

PREMIER FISHING AND BRANDS LIMITED  
(Incorporated in the Republic of South Africa)  
Registration number 1998/018598/06  
Share code: PFB and ISIN: ZAE000247516  
("PFB" or "the Company" or "the Group" or "Premier")

Summarised audited condensed consolidated annual financial results for the year ended 31 August 2018

GROUP PROFILE

Premier Fishing and Brands Limited through its subsidiaries operates a vertically integrated fishing business which specialises in the harvesting, processing and marketing of fish and fish-related products. The Group holds medium to long-term fishing rights in squid, lobster, small pelagics, hake deep-sea trawl, hake longline, horse mackerel, swordfish and tuna. The Group also owns an abalone farm and invests in organic fertilisers through the "Seagro" range of products.

Highlights compared to the prior year:

- Revenue increased by 20% from R411 million to R491 million.
- Operating profit increased by 41% from R65 million to R92 million.
- Profit after tax increased by 40% from R68 million to R95 million.
- The acquisition of a 50.31% shareholding in Talhado Fishing Enterprises Proprietary Limited ("Talhado").
- Cash generated from operations increased by 128% from R40 million to R91 million.
- Gross dividends of 25 cents per share declared to shareholders (2017: 15 cents per share).

The Group delivered a good performance for the year with revenue increasing by 20% and profit after tax increasing by 40% from the prior year.

Cash generated from operations increased by 128%, from R40 million to R91 million from the prior year.

The good performance was as a result of strong earnings in the squid and lobster divisions of the business.

Our abalone business has produced results in line with management's expectations while we focus on our expansion plans with increased performance expected to be achieved during the 2019/2020 financial year when expansion is completed and pipeline fully secured.

Headline earnings per share ("HEPS") decreased by 9% from the prior year as a result of the weighted average number of shares ("WANOS") used in the calculation of HEPS for the year ended 31 August 2018. For the 2018 financial year end, the WANOS is 260 000 000 shares, compared to a WANOS of 201 660 000 for the year ended 31 August 2017, as a result of the listing of Premier on 3 March 2017.

Summarised Audited Condensed Consolidated Statement of Comprehensive Income  
For the year ended 31 August 2018

	Audited Year ended 31 August 2018	Audited Year ended 31 August 2017	Change %
	R'000	R'000	
Revenue	490 870	410 733	20
Cost of sales	(280 651)	(230 586)	22
Gross profit	210 219	180 147	17
Other operating income	19 523	1 249	1 463
Other operating expenses	(138 161)	(116 245)	19
Operating profit	91 581	65 151	41
Investment revenue	40 975	33 015	24
Finance costs	(3 543)	(3 323)	7
Profit before taxation	129 013	94 843	36
Taxation	(33 672)	(26 743)	26
Profit for the year	95 341	68 100	40
Total comprehensive income for the year	95 341	68 100	40
Profit after tax attributable to :			
Shareholders of Premier	81 858	68 100	20
Non-controlling interests	13 483	-	100
Profit for the year	95 341	68 100	40
Basic and diluted earnings per share (cents)	31.48	33.77	(7)
Headline and diluted headline earnings per share (cents)	31.60	34.59	(9)
Weighted average number of shares	260 000	201 660	

Summarised Condensed Consolidated Statement of Financial Position  
as at 31 August 2018

	Audited as at 31 August 2018	Audited as at 31 August 2017
	R'000	R'000
ASSETS		
Non-Current Assets	509 625	230 157
Property, plant and equipment	310 242	130 107

Goodwill	70 129	18 165
Intangible assets	39 550	62
Loans to Group companies	89 618	81 758
Deferred tax	86	65
Current Assets	599 460	730 806
Inventories	48 528	43 083
Trade and other receivables	128 643	89 620
Other financial assets	3 424	1 707
Current tax receivable	264	154
Biological assets	68 021	54 323
Cash and cash equivalents	350 580	541 919
Total Assets	1 109 085	960 963
EQUITY AND LIABILITIES		
Stated Capital	507 517	507 517
Reserves	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
Non-Current Liabilities	116 134	82 310
Other financial liabilities	4 663	7 651
Operating lease liability	333	1 243
Post-employment medical costs	984	1 075
Deferred tax	110 154	72 341
Current Liabilities	130 515	107 556
Trade and other payables	89 937	55 455
Other financial liabilities	6 712	3 419
Current tax payable	19 186	21 752
Provisions	14 680	8 944
Bank overdraft	-	17 986
Total liabilities	246 649	189 866
Total Equity and Liabilities	1 109 085	960 963
Net asset value per share (cents)	331.71	296.58
Net tangible asset value (cents)	289.52	289.57

