, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Estimates and assumptions are based on historical experience and expectation of future events and are reviewed on an ongoing basis. Actual results in the future could differ from these estimates which may be material to the annual financial statements.

Significant judgements made by management that could have a significant effect on the carrying amounts recognised in the financial statements include:

Business combinations

In the calculation of Goodwill arising from a business combination the Group allocates the excess the fair value of the consideration transferred, over the net of the fair value of the identifiable assets and liabilities of the acquired entity.

Management made judgements in determining the fair value allocation of the consideration transferred as well as estimates of the useful lives of the intangible assets recognised in the business combination.

Property, plant and equipment

The Group estimates the expected useful lives of assets and the expected residual value at the end of its useful life in the determination of the depreciation charge. The expected useful lives and expected residual values of the assets are determined by management when the asset is acquired and then reviewed annually thereafter. The estimation of useful lives is based on management's historical experience with similar assets

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.26 Significant judgements and sources of estimation uncertainty used in the preparation of the annual financial statements (continued)

as well as management's anticipation of future pattern of use of the asset which may impact their life. In addition, the useful life estimates take into account the risk of obsolescence due to advances in technology. Refer to note 3 for more detail.

Intangible assets

The Group estimates the expected useful lives of trademarks, computer software and fishing quotas in determining the amortisation cost. The estimation of useful lives is based on management's expectations and strategy for the use of the intangible.

Management on an annual basis makes an assessment, as to whether the carrying value of goodwill, trademarks, computer software and fishing quotas are impaired. Management makes judgement in determining the present value of estimated future cash flows of CGUs to determine whether an impairment loss should be recorded in profit and loss. Refer to notes 4 and 5 for more details.

Trade receivables and loans and receivables

The Group assesses its trade receivables and loans and receivables for impairment at each statement of financial position date. Management makes judgements in determining the present value of estimated future cash flows used to determine the fair value of trade receivables and loans and receivables and whether an impairment loss should be recorded in profit and loss. Refer to notes 8, 11 and 12 for more details.

Biological assets

Biological assets are stated at fair value less estimated selling costs. The Group's abalone is weighed and graded into specific different size categories at regular intervals. A predicted growth rate for the abalone is determined based on the actual weight of the abalone which has been weighed and graded at the birth date of the abalone. As at the reporting date, a combination of graded figures and predicted figures (those awaiting their latest grade interval) is then used to determine the weight and graded size categories of the abalone.

Management makes judgements on the estimated prices to sell abalone, growth rates, volume and the cost of delivery of the abalone in determining the fair value less estimated selling costs of the abalone. The estimation of the selling prices and cost of delivery is based on current market data and the estimation of growth rates and volumes is based on historical data and industry standards. Refer to note 13 and 36 for more details.

PREMIER FISHING AND BRANDS LIMITED
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2. NEW STANDARDS AND INTERPRETATIONS

2.1 Standards and interpretations adopted in the 2018 annual financial statements

During the current year, the Group adopted the following revised standards for the first time which did not have a material impact on the annual financial statements:

- IAS 7 Cash Flow Statements (Amendments)
- IAS 12 Income Taxes (Amendments)

2.2 Standards and interpretations issued but not yet effective

At the date of approval of these annual financial statements, the following standards and interpretations, which are relevant to the Group, have been issued but are not yet effective:

Standards and interpretations applicable to the Group for the year ending 31 August 2019:

IFRS 9 – Financial Instruments (Effective for annual periods beginning on or after 1 January 2018)

IFRS 9 will replace IAS 39 "Financial Instruments: Recognition and Measurement".

The completed standard comprises guidance on classification and measurement, impairment and hedge accounting. IFRS 9 introduces a new approach to the classification of financial assets, which is driven by the business model in which the asset is held and their cash flow characteristics.

The new standard introduces a single "expected credit loss" impairment model for the measurement of financial assets. IFRS 9 also contains a new model for hedge accounting that aligns the accounting treatment with the risk management activities of an entity, in addition enhanced disclosures will provide better information about risk management and the effect of hedge accounting on the financial statements.

The standard is effective for the Group, for the financial year commencing 1 September 2018.

The Group is in the process of assessing the potential impact of IFRS 9.

IFRS 15 – Revenue from Contracts with Customers (Effective for annual periods beginning on or after 1 January 2018)

IFRS 15 replaces all existing revenue requirements in IFRS and applies to all revenue arising from contracts with customers, unless the contracts are in the scope of the standards on leases, insurance contracts and financial instruments.

The core principle of the standard is that revenue recognised reflects the consideration to which the Company expects to be entitled in exchange for the transfer of promised goods or services to the customer. The standard incorporates a five-step analysis to determine the amount and timing of revenue recognition.

The standard is effective for the Group, for the financial year commencing 1 September 2018.

Upon initial application, the Group plans to adopt the standard retrospectively, by recognising the cumulative effect of initial application, as an adjustment to the opening balance of retained earnings, in accordance with the specified transition method.

During the year, the Group performed an assessment in order to determine the potential impact of the new standard on the Group's annual financial statements.

Based on this assessment, nothing has come to the attention of the Group that would indicate that the impact of IFRS 15 would be significant.

The Group has, however, identified that enhanced revenue disclosure may be required, once IFRS 15 is effective.

PREMIER FISHING AND BRANDS LIMITED
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2. NEW STANDARDS AND INTERPRETATIONS (CONTINUED)

2.2 Standards and interpretations issued but not yet effective (continued)

IFRIC 22 Foreign Currency Transactions and Advance Consideration (Effective for annual periods beginning on or after 1 January 2018)

This interpretation addresses the exchange rate to use in transactions that involve advance consideration paid or received in a foreign currency.

The standard is effective for the Group, for the financial year commencing 1 September 2018.

The Group is in the process of assessing the potential impact of this interpretation, but does not foresee a significant impact on the annual financial statements.

Standards and interpretations applicable to the Group for the year ending 31 August 2020:

IFRS 16 – Leases (Effective for annual periods beginning on or after 1 January 2019)

IFRS 16 replaces IAS 17 "Leases" and its related interpretations.

IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability.

The standard is effective for the Group, for the financial year commencing 1 September 2019.

The Group is in the process of assessing the impact of IFRS 16.

IFRIC 23 Uncertainty over Income Tax Treatments (Effective for annual periods beginning on or after 1 January 2019)

The interpretation specifies how an entity should reflect the effects of uncertainties in accounting for income taxes.

The interpretation is effective for the Group, for the financial year commencing 1 September 2019.

The Group is in the process of assessing the impact of this interpretation.

PREMIER FISHING AND BRANDS LIMITED
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FOR THE YEAR ENDED 31 AUGUST 2018

3. PROPERTY, PLANT AND EQUIPMENT

	2018			2017		
	Cost R'000	Accumulated depreciation R'000	Carrying value R'000	Cost R'000	Accumulated depreciation R'000	Carrying value R'000
Land	2 632	–	2 632	2 632	–	2 632
Buildings	45 068	(1 518)	43 550	3 765	(1 185)	2 580
Leasehold property	16 056	(12 639)	3 417	15 594	(12 367)	3 227
Plant and machinery	163 749	(102 627)	61 122	137 455	(98 285)	39 170
Furniture and fixtures	2 523	(1 988)	535	2 385	(1 956)	429
Motor vehicles	7 689	(4 723)	2 966	4 474	(3 508)	966
Office equipment	1 238	(854)	384	717	(599)	118
Computer equipment	3 321	(1 992)	1 329	2 461	(1 970)	491
Vessels	301 106	(136 989)	164 117	175 684	(99 709)	75 975
Assets under construction	30 190	–	30 190	4 519	–	4 519
Total	573 572	(263 330)	310 242	349 686	(219 579)	130 107

Reconciliation of property, plant and equipment

2018	Opening balance R'000	Additions R'000	Business combinations R'000	Disposals R'000	Transfers R'000	Depreciation R'000	Total R'000
Land	2 632	–	–	–	–	–	2 632
Buildings	2 580	40 243	–	–	1 060	(333)	43 550
Leasehold property	3 227	346	108	–	–	(264)	3 417
Plant and machinery	39 170	18 477	3 059	(233)	4 217	(3 568)	61 122
Furniture and fixtures	429	138	–	–	–	(32)	535
Motor vehicles	966	429	1 754	–	–	(183)	2 966
Office equipment	118	68	250	–	–	(52)	384
Computer equipment	491	859	–	–	–	(21)	1 329
Vessels	75 975	24 892	73 816	(176)	–	(10 390)	164 117
Assets under construction	4 519	30 948	–	–	(5 277)	–	30 190
Total	130 107	116 400	78 987	(409)	–	(14 843)	310 242

PREMIER FISHING AND BRANDS LIMITED
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3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Reconciliation of property, plant and equipment

2017	Opening balance R'000	Additions R'000	Disposals R'000	Depreciation R'000	Total R'000
Land	2 632	–	–	–	2 632
Buildings	2 102	632	–	(154)	2 580
Leasehold property	3 628	–	–	(401)	3 227
Plant and machinery	40 983	2 216	(3)	(4 026)	39 170
Furniture and fixtures	461	18	–	(50)	429
Motor vehicles	992	240	–	(266)	966
Office equipment	140	8	(2)	(28)	118
Computer equipment	509	250	(4)	(264)	491
Vessels	73 149	14 178	(2 286)	(9 066)	75 975
Assets under construction	–	4 519	–	–	4 519
Total	124 596	22 061	(2 295)	(14 255)	130 107

Property, plant and equipment pledged as security

The following assets have been encumbered as security for the secured long-term borrowings.

	2018 R'000	2017 R'000
Motor vehicles	**197**	348
Vessels	**18 765**	14 065

Refer to note 17 for loan balances, instalment amounts, interest rates charged and maturity dates of borrowings.

Details of properties

Premier Fishing SA Proprietary Limited has land located in the Overstrand Municipality on Erf 1727 measuring 3.7 hectares and Erf 3819 measuring 6 hectares. The land is registered under Title Deeds T455052/2002 and T160/1938.

