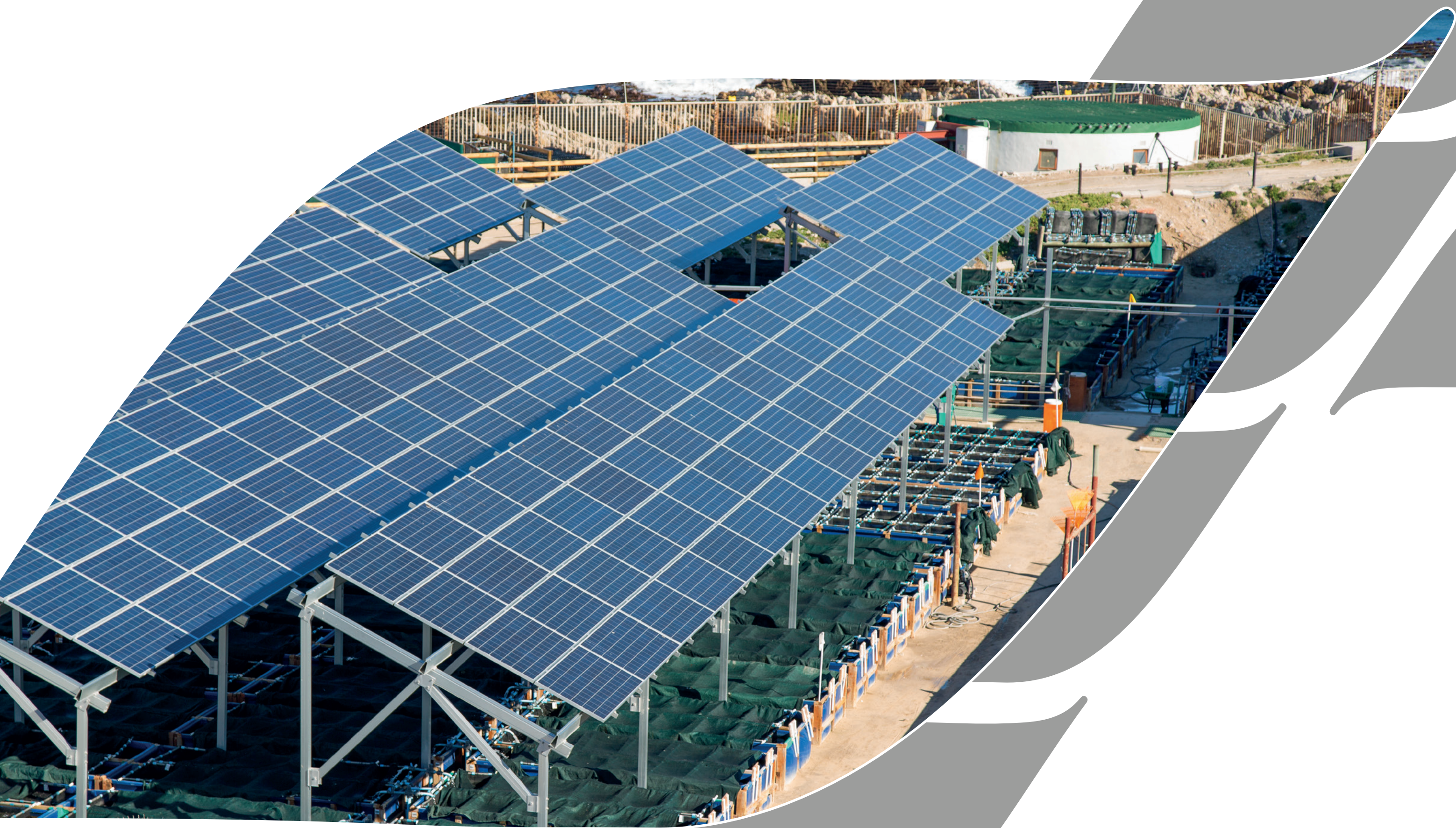
Premier Fishing & Brands Limited

The First Choice

COMPANY ANNUAL FINANCIAL STATEMENTS

2018



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The reports and statements set out below comprise the 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)

Supervised by

IT Bundo CA(SA)

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
Rosemary Phindile Mosia	BCom (University of the North), PDM, BCTA, MBL	2 May 2017		3 / 4
Clifford van der Venter	BCom (UNISA) and an MBA (UCT)	3 April 2018		2 / 2
Advocate Ngoako Abel Ramatlhodi	BA Law (NUL), LLB(NUL), MSc (UZ)	8 August 2018		1 / 1
Sebenzile Patrick Mngconkola	B Tech Business Administration, HR degree	8 August 2018		1 / 1
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.

Arthur Johnson and Takudzwa Hove 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 Company. 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 re-appointed as the Company'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 Company.

