



Premier Fishing & Brands Limited

The First Choice

INTEGRATED REPORT

for the year ended 31 August 2018



Creating value through sustainable fishing



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DEAR VALUED STAKEHOLDER

Premier Fishing and Brands Limited (Premier or the Company or the Group) is pleased to present to you its second integrated report. Our integrated report aims to provide a balanced view on the economic, environmental, social and governance performance of the Group, which will enable our stakeholders to make an informed assessment of the Group's ability to create and unlock stakeholder value in the short-, medium- and long-term.

HOW TO READ THIS REPORT

The intention of this report is to clearly and concisely tell the story of the Group, who we are, what we do and how we create sustainable value. This report documents our strategy, business model, opportunities and risks and our performance against our strategic objectives and governance, in a way that gives stakeholders a holistic view of the Group and our future prospects.

ADDITIONAL INFORMATION

This integrated report is supplemented by our full suite of online publications, which caters for the needs of our stakeholders and includes the following:

- Our online report
- Full consolidated annual financial statements
- Notice to the annual general meeting

The above reports can be accessed on our website: www.premierfishing.co.za.

Share code: PFB

ISIN: ZAE000247516

The contents of this 2018 Integrated Report are broadly comparable with those of the 2017 Integrated Report

Our integrated report is primarily targeted at our current and future stakeholders, and aims to provide a balanced report on the economic, environmental, social and governance performance of the Group. The objective is to provide a balanced and accurate assessment of the Group's strategy, performance, risk, opportunities and to enable our stakeholders to make an informed assessment of the Group's ability to create stakeholder value in the short-, medium- and long-term.

ABOUT THIS REPORT

SCOPE, BOUNDARY AND REPORTING CYCLE

Premier's integrated report includes financial and non-financial information related to the Group's businesses and is primarily targeted at our stakeholders which includes, but is not limited to, our shareholders, our suppliers and service providers, our customers, our employees, government and regulatory authorities and local communities and other small quota holders.

This report provides material information relating to our strategy, business model, material risks and opportunities, as well as our operational performance and governance.

This report focuses on the main operations and activities which contribute to the Group's performance being, lobster, squid, pelagic, abalone, hake, seagro and cold storage facilities.

The report covers the period under review ending 31 August 2018, with no restatement of data.

REPORTING PRINCIPLES

In preparing our integrated report we were guided by the principles and requirements contained in:

- the International Integrated Reporting Council's (IIRC) Integrated Reporting <IR> Framework;
- the International Financial Reporting Standards (IFRS);
- the Companies Act, 2008 (No. 71 of 2008), as amended (the Companies Act);
- the Johannesburg Stock Exchange (JSE) Listings Requirements;
- King IV Report on Corporate Governance™ for South Africa 2016 (King IV™); and
- the Global Reporting Initiative (GRI) G4 Guidelines.

OUR APPROACH TO MATERIALITY

This report provides information that we believe is of material interest to current and prospective shareholders, and to any other stakeholder who wishes to make an informed assessment of our ability to create stakeholder value in the short-, medium- and long-term.

The material matters included in this report were identified through a process involving the chief executive officer (CEO), chief financial officer (CFO) and executive management committee (EXCO) members and approved by the Board of Premier.

SIGNIFICANT CHANGES DURING THE REPORTING PERIOD

During the current year, the Group acquired a controlling interest in Talhado Fishing Enterprises Proprietary Limited (Talhado). Talhado is the largest squid company in South Africa and complements Premier's diversification and expansion strategy.

Talhado undertakes the catching, processing and marketing of squid, with both sea and land-based freezing facilities. Talhado operates from the east coast of South Africa and is situated in the Port Elizabeth harbour. Talhado and its subsidiaries employ over 400 staff and own 18 vessels. Talhado owns a cold storage facility, which has the capacity to store up to 800 tons of squid.

Talhado is considered one of the pioneer companies in the squid industry and has been involved in the initiation of industry bodies such as Siyaloba Training Academy and the South African Squid Management Industrial Association (SASMIA).

EXTERNAL AUDIT AND ASSURANCE

The Board of directors with the support of the audit and risk committee is ultimately responsible for the Group's system of internal control designed to identify, evaluate, manage and provide reasonable assurance against material misstatement and loss.

We applied a combined assurance model, in which we obtained assurance from management, as well as internal and external assurance providers. Management identified key risks facing the Group and implemented the necessary internal controls to manage those risks.

This process is monitored and evaluated by the internal auditor and external assurance is obtained where required. The audit and risk committee oversees the internal audit function and ensures the effectiveness of the systems of internal control and risk management.

The audit and risk committee reviewed the effectiveness of the internal controls for the year ended 31 August 2018, primarily through reports from the internal auditor, formal confirmations from executive management and the external auditors. Refer to page 88 for the report of the audit and risk committee.

An independent audit of the consolidated annual financial statements was performed by BDO Cape Inc. for the year ended 31 August 2018. Refer to our website for the full financial statements for the independent auditor's report. (BDO).

External verification has been provided for the Broad-Based Black Economic Empowerment (B-BBEE) accreditation level. The verification has been performed by an organisation accredited by the South African National Accreditation System (SANAS). The remainder of the integrated report has not been subjected to an independent audit or review.

The information reported on, other than that mentioned above, is derived from the Group's own internal records and information available in the public domain.

The Board reviewed the effectiveness of controls for the year ended 31 August 2018, principally through a process of management's assessment, including confirmation from executive management. It also considered reports from the internal auditor, the external auditors and other assurance providers (King IV™ – Principle 5).

The Group's governance principles in respect of King IV™ have been measured using the Governance Assessment Instrument, provided by the Global Platform for Intellectual Property.

We welcome your feedback on our report. Please kindly address any queries or comments to our company secretary, Mr Mohamed Wazeer Moosa, via email: wazeerm@pemfish.co.za.

DISCLAIMER: FORWARD-LOOKING STATEMENTS

In this report we make certain statements that relate to analysis and other information based on forecasts of future results, based on historical data, which has been based on estimates of new business and investment assumptions.

These statements may also relate to our future prospects, developments and business strategy. As defined, these are forward-looking statements. These statements may be identified by words such as "expect", "intend", "plan", "believe", "seek", "estimate", "will", "project", or words of similar meaning which are intended to identify such forward-looking statements, but are not the exclusive means of identifying such statements.

These are subject to a number of risks, uncertainties and factors, including but not limited to those described in disclosures and in the risk management report. Should one or more of these risks or uncertainties materialise or should underlying expectations not occur or assumptions prove incorrect, actual results, performance or achievements of the Group may (negatively or positively) vary materially from those described explicitly or implicitly in the relevant forward-looking statement.

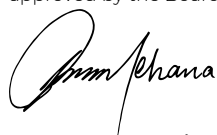
Premier neither intends nor assumes any obligation to update or revise these forward-looking statements in light of developments that differ from those anticipated.

DIRECTORS' RESPONSIBILITY AND APPROVAL OF THE INTEGRATED REPORT

The Board of directors, supported by the audit and risk committee is ultimately responsible for ensuring the integrity of this report. The audit and risk committee is responsible for reviewing and recommending the integrated report and annual financial statements to the Board for approval.

The Board has applied its mind to the integrated report and believes that it addresses all material issues and matters and fairly represents the Group's integrated performance.

The integrated report including the consolidated annual financial statements of the Group for the year ended 31 August 2018 were approved by the Board of directors on 30 October 2018 and signed on its behalf by:



Reverend Dr Vukile Mehana
Independent non-executive chairman



Mogamat Samir Saban
Chief executive officer

NAVIGATING OUR REPORT

OUR SIX CAPITALS

-  Financial
-  Natural
-  Human
-  Manufactured
-  Intellectual
-  Social and relationship

STAKEHOLDERS

-  Shareholders
-  Customers
-  Suppliers and service providers
-  Employees and trade unions
-  Local communities and other small quota holders
-  Government and regulatory authorities



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2018 IN REVIEW

Highlights

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Our five-year journey

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HIGHLIGHTS

OUR SUCCESSES INCLUDED:

Acquisition OF
TALHADO FISHING

REVENUE

^ to R491m

(2017: R411m)

DIVIDEND

^ to 25 cents per share

(2017: 15 CENTS PER SHARE)

ABALONE STOCK ON HAND
AT OUR ABALONE FARM

^ by 19 tons



PRODUCTION CAPACITY AT OUR ABALONE FARM
^to 160 tons
FROM 120 TONS

CASH GENERATED FROM OPERATIONS
^to R91m
(2017: R40m)

OPERATING PROFIT
^to R92m
(2017: R65m)

NUMBER OF EMPLOYEES:
more than 800



The 2018 financial year has been **another milestone year for the Group**, setting the platform for a growth trajectory and continuing along the exciting path of building and creating value for our stakeholders in line with our **Vision 2020** Vision Strategic Plan, ensuring a better future for all.

OUR FIVE-YEAR JOURNEY

	2014	2015
REVENUE	^ R315m	^ R349m
OPERATING PROFIT	^ R43m	^ R59m
PROFIT AFTER TAX	^ R31m	^ R51m
CASH GENERATED FROM OPERATIONS	^ R59m	^ R50m
EBITDA	^ R58m	^ R73m
	<ul style="list-style-type: none"> Significant increase in abalone stockholding. Implemented centralised services for marketing and procurement, resulting in significant cost savings. 	<ul style="list-style-type: none"> Modernised our fleet through the acquisition of a more fuel efficient vessel. Significant increase in third party contracted quota for WCRL.



2016

^ 402m

^ R65m

^ R52m

^ R68m

^ R79m

- Completed the construction of a processing facility at our abalone farm, enabling us to pack live shipments of abalone at our own premises.
- 10 new permanent jobs created as a result.
- Commenced with the acquisition of third party contracted quota for wild abalone.

2017

^ R411m

^ R65m

^ R68m

^ R40m

^ R79m

- Listed on the main board of the JSE.
- Change of name from Premier Food and Fishing Limited to Premier Fishing and Brands Limited.
- Implemented the solar project at the abalone farm.
- Awarded horse mackerel quota awarded for the first time.

2018

^ R491m

^ R92m

^ R95m

^ R91m

^ R109m

- Acquired controlling stake in Talhado.
- Completed the expansion of our existing hatchery at our abalone farm.
- Doubled spat production from an average monthly production of 100 000 animals per month, to 200 000 animals per month.
- We managed to install 40 tons of additional production capacity at our abalone farm.
- Increased abalone stock on hand, by 19 tons from the previous financial year.
- Completed construction, of our new hatchery, which is anticipated to produce six million animals per year.



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ABOUT US

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ABOUT US



OUR VISION

To be the **first choice** in everything we do and for our stakeholders.

OUR MISSION STATEMENT

We aim to be a **pre-eminent vertically integrated empowered marine business** which uses **ethical and sustainable practices** to grow and harvest marine resources in a manner which will provide **superior and sustainable returns** to all stakeholders.

WHO WE ARE

Premier is a fishing and aquaculture group which has been in existence since 1952 and listed on the main board of the JSE on 3 March 2017.

WHAT WE DO

The Group is predominantly involved in commercial fishing, fish processing and marketing, and is involved in aquaculture through its abalone farm and the manufacturing of environmentally friendly fertiliser products through the Seagro brand.

WHAT DIFFERENTIATES US

- **One of the largest black-owned and managed fishing** companies in South Africa, in existence since 1952.
- **Diversified and niche products** – lobster, octopus, squid, cultivated abalone, pilchards, anchovy, hake and horse mackerel.
- Owns and manages **factories, facilities and fishing vessels** operating over three provinces.
- Employs more than **800 employees**.
- **Accreditations and memberships:** South African Fishing Ethically (SAFE) Association, Food and Drug Administration (FDA), Hazard Analyses and Critical Control Points (HACCP) certified.

CUSTOMERS AROUND THE WORLD

Strong
customer
base globally

MAJORITY SHAREHOLDER

African Equity
Empowerment
Investments
Limited (AEEI)

LISTED ON THE JSE

3 March
2017

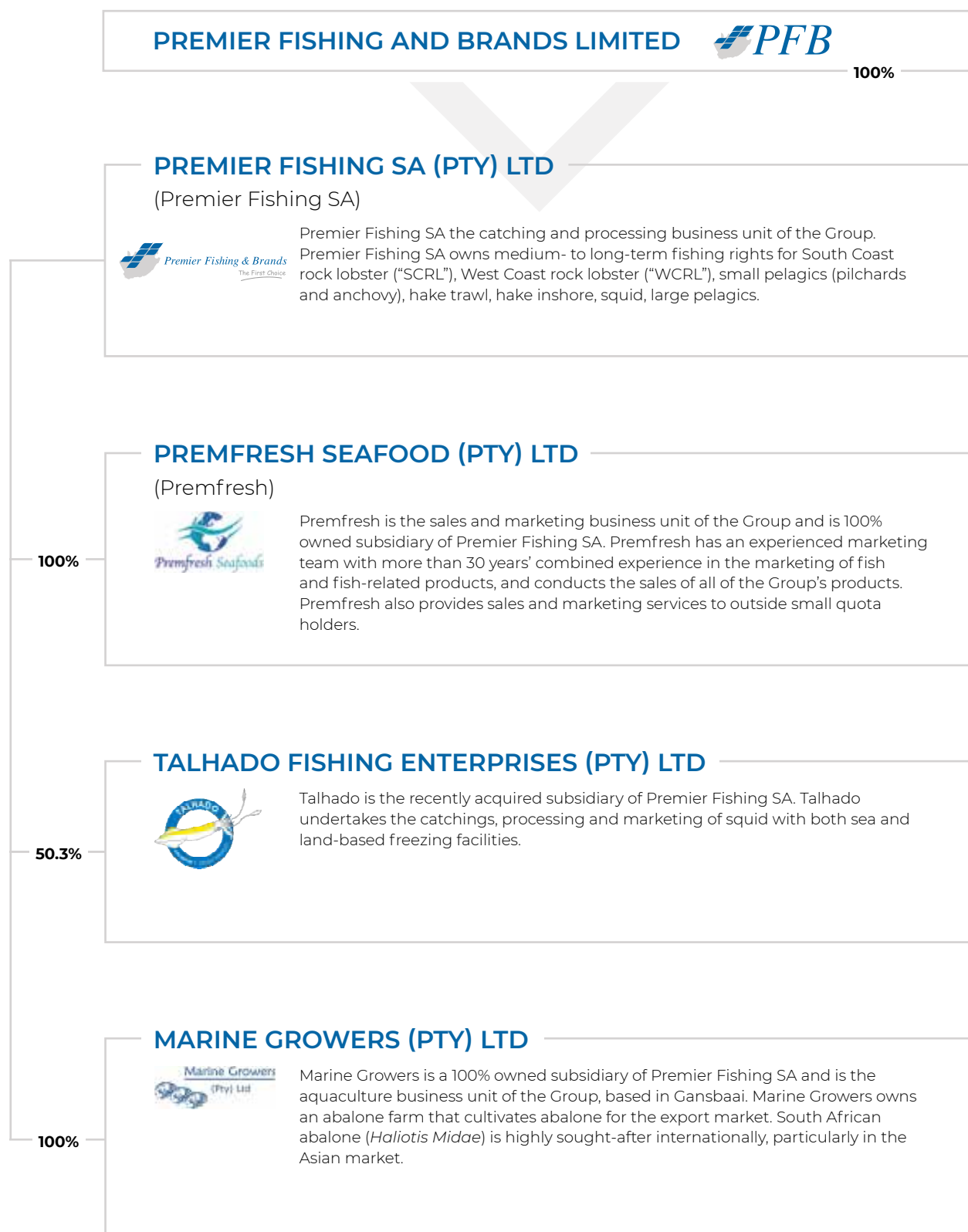
NUMBER OF EMPLOYEES

Over 800
employees

OUR MARKETS



OUR ORGANISATIONAL STRUCTURE





South Coast Rock Lobster **NUMBER OF VESSELS 4**

Processing plant and location: **1 PLANT, V&A WATERFRONT**

Quota size and managed kilograms: **135 TONS**

Market: **UNITED STATES OF AMERICA**



West Coast Rock Lobster **NUMBER OF VESSELS 2**

Processing plant and location: **1 PLANT, HOUT BAY**

Quota size and managed kilograms: **165 TONS**

Market: **CHINA, HONG KONG, JAPAN**



Squid **NUMBER OF OWNED VESSELS 4**

Processing plant and location: **HUMANSDORP**

Quota size and managed kilograms: **TOTAL ALLOWABLE EFFORT**

Market: **EUROPE**



Pilchards and Anchovy **NUMBER OF VESSELS 6**

Pilchards – quota size managed kilograms: **4 396 TONS**

Anchovy – quota size managed kilograms: **17 317 TONS**

Market: **SOUTH AFRICA**



Hake **NUMBER OF VESSELS 1**

Quota size and managed kilograms: **673 TONS**

Market: **EUROPE**



Seagro

Processing plant and location: **SALDANHA BAY**

Market: **SOUTH AFRICA**



Cold storage

Processing plant and location: **1 COLD STORE, V&A WATERFRONT**

Market: **SOUTH AFRICA**



Squid **NUMBER OF VESSELS 18**

Processing plant and location: **PORT ELIZABETH**

Quota size and managed kilograms: **TOTAL ALLOWABLE EFFORT**

Market: **EUROPE AND JAPAN**



Atlantic Abalone

Owned and leased land area: **9 HECTARES**

Processing plant and location: **1 LIVE PACK FACILITY, GANSBAAI HARBOUR**

Yearly production output kilograms: **140 tons**

Market: **CHINA, HONG KONG, TAIWAN**

OUR SHARED VALUES

What shared value means to us: Understanding and addressing stakeholder expectations and societal needs and communicating through stakeholder engagements.