4. GOODWILL

	2018			2017		
	Cost R'000	Accumulated impairment R'000	Carrying value R'000	Cost R'000	Accumulated impairment R'000	Carrying value R'000
Goodwill	**83 334**	**(13 205)**	**70 129**	31 370	(13 205)	18 165

Reconciliation of goodwill

2018	Opening balance R'000	Business combination R'000	Closing balance R'000
Goodwill	**18 165**	**51 964**	**70 129**

Reconciliation of goodwill

2017	Opening balance R'000	Closing balance R'000
Goodwill	18 165	18 165

On 9 May 2018, the Group acquired a 50.31% shareholding in Talhado for a consideration of R89 million. Talhado was acquired for its squid fishing rights, brand, processing facilities, and in order to enhance the Group's footprint in the squid sector. Goodwill arising from the acquisition has been disclosed in the note above. Goodwill recognised on the acquisition relates to the expected growth and cost synergies which cannot be separately recognised as an intangible asset. This goodwill has been allocated to the Group's squid segment and is not expected to be tax deductable.

Refer to note 31 for details of the business combination.

The existing goodwill arose from the acquisition of an additional 50% shareholding in the 2007 financial year and the acquisition of 100% shareholding in Marine Growers Proprietary Limited in the 2008 financial year. Premfresh Seafoods Proprietary Limited is now 100% held by Premier Fishing SA Proprietary Limited. The remainder of the goodwill balance relates to the acquisition of 100% shareholding in Sekunjalo Food and Fishing Proprietary Limited and Sekfish Investments Proprietary Limited. The accumulated impairment was as a result of goodwill arising from the acquisition of Premfresh Seafoods Proprietary Limited being written down in full during the 2009 financial year.

Impairment testing

The Group performs an annual impairment test on goodwill based on CGUs. The recoverable amount of each of the CGUs to which goodwill is allocated has been determined based on a value in use calculation which uses cash flow projections on financial forecasts approved by the board of directors covering a five-year budget. The cash flow projections over the five-year forecast period are based on the assumption of the same expected gross margin and price inflation over the forecast period.

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4. GOODWILL (CONTINUED)

The following are the principle assumptions that were used to calculate the recoverable amounts of the CGUs:

	2018	2017
Abalone division		
Discount rate	**18.78%**	18.57%
Number of years	**5**	5
Growth rate	**4.50%**	4.50%
Fishing division		
Discount rate	**15.01%**	14.22%
Number of years	**5**	5
Growth rate	**4.5% - 6%**	4.50%

Allocation of goodwill to cash-generating units

Goodwill acquired through business combinations has been allocated to individual cash-generating units for impairment testing as follows:

	2018 R'000	2017 R'000
Abalone division	**14 136**	14 136
Fishing division	**55 993**	4 029
	70 129	18 165

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5. INTANGIBLE ASSETS

	2018			2017		
	Cost R'000	Accumulated amortisation R'000	Carrying value R'000	Cost R'000	Accumulated amortisation R'000	Carrying value R'000
Trademarks	189	(100)	89	156	(94)	62
Brand names	17 028	–	17 028	–	–	–
Computer Software	982	(130)	852	–	–	–
Fishing quotas	33 668	(12 087)	21 581	1 217	(1 217)	–
Total	**51 867**	**(12 317)**	**39 550**	1 373	(1 311)	62

Reconciliation of intangible assets

2018	Opening balance R'000	Additions R'000	Business combinations R'000	Amortisation R'000	Total R'000
Trademarks	62	32	–	(5)	89
Brands	–	–	17 028	–	17 028
Computer software	–	930	15	(93)	852
Fishing quotas	–	900	23 225	(2 544)	21 581
	62	1 862	40 268	(2 642)	39 550

Reconciliation of intangible assets

2017	Opening balance R'000	Additions R'000	Amortisation R'000	Total R'000
Trademarks	41	27	(6)	62

Other information

Trademarks

The trademarks are attributable to the registration costs of the South Atlantic Lobster and Sea Diamond brands. These brands are well established in the United States of America, Europe and East Asian markets. The trademarks are amortised over an estimated useful life of 4 to 15 years.

Fishing quota

The fishing quotas are in relation to the right to catch squid. The duration of the quotas are up to 2020 when the right to catch expires.

Brand

The brand was acquired as part of the acquisition of Talhado. The brand has been determined to have an indefinite useful life.

Computer Software

The computer software relates to the costs incurred in the implementation of SAP Business One accounting software. Initial expenditure on this implementation is recognised at cost and capitalised. Subsequently expenditure is capitalised only when it increases the future economic benefits embodied in the asset to which it relates. The amortisation is calculated over five years.

PREMIER FISHING AND BRANDS LIMITED
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6. INTERESTS IN SUBSIDIARIES

The following table lists the entities which are controlled by the Group indirectly through subsidiaries. The percentage of voting power is the same as the percentage of shareholding.

Name of subsidiary	Effective % held 2018	Effective % held 2017	Nature of business
Sekunjalo Food and Fishing Proprietary Limited	100.00	100.00	Investment holding
Sekfish Investments Proprietary Limited	100.00	100.00	Investment holding
Premier Fishing SA Proprietary Limited	100.00	100.00	Fishing
Marine Growers Proprietary Limited	100.00	100.00	Acquaculture
Premfresh Seafoods Proprietary Limited	100.00	100.00	Sales and Marketing
Talhado Fishing Enterprises Proprietary Limited	50.31	–	Fishing
Dazalle Traders Proprietary Limited	56.84	–	Fishing
Rupestris Investments Proprietary Limited	60.22	–	Fishing
Manicwa Fishing Proprietary Limited	50.25	–	Fishing
MB Fishing Proprietary Limited	77.61	–	Fishing
Robberg Seafreeze Proprietary Limited	50.25	–	Fishing
Lurama 166 Proprietary Limited	100.00	–	Fishing
John Quality Proprietary Limited	100.00	100.00	Dormant
John Ovenstone Proprietary Limited	100.00	100.00	Dormant
Kuttlefish Proprietary Limited	100.00	100.00	Dormant
Seagro Fertilisers Proprietary Limited	100.00	100.00	Dormant
Atlantic Fishing Enterprises Proprietary Limited	100.00	100.00	Dormant
Chapman's Peak Fisheries Proprietary Limited	100.00	100.00	Dormant
Fish Drying Corporation Proprietary Limited	100.00	100.00	Dormant
Southern Ocean Fishing Proprietary Limited	100.00	100.00	Dormant

PREMIER FISHING AND BRANDS LIMITED
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
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7. JOINT ARRANGEMENTS

Joint operations

The following joint operations are material to the Group:

Joint operation	Country of operation	% ownership interest 2018	% ownership interest 2017
Premier – BCP Hake Joint Venture	South Africa	**48**	48
Premier – Seacat Joint Venture	South Africa	**50**	50
Bloudam Joint Venture	South Africa	**38**	38

The Premier – BCP Hake Joint Venture is a jointly controlled operation with Blue Continental Products Proprietary Limited. The operation is engaged in the catching, processing and marketing of Premier Fishing SA Proprietary Limited's hake fishing rights together with that of the joint operation partner.

The Premier – Seacat Joint Venture is a jointly controlled operation with Seacat Fishing Proprietary Limited. Premier Fishing SA Proprietary Limited and Seacat Fishing Proprietary Limited jointly own and operate a fishing vessel which catches and processes squid.

The Bloudam Joint Venture is a jointly controlled operation in which Premier Fishing SA Proprietary Limited owns a share in a fishing vessel with external quota holders. The fishing vessel catches WCRL on behalf of Premier Fishing SA Proprietary Limited and the external quota holders.

Joint ventures

The following table list the joint venture in the Group:

Name of company	% ownership interest 2018	% ownership interest 2017
Premier Select Proprietary Limited	**50**	50

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7. JOINT ARRANGEMENTS (CONTINUED)

Summarised financial information of the joint venture

Summarised Statement of Comprehensive Income

	2018 R'000	2017 R'000
Operating expenses	**(7)**	(7)
Loss before tax	**(7)**	(7)
Loss from continuing operations after tax	**(7)**	(7)
Total comprehensive loss	**(7)**	(7)
Summarised Statement of Financial Position		
Assets		
Property, plant and equipment	**6**	12
Cash and cash equivalents	**85**	86
Trade receivables	**107**	107
Total assets	**198**	205
Liabilities		
Loans from shareholders	**722**	722
Trade payables	**45**	45
Total liabilities	**767**	767
Total net assets	**(569)**	(562)
Reconciliation of net assets to equity accounted investments in joint venture		
Interest in joint venture at percentage ownership	**(285)**	(281)
Cumulative unrecognised losses	**285**	281
Carrying value of investment in joint venture	**–**	–

The summarised information presented above reflects the financial position and results of the joint venture and includes an intercompany balance.