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. INTERNAL AUDIT

The Company'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 Company's internal control environment. The head of internal audit does not report directly to the Company's management 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 Company's internal control environment and based on that review it is satisfied that there has been no material breakdowns in the internal control environment of the Company.

4. KEY AUDIT MATTERS

The audit and risk committee considered the key audit matter as outlined in the independent auditor's report for the Company, set out on pages 6 to 9. The key audit matter was:

- valuation of subsidiaries

The committee is satisfied that the key audit matter was adequately addressed in the context of the audit.

5. 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 has 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.

6. ANNUAL FINANCIAL STATEMENTS

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

7. GOING CONCERN

The committee reviewed the going-concern status of the Company 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 committee

Salim Young
Chairman audit and risk committee
30 October 2018

COMPANY SECRETARY'S CERTIFICATION

DECLARATION BY THE COMPANY SECRETARY

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.

Wazeer Moosa
Company secretary

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 annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the company 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 IFRS. The external auditors are engaged to express an independent opinion on the annual financial statements, the SAICA financial reporting guides issued by the Accounting Practice committee, the Listing Requirements of the JSE Limited and the Companies Act.

The annual financial statements, set out on pages 14 to 39, are based on appropriate accounting policies which has been consistently applied throughout the Company 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 Company 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 Company and all employees are required to maintain the highest ethical standards in ensuring the Company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Company is on identifying, assessing, managing and monitoring all known forms of risk across the Company. While operating risk cannot be fully eliminated, the Company 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, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the 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 Company's 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 Company 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 annual financial statements are fairly presented in accordance with the applicable financial reporting framework. The independent auditor's report to the shareholders of the Company is set out on pages 6 to 9 of this report.

The annual financial statements set out on pages 14 to 39, which have been prepared on the going-concern basis, were approved by the board of directors on 30 October 2018 and were signed on their behalf by:

Reverend Dr Vukile Charles Mehana
Non-executive Chairman

Mogamat Samir Saban
Chief Executive Officer

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Premier Fishing and Brands Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of Premier Fishing and Brands Limited (the company) set out on pages 14 to 39, which comprise the statement of financial position as at 31 August 2018, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the company as at 31 August 2018, and its financial performance and 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 Financial Statements* section of our report. We are independent of the company 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 financial statements of the current period. These matters were addressed in the context of our audit of the 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

VALUATION OF SUBSIDIARIES

Investment in subsidiaries are carried at fair value through profit or loss, amounting to R1 430 496 000. The valuation of these investments are based on an entity discounted cash flow valuation technique.

The use of a discounted cash flow valuation requires the estimation of a number of significant inputs, including the future expected cash flows and the weighted average cost of capital used to perform the discounting. Many of these inputs may have a material impact on the valuation.

In determining the fair value of the subsidiary companies, which are not traded in an active market, valuation techniques which require significant judgement and estimates are applied by management. These are in accordance with Level 3 inputs as per International Financial Reporting Standard 13 Fair Value Measurement (IFRS 13). The judgements are based on existing market conditions, determined at the end of each reporting period to determine the fair value of these financial instruments.

Accordingly, the valuation of investment in subsidiaries at fair value through profit or loss was considered to be a key audit matter, due to the significant contribution to results of the separate financial statements as well as the significance of the assumptions, estimates and the level of judgement involved.

The disclosure relating to investment in subsidiaries are contained in note 1 (accounting policies) and note 3 (investment in subsidiaries).

In assessing the fair value of the unlisted investments, we 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 the board of directors.

Our audit procedures included, an assessment of the reasonability of the forecast by:

- testing the mathematical accuracy of the valuation models, by performing a recalculation of each valuation;
- assessing the budgeting process, and confirming reasonability of the forecasts;
- agreeing management forecast to the approved budgets; and
- comparing the actual performance to that of previous years forecast.

We have assessed the key inputs in the valuation models by performing the following procedures:

- Comparing the inputs to the weighted average cost of capital discount rate to independently obtained data such as the cost of debt, risk-free rates in the market, market risk premiums, debt/equity ratios as well as the beta of comparable companies.
- Utilising our internal valuation experts, who have assessed the reasonableness and appropriateness of the key inputs.

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 financial statements and our auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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.

INDEPENDENT AUDITOR'S REPORT
(CONTINUED)

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company'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 company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the 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 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 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 company'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 company'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 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 company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 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.

INDEPENDENT AUDITOR'S REPORT
(CONTINUED)

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 Proprietary 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 annual financial statements of Premier Fishing and Brands Limited for the year ended 31 August 2018.