Summarised Condensed Consolidated Statement of Changes in Equity  
For the year ended 31 August 2018

	Audited Year ended 31 August 2018 R'000	Audited Year ended 31 August 2017 R'000
Balance at the beginning of the year	771 097	225 480
Non-controlling interests arising on acquisition of Talhado	50 662	-
Acquisition of additional shares from non-controlling interests in subsidiaries of Talhado	(15 664)	-
Profit for the year attributable to shareholders of Premier	81 858	68 100
Profit for the year attributable to non-controlling interests	13 483	-
Issue of shares	-	507 517
Dividends	(39 000)	(30 000)
Balance at the end of the year	862 436	771 097
Comprising of:		
Stated capital	507 517	507 517
Reserves	8 014	8 014
Retained income	298 424	255 566
Non-controlling interests	48 481	-
Total equity	862 436	771 097

Summarised Condensed Consolidated Statement of Cash Flows  
For the year ended 31 August 2018

	Audited Year ended 31 31 August 2018 R'000	Audited Year ended 31 August 2017 R'000
Cash flows from operations	91 187	40 094
Interest income	29 448	17 446
Finance costs	(3 543)	(3 323)
Tax paid	(54 820)	(12 659)
Net cash from operating activities	62 272	41 558
Cash flows from investing activities		
Purchases of property, plant and equipment to sustain operations	(28 837)	(14 066)
Purchases of property, plant and equipment to expand operations	(86 803)	(7 995)
Purchases of biological assets	(520)	-
Purchases of intangible assets	(1 862)	(27)

Business combinations	(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	-	526 500
Share issue costs	-	(18 983)
Proceeds from other financial liabilities	942	-
Repayment of other financial liabilities	(4 300)	(2 966)
Dividends paid	(39 000)	-
Net cash (to) from financing activities	(42 358)	504 551
Net increase in cash and cash equivalents	(173 353)	500 417
Cash at the beginning of the year	523 933	23 516
Net cash and cash equivalents at end of the year	350 580	523 933

#### 1. BASIS OF PREPARATION

The summarised consolidated annual financial statements were prepared in accordance with the JSE Limited Listings Requirements ("JSE") for provisional reports and the requirements of the Companies Act, 2008 (No. 71 of 2008), as amended. The JSE requires provisional reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and IAS 34 - Interim Financial Reporting. The accounting policies applied in the preparation of the summarised consolidated financial statements are in line with IFRS and are consistent with the accounting policies applied in the preparation of the previous consolidated annual financial statements. This announcement does not include the information required pursuant to paragraph 16A(j) of IAS 34.

The summarised consolidated annual financial statements were prepared under the supervision of the group chief financial officer, Isaiah Tatenda Bundo, CA(SA).

This summarised report is extracted from the audited consolidated financial statements, but is not itself audited. The consolidated annual financial statements were audited by the Group's external auditors, BDO Cape Inc., who expressed an unmodified opinion thereon. The audited consolidated annual financial statements and the auditor's report thereon are available for inspection at the Company's registered office and on the Company's website: [www.premierfishing.co.za](http://www.premierfishing.co.za). The auditor's report does not necessarily report on all of the information contained in this announcement. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of the auditor's report together with the accompanying financial information from the Company's registered office. The directors take full responsibility for the preparation of the summarised consolidated annual financial statements which has been extracted without adjustment from the underlying audited consolidated annual financial statements.

Any reference to future financial performance included in this announcement is the responsibility of the directors and has not been reviewed or reported by the Company's auditors.