PREMIER FISHING AND BRANDS LIMITED
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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7. JOINT ARRANGEMENTS (CONTINUED)

Summary of the Group's interests in joint operations

Premier – BCP Hake Joint Venture	**R'000**	**R'000**
Revenue	**65 608**	65 020
Cost of sales	**(36 812)**	(33 803)
Other operating income	**484**	2 454
Operating expenses	**(10 753)**	(8 282)
Interest income	**820**	1 196
Total comprehensive income	**19 347**	26 585
Share of total comprehensive income	**9 287**	12 761
Current assets		
Inventories	**621**	4 521
Trade and other receivables	**23 167**	10 959
Cash and cash equivalents	**1 732**	18 180
Total current assets	**25 520**	33 660
Current liabilities		
Trade and other payables	**(12 788)**	(9 913)
Net assets	**12 732**	23 747
Share of net assets	**6 111**	11 399
Premier Seacat Joint Venture		
Revenue	**15 014**	11 104
Cost of sales	**(4 301)**	(3 641)
Operating expenses	**(5 197)**	(4 559)
Other operating income	**5**	202
Interest income	**120**	76
Total comprehensive income	**5 641**	3 182
Share of total comprehensive income	**2 821**	1 591
Current assets		
Inventories	**1 505**	419
Trade and other receivables	**3 111**	1 549
Cash and cash equivalents	**1 920**	1 789
Total current assets	**6 536**	3 757
Current liabilities		
Trade and other payables	**(895)**	(575)
Net assets	**5 641**	3 182
Share of net assets	**2 821**	1 591

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7. JOINT ARRANGEMENTS (CONTINUED)

Bloudam Joint Venture	2018 R'000	2017 R'000
Revenue	–	894
Cost of sales	**(25)**	(484)
Operating expenses	**(933)**	(1 442)
Total comprehensive income	**(958)**	(1 032)
Share of total comprehensive income	**(364)**	(392)
Other financial assets	**1 894**	1 113
Current liabilities		
Other financial liabilities	**(2 852)**	(2 123)
Trade and other payables	–	(22)
Total current liabilities	**(2 852)**	(2 145)
Net assets	**(958)**	(1 032)
Share of net assets	**(364)**	(392)

The summarised information presented above reflects the full financial position and results of the joint operations.

8. LOANS TO GROUP COMPANY

	2018 R'000	2017 R'000
African Equity Empowerment Investments Limited – loan 1	**86 528**	72 415
Interest is charged at the prime bank overdraft rate. The loan is unsecured. Premier Fishing SA Proprietary Limited has granted African Equity Empowerment Investments Limited an unconditional right to defer repayment of the outstanding amount for a period of at least 12 months after the statement of financial position date.		
African Equity Empowerment Investments Limited – loan 2	**3 090**	9 343
Interest is charged at the prime bank overdraft rate plus 1.5%. The loan is unsecured. Premier Fishing SA Proprietary Limited has granted African Equity Empowerment Investments Limited an unconditional right to defer repayment of the outstanding amount for a period of at least 12 months after the statement of financial position date.		
	89 618	81 758

Credit quality of loans to Group company

The loans are advanced to the Group company for capital investment or working capital needs. The risk of default is based on the success of the Group company's trading. The risk of default on the loans is and credit quality is considered high. No loans are past due and none are impaired.

Fair value of loans to and from Group companies

The carrying value of the loans approximate fair value.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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9. DEFERRED TAX

	2018 R'000	2017 R'000
Deferred tax liability		
Property, plant and equipment	(47 498)	(21 606)
Fair value gain on loan	(2 793)	(2 793)
Shipping allowance	(45 543)	(39 651)
Prepaid expenses	(370)	(677)
Intangibles	(9 089)	(17)
Biological assets	(19 046)	(15 210)
Total	**(124 339)**	(79 954)
Deferred tax assets netted off against the deferred tax liability	**14 185**	7 613
Total deferred tax liability	**(110 154)**	(72 341)
Deferred tax asset		
Income received in advance	64	395
Operating lease liability	94	348
Provisions	3 322	2 805
Deferred tax balance from temporary differences other than unused tax losses	**3 480**	3 548
Tax losses available for set-off against future taxable income	10 791	4 130
Total	**14 271**	7 678
Deferred tax assets netted off against the deferred tax liability	**(14 185)**	(7 613)
Total deferred tax asset	**86**	65

Assets netted off against the deferred tax liability

The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:

	2018 R'000	2017 R'000
Deferred tax liability	(124 339)	(79 954)
Deferred tax asset	14 185	7 613
Total net deferred tax liability	**(110 154)**	(72 341)
Reconciliation of deferred tax asset/(liability)		
Balance at the beginning of the year	(72 276)	(71 825)
Accelerated capital allowances of property, plant and equipment	(25 892)	1 466
Tax loss available for set-off against future taxable income	6 661	1 267
Intangible assets	(9 071)	(5)
Operating lease liabilities	(255)	(230)
Income received in advance	(689)	104
Provisions	517	426
Fair value adjustment on biological assets	(3 836)	(1 723)
Shipping allowances	(5 892)	(1 550)
Prepaid expenses	307	(10)
Prior year deferred tax misstatement	358	(196)
	(110 068)	(72 276)

Recognition of deferred tax asset

The Group has recognised a deferred tax asset on an assessed loss in a subsidiary, Marine Growers Proprietary Limited as the directors have a reasonable expectation that the company will generate sufficient future taxable income to utilise the assessed loss.

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FOR THE YEAR ENDED 31 AUGUST 2018

	2018 R'000	2017 R'000
10. INVENTORIES		
Finished goods	**29 861**	35 291
Raw materials and components	**11 370**	2 106
Consumables	**7 297**	5 686
	48 528	**43 083**

Inventory to the value of R100 (2017: R601) was written off to its net realisable.

11. TRADE AND OTHER RECEIVABLES

	2018 R'000	2017 R'000
Trade receivables	**81 056**	46 569
Amounts receivable from other quota holders	**21 597**	24 497
Deposits	**7 763**	202
Prepayments	**1 378**	1 284
Accrued interest	**1 688**	3 283
Value added taxation	**12 810**	5 364
Insurance claims receivable	**462**	314
Advances to contracted fishermen	**-**	2 275
Amounts receivable from related parties	**1 331**	4 534
Prepayments to related parties	**244**	1 136
Other receivable	**-**	145
Employee costs in advance	**314**	17
	128 643	89 620

Trade and other receivables pledged as security

Trade and other receivables were ceded as security for overdraft facilities of R35 million (2017: R35 million) of the Group.

Credit quality of trade and other receivables

The Group performs ongoing credit evaluations of the financial condition of all customers. Before any new customer is approved for credit, a thorough credit check is performed by an external credit rating agency. The agency provides credit scores and credit ratings on each customer. In addition to that a recommended credit limit is provided by the credit agency. Additional internal ratings and credit limit checklist procedures are performed by management before a final credit limit is approved to our customers. The credit quality of trade and other receivables that are neither past nor due nor impaired is assessed by management based on historical information about counterparty default ratings if available. The customer base consists of both foreign and local customers. Credit quality is considered to be high.

Fair value of trade and other receivables

	2018 R'000	2017 R'000
Trade receivables	**81 056**	46 569

Trade and other receivables past due but not impaired

Trade receivables which are less than 60 days past due are not considered to be impaired. At 31 August 2018, R5 944 (2017: R2 955) were past due but not impaired. Trade receivables of R775 (2017: R101) were written off as a bad debt.

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11. TRADE AND OTHER RECEIVABLES (CONTINUED)

	2018 R'000	2017 R'000
Age analysis of trade receivables:		
Current	**63 256**	34 313
0 – 30 days	**5 030**	1 676
30 – 60 days	**3 878**	3 106
60 days to 90 days	**5 973**	1 510
90 days and older	**2 919**	5 964
Total	**81 056**	46 569
Currencies		
The carrying amount of trade and other receivables are denominated in the following currencies:		
Rand	**35 811**	31 704
US Dollar	**17 929**	12 146
Euro	**27 316**	2 719
Total	**81 056**	46 569

12. OTHER FINANCIAL ASSETS

	2018 R'000	2017 R'000
Loans and receivables		
Bloudam Joint Venture	**1 635**	1 222
The loan is unsecured and bears no interest.		
Premier Seacat Joint Venture	**1 087**	485
The loan is unsecured and bears no interest.		
BMC Fisheries CC	**21**	–
The loan is secured by a first mortgage bond of R3 990 000 over vessel Andejacht and is repayable over five years. A portion of the loan bears interest at prime.		
Mnyameni Fishers CC	**143**	–
The loan is unsecured, bears interest at prime and has no repayment terms.		
BMC Fisheries CC	**538**	–
The loan is unsecured, bear interest at prime and has no repayment terms.		
Total other financial assets	**3 424**	1 707
Fair value of loans and receivables	**3 424**	1 707

Credit quality of other financial assets

The credit quality of loans receivable that are neither past due nor impaired can be assessed by reference to historical information about counterparty default rates. No defaults have occurred in the past. Credit quality is considered to be high for interest-bearing financial asset and low for non-interest-bearing financial assets.

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13. BIOLOGICAL ASSETS

2018: (R'000) Reconciliation of biological assets	Opening balance	Purchases	Sales	Changes in fair value, births and deaths	Transfers to Inventory	Total
	54 323	**520**	**(31 291)**	**44 860**	**(391)**	**68 021**

2017: (R'000) Reconciliation of biological assets	Opening balance	Purchases	Sales	Changes in fair value, births and deaths	Total
Abalone	48 169	–	(37 852)	44 006	54 323

Non-financial information

	2018 R'000	2017 R'000
Quantities of biological assets		
Abalone – Kgs	**144 736**	126 490

Pledged as security

The carrying value of biological assets have been ceded as security to Absa Bank Limited. Refer to note 14 for further details.

Methods and assumptions used in determining fair value

For fair value information refer to note 37.

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14. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:	2018 R'000	2017 R'000
Cash on hand	66	51
Bank balances	350 514	541 868
Bank overdraft	–	(17 986)
	350 580	523 933
Current assets	350 580	541 919
Current liabilities	–	(17 986)
	350 580	523 933

The bank overdrafts in the Group is secured by:

- Unlimited suretyship by Marine Growers Proprietary Limited, supported by a cession of loan accounts;
- Unlimited guarantee by African Equity Empowerment Investments Limited supported by a cession of loan accounts;
- Cession of debtors and USD customer foreign currency accounts;
- Special Notarial Bond Number BN23802/2008 for R3 450 000 over fishing vessels Southern Knight and Southern Horizon;
- General Notarial Bond Number BN23803/2008 for R50 000 000 over stock, moveable assets, plants and equipment and vessel equipment;
- First Maritime Bond registered over the following vessels:
  - Southern Victor for R8 400 000
  - Southern Star for R2 200 000
  - Southern Patriot for R6 295 000
  - Portia 1 for R5 800 000
  - Ebhayi for R5 482 000
  - Southern Raider for R5 400 000
  - Southern Fighter for R2 100 000
  - Southern Knight for R1 600 000
  - Southern Horizon for R1 850 000
  - Mizpah for R1 900 000
  - Lubbetje for R1 200 000
- First Continuing Covering Mortgage Bond Number B28343/2008 for R10 000 000 over Erf 11 St Helena Bay held under Deed of Transfer Number T46847/2002;
- Second Maritime Bond for R4 400 000 registered over fishing vessel Lubbetjie;
- Second Maritime Bond for R6 100 000 registered over fishing vessel Mizpah;
- Cession of fire and Sasria policy for fishing vessels with a carrying value of R55 591 382.