1. NATURE OF BUSINESS

Premier Fishing and Brands Limited ("Premier") is an investment entity incorporated in South Africa with interests in the fishing industry. Premier has subsidiaries which operate in South Africa which are engaged in catching, processing and marketing of pelagic (pilchards and anchovy), west coast rock lobster, south coast rock lobster, squid and hake. The subsidiaries also earn rental income by renting out their warehousing facilities through which they offer cold and dry storage for clients. The subsidiaries are also involved in aquaculture (abalone farming) as well as the manufacture of environmental friendly fertiliser products (organic liquid fertiliser).

2. FINANCIAL RESULTS

The annual financial statements have been prepared in accordance with IFRS, the SAICA financial reporting guides issues by the Accounting Practices Committee, the Listings Requirements of the JSE Limited, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, and the Companies Act. 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 Company are set out in these annual financial statements. Refer to the Company's website www.premierfishing.co.za for the consolidated financial statements and the integrated report of the Group.

3. CORPORATE GOVERNANCE

The directors subscribe to the principles incorporated in 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 Company's corporate governance policies and procedures in the current year and no issues were identified.

4. GOING CONCERN

The directors believe that the Company 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 Company 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 Company. 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 Company. 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.

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 annual financial statements.

DIRECTORS' REPORT
(CONTINUED)

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 and 3 of these 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	
Prof VC Mehana	Chairman	Non-executive	1 February 2017	
K Abdulla	Deputy chairman	Non-executive	1 December 2008	
S Young		Non-executive	1 February 2017	
CF Hendricks		Non-executive	6 July 2009	
AB Amod		Non-executive	13 February 2004	
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
Advocate 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 Company. The directors are satisfied that the Company 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

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.

The individual interests of the directors are shown in the table below as at 31 August 2018.

Interests in shares – 2018

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

Interests in shares – 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%
	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.

13. INTERESTS IN SUBSIDIARIES

Details of material interests in subsidiary companies are presented in the annual financial statements in note 3 of the annual financial statements.

TALHADO ACQUISITION

On 30 November 2017, a subsidiary of the Company, Premier Fishing SA Proprietary Limited ("Premier Fishing"), 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, Premier Fishing also acquired direct shareholdings in the underlying subsidiaries of Talhado for a total consideration of R15 million.

14. ULTIMATE HOLDING COMPANY

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

DIRECTORS' REPORT
(CONTINUED)

15. SECRETARY

The Company secretary is Mr Wazeer Moosa.

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

16. COMPANY SECRETARY

As required by JSE Listings Requirement 3.84(i), 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.

17. AUDITORS

BDO continued in office as the independent external auditors of 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 Ms Fayaz Mohamed as the designated lead audit partner for the 2019 financial year.

18. PREPARER

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

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.

STATEMENT OF FINANCIAL POSITION

AS AT 31 AUGUST 2018

	Notes	2018 R'000	2017 R'000
Assets			
Non-current assets			
Investments in subsidiaries	3	**1 430 496**	1 102 000
Loan to Group Company	4	**246 406**	16 052
		1 676 902	**1 118 052**
Current assets			
Trade and other receivables	5	**1 926**	3 283
Cash and cash equivalents	6	**261 051**	508 595
		262 977	**511 878**
Total assets		**1 939 879**	**1 629 930**
Equity and liabilities			
Equity			
Stated capital	7	**507 517**	507 517
Retained income		**1 119 581**	883 287
		1 627 098	**1 390 804**
Liabilities			
Non-current liabilities			
Loan from Group Company	4	**1 867**	1 688
Deferred tax	8	**305 823**	232 240
		307 690	**233 928**
Current liabilities			
Trade and other payables	9	**218**	200
Current tax payable		**4 873**	4 998
		5 091	**5 198**
Total liabilities		**312 781**	**239 126**
Total equity and liabilities		**1 939 879**	**1 629 930**

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	2018 R'000	2017 R'000
Revenue	10	**30 415**	50 310
Fair value adjustments	11	**328 496**	88 000
Other operating expenses		**(1 821)**	(868)
Operating profit		**357 090**	**137 442**
Finance costs	12	**(179)**	(102)
Profit before taxation		**356 911**	**137 340**
Taxation	13	**(81 617)**	(24 710)
Profit for the year		**275 294**	**112 630**
Other comprehensive income		**–**	–
Total comprehensive income for the year		**275 294**	**112 630**

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 AUGUST 2018

	Stated capital R'000	Retained income R'000	Total equity R'000
Balance at 1 September 2016	–	800 657	800 657
Profit for the year	–	112 630	112 630
Other comprehensive income	–	–	–
Issue of shares	526 500	–	526 500
Share issue costs	(18 983)	–	(18 983)
Dividends	–	(30 000)	(30 000)
Balance at 1 September 2017	**507 517**	**883 287**	**1 390 804**
Profit for the year	**–**	**275 294**	**275 294**
Other comprehensive income	**–**	**–**	**–**
Dividends	**–**	**(39 000)**	**(39 000)**
Balance at 31 August 2018	**507 517**	**1 119 581**	**1 627 098**