#### 2. Segmental Analysis

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

Segmental 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

Segmental liabilities

Lobster	15 877	12 820
Pelagics	11 600	11 258
Hake	5 348	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

Revenue per region

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

3. OPERATING ITEMS

Operating profit for the year is stated after accounting for the following:

	Audited Year ended 31 August 2018	Audited Year ended 31 August 2017
	R'000	R'000
Management fee expense	4 711	12 480
Loss on disposal of property, plant and equipment	409	2 295
Loan written off	-	397
Loss on exchange differences	-	2 979
Profit on exchange differences	1 797	-
Amortisation of intangible assets	2 642	6
Depreciation of property, plant and equipment	14 843	14 255
Fair value gain on biological assets	13 178	6 153

4. HEADLINE EARNINGS

Earnings attributable to owners of Premier	81 858	68 100
Adjusted for:		
Effect of loss on disposal of property, plant and equipment gross of tax	409	2 295
Taxation effect	(115)	(643)
Headline earnings	82 152	69 752
Weighted average number of shares	260 000	201 660
Headline and diluted headline earnings per share (cents)	31.60	34.59

5. SIGNIFICANT EVENTS AND TRANSACTIONS

(i) BUSINESS COMBINATIONS

The Group acquired the squid fishing rights, brand and related assets of Talhado for a consideration of R89 million in order 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 as the 9th of 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:

Property, plant and equipment	78 987
Intangible assets	40 268
Inventories	25 815
Trade and other receivables	25 292
Other financial assets	1 511
Current tax payable	(19 871)
Cash and cash equivalents	28 084

Other financial liabilities	(10 302)
Deferred tax	(35 888)
Trade and other payables	(31 132)
Provisions	(9 736)
Dividends payable	(5 007)
Total identifiable net assets	88 021
Non-controlling interests	(50 662)
Goodwill	51 964
Total purchase consideration	89 323
Net cash outflow on acquisition date:	
Cash consideration paid	89 323
Cash acquired	(28 084)
Net cash outflow on acquisition	61 239

The interest accrued on the purchase consideration amounting to R3 964 767 was included as part of the purchase consideration, was measured at fair value. All other acquisition related costs amounting to R1 790 052 have been expensed and are included in operating expenses in comprehensive income.

Revenue of R80 million and profit of R29 million of Talhado has been included in the Group's results since the date of acquisition being 9th May 2018.

Had the business combination taken place at the beginning of the reporting year, namely 1 September 2017, the revenue for the Group would have been R683 million and profit after tax for the Group would have been R134 million.

ii) Non-controlling interest

Non-controlling interest, which is a present ownership interest, and entitle the 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.

iii) Goodwill

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

(ii) EXPANSION OF THE ABALONE FARM

During the current reporting period, the carrying value of plant and machinery increased from R39 million to R61 million as a result of the abalone farm expansion. Furthermore, assets under construction increased to R30 million compared to R5 million in the prior year.

6. PRO FORMA FINANCIAL INFORMATION

The effective date of the Talhado acquisition transaction is 30 November 2017, however in terms of IFRS 3, Business Combinations, the date of acquisition is 9 May 2018. As a result, the summarised provisional consolidated annual financial results for the year ended 31 August 2018 do not include the results of Talhado for the 5 months and 8 days from 1 December 2017 to 8 May 2018.

Pro forma results have been prepared for illustrative purposes only, in order to provide information relating to the impact of the Talhado acquisition on revenue, operating profit, profit before tax and profit after tax for the year ended 31 August 2018, if the results of Talhado had been consolidated in Premier's Group results from 1 December 2017, in order to show the growth in Premier in relation to the acquisition of Talhado. Because of its nature the pro forma financial information may not fairly present Premier's financial position, changes in equity, results of operations and cash flows.

The pro forma financial effects are presented in accordance with the JSE Listings Requirements, the Guide on Pro Forma Financial Information issued by SAICA and the measurement and recognition requirements of International Financial Reporting Standards. The accounting policies applied in quantifying pro forma adjustments are consistent with Premier's accounting policies at 31 August 2018. The pro forma results are the responsibility of the Board of directors. An assurance report (in terms of ISAE 3420: Assurance Engagements to Report on the Compilation of Pro Forma Financial Information) has been issued by the Group's auditors in respect of the pro forma financial information included in this announcement. The assurance report is available for inspection at the registered office of the Company.