Guarantees are as follows:

  - Nedbank: R182 000

- Other securities: Cession of Nedbank call accounts and agreement to set off current account and foreign advance accounts.

Credit quality of cash at bank and short-term deposits, excluding cash on hand

Cash and cash equivalents are held with Absa, Standard Bank and Nedbank. These are all reputable banking institutions and their credit quality is considered to be high.

14. CASH AND CASH EQUIVALENTS (CONTINUED)

	2018 R'000	2017 R'000
Credit rating		
Absa Bank Limited Baa3	**345 434**	513 701
Nedbank Limited Baa3	**2 006**	1 399
Standard Bank Limited BB+	**1 019**	8 782
First National Bank Limited BB+	**2 055**	–
Total	**350 514**	**523 882**

15. STATED CAPITAL

	2018	2017
Authorised		
Ordinary shares	**2 000 000 000**	2 000 000 000
Issued		
Ordinary shares	**260 000 000**	260 000 000
Reconciliation of number of shares issued:		
Opening balance	**260 000 000**	100
Shares split	–	142 999 900
Issue of shares	–	117 000 000
Total	**260 000 000**	260 000 000

Issued capital	R'000	R'000
260 000 000 ordinary shares of no par value	**507 517**	526 500
Capitalised share issue costs	–	(18 983)
Total Stated Capital	**507 517**	507 517

At the end of the 2016 financial year, there were 100 shares in issue of R1 each.

On 1 February 2017, the share capital of Premier Fishing and Brands Limited was altered by:

- converting the entire authorised and issued share capital from par value shares of R1.00 each into no par value shares.
- increasing the authorised share capital from 1 000 ordinary shares of R1.00 each into 2 000 000 000 ordinary no par value shares, and
- subdividing each share in the Company's authorised and issued share capital into 1 430 000 shares.

The authorised share capital of the Company is 2 000 000 000 ordinary shares of no par value.

On 2 March 2017, an additional 117 000 000 ordinary shares were issued to the public on a private placement as part of the capital raising exercise and the listing of the Company on the main board of the Johannesburg Stock Exchange.

On 31 August 2017, the issued share capital of the Company was 260 000 000 ordinary shares of no par value. There were no issue of shares in the current financial year.

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	2018 R'000	2017 R'000
16. RESERVES		
Capital Redemption Reserve Fund	**8 014**	8 014

A capital redemption reserve fund arose when a subsidiary had a share buy-back in the prior years.

	2018 R'000	2017 R'000
17. OTHER FINANCIAL LIABILITIES		
Absa Bank Limited – Asset Finance	**197**	647
The loans are for a term of 48 to 60 months. Repayable in monthly instalments of: – R3 236; – R5 309; – R6 740; – R26 628 ending on 30 November 2020. The interest rates charged on the loans at 31 August 2018 are: – 10.00%; – 10.50%; and – 11.75%; Secured by motor vehicles with a carrying value of R196 530 (2017: R348 008) and vessels with a carrying value of R18 764 699 (2017: R14 064 627). See note 3.		
Absa Bank Limited – Revolving Loan	**760**	1 111
The interest rate charged on the loan at 31 August 2018 is 10.00%. The loan is repayable in monthly instalments of R34 046. The loan was used in the purchase of Marine Growers Proprietary Limited by Premier Fishing SA Proprietary Limited.		
C Van Rij	**2 757**	–
The loan is unsecured and interest free. The loan has no fixed terms of repayment		
Absa Bank Limited – Project Finance	**6 303**	8 743
The interest rate charged on the loan at 31 August 2018 is 9.9520%. The loan is repayable in monthly instalments of R203 333 ending on 31 March 2021. African Equity Empowerment Investments Limited has provided a limited guarantee for the loan to Absa Bank Limited.		
Premier Seacat Joint Venture	**991**	569
The loan is interest-free, unsecured and repayable on demand		
Absa Bond – term loan	**367**	–
The loan is secured over fishing vessel Silver Arrow, bears interest at prime and is repayable in equal monthly instalments of R126 755 (2017: R126 755) over five years		
Total	**11 375**	11 070
Non-current liabilities		
At amortised cost	**4 663**	7 651
Current liabilities		
At amortised cost	**6 712**	3 419
Total	**11 375**	11 070

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	2018 R'000	2017 R'000

18. POST-EMPLOYMENT MEDICAL COSTS

	2018 R'000	2017 R'000
Opening balance	**1 075**	1 153
Decrease in provision for medical aid benefits	**(91)**	(78)
Closing balance	**984**	1 075

This is a provision for medical aid costs of retired employees. The provision is calculated taking into account the current medical aid contribution, the years life expectancy of the employees and a discount rate of 6% to calculate the present value of the obligation.

19. TRADE AND OTHER PAYABLES

	2018 R'000	2017 R'000
Trade payables	**38 217**	23 010
Accrued expenses	**26 854**	5 285
Payroll accruals	**8 688**	6 844
Accrued audit fees	**1 674**	1 197
Value added taxation	**1 312**	499
Amounts received in advance	**254**	2 178
Deferred gain on hedges	**1 894**	–
Amounts due to other quota holders	**6 777**	12 376
Payroll accruals for related parties	**4 097**	2 731
Income received in advance from related parties	**–**	1 335
Amounts due to related parties	**170**	–
	89 937	55 455

The carrying amounts of amounts received in advance are denominated in the following currencies:

	2018 R'000	2017 R'000
Rand	**44**	28
US Dollar	**210**	2 119
Euro	**–**	31
Total	**254**	2 178

Trade and other payables are interest-free and have payment terms of between 30 to 60 days.

The carrying value of trade and other payables approximates fair value due to their short-term nature.

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20. PROVISIONS

	2018 R'000	2017 R'000
Total provisions	**14 680**	8 944

Reconciliation of provisions

2018 (R'000)	Opening balance	Additions	Utilised during the year	Total
Leave pay provision	**1 941**	**2 875**	**(3 121)**	**1 695**
Commission provision	**150**	**–**	**(150)**	**–**
Bonus provision	**2 911**	**7 429**	**(2 911)**	**7 429**
Provision for municipal electricity, rates and levies	**3 942**	**4 931**	**(3 317)**	**5 556**
	8 944	**15 235**	**(9 499)**	**14 680**

Reconciliation of provisions

2017: (R'000)	Opening balance	Additions	Utilised during the year	Total
Leave pay provision	1 600	2 791	(2 450)	1 941
Commission provision	2 268	150	(2 268)	150
Bonus provision	2 138	2 911	(2 138)	2 911
Provision for municipal electricity, rates and levies	1 338	3 942	(1 338)	3 942
	7 344	9 794	(8 194)	8 944

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	2018 R'000	2017 R'000
21. REVENUE		
Sale of goods	**463 065**	379 220
Rendering of services	**13 621**	14 711
Rental income	**14 184**	16 802
	490 870	410 733
22. OPERATING PROFIT		
Operating profit for the year is stated after accounting for the following:		
Management fees expenses to the holding company	**4 711**	12 480
Loss on disposal of property, plant and equipment	**409**	2 295
(Gain)/loss on foreign exchange	**(1 797)**	2 979
Amortisation on intangible assets	**2 642**	6
Depreciation on property, plant and equipment	**14 843**	14 255
Employee costs	**83 542**	63 358
Loan written off	**–**	397
Fair value gain on biological assets	**13 178**	6 153
23. INVESTMENT REVENUE		
Interest income		
Bank	**30 337**	20 079
Group companies	**9 790**	12 285
Outside quota holders	**848**	651
Total investment revenue	**40 975**	33 015
24. FINANCE COSTS		
Bank	**3 467**	2 315
Late payment of tax	**76**	1 008
Total finance costs	**3 543**	3 323

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25. TAXATION

	2018 R'000	2017 R'000
Major components of the tax expense		
Current		
South African normal taxation	**31 379**	26 146
Local income tax – recognised in current tax for prior periods	**894**	146
Total current tax	**32 273**	26 292
Deferred		
Originating and reversing temporary differences	**1 757**	181
Arising from prior period adjustments	**(358)**	270
Total deferred tax	**1 399**	451
Total tax expense	**33 672**	26 743
Reconciliation of the tax expense		
Reconciliation between the applicable tax rate and the average effective tax rate.		
Applicable tax rate	**28.00%**	28.00%
Donations and interest disallowed	**0.33%**	0.30%
Consulting and legal fees disallowed	**1.20%**	0.49%
Fines	**0.16%**	0.08%
Business combinations	**(3.90%)**	–
Utlilisation of farming allowance	**0.23%**	–
Utilisation of previous unrecognised tax loss	**–**	(0.44%)
Prior year under provision for tax	**0.42%**	0.15%
Utlisation of previous unrecognised assessed loss	**(0.33%)**	(0.38%)
Effective tax rate	**26.11%**	28.20%

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	2018 R'000	2017 R'000
26. CASH GENERATED FROM OPERATIONS		
Profit before taxation	**129 013**	94 843
Adjustments for:		
Depreciation and amortisation	**17 485**	14 261
Loss on sale of assets	**409**	2 295
Interest income	**(40 975)**	(33 015)
Finance costs	**3 543**	3 323
Loan written off	**–**	397
Movements in operating lease liability	**(910)**	(822)
Movements in post-employment medical costs liability	**(91)**	(78)
Movements in provisions	**(3 999)**	1 600
Fair value adjustment on biological assets	**(13 178)**	(6 153)
Changes in working capital:		
Inventories	**20 369**	(704)
Trade and other receivables	**(18 825)**	(38 065)
Trade and other payables	**(1 654)**	2 212
Cash generated from operations	**91 187**	40 094
27. TAX PAID		
Balance at beginning of the year	**(21 598)**	(7 965)
Business combinations	**(19 871)**	–
Current tax for the year recognised in profit or loss	**(32 273)**	(26 292)
Balance at end of the year	**18 922**	21 598
Tax paid	**(54 820)**	(12 659)
28. COMMITMENTS		
Authorised capital expenditure		
Not yet contracted for and authorised by directors	**101 757**	223 000
This committed expenditure relates to the abalone farm expansion. The expenditure will be financed by available finance resources.		
Operating leases – as lessee		
Minimum lease payments due (contractual amounts)		
– within one year	**425**	6 040
– in second to fifth year inclusive	**807**	1 232
Total	**1 232**	7 272
Operating leases – as lessee		
Minimum lease payments due (smoothed amounts)		
– within one year	**337**	5 131
– in second to fifth year inclusive	**562**	1 236
Total	**899**	6 367

The Group rents its premises from Lexshell Proprietary Limited and the Department of Public Works in terms of operating leases. The lease contract with Lexshell Proprietary Limited is for a period of 25 years and escalating rentals are renegotiated every five years. The lease contract with the Department of Public Works is for a period of nine years and 11 months.