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		**30 966**	15 835
Cash paid to suppliers and employees		**(31 411)**	(19 786)
Cash used in operations	14	**(445)**	**(3 951)**
Interest income		**29 608**	19 118
Tax paid	15	**(8 159)**	–
Net cash from operating activities		**21 004**	**15 167**
Cash flows from investing activities			
Loan to Group company repaid		**48 236**	15 140
Loan advanced to Group company		**(277 784)**	(29 229)
Net cash to investing activities		**(229 548)**	**(14 089)**
Cash flows from financing activities			
Proceeds on share issue	7	**–**	526 500
Share issue costs	7	**–**	(18 983)
Dividends paid		**(39 000)**	–
Net cash (to)/from financing activities		**(39 000)**	**507 517**
Total cash movement for the year		**(247 544)**	**508 595**
Cash at the beginning of the year		**508 595**	–
Total cash at end of the year	6	**261 051**	**508 595**

PREMIER FISHING AND BRANDS LIMITED ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 AUGUST 2018

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of preparation

The 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 Pronouncements as issued by the Financial Reporting Standards Council, the requirements of the Companies Act, as amended and the Listings Requirements of the JSE Limited.

The 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 period.

1.2 Investments in subsidiaries

Investments in subsidiaries are carried at fair value with fair value changes recognised in profit or loss.

1.3 Financial instruments

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

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

Loans receivable and loans payable

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 rate method, less any impairment loss recognised to reflect irrecoverable amounts.

On loans receivable an impairment loss is recognised in profit or 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 rate 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 rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset 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.

Trade and other payables

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

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 Company. These are initially recognised at fair value and subsequently recorded at amortised cost.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.4 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.

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 recognized amounts; and the Group intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

1.5 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.

1.6 Revenue

Revenue comprises of interest and dividend income. Interest revenue comprises of interest earned on bank accounts and interest earned on the loan to Group company. Interest revenue is recognised, in profit or loss, using the effective interest rate method.

Dividend income is recognised when the shareholder's right to receive payment is established.

1.7 Finance costs

All finance costs are recognised in profit or loss in the period in which they are incurred.

1.8 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 20 for further detail.

1.9 Significant judgements and sources of estimation uncertainty

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:

Trade receivables and loans and receivables

The Company 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 or loss. Refer to note 4 and 5 for more details.

Investment in subsidiaries

The Company calculates the fair value of its investment in subsidiaries at each statement of financial position date. The issued share capital of the subsidiaries is not traded on an active market, therefore management calculates the value as the present value of future cash flows of the subsidiaries. Management makes judgements and assumptions in the determination of the future expected cash flows as well as the weighted average cost of capital used to perform the discounting calculation. Refer to note 3 for more details.

Valuation method

An entity discounted cash flow (DCF) valuation technique is used for all unlisted investments that are held at fair value and for which there is no active market. Price/earnings valuations are not as accurate and are thus only used as a secondary review.

Application of methodology

Free cash flow (FCF) forecasts are prepared year-by-year for a minimum of a three-year period and for high-growth companies year-by-year forecasts for a period of five to 10-year period are prepared, where after a terminal value will be calculated.

Terminal value growth rates

When calculating the terminal value, growth rates in excess of the current inflation rate are not utilised. Real growth beyond 10 years is not likely, and even if likely is difficult to forecast with any certainty.

Terminal values

When calculating the terminal value, care is taken regarding the level of net capital investment assumed. This is assumed to be lower than during the specific forecast period for high growth companies. For mature, stable companies net capital investment during the specific forecast period and beyond is assumed to be the same.

Discount rate

Free cash flows are discounted at the company's weighted average cost of capital (WACC), being the weighted cost of equity (as determined using the capital asset pricing model (CAPM)) and the weighted after-tax cost of debt and/or any other non-equity form of financing.

Risk-free rate

The risk-free rate utilised is the current yield on R207 government bonds. These yields were obtained from the financial press at the time of preparing the valuations.

Beta

The equally-weighted average of the relevant industry betas together with professional judgement is used. The betas are calculated over a five-year period (where possible). This is assumed to provide a fair estimate of the Company's recent market risk.

Market risk premium

A market risk premium was utilised in all valuations.

Value of equity

The value of equity will be equal to the free cash flow value of the entity, less the statement of financial position values (at valuation date) of debt and any other form of financing, plus any cash on hand (per the statement of financial position) which is in excess of normal working capital requirements.

2. NEW STANDARDS AND INTERPRETATIONS

2.1 Standards and interpretations effective and adopted in the current year

During the current year, the Company 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 not yet effective

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

Standards and interpretations applicable to the Company 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 Company, for the financial year commencing 1 September 2018.

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

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

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 Company, for the financial year commencing 1 September 2019.