We are driven by our values which are:

VALUE SYSTEM

Respect and trust

To always respect and trust fellow employees, customers, partners and our stakeholders.

People

To provide sustainable employment opportunities for our employees and others, maintain a safe and secure working environment and zero fatalities. Develop, attract and retain the correct skills and structures to meet and support our strategic growth.

Commitment

To deliver on our promises and add value beyond expectations.

Integrity

To always act with integrity in whatever we do based on our values, principles, Code of Ethics and Code of Conduct.

Accountability

To have responsible and accountable leadership that addresses the expectations of our diverse stakeholders and embraces these responsibilities with efficiency.

Stakeholders

To serve our stakeholders through good corporate governance, ethical conduct, value creation and safe and good quality products and services.

OUR INTEGRATED REPORTING MODEL

Our strategy is to create sustainable value for stakeholders and to ensure that the Group remains attractive to investors by optimising shareholder returns. Our strategy for sustainable value creation goes beyond short-term profitability and takes into account the broader economic, social and environmental factors.

Our approach to addressing these matters is to prioritise those most important to achieve medium- to long-term sustainable business growth for the Group. We have identified strategic enablers to execute our business model and achieve sustainable value creation (**King IV™ – Principle 4**).

SOUND GOVERNANCE

We can only be a sustainable business if we continue to rigorously promote and implement good corporate governance practices. This is an integral part of our business model that is built on delivering good governance outcomes in terms of an ethical culture, effective control, sustainable performance and legitimacy. Our sound governance platform is embedded in our corporate culture (**King IV™ – Principle 6**).

DEVELOPMENT OF PEOPLE

Our employees are our most important asset. We recognise the importance of attracting and retaining the right calibre of people and keeping them motivated in a safe and supportive working environment and remunerating them accordingly. We continued to provide training and development to our employees and to ensure that employee development plans are in place for the retention of employees. We continue to install a culture of excellence and opportunity for our employees (**King IV™ – Principle 14**)

SOCIETY

In order to remain sustainable as a business, we contributed towards social and economic development by building partnerships in a stable economy. To create an enabling environment and develop and enhance markets for our products, we were proactive and responsive to our stakeholders' interests and ensured that we implemented best practices in our operations (**King IV™ – Principle 3**).

ENVIRONMENT

We are committed to implementing sustainable business practices that minimise the impact on the environment from our operations. Our business has a low direct impact on the environment, but we are affected by the environment in which we operate and by the effects of climate change in general. We acknowledge that a stable economy and a sustainable business require a sustainable environment. We continued to work closely with relevant authorities to safeguard various fish species and paid careful attention to the environmental impact of our operations (**King IV™ – Principle 3**).



NON-EXECUTIVE CHAIRMAN'S REVIEW



Dear stakeholder

As the Chairman of the Board of Premier Fishing and Brands Limited (Premier), I am honoured and proud to introduce the 2018 integrated report on our Group's performance.

It has been a memorable year for the Group, continuing along its growth trajectory through its acquisition of Talhado, making us now the largest squid fishing company in South Africa; together with the continued expansion of our abalone farm in Gansbaai, this has positively contributed to unlocking and creating sustained value for all our stakeholders.

GROWTH IN A CHALLENGING OPERATING ENVIRONMENT

It has been another pleasing year, as the Group delivered a strong performance, while navigating a challenging economic environment, including macro-economic factors, the volatile exchange rate in the first half of the financial year as well as capital outflows from emerging markets into traditional safe havens. According to Statistics South Africa (STATS SA), the South African economy slipped into a recession during the second quarter of 2018.

The above challenges presented new opportunities for the Group, to prioritise in order to deliver good sustainable increased production which will yield favourable financial returns.

I would like to thank the Premier team, under the leadership of the chief executive officer Samir Saban, for their dedication, loyalty and commitment in delivering on the key strategic objectives.

ACQUISITION AND EXPANSION

With the above mentioned acquisition the Group's footprint in the squid sector and together with the expansion of the abalone farm's production capacity and the construction of the new abalone hatchery, makes the Group a dynamic player in the marine food resource sector.

The successful listing of Premier Fishing and Brands Limited on the JSE has been key in placing the Group in a strong financial position allowing it to aggressively pursue its growth strategies.

CREATING VALUE THROUGH GOOD GOVERNANCE

The Board serves as the focal point and custodian of good corporate governance, providing continued oversight, taking into account the Group's core purpose and strategic direction.

We are delighted to welcome Advocate Dr Ngoako Ramatlhodi and Sebenzile Patrick Mngconkola as independent non-executive directors. The Board benefits immensely from their contributions in the areas of legal and regulatory compliance, risk management and social, ethics and transformation.

During the year we bid farewell to the following directors who did not make themselves available for re-election at the annual general meeting:

- Arthur William Johnson
- Lavendra Sandrigansen Naidoo
- Fredelaine Elna Cindy Brand
- Takudzwa Tanyaradzwa Hove

We thank them for their valuable contributions to Premier during their tenure.

Our Board comprises an appropriate balance of knowledge, skills, experience, diversity and independence required in order to provide sound governance and strategic direction, which will ensure continued value creation.

COMMITMENT TO TRANSFORMATION

As one of the largest black-owned and controlled fishing company on the JSE, Premier remains committed to meaningful transformation, through empowered partnerships, as well as providing employment for over 800 employees, the majority of whom are black South Africans.

The Group is well positioned for growth in the fishing industry due to its strong empowerment credentials within the current regulatory environment, which is likely to promote black participation in the fishing sector.

2018 PERFORMANCE REVIEW

The 2018 financial year was a productive year for the Group, in which we grew our footprint through the acquisition of Talhado resulting in increased product offerings and cost-efficiencies through various synergies, and ensuring sustained value.

The expansion of the Group's abalone farm continues to progress well, with its production capacity having already increased from 120 tons to 160 tons.

In the South African fishing context, some of the key challenges faced included a declining TAC, which resulted in the leadership team responding swiftly by developing and implementing measures to respond appropriately.

SAFETY FIRST

The Premier brand is known as the "First Choice", but our employees and their safety remain our "First Priority". We value the contributions and sacrifices our employees make in the best interests of the Group and we find it a moral necessity to ensure that when they are out at sea, working in the cold store, on the farm or at the harbour's edge, they are executing their responsibilities with the utmost care for themselves and the environment. The safety of our fishermen and operational employees remains our top priority, and further upskilling and training of employees will be to their advantage and safety.

DELIVERING ON OUR STAKEHOLDER COMMITMENTS

The 2018 financial year has been encouraging, as the Group continued to deliver on its stakeholder commitments to create value and generate sustainable growth through the acquisition of Talhado in the squid sector and diversifying our earnings. The Group expects to generate cost savings through various synergies arising from this acquisition.

The abalone farm expansion continued to progress well, which will result in the farm generating larger volumes and production capacity in the short- to medium-term through the cultivation of a much sought-after abalone product and well-known brand in the offshore markets.

Read more about the Group's financial performance in the chief financial officer's report on pages 100 to 105.

NON-EXECUTIVE CHAIRMAN'S REVIEW (CONTINUED)

FUTURE OUTLOOK

As the preferred partner, employer and Group of choice, the future outlook for the Group continues to look promising as the Group continues its sustained focus in achieving its strategic goals; and delivering growth to all stakeholders.

The Group has identified the following growth opportunities in order to continue delivering strategic value to all its stakeholders:

- Acquisitions of other fishing companies;
- Effective positioning of the Group as preparation for the 2020 Fishing Rights Application Process (FRAP) in the near future;
- Expansion of the abalone farm; and
- Increasing cost-efficiencies through operational excellence.

APPRECIATION

I wish to acknowledge and thank my fellow Board members for their unwavering commitment, support and valuable guidance in delivering on their mandate and ensuring that we maintain excellence through good corporate governance principles.

In closing, I would like to express my deep gratitude to the Group's employees, executives, business partners and stakeholders, who continue to support the Group in delivering on its strategic objectives.

Yours sincerely,



REVEREND DR VUKILE MEHANA

Independent non-executive chairman





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OUR OPERATING CONTEXT

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CHIEF EXECUTIVE OFFICER'S REPORT



The year under review has been another excellent year, in which the Group created stakeholder value, through the acquisition of Talhado, thereby enhancing its product offerings and providing cost-saving synergies across the Group resulting in sustained stakeholder value.

The 2018 financial year has been an exceptional year for the Group, with the acquisition of Talhado and the successful integration of the Company into the Premier Group.

Through its growth strategy, Premier acquired Talhado, one of the largest squid fishing companies in South Africa. This acquisition, enhances Premier's footprint in the squid fishing sector, increases the diversification of revenue and profits as well as provides cost-saving opportunities through the various synergies created as a result of the acquisition.

Our abalone farm expansion project continues to progress well, with the production capacity already having increased from 120 tons to 160 tons. The construction of our new hatchery will be completed by December 2018 which will produce six million spat (baby abalone) per year. This will allow us to meet the ever-growing customer demands, and creating sustained value for all our stakeholders.

We remained committed to transformation as one of the largest black-owned and managed fishing companies in South Africa. We continued to prioritise the empowerment of community fisheries through our strategic partnerships as well as procuring from B-BBEE companies. Our employees are empowered through our various training and educational programmes.

We also ensured our fisheries are operated in a sustained manner through the use of increased technology, resulting in efficient catch techniques and reducing our carbon footprint.

Review of our operations

Squid

The Group is now one of the largest squid fishing companies in South Africa, through the acquisition of Talhado.

Our squid division delivered sterling returns for the year under review. The division experienced exceptional catch rates during the current year which resulted in lower production costs and increased margins to the divisions.

The squid market is still strong for South African squid and average pricing has been stable year-on-year.

Abalone

We remained focused on the expansion of our abalone farm and we are currently targeting a holding capacity of 320 tons as compared to the current farm's holding capacity of 120 tons.

As part of our strategy to increase the stockholding of the farm, we managed to double our spat production at our existing hatchery from 200 000 to 400 000 spat per month. Our new hatchery is expected to produce an average six million spat per year. We took the decision to hold back on the sales of stock and grow the stock to a larger size animal due to the demand from our customers for larger sized animals. This will result in a higher margin on sale of our stock.

Lobster

The Group's South Atlantic brand is the leading South African lobster brand in the United States of America and was received by its customers in the USA.

The South Coast Rock Lobster (SCRL) is currently a strong resource from a sustainable perspective and Premier is one of the largest players in this sector.

West Coast Rock Lobster remains a challenge for the industry as a result of the red listing of the species. Premier, however, is committed to the sustainable management of the resource and will provide assistance to the relevant associations to ensure that the resource is rebuilt for future generations.

Operating profit in this division increased marginally compared to the prior year as a result of improved efficiencies and a roll-over of stock from the prior year.

Pelagic

The entire pelagic fishing industry continued to experience lower than expected catch rates for pilchards during the period under review. However, the industrial fish landings continued to be in line with management's expectations and this contributed positively to this division.

Increased pricing was achieved on pilchards and anchovy which offset some of the negative impact on the pilchard landings.

Hake

This division is a joint venture between the Oceana Group and Premier and continues to deliver good performance for the Group. There were once-off costs for major repairs and maintenance work on the vessels during the year resulting in a reduction in the profit from the prior year.

Cold storage

The cold storage capacity utilisation was in excess of 90% for the period under review and the facility achieved a 7% increase in pricing, resulting in improved margins.

CHIEF EXECUTIVE OFFICER'S REPORT (CONTINUED)

As a result of the positive performance, the Group was able to declare a dividend of 25 cents per share to its shareholders in respect of the 2018 financial year.

FISHING RIGHTS APPLICATION PROCESS (FRAP 2020)

One of our main strategic focus areas is the FRAP 2020 process that will commence in the near future.

We believe that the Group is well positioned to obtain fishing rights during the FRAP 2020 process given our empowerment credentials, our experience in the fishing industry, our levels of investment as well of our track record for creating employment in the fishing sector.

FUTURE OUTLOOK

The future outlook remains positive as the Group is well positioned to continue to create stakeholder value through both organic and acquisitive growth, and delivering on our stakeholder commitments.

The abalone farm expansion continues to progress well and is on track to be completed by end of 2019. We also expect the construction of our cannery factory at the farm to be completed by the end of May 2019. Upon completion, production capacity will increase from 120 to over 320 tons per annum resulting in increased revenue and profits. Further employment opportunities will be created as a result of the expansion of the abalone farm and we expect to create 200 new jobs as a result of the expansion. It is critical for the expansion of the abalone farm to be completed as this will ensure that we are able to meet the current demand, which currently exceeds the current supply.

The Group continues to create, maintain and build on its strategic partnerships and remaining true to our brand being the "First Choice".

The Group continues to pursue strategic acquisitions in the fishing industry, in line with its growth strategy.

SINCERE APPRECIATION

I would like to sincerely thank our employees for their hard work and dedication demonstrated throughout the year. I believe that the exceptional results achieved reflect the quality of our leadership team and our highly talented employees across the Group.

Finally I wish to thank our independent non-executive chairman Reverend Dr Vukile Mehana for his continued guidance and stewardship in chartering a positive future for the Group. To my colleagues on the Board, thank you for all the support throughout the year, as we look to build on our solid foundation, and deliver sustained returns to our stakeholders.



Mogamat Samier Saban

Chief executive officer



OUR BUSINESS MODEL

The Group's business model illustrates how it has created, delivered and maintained value.

OUR CAPITAL INPUTS



Financial
Share capital



Natural
Diverse fisheries portfolio, water and energy



Human
Specialist skills, gender and race diversity



Manufactured
Fishing vessels, processing plants and abalone farm



Intellectual

- Strong customer relationships
- Production processes



Social and relationship
Suppliers, customers and communities

HOW WE CREATE SUSTAINED VALUE

Fishing operations

Catching

- 33 vessels are used to harvest own fishing quota of SCRL, WCRL, small pelagics, squid and hake
- Catching services provided to other small quota holders

Processing

- Fish is landed at our four factories
- The fish is graded and packaged for distribution

Aquaculture operations

Hatchery

- Breeding of abalone
- Production of spat (baby abalone)
- Abalone is reared and grown for a further 20 to 30 months until it is ready for market

Processing

- Abalone is harvested and packed for shipping abroad

Fertiliser operations

Procurement

- Procure fish concentrate from one of our customers

Processing

- Process the fish concentrate into liquid fertiliser
- Package liquid fertiliser

OUR EXPENSES

To maintain value

- Our main expenditure is incurred during the harvesting or growing of marine products which includes wages, diesel, maintenance, packaging and electricity, etc.
- We are legally obliged to pay direct and indirect taxes to SARS.

To expand value

- Capital expenditure
- Marketing

REGULATORY ENVIRONMENT

- Allocation of fishing rights
- Compliance with legislation

KEY ENABLERS

- Optimal organisational structure and capable employees
- Diverse fisheries portfolio which can be leveraged to drive growth
- Optimal capital structure to fund expansions and acquisitions
- Collaboration with other fishing companies, small quota holders and abalone farmers to drive growth

OUR OUTPUTS

- Live and frozen lobster
- Frozen squid
- Frozen hake
- Raw small pelagics
- Live, frozen, canned and dried abalone
- Bottled Seagrow fertiliser

Cold storage and distribution

Branding, sales and marketing

Our business units and operations are **lean, aligned and arranged by function** to ensure **high productivity, cost and operational efficiencies with quick decision making** processes.