Pro forma results for the year ended 31 August 2018.

	Pro forma Year ended 31 August 2018	Year ended 31 August 2017	Growth %
	R'000	R'000	
Revenue	581 577	410 733	42%
Operating profit	142 493	65 151	119%
Profit before tax	178 216	94 843	88%
Profit for the year	131 522	68 100	93%

Pro forma results for the year ended 31 August 2018.

	Premier audited for the year ended 31 August 2018(1)	Talhado unaudited for the 5 months and 8 days ended 8 May 2018(2)	Premier pro forma after the inclusion of Talhado for the 5 months and 8 days ended 8 May 2018(3)
	R'000	R'000	R'000
Revenue	490 870	90 707	581 577
Operating profit	91 581	50 912	142 493
Profit before tax	129 013	49 203	178 216
Profit for the year	95 341	36 181	131 522

1. The column titled "Premier audited for the year ended 31 August 2018" represents the provisional audited results for Premier Group for the year ended 31 August 2018.

2. The column titled "Talhado unaudited for the 5 months and 8 days ended 8 May 2018" represents the unaudited results for Talhado for the 5 months and 8 days ended 8 May 2018, extracted from the Talhado audited financial statements for the year ended 31 August 2018 without adjustment, that would have been consolidated had the conditions precedent been met prior to 8 May 2018.
3. The column titled "Premier pro forma after the inclusion of Talhado for the 5 months and 8 days ended 8 May 2018" represents the Premier Group pro forma results after the adjustments if Talhado had been consolidated.

All pro forma adjustments will have a continuing effect on the financial results of Premier.

#### REVIEW OF OPERATIONS

##### Lobster

The 2018 total allowable catch ("TAC") for south coast rock lobster ("SCRL") is 335 tons up by 1% from the prior year TAC of 331 tons. The quota which is available to Premier is 135 tons (2017: 133 tons).

The 2018 TAC for west coast rock lobster ("WCRL") remained unchanged from the prior year at 1 924 tons however the offshore allocation decreased from 1 204 tons to 995 tons. The quota which is available to Premier is 64 tons (2017: 87 tons). The total WCRL contracted quota acquired for 2018 is 101 tons (2017: 96 tons). WCRL contribution to revenue and profits of the Group is less than 15%.

The Group experienced increased landings due to good catch rates for the lobster division as well as bigger size mix for SCRL. The bigger size mix resulted in the Group achieving an increase of 3% in US dollar pricing for SCRL as compared to the prior period. The increased landings also resulted in increased sales volumes for the division as compared to the prior period. The good catch rates, increased market prices and volumes resulted in the division maintaining its margin despite the strengthening of the Rand against the dollar in the first half of the financial year.

##### Small pelagics

The Group's 2018 quota allocation for Pilchards is 4 396 tons (2017: 3 383 tons). The catch rates for pilchards was lower than that of the prior year, industry wide resulting in lower landed and sales volumes of Pilchards in the current year. Industrial fish catch rates were the same as those experienced in the prior year. The lower landings and sales volumes for Pilchards resulted in lower revenues and operating profits for the division in the current year.

##### Squid

The acquisition of Talhado resulted in the increase in fishing rights and the number of fishing vessels utilised for squid from 4 vessels in the prior year to 22 vessels in the current year. The squid industry experienced exceptional catch rates in the current period. The landed volumes and sales volumes for the division were more than double those of the prior period. The market for South African squid remained stable despite the significant increase in landed volumes and the Euro sales prices achieved by the Group were the same as the prior period. The exceptional catch rates, increased sales volumes and consolidation of Talhado from 9 May resulted in an increase of 431% in operating profits of the division.

Revenue of R80 million and profit after tax of R29 million has been consolidated from Talhado for the year ended 31 August 2018.

##### Hake

The 2018 TAC for hake is 133 119 tons. The quota which is available to the Group is 700 tons. The Group's hake quota is caught, processed and marketed through a joint operation with Blue Continental Products (Pty) Ltd ("BCP") Hake. The catch rates for the division were similar to those of the prior period and the division also experienced a bigger size mix for its catches. There were unexpected major repairs and maintenance work done to the fishing vessel due to a breakdown which resulted in operating profits for this division being lower than the prior year.