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

PREMIER FISHING AND BRANDS LIMITED
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2018

3. INTERESTS IN SUBSIDIARIES

The following table lists the entities which are controlled directly or indirectly by the Company:

Name of company	% holding 2018	% holding 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	Aquaculture
Premfresh Seafoods Proprietary Limited	**100.00**	100.00	Sales and Marketing
Kuttlefish 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
John Quality Proprietary Limited	**100.00**	100.00	Dormant
John Ovenstone Proprietary Limited	**100.00**	100.00	Dormant
Fish Drying Corporation Proprietary Limited	**100.00**	100.00	Dormant
Seagro Fertilisers Proprietary Limited	**100.00**	100.00	Dormant
Southern Sea Fishing Proprietary Limited	**100.00**	100.00	Dormant
Talhado Fishing Enterprises Proprietary Limited	**50.31**	–	Fishing
Rupestris Investments Proprietary Limited	**60.22**	–	Fishing
MB Fishing Ventures Proprietary Limited	**77.61**	–	Fishing
Dazzalle Traders Proprietary Limited	**56.84**	–	Fishing
Manicwa Fishing Proprietary Limited	**50.25**	–	Fishing
Robberg Sea Freeze Proprietary Limited	**50.25**	–	Fishing
Lurama 166 Proprietary Limited	**100.00**	–	Fishing

The carrying amount of the investments are as follows:

Name of company	Carrying value 2018 R'000	Carrying value 2017 R'000
Sekunjalo Food and Fishing Proprietary Limited	**1 430 496**	1 102 000

3. INTEREST IN SUBSIDIARIES (CONTINUED)

	2018 R'000	2017 R'000
Reconciliation of investments in subsidiaries		
Below is a reconciliation of the movement in the carrying value of investments in subsidiaries:		
Opening balance	**1 102 000**	1 014 000
Changes in fair values	**328 496**	88 000
	1 430 496	**1 102 000**

Assumptions used to determine fair value

Weighted average cost of capital – 15.01%

Terminal Growth rate – 4.5%

Number of years – 5 years

Fair value information

Refer to note 20 for more detail on the fair value information

Annual financial statements of the Group

For the consolidated financial statements of the Group and the integrated report, refer to the company website www.premierfishing.co.za

	2018 R'000	2017 R'000

4. LOANS TO (FROM) GROUP COMPANY

	2018 R'000	2017 R'000
Subsidiary		
Premier Fishing SA Proprietary Limited	**246 406**	16 052
Interest was charged on the loan at the prime overdraft rate until 29 February 2018 thereafter the loan became interest free. The loan is unsecured and has no fixed terms of repayment. Premier Fishing and Brands Limited has granted to Premier Fishing SA Proprietary Limited an unconditional right to defer payment of the outstanding amount for at least 12 months from the statement of financial position date.		
Premier Fishing SA Proprietary Limited	**(1 867)**	(1 688)
Interest is charged at the prime overdraft rate. The loan is unsecured. Premier Fishing SA Proprietary Limited has granted to Premier Fishing and Brands Limited an unconditional right to defer payment of the outstanding amount for at least 12 months from the statement of financial position date.		
	244 539	**14 364**
Non-current assets	**246 406**	16 052
Non-current liabilities	**(1 867)**	(1 688)
	244 539	**14 364**

Credit quality of loan to Group Company

The loan is advanced to 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 considered minimal and credit quality is considered high. The loan is not past due and not considered to be impaired.

Fair value of loans to and from Group Company

The carrying value of the loans approximate fair value.

PREMIER FISHING AND BRANDS LIMITED
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2018

	2018 R'000	2017 R'000

5. TRADE AND OTHER RECEIVABLES

	2018 R'000	2017 R'000
Value added tax	**238**	–
Accrued interest receivable	**1 688**	3 283
	1 926	**3 283**

The interest is receivable from ABSA Bank Limited ("ABSA"). ABSA is a reputable banking institution and its credit quality is considered to be high with a credit rating of Baa3. The credit quality of the accrued interest receivable is therefore considered to be high.

	2018 R'000	2017 R'000
Fair value of accrued interest receivable	**1 688**	3 283

6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

	2018 R'000	2017 R'000
Bank balances	**261 051**	508 595

Credit quality of cash at bank and short term deposits

Cash and cash equivalents are held with Absa. This is a reputable banking institution and its credit quality is considered to be high.

Credit rating

	2018 R'000	2017 R'000
ABSA Bank Limited (Baa3)	**261 051**	508 595

PREMIER FISHING AND BRANDS LIMITED
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
(CONTINUED)
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	2018	2017
7. STATED CAPITAL		
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
	260 000 000	**260 000 000**

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

At the end of the 2016 financial year, there were 100 shares in issue of R 1.00 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 R 1.00 each into no par value shares;
- increasing the authorised share capital from 1 000 ordinary shares of R 1.00 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 (JSE).