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29. EARNINGS PER SHARE

Earnings per share ("EPS") is derived by dividing the earnings attributable to equity holders of the Company by the weighted average number of ordinary shares.

	2018 cents	2017 cents
Basic earnings per share	**31.48**	33.77
Diluted earnings per share	**31.48**	33.77

The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:

	2018 R'000	2017 R'000
Earnings attributable to owners of Premier Fishing and Brands Limited	**81 858**	68 100
Weighted average number of shares (000)	**260 000**	201 660

Headline earnings per share

Headline earnings is determined as follows:	2018 R'000	2017 R'000
Earnings attributable to owners of Premier Fishing and Brands Limited	**81 858**	68 100
Adjusted for:		
Effect of loss on derecognition of property, plant and equipment gross of tax	**409**	2 295
Taxation effect	**(115)**	(643)
Headline earnings	**82 152**	69 752

	2018 cents	2017 cents
Headline earnings per share	**31.60**	34.59
Diluted headline earnings per share	**31.60**	34.59

30. EVENTS AFTER THE REPORTING PERIOD

A final gross dividend of 25 cents per share was approved by the board of directors on 29 October 2018 which was after the reporting period but before the financial statements were authorised for issue.

The directors are not aware of any other material facts or circumstances which occurred between the statement of financial position date and the date of this report that would require any adjustments to the annual financial statements.

31. BUSINESS COMBINATIONS

Talhado Fishing Enterprises Proprietary Limited

The Group acquired the squid fishing rights, brand and related assets of Talhado for a total consideration of R89 million to enhance the Group's footprint in the squid sector. The purchase agreement had an effective date of acquisition of 30 November 2017, however, in terms of IFRS 3, Business Combinations, the date of acquisition has been determined 9 May 2018.

The fair value of the acquired fishing rights, brand and assets are provisional upon the fair value determination of the fishing rights and the Talhado brand. The provisional fair values of the identifiable assets and liabilities are shown below:

Fair value of assets acquired and liabilities assumed	R'000
Property, plant and equipment	78 987
Intangible assets	40 268
Other financial assets	1 510
Inventories	25 815
Trade and other receivables	25 292
Cash and cash equivalents	28 084
Other financial liabilities	(10 302)
Deferred tax	(35 888)
Provisions	(9 735)
Trade and other payables	(31 132)
Current tax payable	(19 871)
Dividend payable	(5 007)
Total identifiable net assets	88 021
Non-controlling interest	(50 662)
Goodwill	51 964
Total purchase consideration	89 323

Non-controlling interest

Non-controlling interest, which is a present ownership interest, and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation, is measured at the present ownership interests proportionate share of the acquiree's identifiable net assets.

Consideration paid	
Cash	89 323
Net cash outflow on acquisition date	
Cash consideration paid	89 323
Cash acquired	(28 084)
Net cash paid	**61 239**

Acquisition related costs

The interest accrued on the purchase consideration amounting to R3 964 767 was included as part of the purchase consideration, which has been measured at fair value. All other acquisition related costs amounting to R1 792 052 have been expensed and are included in operating expenses in profit and loss.

31. BUSINESS COMBINATIONS (CONTINUED)

Goodwill

Goodwill recognised on acquisition relates to the expected growth and cost synergies which cannot be separately recognised as an intangible asset.

Revenue and profit or loss of Talhado Fishing Enterprises Proprietary Limited and its subsidiaries

Revenue of R80 million and profit of R29 million of Talhado Group has been included in the Group's results since the date of acquisition.

Group revenue and profit (loss) for full year

Had the business combination taken place at the beginning of the reporting year, the revenue and profit for the group would have been:

Revenue:	R683 million
Profit after tax:	R134 million

32. INFORMATION ABOUT SUBSIDIARIES WITH NON-CONTROLLING INTERESTS

The following table lists the subsidiaries which have non-controlling interests. The percentage of voting power is the same as the percentage of shareholding.

Name of subsidiary	Effective % held by Premier 2018	% held by non-controlling interest 2018	Nature of business
Talhado Fishing Enterprises Proprietary Limited	50.31	49.69	Fishing
Dazalle Traders Proprietary Limited	56.84	43.16	Fishing
Rupestris Investments Proprietary Limited	60.23	39.77	Fishing
Manicwa Fishing Proprietary Limited	50.25	49.75	Fishing
MB Fishing Proprietary Limited	77.61	22.39	Fishing
Robberg Seafreeze Proprietary Limited and its subsidiaries*	50.25	49.75	Fishing

* *Lurama 166 Proprietary Limited is 100% held by Robberg Seafreeze Proprietary Limited.*

The following table shows the profit or loss allocated to non-controlling interests and the accumulated non-controlling interests as at year-end. The percentage of voting power is the same as the percentage of shareholding.

Name of subsidiary 2018	Place of business	% held by non-controlling interest %	Profit/(loss) allocated to non-controlling interests R'000	Accumulated non-controlling interests R'000
Talhado Fishing Enterprises Proprietary Limited	South Africa	49.69%	13 543	49 901
Dazalle Traders Proprietary Limited	South Africa	43.16%	242	1 400
Rupestris Investments Proprietary Limited	South Africa	39.77%	274	(55)
Manicwa Fishing Proprietary Limited	South Africa	49.75%	48	(84)
MB Fishing Proprietary Limited	South Africa	22.39%	(2)	(2 685)
Robberg Seafreeze Proprietary Limited and its subsidiaries	South Africa	49.75%	(12)	4
			14 093	48 481

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32. INFORMATION ABOUT SUBSIDIARIES WITH NON-CONTROLLING INTERESTS (CONTINUED)

The following shows the summarised financial information about the assets, liabilities and profit or loss of the subsidiaries with non-controlling interests.

	2018 R'000
Talhado Fishing Enterprises Proprietary Limited	
Revenue	272 397
Operating profit	63 324
Profit after tax	46 376
Non-current assets	32 100
Current assets	55 705
Total assets	**87 805**
Non-current liabilities	7 746
Current liabilities	35 772
Total liabilities	**43 518**
Net assets	**44 287**
Dazzalle Traders Proprietary Limited	
Revenue	56 777
Operating profit	18 173
Profit after tax	12 822
Non-current assets	18 780
Current assets	9 836
Total assets	**28 616**
Non-current liabilities	5 636
Current liabilities	2 658
Total liabilities	**8 294**
Net assets	**20 322**
Rupestris Investments Proprietary Limited	
Revenue	12 397
Operating profit	4 691
Profit after tax	3 441
Non-current assets	3 383
Current assets	3 414
Total assets	**6 797**
Non-current liabilities	1 284
Current liabilities	538
Total liabilities	**1 822**
Net assets	**4 975**
Manicwa Fishing Proprietary Limited	
Revenue	8 543
Operating profit	1 995
Profit after tax	1 382
Non-current assets	2 348
Current assets	361
Total assets	**2 709**
Non-current liabilities	–
Current liabilities	679
Total liabilities	**679**

32. INFORMATION ABOUT SUBSIDIARIES WITH NON-CONTROLLING INTERESTS (CONTINUED)

	2018 R'000
Net assets	**2 030**
MB Fishing Proprietary Limited	
Revenue	8 636
Operating profit	2 535
Profit after tax	1 985
Non-current assets	2 319
Current assets	1 746
Total assets	**4 065**
Non-current liabilities	1 069
Current liabilities	379
Total liabilities	**1 448**
Net assets	**2 617**
Robberg Seafreeze Proprietary Limited and its subsidiaries	
Revenue	12 297
Operating profit	778
Profit after tax	7 084
Non-current assets	7 754
Current assets	2 964
Total assets	**10 718**
Non-current liabilities	1 828
Current liabilities	2 201
Total liabilities	**4 029**
Net assets	**6 689**

Furthermore, the following table shows the effect on the equity attributable to owners of the parent of any changes in its ownership interest where control was not lost, as a result of the acquisition of additional shares from non-controlling interests in subsidiaries of Talhado.