MACRO-ECONOMIC ENVIRONMENT

- South African Rand/US Dollar Exchange Rate
- Global economic growth rate

OPERATING ENVIRONMENT

- Catch rates
- Cash flow management
- Availability of critical skills
- Climate change and weather conditions

OUR INCOME

- Income is generated from the sale of harvested and cultivated marine products
- Cold storage and distribution
- Interest received on cash balances

OUR VALUE CHAIN

Our streamlined and integrated operational model together with our vessels, plant, people and financial resources are utilised in a manner which extracts significant value from natural resources.

FISHING VALUE CHAIN

NATURAL RESOURCE (MARINE RESOURCES) CATCHING AND PROCUREMENT OF LOBSTER, SQUID, HAKE AND PELAGICS

1. **Our fishing vessels are efficiently utilised to harvest and land allocated quota in the form of either live or frozen fish.**
2. **Through maintaining strong relationships with quota holders, we procure stock from third party quota holders.**



PROCESSING

1. Live fish is landed in oxygenated seawater tanks, stored, purged and prepared for export.
2. Whole frozen and lobster tails are processed for the export market.
3. Lobster is graded according to size and packed in our branded boxes for the export market.
4. Raw small pelagics is delivered to our customer's factory for processing.

AQUACULTURE VALUE CHAIN

BREEDING AND PROCUREMENT

1. **We utilise scientific methods to induce the breeding of male and female abalone in order to produce spat.**
2. **Through maintaining strong relationships with other abalone farmers, we procure additional spat when the need arises.**



REARING AND PROCESSING

1. The best quality feed is procured and fed to our animals.
2. We continuously monitor the size of the animals until they reach a size preferred by the market.
3. We harvest abalone as live animals, process at our own facility and package in our branded boxes for the export market.
4. We harvest abalone as live product and outsource the processing for canned and dried abalone for the export market.

FERTILISER VALUE CHAIN

PROCUREMENT

1. **Through maintaining a strong relationship with other fishing companies, we are able to procure fish concentrate (a by-product of the fishmeal process) from them.**



PROCESSING

1. We utilise our plant facilities and skills to process the fish concentrate to liquid fertiliser (Seagro).
2. The liquid fertiliser is packaged and branded in our bottles.

BRANDING, SALES AND MARKETING

1. Our outputs from processing are:
 - live lobster
 - frozen lobster tails
 - frozen whole lobster
 - frozen lobster heads
 - frozen squid
 - frozen hake
 - raw small pelagics
2. Our experienced and skilled marketing team sells our high-quality products at competitive market prices.
3. Income is generated from processing, marketing and selling third party quota holder's fish.
4. Income is generated from hiring out part of our cold storage facilities to third parties.
5. Income also generated from catching third party quota.



BRANDING, SALES AND MARKETING

1. Our outputs from processing are:
 - Live abalone
 - Canned abalone
 - Dried abalone
2. Our highly experienced and skilled marketing team sells our high-quality products at competitive market prices.



BRANDING, SALES AND MARKETING

1. Our outputs from processing is the liquid Seagro fertiliser.
2. Our skilled and experienced marketing team sells our high-quality products at competitive market prices.



OUR INTERNAL OPERATING CONTEXT

During the 2018 financial year, the Group continued to unlock and create sustained value in the following areas:

ABALONE EXPANSION PROJECT

We identified aquaculture as a key focus area for growth and which is able to deliver sustainable returns for the Group.

Premier acquired six hectares of land which is adjacent to our existing farm and has been earmarked for development. Once the farm is fully developed, output will triple from 100 tons to 300 tons annually. The budgeted capital expenditure of the project, including utilities and infrastructure development is approximately R200m.

The development is expected to take a period of five years for the farm to reach full capacity.

MILESTONES ACHIEVED

- The development commenced in July 2017;
- The construction of the new hatchery is completed, the new hatchery has capacity to produce six million spat per year as compared to the current two million a year;
- 40 tons of additional production capacity has been completed to date;
- 60% of construction work completed to date; and
- Abalone stock on hand increased to 145 tons from 126 tons in the prior financial year.

EXPECTED RETURNS

- At full capacity we anticipate additional revenue of R100m per annum and additional profits of R40m per annum.

TALHADO ACQUISITION

The acquisition of other fishing companies is a strategic focus area for the Group.

The Group acquired the squid fishing rights, brand and related assets of Talhado for a consideration of R89m in order to enhance the Group's footprint in the squid sector. The purchase agreement had an effective date of 30 November 2017, however in terms of IFRS 3 Business combinations, the date of acquisition has been determined as 9 May 2018.

Talhado is the largest squid fishing company in South Africa. The acquisition enhances Premier's footprint in the squid fishing sector, increases the diversification of revenues and profits and provides synergistic benefits to the Group.

MILESTONES ACHIEVED

- Obtained Competition Commission approval for the acquisition on 9 May 2018;
- Talhado generated revenues of R272m, a net profit of R67m and cash generated from operations of R86m for the year ended 31 August 2018.

EXPECTED RETURNS

- Talhado is expected to contribute revenue of R250m per annum and operating profits of R70m per annum to the Group.

OUR EXTERNAL OPERATING CONTEXT

We have prioritised the following key issues that have a material impact on the Group's business model and our ability to create value:

CURRENCY VOLATILITY

It has been a volatile year for the South African Rand (ZAR) against the United States Dollar (USD). The ZAR began the 2018 calendar year strongly, as business and consumer confidence rose.

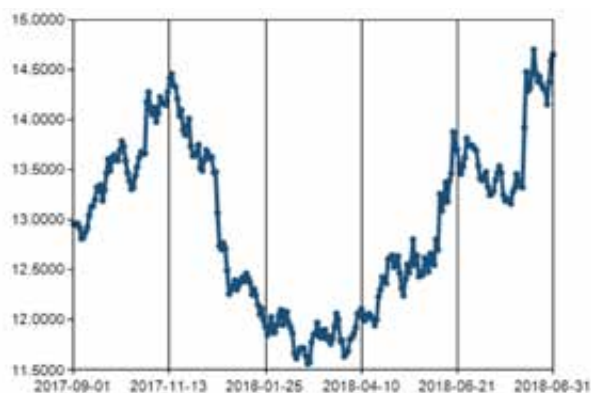
The ZAR lost value towards the end of the 2018 financial reporting period as a result of macro-economic factors such as the potential risk of a trade war between the US and China, which led to global investors moving assets from emerging markets to traditional safe havens.

The ZAR averaged R12.94 during the 2018 financial year compared to an average of R12.92 for the 2017 financial year.

ZAR/USD MONTHLY EXCHANGE RATE

1 September 2017 to 31 August 2018

(Source SARB)



VALUE IMPLICATIONS

- 80% of our revenue is generated from export sales. A stronger ZAR/USD exchange rate results in lower turnover and margins for export-oriented industries. Some of our costs are reduced when there is a strengthening of the ZAR, such as freight costs and diesel.
- The current economic outlook is that the ZAR will potentially depreciate further against the USD. Generally a weaker exchange rate translates to increased revenues in ZAR terms and improved operating margins for the Group.

Our strategic response

- We continuously focus on cost-efficiencies and strategies to achieve a higher USD sales price for our products. This ensures that our operating margins remain resilient even though there is a strengthening on the ZAR.
- Our products are sold in more than one export market, which diversifies currency volatility risk.



OUR EXTERNAL OPERATING CONTEXT (CONTINUED)

ENVIRONMENTAL CONDITIONS

Inclement weather can result in rough seas which reduces the number of available sea days. A reduction in available sea days result in lower catch volumes.

South Africa experienced variable weather conditions, including a lack of rainfall and the worst drought in over 100 years resulting in a reduction of dam water levels during the 2018 financial year. This created pressure on the existing water supply, resulting in additional cost saving measures.

VALUE IMPLICATIONS

- As a result of the variable weather conditions experienced, the number of fishing days available was reduced.
- An increase in the cost of water results in an increase in operating expenses.

Our strategic response

- We maximised our catch effort during the days when sea conditions are favourable to ensure that we catch our quota in the shortest period of time.
- We implemented measures to reduce fresh water consumption and invested in water saving equipment.





REGULATORY ENVIRONMENT

*The fishing rights for the following sectors expire at the end of December 2020:

- Hake Deep-sea Trawl;
- Pelagic and Anchovy;
- South Coast Rock Lobster;
- Hake Long line;
- Squid;

It is anticipated that the DAFF will commence with the process of allocating the fishing rights (FRAP 2020) for the sectors mentioned above.

Currently the Group has the following rights which are up for renewal during FRAP 2020:

- Hake Deep-sea Trawl;
- Pelagic and Anchovy;
- South Coast Rock Lobster; and
- Squid.
- Hake long line

*(Source: The Department of Agriculture, Forestry and Fisheries ("DAFF"))

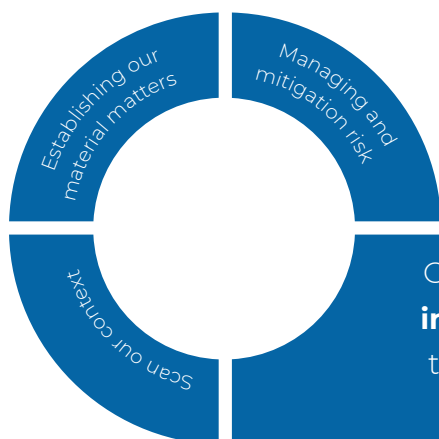
VALUE IMPLICATIONS

- If Premier is awarded a quota in a sector it has not been involved in, it can result in an increase in revenues and profits for the Group.
- If Premier is awarded an increased share of the total allowable catch (TAC) in a sector it is already involved in, it can result in increased revenue and profits for the Group.

Our strategic response

- We continue to structure the Group in a manner that will provide us with the best opportunities for being awarded fishing rights.

OUR MATERIAL MATTERS



Our material risk dashboard provides a snapshot of our **internal process that unearths our material matters**, the risks that are associated and the risk management process we employ to manage those risks.

SCANNING OUR CONTEXT

We have identified material matters as being those items that have the potential to significantly impact the performance and sustainability of the Group in the short-, medium- or long-term.

Our considerations

Material interests, expectations and concerns of our stakeholder groups most likely to influence the Group's ability to create sustained stakeholder value, form the primary basis for the determination of our material matters.

Stakeholders

- Shareholders
- Suppliers and service providers
- Customers
- Employees and trade union
- Government and regulatory authorities
- Local communities and other small quota holders

Material matters

We have identified material matters through a formal process involving the CEO, CFO and EXCO members. The Board of directors through the audit and risk committee endorsed the material matters. The process takes into account the issues raised, their relevance, our strategy, our stakeholders and our governance structure.

During 2018, we identified the following material matters

MATERIAL MATTER	OVERVIEW	STAKEHOLDERS' NEEDS ADDRESSED
Macro-economic environment	According to Statistics South Africa (STATS SA), the South African economy slipped into recession during the second quarter of 2018. The future outlook is that the Gross Domestic Product (GDP) growth rate will be approximately 1.3% indicating a very low growth rate for the South African economy. (www.statssa.gov.za).	
Uncertain regulatory environment	<p>DAFF communicated that the 2020 fishing rights allocation process for the granting of commercial fishing rights will commence soon.</p> <p>Furthermore, the department advised that the following policies with respect to the Hake Deepsea Trawl, Pilchards and Anchovy, South Coast Rock Lobster, Hake Longline, Squid and fishing sectors will be reviewed:</p> <ul style="list-style-type: none"> • General Policy on the Allocation and Management of Commercial Fishing Rights: 2013; 	

Refer to our material risks on pages 37 to 39 for the risks arising out of these material matters as well as how they are managed.



RISK MANAGEMENT

Approach

We consider our material matters in framing our approach to risk. Our approach to risk management evolves and is flexible with the relevant business needs in an ever-changing environment. Our audit and risk committee is tasked with enhancing the effectiveness of our risk management framework, and as such, we rely on a solid governance of risk to maintain the effectiveness of our audit and risk committee's activities.

Refer to page 40 for our approach to risk management.

Governance



Refer to page 40 for our full risk governance structure.

Risk management process

Our risk management activities are governed and actioned through two mechanisms;

- **Risk Management Policy**
(Defines the critical processes for identifying risks and prioritising and proactively managing those risks.)
- **Risk Management Methodology**
(Defines how the potential occurrence and impact of risks are evaluated and assessed.)

Refer to page 41 for our full risk management process.

Risk appetite and tolerance

The risk appetite specifies the types and extent of risks the Group is willing to take in achieving its objectives. The risk appetite is adopted and applied for each risk category. Risk tolerance is the amount of risk that we are willing to bear and cope with. The audit and risk committee continuously reviews the risk appetite and tolerance levels which determine the boundaries for decision-making and effective governance.

The Group determines risk appetite by reference to the internal and external operating environment of the Group, the consequences should the risk materialise and management controls that are in place in order to mitigate the risk. If risks approaches tolerance then the Group executive committee enhances the controls to ensure that the risk remains at acceptable levels.

Our material risks

- 1 Resource availability
- 2 Reallocation of fishing rights
- 3 Exchange rate volatility
- 4 Cyber risk
- 5 Regulatory compliance
- 6 Environmental
- 7 Macro economic environment
- 8 Water shortage
- 9 Skilled staff

[Refer to pages 38 to 39 for Our Mitigating Actions]

OUR MATERIAL MATTERS



(CONTINUED)

The following table provides a detailed insight into our key identified risks, together with their potential impacts and mitigating actions.

In determining our mitigation strategy, we have considered the severity and likelihood of the occurrence of the risks we face.



1 RESOURCE AVAILABILITY

The risk that a reduction in the fish biomass could result in a reduction in the TAC for WCRL, SCRL, hake and pelagic or a reduction in the total effort catch for squid.

RISK CONTEXT	MITIGATING ACTIONS	RISK EXPOSURE	RANK: 1 (2017: 1)
There have been instances of low catch rates experienced for pilchards which might indicate a reduced fish biomass.	The Group is a member of all the associations in the fishing sectors within which it operates. The Group is committed to assisting government by complying with the strict compliance of fishing methods in terms of the TAC to ensure that the fishing resources are able to rebuild and maintain its sustainability for the future.	RESIDUAL vs INHERENT 	MATERIAL ASPECT AFFECTED 



2 REALLOCATION OF FISHING RIGHTS

The risk of a reduced allocation of fishing rights as part of the 2020 fishing rights allocation process.

RISK CONTEXT	MITIGATING ACTIONS	RISK EXPOSURE	RANK: 2 (2017: 1)
The Department of Agriculture and Forestry and Fisheries (DAFF), communicated that the 2020 fishing rights allocation process for the granting of commercial fishing rights will commence soon.	<p>The Group endeavoured to continue to be structured in a manner which gives it the best chance of being awarded a quota in the allocation process.</p> <p>The Group continues to procure fish from third party quota holders so that in the event of a reduction in quota for the Group, the impact is reduced by the fish third party quota holders.</p> <p>We also committed to incubating smaller fishing companies in the sector to ensure that the fishing resources are equitably distributed.</p>	RESIDUAL vs INHERENT 	MATERIAL ASPECT AFFECTED 



3 EXCHANGE RATE VOLATILITY

The risk that the ZAR will strengthen against the USD and the Euro.

RISK CONTEXT	MITIGATING ACTIONS	RISK EXPOSURE	RANK: 3 (2017: 2)
Exchange rate volatility due to various macro-economic factors.	<p>The Group has implemented operational strategies which enable it to save on ZAR denominated costs in the event of the strengthening of the ZAR, thereby maintaining its margins.</p> <p>The Group also has a policy that guides on what type of forward cover should be entered into to ensure our exchange rate volatility is managed.</p>	RESIDUAL vs INHERENT 	MATERIAL ASPECT AFFECTED 

4 CYBER RISK

The risk that the Group's information systems will be threatened by cyber-attacks.

RISK CONTEXT	MITIGATING ACTIONS	RISK EXPOSURE	RANK: 4 (2017: 3)
Cyber-attacks have increased in frequency and sophistication and with the increased use of technology, the exposure to cyber-attacks inherently exist.	<p>The Group has a firewall to prevent unauthorised access to the Group's information technology systems.</p> <p>The Group constantly provides employees with training and information on how to mitigate software virus threats.</p>	RESIDUAL vs INHERENT 	MATERIAL ASPECT AFFECTED 

Risk exposure



Low





Medium



High



5 REGULATORY COMPLIANCE

The risk that the Group is non-compliant with laws and regulations and the JSE Listings Requirements.