##### Abalone

The Group commenced with construction of the expansion of the abalone farm. 40 tons of additional animal rearing capacity have been added to date and construction is anticipated to be completed by the end of Quarter 1 in 2019. The division is currently focused on increasing its spat ("Baby Abalone") production and stock holding in preparation for the farm expansion. Sales volumes for the period were less than those of the prior period as the Group is growing out the animals to a bigger size for the market. Sales volumes are expected to increase once construction at the farm has been completed. The stock value increased by 25% from the prior year and this volume will be realised in the coming financial years. It is the Group's intention to increase the stock value in line with the abalone expansion plans.

##### Horse Mackerel

The Group was awarded a horse mackerel quota of 800 tons during the FRAP2015/2016 process. The Group's horse mackerel quota is caught, processed and marketed by Desert Diamond Fishing (Pty) Ltd. 100% of the quota was caught during the current period.

##### Seagro

Seagro is an organic fertiliser produced from Fish Oil which is a by-product of the Fishmeal making process. There was an increased availability of fish Oil in the current period which resulted in production of Seagro and increased sales volumes as compared to the prior period. The increased sales volumes in the current period resulted in increased profitability compared to the prior period.

##### Processing and marketing

The total WCRL contracted quota acquired for 2018 is 101 tons (2017: 96 tons). The total Wild Abalone contracted quota acquired for 2018 is 31 tons (2017: 30 tons). The quota holders landed their full quota allocations in the current financial year. Revenue and operating profits is lower than that of the prior year due to the strengthening of the Rand against the USD in the first half of the financial year.

##### Events after the reporting period

A final gross dividend of 25 cents per share has been declared after the reporting period but before the financial statements were authorised for issue.

Furthermore, 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.

#### 7. DIVIDENDS

	R'000	R'000
Dividend declared after reporting date*	65 000	39 000
Dividends per share (cents)	25	15

\*These dividends were declared subsequent to the respective annual financial year-ends.

#### CASH DIVIDEND DECLARATION

The Board of directors are pleased to announce that it has approved and declared a gross final dividend of 25 cents per share for the year ended 31 August 2018 from income reserves. The final dividend amount, net of South African dividend tax of 20% which equates to 5 cents per share and is therefore a net 20 cents per share for those shareholders that are not exempt from dividend tax.

The number of ordinary shares in issue at the declaration date is 260 000 000 and the income tax number of the Company is 9246036033.

The salient dates of the dividend distribution are as follows:

Gross dividend (cents per share)	25.00
Dividend net of dividend withholding tax (cents per share)	20.00
Announcement date	Tuesday, 30 October 2018
Last day to trade cum dividend	Tuesday, 20 November 2018
Trading ex-dividend commences	Wednesday, 21 November 2018
Record date	Friday, 23 November 2018
Date of payment	Monday, 26 November 2018

Share certificates may not be dematerialised between Wednesday, 21 November 2018 and Friday, 23 November 2018, both days inclusive.

#### Future Prospects

The Group continues to focus on the expansion of its Abalone farm, additional acquisitions and increasing the diversification of its product basket. The Group expects an increased contribution to the operational performance of the Group resulting from the acquisition of Talhado, which includes synergies as a result of cost savings.

#### DIRECTORATE AND STATUTORY INFORMATION

Directors: Reverend Dr Vukile Mehana (chairman) #\*, Khalid Abdulla (Non-executive deputy chairman)#\*, Mogamat Samir Saban (chief executive officer) \*,Isaiah Tatenda Bundo \*, Rushaan Isaacs\*, Salim Young #\*,Cherie Felicity Hendricks#, Aziza Amod#, Rosemary Mosia #\*, Clifford van der Venter #\*, Advocate Dr. Ngoako Ramatlhodi#\* and Sebenzile Patrick Mngconkola#\*

\* Executive directors

#\* Non-executive directors

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Company Secretary: Wazeer Moosa  
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Sponsor: PSG Capital Proprietary Limited

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Cape Town  
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