	Additional shares acquired from non-controlling interests of the subsidiaries of Talhado			
Name of subsidiary 2018	**Effective % held from the controlling investment of R89 million**	**Total cost (R'000)**	**Additional % shares acquired**	**Total effective % held by parent**
Dazalle Traders Proprietary Limited	26.84%	8 275	30.00%	56.84%
Rupestris Investments Proprietary Limited	35.22%	1 566	25.00%	60.22%
Manicwa Fishing Proprietary Limited	40.25%	538	10.00%	50.25%
MB Fishing Proprietary Limited	17.61%	4 385	60.00%	77.61%
Robberg Seafreeze Proprietary Limited and its subsidiaries	40.25%	900	10.00%	50.25%
		15 664		

33. RELATED PARTIES

Relationships

Ultimate holding company	African Equity Empowerment Investments Limited
Subsidiaries	Refer to note 6
Joint ventures and joint operations	Refer to note 7
Fellow subsidiaries	Sekunjalo Health Care Limited
	Ribotech Proprietary Limited
	Sekpharma Proprietary Limited
	Bioclones Proprietary Limited
	esp Afrika Proprietary Limited
	Emergent Energy Proprietary Limited
	Afrinat Proprietary Limited
	Tripos Tourism Investments Proprietary Limited
	Magic 828 Proprietary Limited
	Tripos Travel Investments Proprietary Limited
	Kalula Communications Proprietary Limited
	Integrated Bioworks Proprietary Limited
	MCI South Africa Proprietary Limited
	Cosmetic Orleans Proprietary Limited
	Repassen 56 Proprietary Limited
	Health Systems Technologies Proprietary Limited
Controlled common entity	Cape Sunset Villas Close Corporation
	Independent News and Media Proprietary Limited
	African News Agency Proprietary Limited
	Independent Online Property Joint Venture Proprietary Limited
	Insights Publishing Proprietary Limited
	African Technology and Media Holdings Proprietary Limited
	African News Agency Publishing Proprietary Limited
	AYO Technology Proprietary Limited
Directors	MS Saban
	IT Bundo
	R Isaacs
	Rev. Dr VC Mehana
	K Abdulla
	S Young
	C Hendricks
	AB Amod
	RP Mosia
	CL Van der Venter
	AW Johnson
	Adv. N Ramatlhodi
	SP Mngconkola
Members of key management	Mogamat Samir Saban
	Isaiah Tatenda Bundo
	Shaun Bhana
	Rushaan Isaacs
	Shaun Solomons
	Jean-Pierre Coetzer

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33. RELATED PARTIES (CONTINUED)

	2018 R'000	2017 R'000
Related party balances		
Loan receivable from related parties		
African Equity Empowerment Investments Limited	89 618	81 758
Bloudam Joint Venture	1 635	1 222
Premier Seacat Joint Venture	1 087	484
Loans payable to related parties		
Premier Seacat Joint Venture	966	569
Prepaid expenses to related parties		
Independent News and Media Proprietary Limited	244	1 136
Amounts receivable from related parties		
African Equity Empowerment Investments Limited	473	473
African News Agency Proprietary Limited	17	22
Bioclones Proprietary Limited	66	559
espAfrika Proprietary Limited	13	215
Health Systems Technologies Proprietary Limited	41	17
Independent News and Media Proprietary Limited	2	92
Insights Publishing Proprietary Limited	32	32
Magic 828 Proprietary Limited	9	226
Independent Online Property Joint Venture Proprietary Limited	112	2
Ribotech Proprietary Limited	9	13
Sekpharma Proprietary Limited	2	19
AYO Technology Solutions Group Limited	18	16
Tripos Tourism Investments Proprietary Limited	30	37
Afrinat Proprietary Limited	409	2 899
BCP Hake Joint Venture	5 527	5 639
Premier Seacat Joint Venture	11	32
African Technology and Media Proprietary Limited	–	1
African News Agency Publishing Proprietary Limited	7	–
Kalula Communications Proprietary Limited	2	–
MCI South Africa Proprietary Limited	2	–
Amounts payable from related parties		
Cape Sunset Villas Close Corporation	333	332
Health System Technologies Proprietary Limited	8	8
Afrinat Proprietary Limited	54	8
Income received in advance from related parties		
Independent News and Media Proprietary Limited	–	1 335
Related party transactions		
Interest received from related parties		
African Equity Empowerment Investments Limited	9 790	12 284
Consumables purchased from related parties		
Afrinat Proprietary Limited	95	54
Rent received from related parties		
Independent News and Media Proprietary Limited	4 423	5 666
Afrinat Proprietary Limited	1 440	2 400
Bioclones Proprietary Limited	–	480

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33. RELATED PARTIES (CONTINUED)

	2018 R'000	2017 R'000
Management fees paid to related parties		
African Equity Empowerment Investments Limited	4 711	12 480
Human resource fees income received from related parties		
Emergent Energy Proprietary Limited	–	15
Magic 828 Proprietary Limited	77	71
Insights Publishing Proprietary Limited	–	12
Independent Online Property Joint Venture Proprietary Limited	24	26
Sekunjalo Health Care Limited	72	28
Ribotech Proprietary Limited	4	4
Bioclones Proprietary Limited	25	31
Sekpharma Proprietary Limited	4	4
Independent News and Media Proprietary Limited	29	119
African News Agency Proprietary Limited	178	123
Health System Technologies Proprietary Limited	194	185
Tripos Tourism Investments Proprietary Limited	38	39
African Technology and Media Holdings Proprietary Limited	–	11
African News Agency Publishing Proprietary Limited	67	3
Kalula Communications Proprietary Limited	15	17
MCI South Africa Proprietary Limited	12	–
Afrinat Proprietary Limited	11	–
Integrated Bioworks Proprietary Limited	1	–
Computer expenses paid to related parties		
Health System Technologies Proprietary Limited	41	51
Ayo Technology Proprietary Limited	283	208
Rent paid to related parties		
Cape Sunset Villas Close Corporation	625	569
Subscriptions expense from related parties		
Independent News and Media Proprietary Limited	3 822	5 771
Listing fees paid		
African Equity Empowerment Investments Limited	–	6 000
Sales to related parties		
espAfrika Proprietary Limited	–	69
African Equity Empowerment Investments Limited	–	2 926
Afrinat Proprietary Limited	1 171	181
Administration fees received from related parties		
Premier Seacat Joint Venture	90	109
Travel and entertainment paid on behalf of related parties		
Tripos Travel Proprietary Limited	–	175
African Equity Empowerment Investments Limited	–	501
Advertising expenses paid to related parties		
Independent News and Media Proprietary Limited	334	192
African News Agency Publishing Proprietary Limited	1	–

33. RELATED PARTIES (CONTINUED)

	2018 R'000	2017 R'000
Commission received from related parties		
Premier Seacat Joint Venture	**405**	109
Vessel usage fees received from related parties		
BCP Hake Joint Venture	**397**	–
Hake purchases from related parties		
BCP Hake Joint Venture	**369**	–
Dividends paid to related parties		
African Equity Empowerment Investments Limited	**21 450**	30 000
Compensation to directors and other key management		
Salaries	**7 066**	5 671
Travel allowance	**29**	29
Bonus	**2 057**	1 200
Medical aid contributions	**29**	63
Pension and Provident Fund contributions	**814**	680
	9 995	7 643

Directors' interests in shares 2018	Direct beneficial	Direct non-beneficial	Indirect beneficial	Indirect non-beneficial	Total percentage
Salim Young	**50 000**	–	–	–	**0.01%**
Clifford van der Venter	**33 000**	–	–	–	**0.01%**
Khalid Abdulla	**70 000**	–	–	–	**0.03%**
	153 000	–	–	–	**0.05%**

Directors' interests in shares 2017	Direct beneficial	Direct non-beneficial	Indirect beneficial	Indirect non-beneficial	Total percentage
Salim Young	50 000	–	–	–	0.01%
Clifford van der Venter	33 000	–	–	–	0.01%
	83 000	–	–	–	0.02%

Subsequent to year end but before the consolidated annual financial statements were authorised for issue, K Abdulla acquired a further 50 000 shares. The table above excludes this subsequent purchase of shares and only shows the directors interests in shares as at 31 August 2018.

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34. GROUP SEGMENTAL ANALYSIS

The information reported for the purposes of assessment of segment performance and resource allocation focuses on the products sold or services rendered by the Group. No operating segments have been aggregated in arriving at the reportable segments of the Group.

The Group's reportable segments under IFRS 8 are as follows:

Fishing:
- Lobster
- Pelagics
- Hake
- Squid
- Horse Mackerel

Acquaculture:
- Abalone
- Seagro

Services:
- Processing and marketing
- Cold storage.

	Segment revenue		Segment profit	
	2018 R'000	2017 R'000	2018 R'000	2017 R'000
Lobster	202 318	190 589	53 941	52 106
Pelagics	62 904	80 778	16 379	23 636
Hake	31 492	31 210	8 893	12 013
Squid	128 169	34 428	58 018	10 916
Abalone	31 291	36 186	12 175	13 241
Cold storage	10 453	9 555	359	332
Seagro	5 790	5 174	1 193	1 013
Horse Mackerel	879	–	879	–
Processing and marketing	23 486	26 909	5 503	6 996
Total	**496 782**	414 829	**157 340**	120 253
Less inter-segmental sales	(5 912)	(4 096)	–	–
Administration and support services	–	–	(78 937)	(61 255)
Fair value gains	–	–	13 178	6 153
Interest income	–	–	40 975	33 015
Finance costs	–	–	(3 543)	(3 323)
Total revenue and profit before tax	**490 870**	410 733	**129 013**	94 843

The inter-segmental sales are in respect of cold storage charges to the Lobster segment.

Segment profit represents the profit before tax earned by each segment without the allocation of central administration costs, fair value adjustments, interest income and finance costs. This is the measure that is reported to the CODM for the purposes of assessment of segment performance and resource allocation. The accounting policies of the reportable segments are the same as the Group's accounting policies.

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34. GROUP SEGMENTAL ANALYSIS (CONTINUED)

	2018 R'000	2017 R'000
Segment assets		
Lobster	77 566	75 140
Pelagics	103 806	94 743
Hake	11 457	15 935
Squid	220 602	10 701
Abalone	190 774	84 216
Cold store	839	628
Seagro	3 193	6 181
Processing and marketing	19 522	35 358
Administration and support services	481 240	637 996
Total segmental assets	**1 108 999**	**960 898**
Unallocated	86	65
Consolidated total assets	**1 109 085**	**960 963**
Segment liabilities		
Lobster	15 877	12 820
Pelagics	11 600	11 258
Hake	5 347	4 757
Squid	25 665	7 124
Abalone	16 290	6 478
Processing and marketing	14 980	14 158
Administration and support services	46 736	60 929
Total segmental liabilities	**136 495**	**117 524**
Unallocated	110 154	72 341
Consolidated total liabilities	**246 649**	**189 865**

For the purposes of monitoring segment performances and resource allocations between segments all assets are allocated to reportable segments other than deferred tax assets. Goodwill is allocated to reportable segments as described in note 4. All liabilities are allocated to reportable segments other than current and deferred tax liabilities.