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 year.

PREMIER FISHING AND BRANDS LIMITED
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
(CONTINUED)
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8. DEFERRED TAX

	2018 R'000	2017 R'000
Deferred tax liability		
Fair value adjustment on investment in subsidiary	**(306 247)**	(232 240)
Deferred tax asset		
Tax losses available for set off against future taxable income	**424**	–

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	**(306 247)**	(232 240)
Deferred tax asset	**424**	–
Total net deferred tax liability	**(305 823)**	**(232 240)**
Reconciliation of deferred tax asset/(liability)		
At beginning of year	**(232 240)**	(212 528)
Increases in tax loss available for set off against future taxable income	**424**	–
Fair value adjustment on investments in subsidiary	**(74 007)**	(19 712)
Balance at the end of the year	**(305 823)**	**(232 240)**

9. TRADE AND OTHER PAYABLES

	2018 R'000	2017 R'000
Accrued expenses	**43**	25
Accrued audit fees	**175**	175
	218	**200**

The carrying value of trade payables approximate fair value due to their short-term nature.

PREMIER FISHING AND BRANDS LIMITED
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2018

	2018 R'000	2017 R'000
10. REVENUE		
Interest income – Bank	**29 609**	19 118
Dividends received	**–**	30 000
Interest income – Group Company	**806**	1 192
	30 415	**50 310**
11. FAIR VALUE ADJUSTMENTS		
Fair value gain on investment in subsidiary	**328 496**	88 000
12. FINANCE COSTS		
Group Company	**179**	102
	179	**102**

	2018 R'000	2017 R'000
13. TAXATION		
Major components of the tax expense		
Current		
South African normal taxation	**8 034**	4 998
Deferred		
Originating and reversing temporary differences	**74 007**	19 712
Assessed loss recognised	**(424)**	–
Total deferred tax	**73 583**	**19 712**
Total tax expense	**81 617**	**24 710**
Reconciliation of the tax expense		
Reconciliation between applicable tax rate and average effective tax rate		
Applicable tax rate	**28.00%**	28.00%
Fair value adjustment on investment in subsidiary taxed at CGT rate	**(5.15%)**	(3.59%)
Dividends received not taxable	**–**	(6.12%)
Utilisation of previous unrecognised tax loss	**(0.12%)**	(0.30%)
Non-deductible expenses	**0.14%**	–
Effective tax rate	**22.87%**	**17.99%**

PREMIER FISHING AND BRANDS LIMITED
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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	2018 R'000	2017 R'000
14. CASH USED IN OPERATIONS		
Profit before taxation	**356 911**	137 340
Adjustments for:		
Dividend income	**-**	(30 000)
Interest income	**(30 415)**	(20 310)
Finance costs	**179**	102
Fair value adjustment on investment in subsidiary	**(328 496)**	(88 000)
Changes in working capital:		
Trade and other receivables	**1 358**	(3 283)
Trade and other payables	**18**	200
Cash generated from operations	**(445)**	**(3 951)**
15. TAX PAID		
Balance at beginning of the year	**(4 998)**	-
Current tax for the year recognised in profit or loss	**(8 034)**	(4 998)
Balance at end of the year	**4 873**	4 998
Total tax paid	**(8 159)**	**-**
16. 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 in the subsidiary companies. The expenditure will be financed by available finance resources.

17. RELATED PARTIES

Relationships

Ultimate holding company	African Equity Empowerment Investments Limited
Subsidiaries	Refer to note 3
Directors	MS Saban IT Bundo R Isaacs Rev. Dr VC Mehana K Abdulla S Taing S Young C Hendricks AB Amod RP Mosia CL van der Venter AW Johnson Adv N Ramathlodi SP Mngconkola

PREMIER FISHING AND BRANDS LIMITED
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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17. RELATED PARTIES (CONTINUED)

Members of key management	MS Saban
	IT Bundo
	R Isaacs
	S Bana
	S Solomons
	JP Coetzee

	2018 R'000	2017 R'000
Related party balances		
Loan accounts – Owing (to)/by related parties		
Premier Fishing SA Proprietary Limited	**246 406**	16 052
Premier Fishing SA Proprietary Limited	**(1 867)**	(1 688)
Related party transactions		
Interest received from related party		
Premier Fishing SA Proprietary Limited	**806**	1 192
Dividends received from related party		
Premier Fishing SA Proprietary Limited	**–**	30 000
Dividends paid to related party		
African Equity Empowerment Investments Limited	**21 450**	30 000
Listing fees paid to related party		
African Equity Empowerment Investments Limited	**–**	6 000
Interest paid related party		
Premier Fishing SA Proprietary Limited	**179**	102
Advertising expenses paid to related parties		
ANA Publishing Proprietary Limited	**1**	–

PREMIER FISHING AND BRANDS LIMITED
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17. RELATED PARTIES (CONTINUED)

Directors' interests in shares

Interests in shares – 2018

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

Interests in shares – 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%
	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.