RISK CONTEXT	MITIGATING ACTIONS	RISK EXPOSURE	RANK: 5 (2017: 4)
The Group operates in an environment where there are frequent changes to legislature and regulatory requirements.	<p>Experienced staff that understand the regulatory environment</p> <p>The Group has legislature compliance training and monitoring programmes.</p> <p>Policies and procedures are constantly updated in order to adapt to new regulations and legislative requirements.</p>	<p>RESIDUAL vs INHERENT</p> 	<p>MATERIAL ASPECT AFFECTED</p> 



6 ENVIRONMENTAL

The risk of adverse weather conditions affecting landings of fish stocks.
The risk of a red tide in the Gansbaai area.

RISK CONTEXT	MITIGATING ACTIONS	RISK EXPOSURE	RANK: 6 (2017: 5)
There have been instances of adverse weather conditions being observed in the past financial year.	<p>The Group evaluated the catching plans and modified them as necessary, taking into account the prevailing weather conditions.</p> <p>We have employed the services of veterinarians and a top marine biologist who developed standard practices to assist with the managing of our animals during a red tide occurrence.</p>	<p>RESIDUAL vs INHERENT</p> 	<p>MATERIAL ASPECT AFFECTED</p> 



7 MACRO ECONOMIC ENVIRONMENT

The risk that employees may ask for a significant increase in wages.
The risk of unplanned operational disruptions as a result of labour disputes.

RISK CONTEXT	MITIGATING ACTIONS	RISK EXPOSURE	RANK: 7 (2017: 6)
The current economic conditions in South Africa is characterised by the rising cost of living and low economic growth.	The Group is constantly engaged with trade union representatives to ensure that the employer demands are in line with the Group's affordability.	<p>RESIDUAL vs INHERENT</p> 	<p>MATERIAL ASPECT AFFECTED</p> 



8 WATER SHORTAGE

The risk of a significant increase in the cost of fresh water due to limited supply.

RISK CONTEXT	MITIGATING ACTIONS	RISK EXPOSURE	RANK: 8 NEW RISK
The severe drought and lack of rainfall experienced in the Western Cape and declining dam levels.	The Group implemented water usage monitoring procedures and promoted water saving measures and awareness in order to reduce and limit potable water.	<p>RESIDUAL vs INHERENT</p> 	<p>MATERIAL ASPECT AFFECTED</p> 

9 SKILLED STAFF

The risk that the Group might lose employees with critical skills and experience.

RISK CONTEXT	MITIGATING ACTIONS	RISK EXPOSURE	RANK: 8 NEW RISK
Increased migration as a result of an increase in the general cost of living.	<p>The Group has instilled a rich, diversified, and inclusive company culture.</p> <p>The Group strives to ensure employee satisfaction by empowering staff in order to perform their best.</p>	<p>RESIDUAL vs INHERENT</p> 	<p>MATERIAL ASPECT AFFECTED</p> 

OUR MATERIAL MATTERS

(CONTINUED)

MANAGING OUR MATERIAL RISKS

There were no specific risk incidents which resulted in significant financial loss or which may have negatively impacted our stakeholders, during the 2018 financial year.

The Group is committed to ensure that this continues through effective risk management.

BOARD OF DIRECTORS

STRATEGY, RISK APPETITE AND POLICY		
RISK OWNERSHIP	RISK CONTROL AND MONITORING	INDEPENDENT ASSURANCE AND VALIDATION
CEO AND EXCO	AUDIT AND RISK COMMITTEE	INTERNAL AND EXTERNAL ASSURANCE
MANAGING AND RECORDING Delegated Board authority to: <ul style="list-style-type: none"> Develop and implement business strategy Measure and manage performance Implement internal control and risk management framework within agreed appetite 	INTERNAL VERIFICATION Objective oversight of risks Key activities include: <ul style="list-style-type: none"> Designing and deploying the overall risk management framework Developing and monitoring policies and procedures Monitoring adherence to risk framework and strategy 	INDEPENDENT VERIFICATION <ul style="list-style-type: none"> Assurance that the risk management process is functioning as designed and identifies areas for improvement Independent and objective assurance over the effectiveness of corporate governance standards and business compliance
Management-based assurance	Audit and risk committee assurance	Independent-based assurance

Governance of risk management

The Board of directors is responsible and accountable for the governance of risk and is committed to effective risk management in pursuit of the Group's strategic objectives. The Board is assisted by the audit and risk committee, which reviews and monitors the effectiveness of the risk management processes within the Group.

The Board oversees the activities of the audit and risk committee, the Group's external and internal auditors. The audit and risk committee oversees the risk management processes and ensures that the processes are in compliance with governance requirements and standards and works effectively.

The audit and risk committee delegated this responsibility to the executive committee for managing risks. The risk management process is monitored and evaluated by the Group internal audit. The Group internal audit provides the audit and risk committee with assurance that significant business risks were systematically identified, assessed and reduced to acceptable levels in line with the Board's risk appetite.

Our approach to risk management

The Group developed a Risk Management Policy during the year which was presented to the audit and risk committee and deemed to be appropriate for the Group.

The audit and risk committee assessed whether the risk management process is effective in identifying and evaluating risks and assessed whether the executive committee managed the risks in line with the Group's strategy. The audit and risk committee considered our external and internal operating environment in order to identify key developments related to key risks, the implications thereof and the responses and impact on sustainability.

In order to enhance the effectiveness of risk management, the audit and risk committee continued to engage the services of Nexia SAB&T who performed an independent gap analysis to benchmark the current internal audit and risk management structures and practices against:

- The International Standards for the Professional Practice of Internal Auditing; and
- The risk management maturity and internal audit maturity models.

The results of the analysis revealed compliance with the said requirements and identified a few areas for improvement. The executive committee commenced with the implementation of some of the recommendations made and continues to work on the other areas that have been identified.

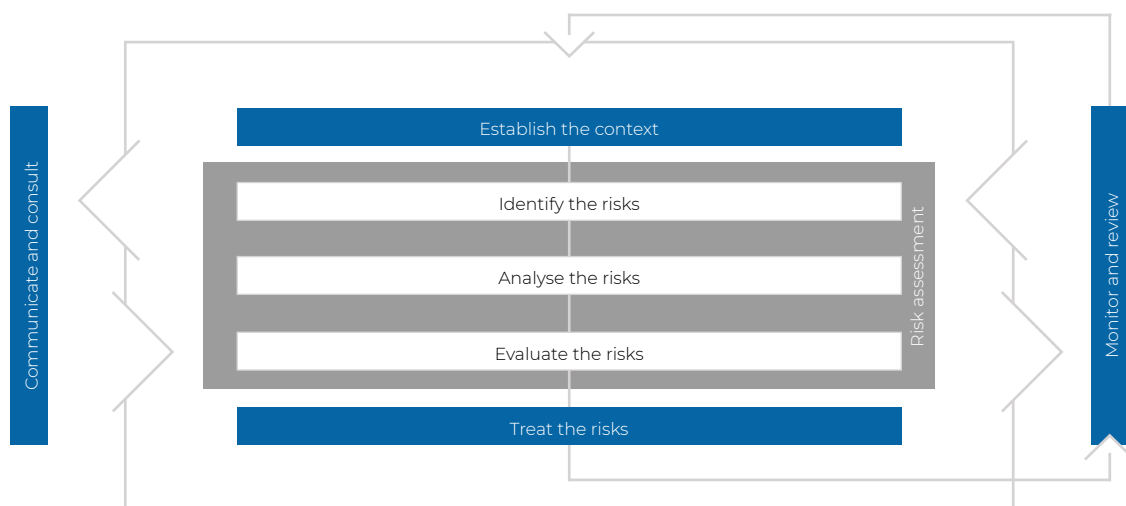
A risk register is maintained with risk categories of financial, operational, strategic, legal, human resources and environmental risk. Action plans are monitored and discussed to reduce the risks to acceptable levels. From the risk evaluation in the risk register, significant risks are reported to the audit and risk committee, who in turn reports these risks to the Board of directors.

RISK MANAGEMENT PROCESS

Our Risk Management Policy acknowledges that the success of the Group is dependent on the effective management of those activities that supports the Group's key strategic objectives and value drivers as outlined in our strategy and that the activities have an associated element of inherent risk. It is therefore imperative that we assess risks in order to effectively identify and appropriately address them.

The Risk Management Policy defines the critical processes for identifying risks and prioritising and proactively managing those risks.

The structure of our risk management process is set out below. This structure was rolled out across the entire Group and is in line with industry standards.



OUR MATERIAL MATTERS

(CONTINUED)

Establish the context	We considered the internal and external operating environment within which risks are present.
Risk identification	We identified all possible uncertainties (risks) that may impact and prevent our Group from achieving its objectives.
Risk analysis	We analysed and assessed the identified risks in terms of its likelihood to occur and their impact upon occurrence.
Evaluate the risk	We evaluated the potential impact of the risks identified and decided whether these risks are acceptable or require treatment.
Risk treatment	We identified the actions and controls to manage the identified risks to an acceptable residual level.
Monitoring and reviewing	We continuously monitored and reviewed the effectiveness of the treatment plan, strategies and management systems in order to assess the effectiveness or improvements required.
Communicate, consult and report	Regular communication and consultation took place between those who are involved in the identification and assessment of risks and those who are involved in the treatment, monitoring and reviewing of risks. Effective communication took place among all stakeholders in the risk management process.

Risk management responsibilities

In order to meet our strategic objectives, we implement the risk management process based on the approved Risk Management Policy. The policy document defines the objectives, methodology, process and responsibilities of the various role players. The policy is subject to annual review and any proposed amendments are submitted to the audit and risk committee for consideration and recommendation to the Board for approval.

During the year under review the committee undertook the following functions:

- Assisted the directors in fulfilling their responsibilities to ensure the risk management process is effective and in place throughout the Group;
- Evaluated reports from the internal auditor concerning the Group's risk management and compliance processes and controls in order to oversee the effectiveness of them;
- Assessed reports from the executive committee concerning business, operational risk and compliance risk in order to oversee these risks and assess their impact on the Group;
- Received reports from the executive committee concerning the resolution of significant risk exposure and risk events, in order to monitor and approve them in accordance with the Board's risk appetite;
- Ensured that the Group complied with applicable external and regulatory obligations, and significant internal policies relating to the operation of its business units;
- Assessed whether IT risks are adequately addressed through the risk management and assurance processes of the Group;
- Facilitated communication of risk issues to all management; and
- Approved the updated Risk Management Policy.

The Board is committed to a process of risk management that is aligned to the principles of King IV™.



HOW WE CREATED VALUE USING THE SIX CAPITALS

In everything we do, we take into account the resources and relationships that are necessary inputs which we require to create sustainable value for our stakeholders.



FINANCIAL CAPITAL

The Group's low geared balance sheet, together with the outcomes of the six capitals enabled us to deliver significant and sustainable returns for our stakeholders.

We reinvested the financial capital in our business to ensure greater returns for our stakeholders.

KEY FINANCIAL CAPITAL INPUTS

- Cash generated from operations of R91m;
- Funding facilities of R35m obtained from our bankers; and
- Interest income of R41m received.

OUTCOMES OF OUR ACTIVITIES ON FINANCIAL CAPITAL

	2018 R'000	2017 R'000
Operating profit	91 581	65 151
Cash generated from operations	91 187	40 094
Basic earnings per share (cents)	31.48	33.77
Dividends declared to shareholders	65 000	39 000

Actions to enhance our outcomes

- Implemented plans to reduce costs in order to ensure that we maintain our margins in the event of a strengthening of the ZAR.



NATURAL CAPITAL

Our vessels, equipment and human capital are used to convert natural resources into financial and social returns for our stakeholders. We invested in solar energy at our abalone farm which enabled us to significantly reduce our impact on the environment.

KEY NATURAL CAPITAL INPUTS

	2018	2017
Total quantity of fish landed (tons)	19 179	21 887
Total quantity of spat (baby Abalone) produced (thousands)	1 684	1 218
Total electricity usage (Kws)	2 120 871	1 953 631
Land leased for aquaculture development (hectares)	3	3
Land owned for aquaculture development (hectares)	6	6

OUTCOMES OF OUR ACTIVITIES ON NATURAL CAPITAL

	2018	2017
Total quantity of fish sold (tons)	20 596	21 948
Total quantity of cultivated Abalone sold (tons)	73	80

Actions to enhance our outcomes

We continued to invest in:

- solar energy at our abalone farm with an anticipated additional 500 KVA capacity to be installed with the expansion of the farm; and
- research and development to find innovative solutions from which to extract value-added products from our lobster.



HUMAN CAPITAL

Our highly experienced, motivated and skilled employees enable us to operate in a cost-effective and efficient manner, resulting in high returns for our shareholders. We continued to encourage a culture of team-work, respect and safety in all our operating facilities. We invested significantly in training and skills development for our employees. We have a Premier Fishing Bursary Programme in place which funds academic and tertiary studies for our employees and their dependants.

KEY HUMAN CAPITAL INPUTS

- Team-work and a respectful culture;
- Modern, safe, reliable and highly efficient equipment;
- Clean, safe and healthy operational premises; and
- Effective leadership to develop and lead our employees to deliver high performance.

OUTCOMES OF OUR ACTIVITIES ON HUMAN CAPITAL

	2018	2017
Number of employees	*801	*381
Total amount paid in salaries, wages and benefits (R'000)	68 320	69 601
Total amount paid to contracted fishermen (R'000)	27 238	32 289
Total amount paid for the Premier Fishing Bursary (R'000)	517	239
Total number of employees receiving training	306	157
Total amount paid for skills development (R'000)	627	882
Number of employee fatalities	zero	zero

* The increase in the number of employees from 2017 to 2018 is a result of the Talhado acquisition.

Actions to enhance our outcomes

- continuously promoted a working environment in which all of our employees are valued, respected and developed enabling them to deliver high performance;
- continuously funded the Premier Fishing Bursary scheme enabling our employees to develop critical skills that are needed within the Group;
- continuously employ stringent risk management processes ensuring a safe and healthy working environment for our employees; and
- plans to expand our operations which will ultimately result in an increase in the number of employees and job security for our employees.



MANUFACTURED CAPITAL

We rely on our fishing vessels, plant and equipment to harvest, cultivate and process marine products to ultimately deliver quality products to our customers. We invested in the maintenance of our existing fishing vessels, plant and equipment to ensure that they operate in a safe, reliable and efficient manner. Following our successful capital raise process we have and will continue to invest in assets in order to expand our operations and deliver higher returns to our stakeholders.

KEY MANUFACTURED CAPITAL INPUTS

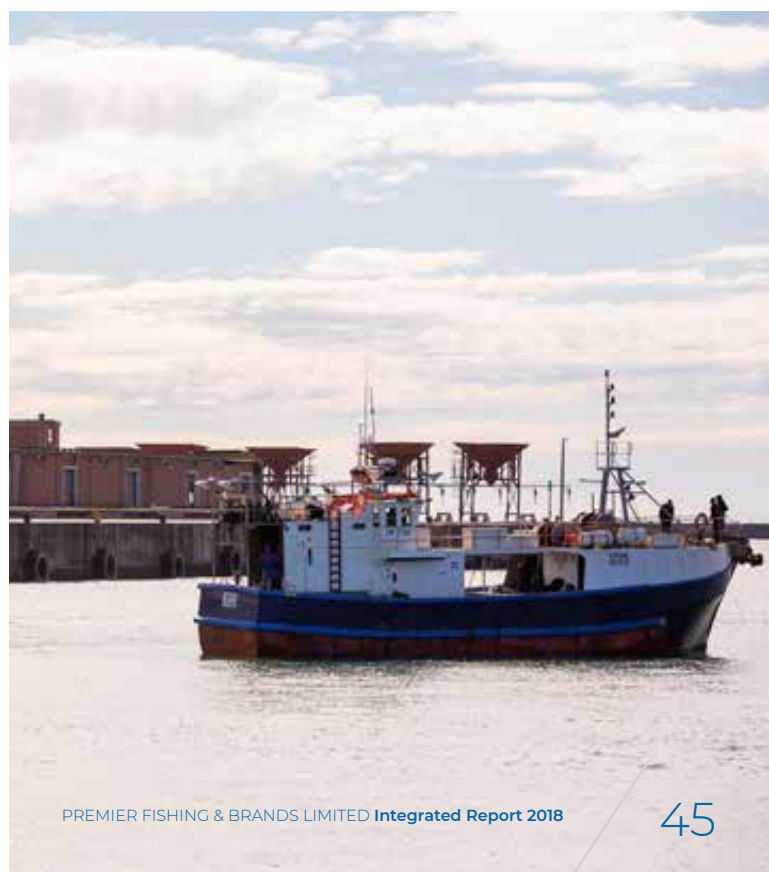
- Property, plant and equipment of R310m (net book value); and
- Assets under construction of R30m.