	Depreciation and amortisation		Additions to property, plant and equipment	
	2018 R'000	2017 R'000	2018 R'000	2017 R'000
Lobster	**4 994**	5 669	**12 470**	3 238
Pelagics	**5 648**	6 307	**14 234**	10 505
Squid	**5 237**	623	**1 292**	1 270
Abalone	**1 051**	1 148	**87 625**	6 671
Cold store	**40**	46	**–**	–
Seagro	**134**	237	**–**	–
Processing and marketing	**1**	1	**17**	–
Administration and support services	**380**	230	**762**	377
Total	**17 485**	14 261	**116 400**	22 061

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34. GROUP SEGMENTAL ANALYSIS (CONTINUED)

Geographical information

The Group operates in South Africa.

The Group's revenue from external customers by location of the customers is detailed below:

	2018 R'000	2017 R'000
United States of America	**128 058**	118 801
Europe	**154 998**	60 232
Far East	**107 934**	110 029
South Africa	**99 880**	121 671
Total revenue	**490 870**	410 733

Information about major customers

Included in revenue are revenues of approximately R176 million (2017: R162 million) which arose from sales to the Group's largest customers. These customers belong to the lobster and pelagic segments.

35. DIRECTORS' EMOLUMENTS

Executive directors

2018	Salary R'000	Bonus R'000	Provident fund R'000	Total R'000
MS Saban	2 027	646	223	2 896
IT Bundo	1 203	388	141	1 732
R Isaacs	849	130	81	1 060
	4 079	**1 164**	**445**	**5 688**
2017				
MS Saban	1 266	315	139	1 720
IT Bundo	790	150	92	1 032
R Isaacs	614	113	67	794
	2 670	578	298	3 546

The executive directors' emoluments were paid by the subsidiary Premier Fishing SA Proprietary Limited.

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35. DIRECTORS' EMOLUMENTS (CONTINUED)

Non-executive directors

Board fees	2018 R'000	2017 R'000
Rev. Dr VC Mehana	255	110
K Abdulla	–	–
S Young	180	75
CF Hendricks	–	–
AB Amod	180	75
RP Mosia	180	75
Adv. N Ramatlhodi	75	–
SP Mngconkola	75	–
CL van der Venter	180	75
TT Hove	–	–
AW Johnson	–	–
LS Naidoo	–	–
FEC Brand	–	–
	1 125	410

Non-executive directors for services in other Group companies

2018	Salary R'000	Bonus R'000	Provident Fund R'000	Medical Aid R'000	Expense allowances R'000	Directors' fees R'000	Total R'000
CF Hendricks	899	412	129	60	17	–	1 517
K Abdulla	3 209	2 400	391	–	60	–	6 060
	4 108	2 812	520	60	77	–	7 577
2017							
CF Hendricks	801	205	118	63	–	–	1 187
K Abdulla	2 373	1 250	324	–	38	–	3 985
	3 174	1 455	442	63	38	–	5 172

- Miss CF Hendricks emoluments was paid by the subsidiary Premier Fishing SA Proprietary Limited for the period 1 September 2017 – 28 February 2018 in relation to her services provided to African Equity Empowerment Investments Limited. From 1 March 2018 – 31 August 2018, the emoluments were paid by African Equity Empowerment Investments Limited.
- Mr K Abdulla's emoluments were paid by African Equity Empowerment Investments Limited.
- Miss CF Hendricks and Mr K Abdulla are executive directors of African Equity Empowerment Investments Limited and the emoluments shown above are in respect to their services to African Equity Empowerment Investments Limited.

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35. DIRECTORS' EMOLUMENTS (CONTINUED)

Independent non-executive directors fees in other Group companies

Board fees	2018 R'000	2017 R'000
Rev. Dr VC Mehana	**425**	397
AB Amod	**671**	198
S Young	**849**	340
Adv. N Ramatlhodi	**207**	–
	2 152	935

- These non-executive directors fees' were paid by African Equity Empowerment Investments Limited for services rendered to African Equity Empowerment Investments Limited
- The above serve as non-executive directors of other Group companies.

36. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a number of financial risks: capital risk, liquidity risk, credit risk and market risk. Executive management has the overall responsibility for monitoring and controlling the risks.

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure that reduces the cost of capital to an acceptable level of risk.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 17 and equity as disclosed in the statement of financial position.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or reduce debt.

The Group monitors capital on the basis of the net interest bearing debt as a percentage of equity. This percentage is calculated as net debt divided by total equity. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the statement of financial position). Total equity is represented in the statement of financial position. The net debt to equity percentage during 2018 was less than 2%. (2017: less than 2%).

Financial risk management

The Group is exposed to a number of financial instrument related risks. The Group has trade receivables, cash and cash equivalents and loans receivable which give rise to credit risk and interest rate risk. The Group has trade payables, loans payable and other financial liabilities which give rise to liquidity risk and interest rate risk. The Group also has trade receivables and cash equivalents denominated in foreign currencies which give rise to foreign exchange risk.

Liquidity risk

Liquidity risk is the risk that an entity in the Group will encounter difficulty in meeting obligations as they become due. The Group manages liquidity risk by effectively managing its cash flows and working capital. The Group meets its financing requirements through the use of cash generated from operations as well as short-and long-term borrowings. The Group has sufficient undrawn borrowing facilities which could be utilised to settle obligations.

36. FINANCIAL RISK MANAGEMENT (CONTINUED)

Maturity profiles

The table below summarises the maturity profile of the financial liabilities of the Group based on remaining undiscounted contractual cash flows.

	Notes	Within one year R'000	One to five years R'000	Total R'000
At 31 August 2018				
Other financial liabilities	17	**6 712**	**4 663**	**11 375**
Trade payables	19	**38 217**	**–**	**38 217**
Total		**44 929**	**4 663**	**49 592**
At 31 August 2017				
Other financial liabilities	17	3 419	7 651	**11 070**
Trade payables	19	23 010	–	**23 010**
Bank overdraft	14	17 986	–	**17 986**
Total		**44 415**	**7 651**	**52 066**

The Group has no significant concentration of liquidity risk.

Credit risk

Credit risk is the risk that one counterparty to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. Credit risk consists mainly of trade receivables, cash and cash equivalents and loans and other receivables.

Trade receivables are comprised of a widespread customer base. Before any new customer is approved for credit, management requests a thorough credit check to be performed by an external credit rating agency. The agency provides credit scores and credit ratings on each customer. In addition to that a recommended credit limit is provided by the credit agency.

Additional internal ratings and credit limit checklist procedures are performed by management before a final credit limit is approved to our customers. Management also performs ongoing credit evaluations of the financial condition of all customers.

On a continuous basis, management monitors the performance of each customer against their credit limit to ensure that no credit limits are exceeded. No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties.

The Group only deposits cash with major banks that have a good reputation and a high quality credit standing and limits exposure to any one counterparty.

Loans and other receivables are comprised of advances to Group companies. The Group assesses the trading performance of other Group companies before making advances. Advances are made on the strength of the counterparty's trading performance and forecast cash flows. Loans and other receivables are carefully monitored for impairment.

Financial assets exposed to credit risk at period end were as follows:

Financial asset	Notes	At 31 August 2018 R'000	At 31 August 2017 R'000
Loans to Group companies	8	**89 618**	81 758
Other financial assets	12	**3 424**	1 707
Trade and other receivables	11	**81 056**	46 569
Cash and cash equivalents	14	**350 580**	541 919
Total		**524 678**	**671 953**

Refer to notes 8, 11, 12 and 14 for further detail in relation to credit risk.

36. FINANCIAL RISK MANAGEMENT (CONTINUED)

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign exchange rates (currency risk), market interest rates (interest rate risk) and market prices (price risk).

(a) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign exchange risk arising from currency exposures with respect to the US Dollar and the Euro. Foreign exchange risk arises from recognised trade receivables balances and foreign currency bank accounts.

Foreign currency balances

The Group had the following foreign currency denominated assets and liabilities at the reporting date:

	US Dollar '000	Euro '000
At 31 August 2018		
Trade debtors	**1 312**	**2 528**
Cash and cash equivalents	**1 114**	**10**
Income received in advance	**14**	**–**
Total	**2 440**	**2 538**
At 31 August 2017		
Trade debtors	926	177
Cash and cash equivalents	1 601	29
Income received in advance	67	3
Total	**2 594**	**209**

Exchange rates used for conversion of foreign items were:	US Dollar	Euro
At 31 August 2018	**14.65**	**17.05**
At 31 August 2017	12.97	15.38

The Group reviews its foreign currency exposure, including commitments on an ongoing basis. The Group does not have any foreign currency denominated liabilities.

Foreign currency sensitivity analysis

The following table shows the impact on the Group's profit after tax if there was a 10% weakening in the Rand against the US dollar and the Euro. For a 10% stronger Rand there would be an equal and opposite impact on profit after taxation. The sensitivity analysis only includes outstanding foreign currency denominated monetary items and adjusts their translation at financial year-end for a 10% weaker rand, with all other variables held constant.

Increase in profit after tax	2018 R'000	2017 R'000
US dollar	**2 859**	2 276
Euro	**2 633**	230

36. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Interest rate risk

Interest rate risk is the risk that the value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Floating rate instruments expose the Group to cash flow interest risk, whereas fixed interest rate instruments expose the Group to fair value interest risk. The Group does not have financial instruments with fixed interest rates.