18. DIRECTORS' EMOLUMENTS

Executive

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.

PREMIER FISHING AND BRANDS LIMITED
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2018

18. DIRECTORS' EMOLUMENTS (CONTINUED)

Non-executive directors

Board fees	2018 R'000	2017 R'000
Prof VC Mehana	**255**	110
K Abdulla	**–**	–
S Young	**180**	75
CF Hendricks	**–**	–
AB Amod	**180**	75
RP Mosia	**180**	75
Advocate 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**	**120**	**17**	**–**	**7 577**

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.

2017	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	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

PREMIER FISHING AND BRANDS LIMITED
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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18. DIRECTORS' EMOLUMENTS (CONTINUED)

Independent non-executive directors fees in other Group companies

Board fees	2018 R'000	2017 R'000
Prof VC Mehana	**425**	397
AB Amod	**671**	198
S Young	**849**	340
Advocate 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.

19. 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 Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and 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 Company consists of debt, which includes the borrowings disclosed in note 4 of the annual financial statements and equity as disclosed in the statement of financial position.

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

The Company 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. Total equity is represented in the statement of financial position. The net debt to equity percentage for 2018 and 2017 is less than 1%.

Financial risk management

The Company is exposed to a number of financial instrument related risks. The Company has trade receivables, cash and cash equivalents and loans receivable which give rise to credit risk and interest rate risk. The Company has loans payable which give rise to liquidity risk and interest rate risk.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations as they become due. The Company manages liquidity risk by effectively managing its cash flows and working capital. The Company meets its financing requirements through the use of cash and cash equivalents.

Maturity profiles

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

	Between two and five years R'000
At 31 August 2018	
Loan from Group company	**1 867**
At 31 August 2017	
Loan from Group company	1 688

The Company has no significant concentration of liquidity risk.

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19. RISK MANAGEMENT (CONTINUED)

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 receivable. Trade receivables is accrued interest receivable from the bank. The Company only deposits cash with major banks that have a good reputation and a high quality credit standing.

Loans and other receivables are comprised of advances to a Group company. The Company assesses the trading performance of the Group Company before making advances. Advances are made on the strength of the Group Company'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:

	Notes	2018 R'000	2017 R'000
Financial asset			
Loan to Group Company	4	**246 406**	16 052
Accrued interest	5	**1 688**	3 283
Cash and cash equivalents	6	**261 051**	508 595

Refer to notes 4,5 and 6 for further details in relation to credit risk.

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. The Company is only exposed to interest rate risk

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 Company to cash flow interest risk, whereas fixed interest rate instruments expose the Company to fair value interest risk. The Company 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 Company has not hedged against changes in the prime rate.

In respect of financial assets, the Company 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 Company based on remaining undiscounted contractual cash flows.

Financial instrument

	Notes	Current interest rate	Due within less than 1 year R'000	Due in two to 5 years R'000	Total R'000
Loan from Group Company	4	10.00%	–	1 867	1 867
Cash and cash equivalents – Absa demand deposits		7.00%	261 051	–	261 051

19. RISK MANAGEMENT (CONTINUED)

Interest rate sensitivity analysis

The following table shows the impact on the Company'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
Increase of 0.5%	**(8 803)**	(871)
Decrease of 0.5%	**8 803**	871

20. FAIR VALUE INFORMATION

The Company 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 the reporting date:

Asset	Fair value at 31 August 2018 R'000	Valuation method	Significant inputs	Fair value hierarchy
Financial assets:				
Investment in subsidiary	1 430 496	Discounted cash flow	Weighted average cost of capital, terminal growth rate and gross profit percentage	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:				
Loan to Group company	4	Discounted cash flow	Market related interest rates	Level 3[1]
Trade receivables	5	Discounted cash flow	Market related interest rates	Level 3[1]
Financial liabilities:				
Loan from Group company	4	Discounted cash flow	Market related interest rates	Level 3[1]
Trade payables	9	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.*

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20. FAIR VALUE INFORMATION (CONTINUED)

Reconciliation of assets and liabilities measured at level 3

	Note	Opening balance R'000	Gains recognised in profit (loss) R'000	Closing balance R'000
2018				
Assets				
Investments in subsidiaries at fair value	3			
Investments in unlisted subsidiaries		**1 102 000**	**328 496**	**1 430 496**
Total		**1 102 000**	**328 496**	**1 430 496**
2017				
Assets				
Investments in subsidiaries at fair value	3			
Investments in unlisted subsidiaries		1 014 000	88 000	1 102 000
Total		**1 014 000**	**88 000**	**1 102 000**

Information about valuation techniques and inputs used to derive level 3 fair values

Investment in subsidiaries

The value of investments in subsidiaries is determined using a discounted cash flow technique. A capital asset pricing model is used in which the present value of expected cash flows of the subsidiaries are determined. The expected cash flows are determined by considering the current and planned operational activities of each subsidiary.