OUTCOMES OF OUR ACTIVITIES ON MANUFACTURED CAPITAL

	2018 R'000	2017 R'000
Capital expenditure to sustain operations	28 837	14 066
Capital expenditure to expand operations	86 803	7 995
Depreciation	14 843	14 255

Actions to enhance our outcomes

- The construction of our abalone farm continues to progress; and
- We continued to invest in the maintenance of our existing vessels and plant and equipment to extend the useful lives of the assets.



HOW WE CREATED VALUE USING THE SIX CAPITALS (CONTINUED)



INTELLECTUAL CAPITAL

Key to our business is our knowledge of the fishing industry as well as the systems that we implemented in order to generate returns for our stakeholders. We own patents and trademarks which enabled us to manufacture and brand our products.

KEY INTELLECTUAL CAPITAL INPUTS

- Our patents and trademarks;
- Our business processes and systems; and
- Our highly experienced and skilled employees.

OUTCOMES OF OUR ACTIVITIES ON INTELLECTUAL CAPITAL

	2018	2017
Number of patents and trademarks issued	20	20

Actions to enhance our outcomes

- We continue to strive to protect our intellectual property; and
- We committed funds towards research and development initiatives.



SOCIAL AND RELATIONSHIP CAPITAL

As part of our ethos, we invested in social and economic development, particularly in the communities in which we operate. We have a number of corporate social investment activities that are aimed at empowering small fishing communities.

KEY SOCIAL AND RELATIONSHIP CAPITAL INPUTS

The Group:

- provided administrative and technical support to small quota holders;
- provided funding to junior soccer teams in Saldanha for their sports development;
- procured the majority of our goods and services from previously disadvantaged individuals or companies;
- provided bursaries for our employees' and dependants' tertiary education through the Premier Fishing Bursary Programme;
- provided funding to primary schools in Gansbaai for their sports development activities;
- maintained a constructive relationship with representatives from the various unions; and
- maintained a constructive engagement with the DAFF and other government departments.

OUTCOMES OF OUR ACTIVITIES ON SOCIAL AND RELATIONSHIP CAPITAL

	2018 R'000	2017 R'000
Social investment expenditure	1 341	1 535
Enterprise development expenditure	7 590	9 750
Expenditure on preferential procurement	92 951	93 214
Direct and indirect taxes paid	54 820	30 922

Actions to enhance our outcomes

- We implemented a programme to support small- to medium-size enterprises through procurement and providing loan financing;
- We continued to engage with small fishing communities and provided financial assistance; and
- We continued to engage with investors to ensure that our shareholder's expectations are aligned with our strategies.

OUR STAKEHOLDER RELATIONS

We appreciate the role of our stakeholders and are committed to nurturing impactful relationships that deliver mutual benefits and encourage transparent, objective and relevant communication. We recognise the importance of building and maintaining trust and respect with our various stakeholders. We strive to respond timeously and appropriately to issues raised in our interactions with our stakeholders.

Our stakeholder management approach involves gaining a thorough understanding of stakeholder's needs and expectations, addressing those needs and expectations and also identifying and acting on opportunities that are of mutual benefit.

Our stakeholder engagement involves identifying stakeholders who have the most significant impact on our business. Our engagement includes, communicating our strategy, performance, decisions and activities that impact or are of significant interest to our stakeholders, as well as understanding their needs and perspectives.

We addressed essential risks and opportunities and responded timeously and appropriately to issues raised in our interactions with our various stakeholders. **(King IV – Principle 16)**

The following table provides an overview of our key stakeholders, their needs and expectations, how we engaged with them and their contribution to value creation in the business.



OUR STAKEHOLDER RELATIONS

(CONTINUED)

STAKEHOLDERS

PRIMARY CONCERNS AND EXPECTATIONS

EXPECTATIONS MANAGED

SHAREHOLDERS

We have a broad shareholder base, which includes individuals, institutional investors, private and public companies.

Engagement was done through formal and informal interactions and these channels include:

- Roadshows
- Site visits
- SENS announcements
- Print media
- Ad hoc meetings as requested
- Our website www.premierfishing.co.za

- Sustainability of the business
- Return on capital invested
- Optimal capital allocation and management
- Execution of growth strategies
- Appropriate risk identification and management processes
- Good corporate governance

- Sound corporate governance rules are implemented in the business
- Increase in profit of after tax of 40%
- Currently in progress with implementing growth strategies
- Dividends of 25 cents per share

Value for Premier

- Supply of capital
- Low geared balance sheet

Value for Stakeholder

- Capital growth
- Dividends
- Return on investment

GOVERNMENT AND REGULATORY AUTHORITIES

Includes DAFF, SARB, SARS SAMSA, MCM and NCRS, Accreditation: HACCP, FDA, SABS, NCRS

We engage with them through various forums including:

- Emails and telephonic conversations
- Site inspections and audits
- Industry association meetings

- Compliance with laws and regulations of authorities

- Continuous training of management and staff responsible for compliance with various regulations by the respective authorities
- Internal control procedure checklist to ensure compliance with respective laws and regulations
- Immediate corrective action noted in the event of findings raised by authorities
- Participation in industry working groups
- Meeting with industry regulators

Value for Premier

- Favourable legislation and less interference
- Repeated utilisation of fishing quotas

Value for Stakeholder

- Contribution to taxes
- Support job creation
- Other strategic initiatives
- Payment of landing levies and taxes

CUSTOMERS

We have a wide array of both foreign and local customers.

We engage with them through various forums including:

- Emails and telephonic conversations
- Contract negotiations and ongoing interactions in the ordinary course of business
- Customer visits; meetings, including site visits and one-on-one engagements

- Delivery of quality products and services
- Price competitiveness
- Leveraging of our BEE credentials
- Adherence to regulatory requirements; good corporate governance; and ethics
- Reliable long-term supply of products

- Ensured inventory availability
- Ensured that all products supplied have the legal paperwork from the relevant authorities in place
- Ensured that products are safe and consistent with the quality and brand of Premier
- Ensured adherence to all necessary standards such as HACCP, SABS, FDA and EU standard tests
- Complied with international laws, regulations and legislation

Value for Premier

- Repeat business and revenue growth
- Understanding trends and opportunities
- Improved ability to compete
- Reputable brands

Value for Stakeholder

- Quality products and services
- Fair prices
- Correct labelling
- Better products and services

STAKEHOLDERS

PRIMARY CONCERNS
AND EXPECTATIONSEXPECTATIONS
MANAGED

SUPPLIERS

We have a wide range of suppliers, we source products and services mainly from empowered local suppliers.

We engage with them through various forums including:

- Emails and telephonic conversations
- Contract negotiations and ongoing interactions in the ordinary course of business
- Meetings, including site visits and one-on-one engagements
- Supplier audits
- Service level agreements

- Long-term security of supply
- Fair treatment and fair payment terms
- Entrepreneurship and supplier development programmes
- Commitment to B-BBEE policies

- Ensured that we sourced supply with reputable businesses – Code of Ethics
- Fully committed to B-BBEE
- Made fair and timeous payments
- Implemented several entrepreneurship and supplier development programmes

Value for Premier

- Good service
- Committed and consist supply
- Good pricing
- Good quality products

Value for Stakeholder

- Fair allocation of business
- pay on time
- Zero corruption

EMPLOYEES AND TRADE UNIONS

We have permanent and seasonal workers as well as contracted fishermen

Communication channels include:

- Emails and notice boards
- Internal meetings with trade union representatives take place on a regular basis
- Performance reviews and feedback sessions
- Company website
- Induction programmes
- Role blueprints, including job grading and job specification requirements
- Training and development sessions

- Career development opportunities including skills training
- Job security
- Market-related salaries and wages and equal pay
- Health and safety
- Transformation and diversity
- Involvement in secondary and tertiary education programmes
- Employee wellness programmes
- Corporate social investment in communities
- Employee engagement and communication – the importance of open and honest feedback

- The Group embarked on updating role blue prints, benchmarking and evaluation measures and identifying further skills development plans
- We focus on health and safety standards and procedures and ensure that working conditions are acceptable
- We made a substantial investment in skills development
- The Group also has a bursary programme which facilitates higher education
- We also implemented an wellness clinic at our abalone farm

Value for Premier

- Engaged and motivated employees
- Ability to attract and retain key skills

Value for Stakeholder

- Fair pay
- Interesting work
- Growth and development, equal treatment
- Health and safety

LOCAL COMMUNITIES AND OTHER SMALL QUOTA HOLDERS

This is the community from which we operate in including other small quota holders.

We engage with the community through direct one-on-one meetings and also through roadshows at community centres

- Social investment programmes
- Job creation
- Enterprise development

- Regular donations to sport development programmes in the communities of Saldanha and Gansbaai
- School donations and support programmes in the communities of Hawston and Gansbaai
- Creation of job opportunities through the abalone farm expansion
- Free administration support services and technical training to contracted small quota holders

Value for Premier

- Reputation; brand value; trust; access to business opportunities

Value for Stakeholder

- Employment/business opportunities
- Environment care
- Local hire
- Resource use





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OUR STRATEGY

Strategic focus areas

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Report of the investment committee

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OUR STRATEGY

Long-term

STRATEGIC VISION

Our long-term value-generation ambitions are framed around, and governed through the pursuit of our strategic vision.

Our strategic vision is to be a **pre-eminent vertically integrated empowered marine business** which uses **ethical** and **sustainable** business practices.

Medium-term

STRATEGIC GROWTH PLAN

At the heart of achieving our strategic vision, is our strategic growth plan which sets out medium-term goals that help us realise our strategic vision.

Context

The Group formulated a strategic growth plan in 2015, referred to as "Vision 2020 Vision".

The Group is in its fourth year of its strategic growth plan and is well-positioned to achieve its Vision 2020 Vision strategic goals and objectives.

Aims

The main focus of our Vision 2020 Vision strategic growth plan is to double our revenue and EBITDA by the end of the 2020 financial year. We plan on achieving this through:

- Organic growth; and
- Acquiring companies which are a strategic fit to the Group as a whole.

Capitals required



Social and relationship



Financial



Intellectual



Human

Short-term

STRATEGIC FOCUS AREAS

Our day-to-day actions are designed to support our strategic focus areas, which aim to form part of achieving our strategic growth plan.

In delivering on our strategic vision and growth plan, we have focused our energy and actions in the following areas:

STRATEGIC OBJECTIVE	STRATEGIC ACTION	SUCCESSSES	CHALLENGES
Double revenue to R800m by 2020 from current revenue of R491m (2018).	<ul style="list-style-type: none"> Expansion of the abalone farm. Acquire another fishing company. Procurement and trading of other fish species. 	<ul style="list-style-type: none"> Acquired Talhado. Increased production capacity at the abalone farm by 40 tons. Completed the construction of a new hatchery which is anticipated to increase spat production to 6m animals per year from the current 1.6m per year. Increased volume of wild abalone through the purchase from third party quota holders. Commenced with the procurement and trading of other fish species. Revenue increased to R491m from R411m in the prior year. 	<ul style="list-style-type: none"> Complex IFRS requirements with respect to the acquisition date determination resulted in less than months of Talhado's performance being recognised by the Group in the current financial year. Weather disruptions to construction activities.
Grow EBITDA to R190m by 2020 from EBITDA of R73m in 2015.	<ul style="list-style-type: none"> Increase capacity utilisation of land- and sea-based assets. Explore innovative fishing and production techniques. Improve catch plans to increase catch rates. Further introduce solar technology with the expansion at the abalone farm to reduce energy costs. Implement shared services initiatives in human resources, information technology, procurement and sales. Construct a canning and drying facility at our abalone farm to enable own processing of canned and dried abalone. 	<ul style="list-style-type: none"> Increased capacity utilisation of land-based assets through increased volume of contracted quota. Improved catch plans to increase catch rates. Implemented shared services initiatives in human resources, information technology, and sales. EBITDA increased to R109m from R79m in the prior year. 	<ul style="list-style-type: none"> Increased competition for contracted quotas. Adverse weather conditions disrupted planned catching days.
Secure our sustainability in the long-term (Fishing quotas).	<ul style="list-style-type: none"> Full compliance with laws and regulations. Create job opportunities through community partnerships and through expansion of our abalone farm. Support initiatives to improve health and education in communities. Continue to develop a plan to measure and reduce our carbon footprint. Full compliance with all environmental, health and safety regulations. 	<ul style="list-style-type: none"> Complied will all laws and regulations. Complied with the Listing Requirements of the JSE. 60 new jobs indirectly created through the construction activities at our abalone farm. Supported initiatives to improve health and education in communities. Funded activities for sport development at Gaansbaai primary school. Provided financial support for a community project in Gugulethu, which is aimed at soccer development. Complied with all environmental, health and safety regulations. 	<ul style="list-style-type: none"> Change in B-BBEE codes. Ever changing regulatory framework. Complex laws and regulations.

OUR STRATEGY

(CONTINUED)

STRATEGIC FOCUS AREAS: PLANNED ACTIONS FOR 2019

- Acquisition of another fishing company.
- Continue with the abalone farm expansion.
- 200 tons additional production capacity is expected to be installed at the abalone farm by the end of the 2019 financial year.
- Complete the construction of a canning and drying facility at our abalone farm.
- Continue to procure third party contracted quota.
- Incubator of smaller companies

OUR KEY PERFORMANCE INDICATORS

In delivering on our strategic vision and growth plan, we have focused our energy and actions in the following areas:

Our Vision 2020 Vision Strategic Plan set a number of key performance indicators (KPIs) and targets for the Premier Group in order to achieve its strategic objectives. The targets are monitored continuously and revised should the need arise to take into account the global economy, market trends and environmental matters that could materially impact our strategic plans.

Our performance dashboard below, provides an overview of how we delivered during the period, and tracks our performance against our targets.

Financial KPIs	TARGET	2016	2017	2018
Revenue growth	12%	15%	2%	20%

Performance against KPI

Revenue increased by 20% to R491m from R411m in the prior year. The increase in revenue is mainly attributed to an increase in catch rates in our Lobster and Squid divisions which resulted in a reduced cost of product and increased catch volumes for the year. The increased catch volumes resulted in higher sales volumes compared to prior year; which, coupled with consolidation of Talhado, resulted in an increase in revenue.

EBITDA growth	4%	27%	4%	37%
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Performance against KPI

EBITDA increased by 37% to R109m from R79m in the prior year. The exceptional growth in EBITDA is attributed to the positive contribution of our squid, abalone, lobster and horse mackerel operations due to their strong operational performance and the consolidation of Talhado.

Non-financial KPIs	TARGET	2016	2017	2018
Job creation	20 p.a.	8	11	23
Health and safety	Zero fatalities	0	0	0
Cultivated abalone production	320 tons	103	126	145

REPORT OF THE INVESTMENT COMMITTEE

The investment committee has the pleasure of submitting this report for the financial year ended 31 August 2018.

ROLE AND RESPONSIBILITIES OF THE INVESTMENT COMMITTEE

The investment committee has an independent role and operates as an oversight and makes recommendations to the Board for its considerations and final approval.

The Group's investment decisions are driven by its overall objective of creating and growing stakeholder value in a sustainable manner. This is achieved by ensuring that investments including acquisitions and organic growth projects, are subject to review by the investment committee. The committee is well-balanced, has legal, financial and strategic expertise. Investments are adjudicated to ensure it has both a strategic fit with synergistic benefits to the Group's current portfolio and that the investment provides an acceptable level of return with a reasonable payback period.

The role and responsibilities of the committee include:

- Considering investment opportunities in respect of acquisitions and material capital expenditure in terms of the Group's risk appetite;
- Recommending to the Board the approval of acquisitions and disposals;
- Reviewing the investment strategy of the Group;
- Setting criteria and targets for investment in terms of the Group's risk appetite; and
- Reviewing due diligence processes for acquisitions.

Investment considerations

When considering acquisitions, the Group targets companies with the following characteristics:

- Strong investment partners that are aligned with the Group's strategic objectives;
- Companies that are committed to the production of high-quality products;
- Defined and sustainable growth strategy;
- Successful historical performance, coupled with robust future prospects;
- Excellent credentials and management expertise; and
- High-growth prospects.