Our debt is comprised of loans that have interest rates which are linked to the prime rate. The current debt is not significant and the Group has not hedged against changes in the prime rate.

In respect of financial assets, the Group invests cash at floating rates of interest and cash reserves are maintained in short-term investments (less than one year) in order to maintain liquidity, while achieving a satisfactory return for shareholders.

Current interest rates

The table below summarises the current interest rates and maturity profile of the financial instruments of the Group based on remaining undiscounted contractual cash flows.

Financial instrument	Notes	Current interest rate	Due in less than one year R'000	Due in one to two years R'000	Due in three to four years R'000	Due after five years R'000	Total R'000
Borrowings – Absa Revolving loan	17	10.00%	–	760	–	–	760
Borrowings – Absa Asset Finance	17	10.50 – 12.00%	197	–	–	–	197
Borrrowings – Absa Project finance loan	17	10.33%	2 440	2 440	1 423	–	6 303
Loans to Group companies – AEEI loan 1	8	10.00%	5 700	14 020	4 000	62 808	86 528
Loans to Group companies – AEEI loan 2	8	11.50%	–	3 090	–	–	3 090
Borrowings – Absa term loan	17	10.00%	–	367	–	–	367

Interest rate sensitivity analysis

The following table shows the impact on the Group's profit after tax if interest rates were 0.5% higher or lower as at the reporting date. The sensitivity analysis includes the financial assets and financial liabilities balances with variable interest rates at financial year-end, with all other variables held constant.

	2018 R'000	2017 R'000
Impact on profit after tax		
Increase of 0.5%	(344)	(282)
Decrease of 0.5%	344	282

Biological assets

The Group is exposed to financial risks arising from any diseases that may affect the abalone. Sufficient insurance cover is taken out to minimise any losses in the event of the above occurring.

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37. FAIR VALUE INFORMATION

The Group does not have any financial instruments which are traded in an active market. Fair value is determined using valuation techniques as outlined below. Where possible, inputs are based on quoted prices and other market determined variables.

Fair value hierarchy

Financial assets, financial liabilities and non-financial assets measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement as follows:

- **Level 1** Quoted unadjusted prices in active markets for identical assets or liabilities.
- **Level 2** Inputs other than quoted prices (included in level 1) that are observable for the asset or liability (directly or indirectly).
- **Level 3** Inputs for the asset or liability that are unobservable.

There have been no transfers between levels in the current year.

The following table shows assets measured at fair value at reporting date.

Asset	Fair value at 31 August 2018 R'000	Valuation method	Significant inputs	Fair value hierarchy
Biological assets	**68 021**	Quoted market prices for farmed abalone less estimated point of sale costs	Quoted market prices for abalone of similar size and foreign exchange rate	**Level 3**

The following table shows financial assets and liabilities for which fair value is disclosed at reporting date.

Financial instrument	Notes	Valuation method	Significant inputs	Fair value hierarchy
Financial assets				
Loans to Group companies	8	Discounted cash flow	Market related interest rates	Level 3[1]
Trade receivables	11	Discounted cash flow	Market related interest rates	Level 3[1]
Financial liabilities				
Other financial liabilities	17	Discounted cash flow	Market related interest rates	Level 3[1]
Trade payables	19	Discounted cash flow	Market related interest rates	Level 3[1]

[1.] *The fair value of these instruments approximates their carrying value, due to their short-term nature.*

37. FAIR VALUE INFORMATION (CONTINUED)

Reconciliation of assets measured at level 3

	Opening balance R'000	Changes in fair value, births and deaths R'000	Sales R'000	Purchases R'000	Transfers to inventory R'000	Closing balance R'000
At 31 August 2018						
Biological assets – Abalone	**54 323**	**44 860**	**(31 291)**	**520**	**(391)**	**68 021**
At 31 August 2017						
Biological assets – Abalone	48 169	44 006	(37 852)	–	–	**54 323**

Gains and losses recognised in profit or loss for biological assets are included in cost of sales in the Statement of Comprehensive Income.

The value of abalone is calculated by taking into account the selling price of the abalone, less costs associated with the sale. The net selling price less costs to sell is then applied to the total weight of the abalone per size category as at year-end with other inputs such as weight loss of the abalone and the USD foreign currency spot rate. The potential effect of using reasonably possible alternative assumptions in the valuation, based on a change in the most significant input by 1% while holding all other variables constant, is shown in the following table:

	Impact on profit after tax	
	1% increase R'000	1% decrease R'000
Weight	**1 392**	(1 392)
USD Spot rate	**563**	(563)
Processing fee	**(12)**	12

Valuation processes applied by the Group

The fair value calculations of abalone are performed by the Group's finance department and operations team on a yearly basis. The valuation reports are discussed with the audit committee in accordance with the Group's reporting policies.

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38. CATEGORIES OF FINANCIAL INSTRUMENTS

2018	Notes	Debt instruments at amortised cost R'000	Financial liabilities at amortised cost R'000	Leases R'000	Equity and non-financial assets and liabilities R'000	Total R'000
ASSETS						
Non-current assets						
Property, plant and equipment	3	–	–	–	310 242	310 242
Goodwill	4	–	–	–	70 129	70 129
Intangible assets	5	–	–	–	39 550	39 550
Loan to Group Company	8	89 618	–	–	–	89 618
Deferred tax	9	–	–	–	86	86
		89 618	–	–	420 007	509 625
Current assets						
Inventories	10	–	–	–	48 528	48 528
Trade and other receivables	11	113 679	–	–	14 964	128 643
Other financial assets	12	2 865	–	–	559	3 424
Current tax receivable		–	–	–	264	264
Biological assets	13	–	–	–	68 021	68 021
Cash and cash equivalents	14	350 580	–	–	–	350 580
		467 124	–	–	132 336	599 460
Total assets		556 742	–	–	552 343	1 109 085
EQUITY AND LIABILITIES						
Equity						
Stated Capital	15	–	–	–	507 517	507 517
Reserves		–	–	–	8 014	8 014
Retained income		–	–	–	298 424	298 424
Equity attributable to shareholders of Premier:		–	–	–	813 955	813 955
Non-controlling interests		–	–	–	48 481	48 481
Total equity		–	–	–	862 436	862 436
Liabilities						
Non-current liabilities						
Other financial liabilities	17	–	4 663	–	–	4 663
Operating lease liability	28	–	–	333	–	333
Post-employment medical costs	18	–	–	–	984	984
Deferred tax	9	–	–	–	110 154	110 154
		–	4 663	333	111 138	116 134
Current liabilities						
Trade and other payables	19	–	45 164	–	44 773	89 937
Other financial liabilities	17	–	6 712	–	–	6 712
Current tax payable	27	–	–	–	19 186	19 186
Provisions	20	–	–	–	14 680	14 680
		–	51 876	–	78 639	130 515
Total liabilities		–	56 539	333	189 777	246 649
Total equity and liabilities		–	56 539	333	1 052 213	1 109 085

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38. CATEGORIES OF FINANCIAL INSTRUMENTS (CONTINUED)

2017	Notes	Debt instruments at amortised cost R'000	Financial liabilities at amortised cost R'000	Leases R'000	Equity and non-financial assets and liabilities R'000	Total R'000
ASSETS						
Non-current assets						
Property, plant and equipment	3	–	–	–	130 107	130 107
Goodwill	4	–	–	–	18 165	18 165
Intangible assets	5	–	–	–	62	62
Loans to Group Company	8	81 758	–	–	–	81 758
Deferred tax	9	–	–	–	65	65
		81 758	–	–	148 399	230 157
Current assets						
Inventories	10	–	–	–	43 083	43 083
Trade and other receivables	11	80 680	–	–	8 940	89 620
Other financial assets	12	1 707	–	–	–	1 707
Current tax receivable		–	–	–	154	154
Biological assets	13	–	–	–	54 323	54 323
Cash and cash equivalents	14	541 919	–	–	–	541 919
		624 306	–	–	106 500	730 806
Total assets		706 064	–	–	254 899	960 963
EQUITY AND LIABILITIES						
Equity						
Stated Capital	15	–	–	–	507 517	507 517
Reserves		–	–	–	8 014	8 014
Retained income		–	–	–	255 566	255 566
Equity attributable to shareholders of Premier		–	–	–	771 097	771 097
Liabilities						
Non-current liabilities						
Other financial liabilities	17	–	7 651	–	–	7 651
Operating lease liability	28	–	–	1 243	–	1 243
Post-employment medical aid costs	18	–	–	–	1 075	1 075
Deferred tax	9	–	–	–	72 341	72 341
		–	7 651	1 243	73 416	82 310
Current liabilities						
Trade and other payables	19	–	53 776	1 679	–	55 455
Other financial liabilities	17	–	3 419	–	–	3 419
Current tax payable		–	–	–	21 752	21 752
Provisions	20	–	–	–	8 944	8 944
Bank overdraft	14	–	17 986	–	–	17 986
		–	72 848	–	34 708	107 556
Total liabilities		–	80 499	1 243	108 124	189 866
Total equity and liabilities		–	80 499	1 243	879 221	960 963

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39 GOING CONCERN

The directors believe that the Group has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going-concern basis. The directors have satisfied themselves that the Group is in a sound financial position borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material and that it has access to sufficient changes that may adversely impact the Group. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the Group.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

40 PROFIT FORECAST

In accordance with paragraph 8.63(g) of the JSE Limited ("JSE") Listing Requirements, the audited results of the current period differ by more than 10% from the previously published forecast for the period, as a result of lower landings of pilchards during the current reporting period. In addition to this, the Group embarked on the acquisition of Talhado Fishing Enterprises Proprietary Limited. (""Talhado"). The purchase agreement had an effective date of acquisition of 30 November 2017. However, in terms of IFRS 3, Business Combinations, the date of acquisition has been determined as the 9th of May 2018.The results from the effective date to the 9th of May 2018 have therefore been excluded from our reported results due to IFRS reporting standards. Refer to note 31 on the business combination for more detail.

NOTES