For the subsidiary Premier Fishing SA Proprietary Limited a gross profit percentage of 37.31%, terminal growth rate of 4.5% and a Weighted Average Cost of Capital of 15.01% was used in the valuation model.

For the subsidiary Premfresh Seafoods Proprietary Limited a gross profit percentage of 10.32%, a terminal growth rate of 4.5% and a Weighted Average Cost of Capital of 22.79% was used in the valuation model.

For the subsidiary Marine Growers Proprietary Limited a gross profit percentage of 57.68%, terminal growth rate of 4.5% and a Weighted Average Cost of Capital of 18.78% was used in the valuation model.

For the subsidiary Talhado Fishing Enterprises Proprietary Limited a gross profit percentage of 45.52%, terminal growth rate of 4.5% and a Weighted Average Cost of Capital of 18.78% was used in the valuation model.

The potential effect of using reasonably possible alternative assumptions in the valuation, based on a change on the most significant input by 1% while holding all other variables constant, is shown in the following table:

	Profit after tax	
	1% increase R'000	1% decrease R'000
Terminal growth rate	**148 906**	(148 906)
Weighted average cost of capital	**(130 510)**	130 510
Gross profit	**59 895**	(59 895)

Valuation processes applied by the Company

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

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21. CATEGORIES OF FINANCIAL INSTRUMENTS

2018	Notes	Financial assets at fair value through profit or loss R'000	Debt instruments at amortised cost R'000	Financial liabilities at amortised cost R'000	Equity and non-financial assets and liabilities R'000	Total R'000
Assets						
Non-current assets						
Investments in subsidiaries	3	1 430 496	–	–	–	1 430 496
Loan to Group Company	4	–	246 406	–	–	246 406
		1 430 496	246 406	–	–	1 676 902
Current assets						
Trade and other receivables	5	–	1 688	–	238	1 926
Cash and cash equivalents	6	–	261 051	–	–	261 051
		–	262 739	–	238	262 977
Total assets		1 430 496	509 145	–	238	1 939 879
Equity and liabilities						
Equity						
Stated capital	7	–	–	–	507 517	507 517
Retained income		–	–	–	1 119 581	1 119 581
Total equity		–	–	–	1 627 098	1 627 098
Liabilities						
Non-current liabilities						
Loan from Group Company	4	–	–	1 867	–	1 867
Deferred tax	8	–	–	–	305 823	305 823
		–	–	1 867	305 823	307 690
Current liabilities						
Trade and other payables	9	–	–	218	–	218
Current tax payable		–	–	–	4 873	4 873
		–	–	218	4 873	5 091
Total liabilities		–	–	2 085	310 696	312 781
Total equity and liabilities		–	–	2 085	1 937 794	1 939 879

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21. CATEGORIES OF FINANCIAL INSTRUMENTS (CONTINUED)

2017	Notes	Financial assets at fair value through profit or loss R'000	Debt instruments at amortised cost R'000	Financial liabilities at amortised cost R'000	Equity and non-financial assets and liabilities R'000	Total R'000
Assets						
Non-current assets						
Investments in subsidiaries	3	1 102 000	–	–	–	1 102 000
Loan to Group Company	4	–	16 052	–	–	16 052
		1 102 000	**16 052**	**–**	**–**	**1 118 052**
Current assets						
Trade and other receivables	5	–	3 283	–	–	3 283
Cash and cash equivalents	6	–	508 595	–	–	508 595
		–	**511 878**	**–**	**–**	**511 878**
Total assets		**1 102 000**	**527 930**	**–**	**–**	**1 629 930**
Equity and liabilities						
Equity						
Stated capital	7	–	–	–	507 517	507 517
Retained income		–	–	–	883 287	883 287
Total equity		**–**	**–**	**–**	**1 390 804**	**1 390 804**
Liabilities						
Non-current liabilities						
Loan from Group Company	4	–	–	1 688	–	1 688
Deferred tax	8	–	–	–	232 240	232 240
		–	**–**	**1 688**	**232 240**	**233 928**
Current liabilities						
Trade and other payables	9	–	–	200	–	200
Current tax payable		–	–	–	4 998	4 998
		–	**–**	**200**	**4 998**	**5 198**
Total liabilities		**–**	**–**	**1 888**	**237 238**	**239 126**
Total equity and liabilities		**–**	**–**	**1 888**	**1 628 042**	**1 629 930**

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22. GOING CONCERN

The directors believe that the Company 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 Company 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 Company. 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 Company.

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.

23. 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 annual financial statements.

NOTES