REPORT OF THE INVESTMENT COMMITTEE (CONTINUED)

DISCHARGE OF DUTIES DURING THE YEAR UNDER REVIEW

Investment opportunities considered

In light of the capital raised from the listing, the investment committee was presented with the following investment opportunities for consideration during the current year under review.

INVESTMENTS CONSIDERED	CONSIDERATIONS	CONCLUSION
Acquisition of Talhado	<ul style="list-style-type: none">Increased footprint in the squid sector as Talhado is the largest squid fishing company in South Africa.Increased margins for the Group through synergies to be derived from acquisitions.Strong brand.Results of the due-diligence work performed.Reviewed the purchase agreements in relation to the acquisition.Capital investment required of R105m.Return on investment period: Between three and five years.	Approved and implemented.

The committee is satisfied that it has fulfilled all its statutory duties assigned by the Board for the period under review.

Prospects

The Group's Vision 2020 Vision Strategic Plan set a number of KPIs and targets for the Group in order to achieve its strategic objectives. The targets are monitored continuously and revised should the need arise to take into account the global economy, market trends and environmental matters that could materially impact our strategic plans.

The investment committee is currently reviewing new opportunities to ensure that they satisfy the investment criteria for the Group before recommending them for approval to the Board.





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OUR GOVERNANCE

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OUR GOVERNANCE FRAMEWORK

Sound corporate governance is the foundation of our business and is pivotal in delivering long-term value to our stakeholders. We have a positive association with all stakeholders and we are committed to the highest ethical standards and business integrity in all of our activities.

Our Board of directors is the principal decision-maker and is supported by the various sub-committees who reviews the Group's governance structures and processes to ensure that the Group is governed in accordance with sound corporate governance practices, codes and standards, internal controls and that there is effective risk and regulatory compliance management. The Board ensures that the Group is led ethically and that the Group is seen to be a good corporate citizen.

The Board plays a critical role in strategic planning and has established clear benchmarks to measure the strategic objectives of the Group. The Board ensures that its sound governance framework enhances good corporate governance, continues to improve internal controls and the Group's performance. In carrying out the Group's strategic objectives, the Board is assisted by various sub-committees, including the executive committee, with clear terms of reference to assist in discharging its responsibilities.

The main focus of the Group's governance framework is as follows:

- Vision, strategy and performance
- Ethical and responsible leadership
- Finance, including budgets and forecasts
- Corporate citizenship
- Risk management
- Information technology
- Investments
- Products – quality, cost, delivery and competitiveness
- Human capital – health, safety, employee wellness and the environment
- Transformation
- Sustainability
- Stakeholder relations

STATEMENT OF COMMITMENT

The Board is committed to the highest standards of business integrity and has adopted an integrated approach to managing the Group to ensure that the governance structure actively identifies, communicates and responds to material matters that impact on the Group's ability to create stakeholder value. The Board believes that it has addressed all material matters appropriately and that it fairly represents the integrated performance of the Group.

The Board continuously reviews the Group's governance structures and processes to incorporate and accommodate new corporate developments, to facilitate effective leadership, sustainable corporate citizenship in support of the Group's strategy and to reflect national and international corporate governance standards, developments and best practices. **(King IV™ – Principle 6)**

The Board is satisfied that effective controls have been implemented and complied with throughout the Group and that the Company fully complies with the spirit and form of the continuing obligations of the JSE Listings Requirements, King IV™ as well as the Companies Act.

APPLICATION OF AND APPROACH TO KING IV™

The Board adopted and applied King IV™. In supporting King IV™, the Board recognises that it is the custodian of corporate governance and ensured that directors:

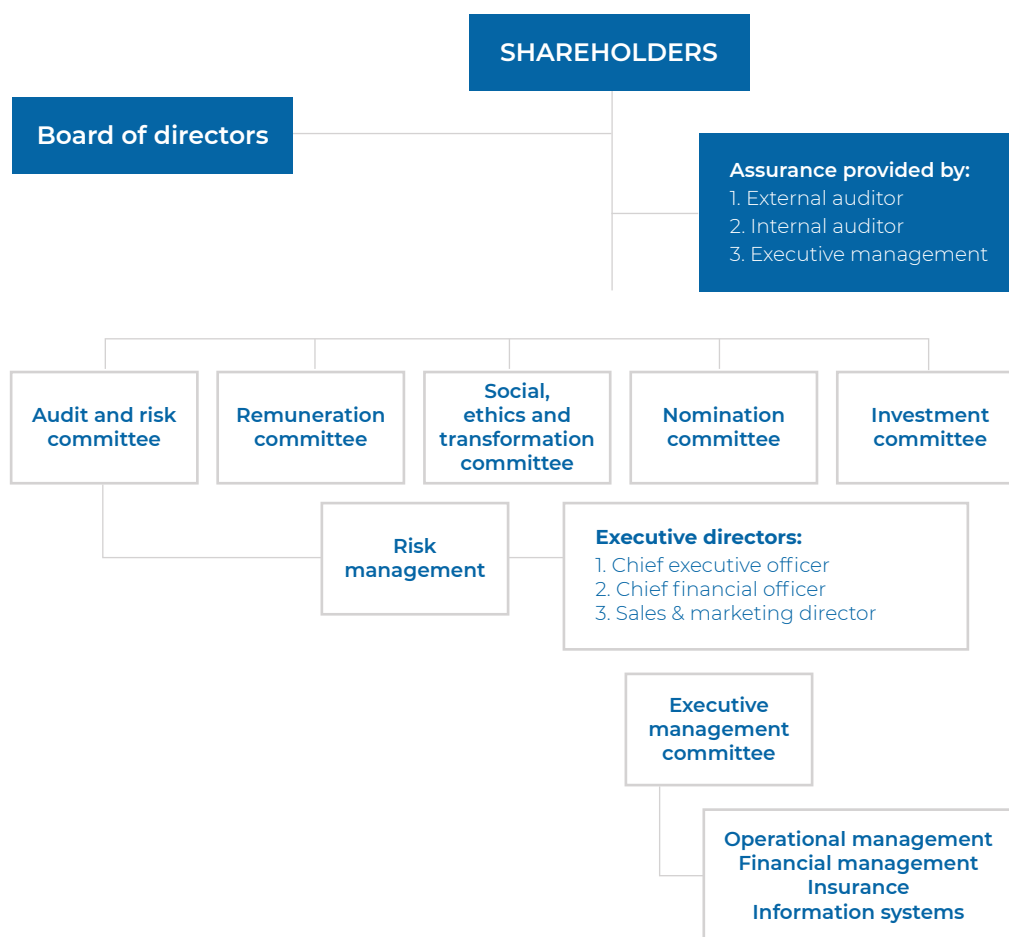
- lead ethically and effectively;
- supported an ethical culture;
- set the strategic direction for the Group for the year ahead;
- approved policies and planning;
- administered and monitored the Group's risks and opportunities; strategy; business model; business performance; and sustainable development.

The Board ensured compliance with applicable laws, rules, codes and standards in a way that supported the Group in being ethical and a good corporate citizen. It ensured that remuneration is fair and transparent and that the integrity of information for decision-making internally and externally was assured. A stakeholder inclusive approach was applied in the Group to ensure that the needs, interests and expectations of material stakeholders were addressed.

Refer to the Company's website www.premierfishing.co.za for a full report on the application of King IV™.

A Board appraisal was performed during the period under review, and the Board is satisfied that the Group is aligned with the principles embodied in the King IV™.

The application of King IV™ principles and adoption of the various recommendations are fully detailed in a report which is available on our Company's website: www.premierfishing.co.za.



GOVERNANCE STRUCTURE AND ETHICS

The governance structure supports the Group's strategic focus areas.

Objective	Stakeholders	Value creation for all stakeholders and sustainable development which ensures: <ul style="list-style-type: none"> • An ethical culture and effective leadership is maintained with positive outcomes. • A stakeholder-inclusive approach to balance the reasonable needs and interests of material stakeholders in the best interest of the Company.
Scope	Company	<ul style="list-style-type: none"> • Ensures that the Company operates within the triple context, governs risks and opportunities, strategy as well as sustainable development in a way that supports the Company achieving its strategic objectives.
Character	Internal system	Ensures that proper internal controls are in place and approves policies, plans, oversees and monitors and ensures: <ul style="list-style-type: none"> • Accountability. • That the assurance services and functions enable an effective control environment to support the integrity of information for internal and external decision-making. • That the Company remunerates fairly, responsibly and transparently in order to promote the achievement of the strategic objectives and positive outcomes in the short-, medium- and long-term.
Mechanism	Conformance	Continues to govern compliance with applicable laws and adopt non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen.
Direction	Management	The Board sets and steers the strategic direction of the Company and is the focal point and custodian of corporate governance and ensures accountability for the Company's performance. The Board oversees and monitors the implementation and execution by management.
Disclosure	Financial statements	<ul style="list-style-type: none"> • Audited financial statements in terms of the International Financial Reporting Standards. • Integrated Report.

REPORT OF THE NOMINATION COMMITTEE

The nomination committee has the pleasure of submitting this report for the financial year ended 31 August 2018.

The nomination committee is a committee of the Board in respect of all other duties the Board assigns to it and has been delegated powers to perform its functions.

The nomination committee operates in accordance with the requirements of the Companies Act and King IV™. The nomination committee is constituted as a committee of the Board in respect to its statutory duties in terms of the Companies Act and King IV™ and is accountable to both the Board and shareholders.

MEMBERS OF THE NOMINATIONS COMMITTEE AND ATTENDANCE AT MEETINGS

The nominations committee is comprised of three non-executive directors and the independent non-executive chairman is a member of the committee.

During the year under review, one meeting was held and attendance of those meetings is set out in the table below:

NAME	MEETING ATTENDANCE
Rev Dr Vukile Charles Mehana (Chairman)	Yes
Khalid Abdulla	Yes
Salim Young	Yes

ROLES AND RESPONSIBILITIES OF THE NOMINATION COMMITTEE

The nomination committee is responsible for identifying suitable candidates for appointment to the Board. The nominations committee ensures that the Board comprises the appropriate balance of knowledge, skills, experience, race and gender diversity as well as independence.

The committee is responsible for evaluating, promoting and ensuring race and gender diversity on the Board. The committee also ensures that the Board has the appropriate composition in terms of structure, size, composition and independence, and that directors are appointed through a formal and transparent process.

The roles and responsibilities of the committee include:

- To establish a formal process for the appointment of directors;
- To oversee the development of a formal induction programme for new directors;
- Oversee the development and implementation of continuing professional development programmes for directors;
- To ensure directors receive regular briefings on changes in risks, laws and the environment in which the Group operates;
- To consider the performance of directors and take steps to remove directors who do not make an appropriate contribution; and
- Make recommendations for the re-appointment of directors with regard to retirement due to rotation.

RACE AND GENDER DIVERSITY POLICIES ADOPTED BY THE BOARD

The Group believes that race and gender diversity at Board level help achieve its business goals through an improved understanding of the diverse environments in which the Group operates. A truly diverse board will include, and make good use of differences in age, gender, race, skills, industry experience and other distinctions.

The nomination committee will consider and annually agree on measurable targets for achieving race and gender diversity at Board level. In identifying suitable candidates for appointment to the Board, the nominations committee will consider individuals on merit against objective criteria and with due regard for the potential benefits of race and gender diversity.

The Company's level of compliance for the past year is summarised in the table below:

PERCENTAGE OF DIRECTORS	ACTUAL
Black people	92%
Female	33%

DISCHARGE OF DUTIES DURING THE YEAR

During the year the nominations committee performed the following:

- Adopted a race diversity policy.
- Recommended to the Board for approval the appointment of new directors after considering candidates on merit against objective criteria with due regard to the potential benefits of gender and race diversity at a Board level.
- Adopted a gender diversity policy.
- Assessed the compositions of the sub-committees of the Board after certain directors did not make themselves available for re-election.
- Recommended to the Board for approval the appointment of new directors to the Board and sub-committees.
- Ensured that a brief professional profile of each candidate standing for election and re-election at the AGM, including details of professional commitments, accompany the notice of the AGM, together with a statement from the Board confirming whether it supports the candidates for election or re-election.
- Ensured that a programme of professional development and regular briefings on legal and corporate governance developments and risks and changes in the external environment of the organisation was provided to the members of the Board.
- Ensured that there was an induction for the new directors.
- Ensured that there were continuing professional development programmes for directors during the year.
- Evaluated the performance of the Board, Chairman and CEO and confirmed their performance in terms of the effective discharge of their duties:
 - Reviewed the independence of the Board;
 - Balance of power; and
 - Corporate governance.
- Recommended to the shareholders the re-appointment of non-executive directors with regard to retirements due to rotation on the basis of that member's performance, including attendance at meetings of the Board and committees (**King™ – Principles 1, 7, 8 and 9**). Refer to the notice of AGM or the Company's website for the brief CVs of non-executive directors recommended for re-appointment.

For the year under review, the nomination committee is satisfied that it has fulfilled all its statutory duties assigned by the Board.

OUR EFFECTIVE LEADERSHIP



MEMBER CURATION

Appointment

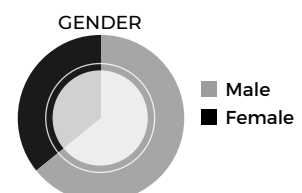
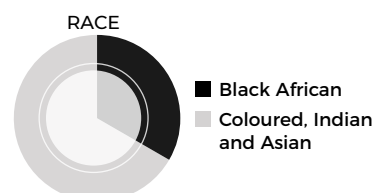
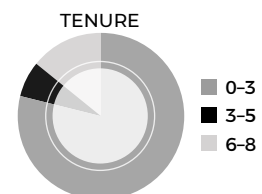
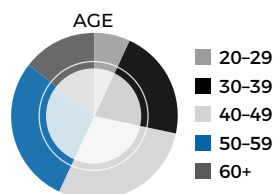
The nomination committee makes recommendations to the Board for the appointment of new directors. Directors are chosen for their business skills and business expertise.

Evaluation

The independent non-executive Chairman together with the remuneration committee evaluates the performance of the executive directors annually.

Composition

The Board recognises and embraces the benefits of a diverse board. Diversity is core and an essential component for sustaining a competitive advantage. Our Board comprises of the appropriate balance of knowledge, skills and experience to discharge its roles and responsibilities objectively and effectively.



For detailed CVs of the directors, refer to the Company's website www.premierfishing.co.za

EXECUTIVE

From left to right: Mogamat Samir Saban, Isaiah Tatenda Bundo and Rushaan Isaacs

VALUE SYSTEM

Respect and trust

To always respect and trust fellow employees, customers, partners and our stakeholders.

People

To provide sustainable employment opportunities for our employees and others, maintain a safe and secure working environment and zero fatalities. Develop, attract and retain the correct skills and structures to meet and support our strategic growth.

Commitment

To deliver on our promises and add value beyond expectations.

Integrity

To always act with integrity in whatever we do based on our values, principles, Code of Ethics and Code of Conduct.

Accountability

To have responsible and accountable leadership that addresses the expectations of our diverse stakeholders and embraces these responsibilities with efficiency.

Stakeholders

To serve our stakeholders through good corporate governance, ethical conduct, value creation and safe and good quality products and services.

ROLES AND RESPONSIBILITIES

Assumes ultimate responsibility and accountability for the performance and affairs of the Company.

- Provides effective leadership on an ethical foundation.
- Oversees the Company's values, corporate governance and ensures ethics are managed effectively.
- Ensures accountability for organisational performance by means of, among other, reporting and disclosures.
- Ensures that the Company complies with all the relevant laws, regulations and codes of business practice.



NON-EXECUTIVE

From left to right: Reverend Dr Vukile Charles Mehana, Khalid Abdulla, Cherie Felicity Hendricks, Advocate Dr Ngoako Abel Ramatlhodi, Salim Young, Aziza Begum Amod, Rosemary Phindile Mosia, Clifford Leonard van der Venter and Sebenzile Patrick Mngconkola

MANAGEMENT APPROACH

Company strategy

We actively steer and spearhead the Company and setting its strategic direction, with regard to both the Company's strategy and the way in which specific governance areas are to be approached, addressed and conducted.

Principle 4

Risks and opportunities

We monitor and maintain a risk management framework and ensure that key risk areas identified are monitored.

Principle 11

Governance of ethics

We ensure we proliferate an ethical culture within our management process through an effective delegation of the introduction, monitoring and implementation of ethics-based mechanisms within our business.

Principle 1

Corporate citizenship

The Board and management recognise that Premier Fishing is an economic entity and also a corporate citizen and that it has a social and moral standing in society with all the attendant responsibilities. Further information is provided in our corporate social investment report.

Principle 3

Monitoring, compliance and oversight

We monitor the implementation of compliance to policies and processes and improve upon them and to mitigate the risk of non-compliance with all applicable laws.

Principle 13

GOVERNANCE OUTCOMES

We can only be a sustainable business if we continue to rigorously promote and implement good corporate governance practices. This is an integral part of our business model that is built on delivering good governance outcomes in terms of an **ethical culture, effective control, sustainable performance and legitimacy**. Our sound governance platform is embedded in our corporate culture.

OUR EFFECTIVE LEADERSHIP (CONTINUED)

DIRECTORS – EXECUTIVE DIRECTORS

CHIEF EXECUTIVE OFFICER

Mogamat Samier Saban

BCom (UCT) BCom (Hons) CTA CA(SA)

Appointed: 1 February 2017

Nationality: South African

Mr Saban is a qualified Chartered Accountant with more than 13 years commercial experience. Mr Saban completed his articles at Grant Thornton and spent almost two years at Pioneer Foods, one of the largest FMCG companies in South Africa. Thereafter Mr Saban joined Premier Fishing SA (Pty) Ltd in various senior financial positions since 2007. During 2009 Mr Saban was promoted to general manager of the Group and during 2011 appointed as the CEO. He has won numerous awards in the Group such as CEO of the year as well as outstanding management for the year. Mr Saban also attended the World Economic Forum in Dalian and Tianjin with the Group Chairman.

CHIEF FINANCIAL OFFICER

Isaiah Tatenda Bundo

BCom (UCT) PGDA CA(SA)

Appointed: 1 February 2017

Nationality: Zimbabwean

Mr Bundo is a Chartered Accountant by profession with over nine years of experience. Mr Bundo completed his articles with PKF and spent a year with Deloitte before joining Premier Fishing SA (Pty) Ltd. He has over five years of experience as the Group chief financial officer at Premier Fishing. As part of the executive management team he is responsible for the financial and administrative functions of the Group, IT, procurement, risk management, systems reviews, assisting operations teams in terms of operational review and improvements and corporate finance. Mr Bundo has contributed greatly to the efficiency and accuracy of financial reporting in the Group as well as systems and operations reviews. He has won awards as the AEEI Group divisional finance head of the year for the 2012 and 2014 financial years.

SALES AND MARKETING DIRECTOR

Rushaan Isaacs (39)

University of Stellenbosch Management Development Programme

Appointed: 1 February 2017

Nationality: South African

Mrs Isaacs has over 18 years of sales experience within the fishing industry managing and developing strategy for global markets within the various fishing sectors Premier Fishing is involved in. Mrs Isaacs has over the past years managed to build valuable relations within all of Premier Fishing's sectors and also achieved highest service levels and top branding positioning of all sectors. She has also won awards in the AEEI for Overall Top Achiever in 2014 and Emerging Executive of the Year in 2015.

DIRECTORS – NON-EXECUTIVE DIRECTORS

INDEPENDENT NON-EXECUTIVE CHAIRMAN

Reverend Dr Vukile Charles Mehana (65)

PhD (University of Johannesburg), DBA, Honoris Causa (Commonwealth University), MBA (De Montfort University, UK), Master Class Certificate (London Graduate School), BTh (Rhodes University), AMP (Insead Business School, France), Certificate in Public Enterprises (National University of Singapore), DPhil (University of Johannesburg), Top Management Certificate on Public Enterprise (National University of Singapore)

Appointed: 1 February 2017

Nationality: South African

Reverend Dr Mehana is an ordained Minister of the Methodist Church. He has also been appointed by the Minister of Higher Education to the Governing Council of the University of KwaZulu-Natal (UKZN) and he is the Chair of Council.

Reverend Dr Mehana is a former Adjunct Professor and part-time lecturer of Business Strategy at UCT Graduate School of Business, where he taught Business Strategy course to the AIM Programme, Change Management to Diploma and assisted with the Business Leadership for MBA students.

Major directorships: African Equity Empowerment Investments Ltd, LR Management Group (Pty) Ltd (chairman), Mazwe Financial Services (non-executive chairman), Makana Investment Corporation (Pty) Ltd (non-executive director representing the Ex-Political Prisoners Trust), espAfrika.

Reverend Dr Mehana is also one of the 40 Social Cohesion Advocates under the Ministry of Arts and Culture.

Major directorships: LRMG (Pty) Ltd (chairman), The Performance Agency (South Africa) (Pty) Ltd (director), Mazwe Financial Services (non-executive chairman), Makana Investment Corporation (Pty) Ltd (non-executive director representing the Ex-Political Prisoners Trust), espAfrika (Pty) Ltd (non-executive chairman), Community Schemes Ombud Service (chairman), Sizwe Africa IT Group (Pty) Ltd (non-executive chairman), Mustek Ltd (non-executive chairman), Premier Fishing and Brands Ltd (non-executive chairman), chairman of the SAPS Ministerial Transformation Task Team and chair of the Governing Council of UKZN.

INDEPENDENT NON-EXECUTIVE DEPUTY CHAIRMAN

Salim Young (60)

BProc, LLB (UWC), LLM (Tulane University, USA)

Appointed: 1 February 2017

Nationality: South African

Mr Young is an experienced business executive and corporate lawyer and is a former director of Webber Wentzel (formerly Mallinicks Inc.). Mr Young recently retired after a very successful 12 years as an executive director on the Board of British American Tobacco SA, situated in Stellenbosch. During this time Mr Young also served as the appointed South African representative of the London-based BAT plc whose secondary listing on the JSE ranks as the largest company by market capitalisation. Mr Young maintains board positions in a number of other companies and significant trusts. He holds a postgraduate master's degree (LLM) in International Commercial Law from Tulane University in the United States as well as Certificates in Law from Georgetown University and Harvard University, respectively.

He is one of the founders of Unipalm Investments and chairs the remuneration committee.

INDEPENDENT NON-EXECUTIVE DIRECTOR

Aziza Begum Amod (56)

Appointed: 13 January 2014

Nationality: South African

Ms Amod is a professional director, businesswoman, philanthropist and entrepreneur with more than 30 years of business experience in the retail sector. She provides consultancy to women-owned businesses in the areas of impact investment, social innovation and technology applications for social impact in the food and retail sector.

Ms Amod has been featured and published in numerous articles in relation to business and female entrepreneurs. She is a well-known philanthropist supporting a number of NGOs, outreach programmes and serves on the board of trustees of numerous philanthropic associations. She currently serves as a director and trustee on various business entities and trusts.

Major directorships: Health System Technologies (Pty) Ltd, AYO Technology Solutions Ltd and Premier Fishing and Brands Ltd

OUR EFFECTIVE LEADERSHIP (CONTINUED)

INDEPENDENT NON-EXECUTIVE DIRECTOR

Rosemary Phindile Mosia (50)

Bcom (University of the North), PDM (Wits Graduate School of Business), Criminal Justice in Accounting (RAU). BCTA (RAU), Masters in Business Leadership (MBL) (University of South Africa)

Appointed: 1 February 2017

Nationality: South African

Ms Mosia is a South African female professional, with more than 15 years' experience in credit risk, financial and business management, amassed from various positions and different roles in her career life. In addition, she has extensive training in General and Credit Management, Finance, Internal Auditing and Forensic Auditing.

She was also involved in multiple roles including Internal Audit, Forensic Audit, Budget Management, Credit Risk Management, Operational Management, for the same financial services unit. Her experience in Audit was acquired over a six years period. She managed Johannesburg office and other smaller satellite branches.

From 2000 to 2008, she headed, at a Regional/Corridor level, the financial services unit of a large state owned entity.

She is currently the Chief Executive Officer (CEO) of Black Business Chamber which is an NGO and an emerging wine exporter.

INDEPENDENT NON-EXECUTIVE DIRECTOR

Clifford Leonard van der Venter (53)

Bcom (Unisa) MBA (UCT)

Appointed: 1 February 2017

Nationality: South African

Mr van der Venter is a seasoned professional with more than 30 years' experience in the corporate world. He completed a BCom degree (Unisa – 1987) as well as an MBA (UCT – 1993).

He worked in the Financial Services industry (Old Mutual) during the first seven years of his career, doing mainly actuarial and consulting work in employee benefits and investments.

Mr van der Venter joined Caltex (now Chevron) in 1990 and held numerous Human Resources positions culminating in his appointment as HR director for sub-Saharan Africa in 1999. He subsequently held HR director positions at Unilever SA, Anglo American (seconded to Kumba Iron Ore) and British American Tobacco until June 2014 when he decided to take a career break. These roles have honed his skills as an HR professional but have also broadened his experience as an Executive Board member of these major multi-nationals. Over the last two years, he has operated as an independent Strategy and HR Consultant.

Apart from his deep expertise in the HR field and an obvious passion for people, his key strengths are in the areas of leading Organisational Change and Business Strategy development.

INDEPENDENT NON-EXECUTIVE DIRECTOR

Advocate Dr Ngoako Abel Ramatlhodi (63)

BA Law and LLB (National University of Lesotho), MSc in International Relations (University of Zimbabwe), admitted to the Bar of Lesotho and South Africa as an Advocate, Honorary Doctor of Law Degree (University of Limpopo)

Appointed: 7 March 2018

Nationality: South African

Advocate Dr Ramatlhodi is an experienced businessman, lawyer and advocate. He was the Premier of Limpopo and held the positions of Minister of Public Services, Minister of Mineral Resources and Deputy Minister of Correctional Services and was a member of the South African Parliament. Advocate Dr Ramatlhodi is a founder member and the first chairman of the University of the North Arts and Drama Association and chairman of the Central Cultural Committee. He lectured Public International Law at the University of the North.

Advocate Dr Ramatlhodi maintains board positions in a number of other companies.

Major directorships: Premier Fishing and Brands Ltd, AYO Technology Solutions Ltd and Ebeneza Oils (Pty) Ltd

INDEPENDENT NON-EXECUTIVE DIRECTOR

Sebenzile Patrick Mngconkola (63)

Baccalaureus Technologiae (B.Tech) in business administration, National Diploma in Policing; a Bachelor's Degree in Human Resources Management and some certificates in various fields, amongst others Certificate in Forensic and Investigate Auditing from UNISA and Project Management Certificate.

Appointed: 3 March 2018

Nationality: South African

Mr Mngconkola has served on a number of boards. Between October 2010 and 31 March 2017 he served on the Board of the Public Investment Corporation (PIC), the largest asset manager on the African continent. Mr Mngconkola has also served as a director of Growthpoint Properties since November 2012, as well as serving on the Board of Sacoil Limited (recently renamed to Energy for Africa (Efora)), a listed oil and gas company.

NON-EXECUTIVE DIRECTOR**Cherie Felicity Hendricks** (55)

University of Cambridge Programme for Sustainability Leadership, Incite Sustainability Executive Programme, Executive Women in Leadership Programme (University of Cape Town – Graduate School of Business)

Appointed: 6 July 2009

Nationality: South African

Ms Hendricks is the corporate affairs and sustainability director responsible for corporate affairs, which include sustainability, regulatory compliance, corporate social investment and Group communication. With more than 19 years of experience at the Group and an in-depth knowledge of the corporate and investment sectors, she currently sits on the boards of the Group's major investments and links the Group's subsidiaries with the Group's corporate office.

Ms Hendricks oversees corporate governance across the Group. Her portfolio includes writing of policies and procedures and keeping abreast of regulatory changes, ensuring good corporate governance practices are adhered to and assisting with the governing of ethics. She ensures compliance with the JSE Listings Requirements, Companies Act and King IV™. She is accountable for sustainability, transformation and social responsibility programmes and develops plans and executes the Group's corporate affairs strategy. She oversees the building of the Group's brand and ethos and mentors and oversees the internal and external communication, supervises the marketing, investor relations and public relations activities within the Group. She manages the human resources department ensuring that fairness and ethical standards are upheld and is a primary contributor to the company secretarial department. She is the recipient of numerous prestigious awards, including CEO's Award for Excellence in Management, Chairman's Award for Loyalty Services and Dedication, Long Service Award and won the Highest Sustainability Data Transparency Index twice – in the Financial Services Sector by the Integrated Reporting Assurance Services out of more than 300 Top JSE-listed companies.

Major directorships: Premier Fishing and Brands Ltd, AYO Technology Solutions Ltd, Health System Technologies (Pty) Ltd, Premier Fishing SA (Pty) Ltd, Ribotech (Pty) Ltd, espAfrika (Pty) Ltd, Independent Newspapers (Pty) Ltd, Bioclones (Pty) Ltd, Condé Nast Magazines (Pty) Ltd, Sekunjalo Independent Media (Pty) Ltd, Puleng Technologies (Pty) Ltd, Kalula Communications (Pty) Ltd trading as Headset Solutions, African News Agency (Pty) Ltd and Orleans Cosmetics (Pty) Ltd

NON-EXECUTIVE DIRECTOR**Khalid Abdulla** (53)

MBA (UCT), Bcompt (Hons), CTA (Unisa), Project Management (UCT)

Appointed: 1 December 2008

Nationality: South African

Mr Abdulla is the Group chief executive officer (CEO) of African Equity Empowerment Investments Limited (AEEI) and has been with the AEEI Group since 1999. He served as the CEO of various subsidiaries, i.e. the information technology and financial services businesses and as the AEEI Group CFO in 2007 before being appointed as the AEEI Group CEO in November 2009.

Mr Abdulla has been appointed to and serves on various boards, committees and non-governmental organisations (NGO's). He has more than 30 years' commercial experience related to fishing, technology, health, biotherapeutics, events and tourism as well as financial services. He is a regular invitee and participant at the World Economic Forum in Africa as well as the Summer Davos in China. He was also a speaker for the Department of Trade and Industry at conference in the United Kingdom and Germany for "Investing into South Africa".

Mr Abdulla is the recipient of many awards, including the Global Leadership Excellence Award presented at the World Leadership Congress and Awards which took place in Mauritius; overall winner of the Inaugural South African Vision 2030 Future Maker: Driver for Change 2017 Award; and the overall winner at the Oliver Empowerment Awards as SA's most Empowered Business Leader of the Year (2017). Financial Mail voted him as one of the best CEOs in the country in 2016 and also ranked him among the 10 best executives of 2015. Mr Abdulla was the recipient of the prestigious Black Business Executive Circle/Absa Bank Kaelo Award for giving guidance and leadership to grow junior and middle management.

Major directorships: Premier Fishing and Brands Ltd, BT Communication Services South Africa (Pty) Ltd, Saab Grintek Defence (Pty) Ltd, Health System Technologies (Pty) Ltd, espAfrika (Pty) Ltd, Bioclones (Pty) Ltd, Premier Fishing SA (Pty) Ltd, Puleng Technologies (Pty) Ltd, Kalula Communications (Pty) Ltd trading as Headsets Solutions, Orleans Cosmetics (Pty) Ltd, Tripos Travel (Pty) Ltd, AfriNat (Pty) Ltd and Magic 828 (Pty) Ltd.

REPORT OF THE REMUNERATION COMMITTEE



This report provides an overview of the group's remuneration policy, framework and philosophy, with an emphasis on executive directors, non-executive directors and management.

The remuneration committee has actively engaged and responded to key stakeholders, regarding the Group's remuneration policy and practices.

STATEMENT FROM THE CHAIRMAN OF THE REMUNERATION COMMITTEE

Dear stakeholder

On behalf of the remuneration committee, I am pleased to present the Group's 2018 remuneration report.

Stakeholder focus remains on ensuring reward for performance and alignment with shareholder goals and enhanced disclosure so that shareholders can understand the quantum, rationale and drivers of executive remuneration.

The committee is tasked by the Board to independently approve and oversee the implementation of the remuneration policy. The policy is aimed at ensuring market-related yet affordable performance linked rewards and to ensure balanced and transparent outcomes that align with stakeholder interests over the short-, medium- and long-term. Ultimately our policy enables the attraction and retention of skilled and valuable talent.

Remuneration and reward systems remain sensitive matters, especially in the socio-political environment. Our approach to remuneration aligns to our ethics, corporate governance philosophy and shared values – respect and trust, people, integrity, accountability, stakeholders,

commitment and investment. We will continue to review and adapt to changes in market conditions to ensure that our policy and principles remain appropriately aligned with our overall business strategy.

As Chairman, my primary responsibilities are to ensure that we provide fair and responsible remuneration for the executive directors, within the context of overall employee remuneration. Executive remuneration and the governance of remuneration continues to remain a feature of the corporate governance landscape while the issue of income differentials and the steps necessary to address these continued to enjoy prominence in the local and international market. It is fundamental to our core remuneration principles that executive remuneration is aligned to the Group's performance. Income differentials are an important topic within the Group and the remuneration committee remains committed to monitoring and addressing this critical issue.

The alignment of our executives' remuneration to the long-term strategic goals of the Group to deliver sustainable value to shareholders and building the business remained a key focus during the year. Some decisions and their related impact in setting targets in terms of performance-related remuneration were made for the executive and senior management of the Group. Weightings of performance as well as specific financial targets were reviewed and amended accordingly for the year under review. The committee was satisfied and will continue to monitor remuneration against the appropriate strategic objectives, performance and market benchmarks.

The committee had an independent third party perform a market comparison against our peers in the prior year. The comparison was used to determine the levels of remuneration. The committee reviewed the targets set in terms of performance-related remuneration for the CEO, the executive management team and senior management in the Group which include individual performance factors and a combination of portfolio-specific targets. The CEO and executive management team's performance are assessed against a set of predetermined objectives that include, *inter alia*, strategic leadership, execution of the strategy through business results and stakeholder relations.

The Board recognises that the successful delivery of the Group's objectives should constitute both financial and non-financial performance measures, with the key financial measures which include profits, cash flow and asset growth weighted accordingly.

The committee remains mindful to ensure overall remuneration was appropriate for the performance of the Group and in relation to its peers. In doing so, the committee considered the overall risk environment, its risk appetite and risk profile and the need to attract, retain and motivate key talent to enable the delivery of the Group's strategic objectives.

We remain committed to closing the wage gap and pay particular attention to those at the lower end of the earnings spectrum and consistently applied the principle that our remuneration should be fair and competitive and should reflect the performance of the business. Our ethos is one of appreciation for commitment, diligence, care and attention to detail. We respect and recognise our employees for their contribution made during the year and inspire them to realise their full potential and we believe in rewarding accordingly.

This report is part of the remuneration report and will be put to a non-binding advisory vote by shareholders at the upcoming AGM. It summarises the Company's remuneration policy for non-executive directors, executive directors and prescribed officers. The information provided in this report has been approved by the Board on the recommendation of the remuneration committee.

For the year under review, the committee is satisfied that it has fulfilled all its statutory duties assigned by the Board.



Salim Young

Chairman of the remuneration committee

REPORT OF THE REMUNERATION COMMITTEE (CONTINUED)

BACKGROUND

This report describes the material matters dealt with by the committee during the period under review and summarises the Group's approach to transparent, fair and responsible remuneration.

The report has set out how the committee has discharged its duties in terms of the statutory requirements as well as any other duties assigned to it by the Board for the 2018 period under review. The report also provides an overview of the Group's remuneration policy, framework and philosophy with an emphasis on executive directors, non-executive directors and management.

GOVERNANCE

The committee was established in order to assist with the monitoring of the Group's remuneration practices, and to perform the statutory functions required of a remuneration committee in terms of the Companies Act, the King IV™, the JSE Listing Requirements, the committee's charter, the Group's remuneration policy and relevant legislation.

COMPOSITION OF THE COMMITTEE

In accordance with best practice, the committee comprises of a majority of independent, non-executive directors.

For the period under review, the committee comprised of the following:

NAME	ROLE	MEETING ATTENDANCE
• Salim Young (Chairman)	Independent non-executive director	2/2
• Rev Dr Vukile Charles Mehana	Independent non-executive director	2/2
• Aziza Begum Amod	Independent non-executive director	2/2
• Khalid Abdulla	Non-executive directors	2/2

To assist the committee with the implementation of its mandate, the Chief Executive Officer ("CEO") attended the meetings during the 2018 financial year. Committee members do not decide on their own remuneration.

The committee held two meetings during the period, in line with its charter.

ROLES AND RESPONSIBILITIES OF THE COMMITTEE

The remuneration committee's main purpose is to ensure that the Company's remuneration practices and policies are aligned with good corporate governance. The main aim of the committee is to assist the Board in fulfilling its responsibilities in establishing formal and transparent policies which ensure fair and responsible remuneration of directors and executives, including the following:

- Review and approve the remuneration and benefits policy adopted by the Company.
- Review and approve the reward philosophy and strategy adopted by the Company.
- Determine the remuneration packages of the executive directors of the Company.
- Determine the remuneration packages for senior executives of the Company.
- Recommend to the Board the fees to be paid to non-executive directors for their services on the Board and its committees.
- Disclose the directors' remuneration and ensure that it is transparent, accurate and complete.
- Approve the executive and senior management incentives adopted by the Company.

In satisfying its mandate, the main activities performed by the committee during the year included the following:

- Reviewed and approved the remuneration and benefits policy adopted by the Company.
- Reviewed and approved the reward philosophy and strategy adopted by the Company.
- Determined the remuneration packages of the executive directors of the Company.
- Determined the remuneration packages for senior executives of the Company.
- Recommended to the Board the fees to be paid to non-executive directors for their services on the Board and its committees.
- Disclosed the directors' remuneration and ensured that it is transparent, accurate and complete.
- Approved the executive and senior management incentives adopted by the Company.

REMUNERATION POLICY

1. INTRODUCTION

The Committee is mandated by the Board to oversee all aspects of remuneration and incentives of the Group's executive, non-executive directors and key management in accordance with the approved terms of reference. The Group is aware of the importance of fair and transparent remuneration policies and practices. We strive to ensure that our governance and disclosure relating to executive remuneration is transparent and fair.

2. REMUNERATION PHILOSOPHY

The Group aims to be an employer of choice. The Group's employees are key determinants of its success. The remuneration policy is based on the principles of fair and responsible remuneration and is structured to motivate, reward and retain quality employees at all levels. The Group remuneration policy aims to reward for excellent performance and seeks to be aligned to the achievement of the Group's strategic objectives.

The Group's operations include a number of employees who are independent contractors engaged on fixed-term contracts (within the bounds of South African labour legislation) or are part of a bargaining council. The remuneration arrangements of these employees are governed by separate agreements which are negotiated on an operational level (subject to oversight from the committee); therefore, they are not covered by the Remuneration Policy Framework.

3. REMUNERATION MIX

Remuneration comprises of guaranteed pay and variable pay. Variable pay is comprised of short-term incentives such as bonuses. The target remuneration mix varies at each grade. At lower levels, the remuneration mix is weighted in favour of guaranteed pay. Senior employees should have a higher proportion of variable pay in their remuneration mix, as they have the ability to influence the financial performance and strategic outcomes of the Group.

REPORT OF THE REMUNERATION COMMITTEE (CONTINUED)

4. DETERMINATION OF PERFORMANCE INCENTIVES

The Group has formal and informal frameworks for performance management that are directly linked to either increases in total cost to company or annual short-term incentive bonuses. Performance management and assessment sessions take place regularly throughout the year, where Group performance, personal achievement of key performance indicators ("KPIs"), and delivery on key strategic objectives are discussed.

5. COMPONENTS OF REMUNERATION

Executives are responsible for leading others and taking significant decisions about the short-and long-term operation of the business. They require specific skills and experience and are held to a higher level of accountability. The remuneration policy is structured to attract and retain high-calibre executives and motivate them to develop and implement the Group's strategy to maximise long-term shareholder value. The Group's remuneration policy also aims to align the long-term interests of executives with those of shareholders.

The remuneration policy is intended to conform to best practice and is structured around the following key principles:

- total remuneration which is set at a level that is responsible and competitive within the relevant industry;
- incentive performance measures and targets are structured to encourage the attainment of the Group's strategic objectives; and
- incentive payments are capped and earned through the achievement of the Group's growth targets consistent with shareholders' interests.

Remuneration comprises the following key elements:

GUARANTEED PAY	SHORT-TERM INCENTIVE	OTHER BENEFITS
Base salary		
<ul style="list-style-type: none"> • Aimed to attract and retain. • Improve employees' financial well-being. • Support high-performing individuals by aligning reward with performance. 	Performance bonuses <ul style="list-style-type: none"> • Motivates executive directors and key management to achieve strategic objectives as per the Group's Vision 2020 Vision. 	Pension and provident fund, medical aid benefits. <ul style="list-style-type: none"> • Improves employees' financial planning and security on retirement.
REMUNERATION METHODOLOGY		
<ul style="list-style-type: none"> • Remuneration levels take into the general market in which the business operates and skills acquired. • General adjustments to guaranteed pay levels are effective from 1 September each year. • Annual increase parameters are set using guidance from the Group budgeting processes, general economic environment, individual performance and the performance of the Group. 	<ul style="list-style-type: none"> • Performance bonuses are dependent on financial performance and achievement of agreed strategic and individual KPIs. • Executive directors have a higher weighting, 80%, towards financial performance while 20% would be based on individual KPIs. • Performance bonus are not earned if the minimum financial target is not met. • Performance bonuses are paid once a year. 	<ul style="list-style-type: none"> • Determined as a fixed percentage of the base salary.
ELIGIBILITY		
<ul style="list-style-type: none"> • All staff employed by the Group. 	<ul style="list-style-type: none"> • Permanent staff from junior management upwards. 	<ul style="list-style-type: none"> • All permanent staff.

PERFORMANCE CONDITIONS FOR DETERMINING THE PERFORMANCE BONUS

Financial targets:

- For executive directors the target is profit before tax.
- For other members of key management the target is divisional operating profit.

Non-financial targets

- Individual performance against job requirement;
- Improving operating efficiencies;
- Delivery of organic growth projects;
- Delivery of strategic acquisitions;

The remuneration committee seeks to ensure an appropriate balance between the fixed and performance-related elements of executive remuneration and between those aspects of the package linked to short-term performance and those linked to longer term shareholder value creation. The Group aims to ensure that for executive remuneration, the performance-based pay of executive directors and senior managers should form a significant portion of their expected total compensation.

Executive directors contracts of employment

Executive directors are not employed on fixed-term contracts but have standard employment contracts with Premier Fishing SA Proprietary Limited which can be terminated with notice periods of between one and three months. The executive directors are not subject to any restraint of trade agreements. The retirement age for an executive director is 65 years. In the event that an executive director's service contract is terminated due to operational reasons, the Group's obligation to make a severance payment will be governed by the provisions of the Labour Relations Act.

Non-executive directors fees

Non-executive directors do not have employment contracts with the Company or participate in the Company's performance schemes. The committee recommends the level of fees payable to non-executive directors to the shareholders for approval at each AGM of the Company. Non-executive director fees are paid on an annual retainer basis to account for the responsibilities borne by them throughout the year. Non-executive director fees are not dependent on meeting attendance. The fee structure is evaluated on an annual basis based on non-executive director fee surveys.

REPORT OF THE REMUNERATION COMMITTEE (CONTINUED)

IMPLEMENTATION REPORT

The committee has monitored the implementation of the remuneration policy during the financial year and is of the view that the Group's compliance with the policy has been satisfactory.

The committee is satisfied that variable pay outcomes for the 2018 financial year are aligned with the Group's financial performance for the 2017 financial year.

GUARANTEED PAY

A market adjustment mandate of 7% on the cost to company (CTC – base salary plus employer retirement fund contribution) was approved by the committee for the non-bargaining category employees, in line with inflation and national benchmarks. The approved mandate was further differentiated based on individual performance ranging from a 0% adjustment for non-performing employees to 9% for individuals with exceptional performance during the prior financial year.

The guaranteed pay of the executive directors is set out below:

	GUARANTEED PAY	
	2018 R'000	2017 R'000
Mogamat Samir Saban	2 027	1 266
Isaiah Tatenda Bundo	1 204	790
Rushaan Isaacs	849	614

After performing an industry salary benchmark study, the compensation of executive directors were adjusted during the course of the year.

SHORT-TERM INCENTIVE

Performance bonuses paid to executive directors is based on financial and non-financial targets. The table below sets out the targets for the executive directors and the actual performance achieved.

PERFORMANCE CONDITION	WEIGHTING	THRESHOLD	TARGET	ACTUAL PERFORMANCE	ACTUAL PERFORMANCE (% MAXIMUM)
Profit before tax	80%	90	130	178	135%
Non-financial targets ¹	20%	–			

¹ The non-financial targets for executive directors are improving operating efficiencies, delivery of organic growth projects and delivery of strategic acquisitions.

The achievement of the targets for the executive directors in respect of the 2018 financial year were:

	ACHIEVEMENT OF FINANCIAL TARGETS	ACHIEVEMENT OF NON- FINANCIAL TARGETS	TOTAL AS A PERCENTAGE OF MAXIMUM	MAXIMUM BONUS (% OF GUARANTEED PAY)
Mogamat Samir Saban	100%	100%	100%	25%
Isaiah Tatenda Bundo	100%	100%	100%	16%
Rushaan Isaacs	100%	100%	100%	16%

There are currently no long-term incentives for executive directors.

The table below sets out the remuneration received by the executive directors during the 2018 and 2017 financial years.

	BASE SALARY R'000	PERFORMANCE BONUS R'000	PROVIDENT FUND R'000	TOTAL R'000
2018				
Mogamat Samir Saban	2 027	646	223	2 896
Isaiah Tatenda Bundo	1 203	388	141	1 732
Rushaan Isaacs	849	130	81	1 060
Total	4 079	1 164	445	5 688

	BASE SALARY R'000	PERFORMANCE BONUS R'000	PROVIDENT FUND R'000	TOTAL R'000
2017				
Mogamat	1 266	315	139	1 720
Isaiah Tatenda Bundo	790	150	92	1 032
Rushaan Isaacs	614	113	67	794
Total	2 670	578	298	3 546

REPORT OF THE REMUNERATION COMMITTEE (CONTINUED)

Annual fees payable to non-executive directors were approved by shareholders at the AGM on 20 February 2018. The fees paid for the 2018 and 2017 year are shown below.

NON-EXECUTIVE DIRECTOR	2018 R'000	2017 R'000
Rev Dr VC Mehana	255	110
S Young	180	75
AB Amod	180	75
RP Mosia	180	75
CL Van der Venter	180	75
Adv. N Ramatlhodi	75	–
SP Mngconkola	75	–
Total	1 125	410

Note: K Abdulla and CF Hendricks waived their non-executive fees.

NON-BINDING ADVISORY NOTE

The Group's remuneration policy and its implementation report will be presented to shareholders for separate non-binding advisory votes at the upcoming AGM. In the event that 25% or more of shareholders vote against either the remuneration policy or the implementation report at the meeting, the Group will endeavour to:

- Engage with shareholders through dialogue and request written submissions in order to address shareholder concerns. Please refer to the shareholder voting/feedback section below, for the detailed steps taken by the Company in this regard.

SHAREHOLDER FEEDBACK

As a result of the remuneration policy and implementation report having received more than 25% votes against the non-binding advisory votes at the AGM held on 20 February 2018, the Group invited dissenting shareholders to forward their objections or concerns to the company secretary in relation to the remuneration and implementation policy. To date, we wish to advise that no further objections or concerns have been received.

Results of the shareholders' votes at the most recent AGM held on 20 February 2018, as a percentage of the total number of shares voted at the AGM, is indicated below:

Approval of the remuneration policy	71.53%
Implementation of the remuneration policy	98.31%
Non-executive directors' fees	100%

However, should any shareholders forward any further objections and concerns regarding the remuneration policy to the company secretary in writing, the remuneration committee will consider such concerns and any changes to the remuneration policy and implementation thereof will be reported on in the next integrated annual report.

SHAREHOLDER VOTING

As required by King IV™ and the JSE Listings Requirements, the Company will put a non-binding advisory vote to shareholders regarding the approval of the remuneration policy and the implementation report. The Company seeks the support from its shareholders at the upcoming AGM. If any shareholders are inclined not to support the resolutions, we would ask that the reasons for such decision be communicated to the Company so that consideration can be given to those reasons. Please forward any comments to the company secretary at wazeerm@premfish.co.za.

Should either vote receive 25% or more votes against, the Company will take the following steps:

- Issue a SENS announcement regarding the outcome of the voting results.
- Invite shareholders to engage with the Company regarding their dissatisfaction with either of the votes.
- Schedule engagements with concerned shareholders to record their concerns and objections.
- Assimilate all responses and schedule a remuneration committee meeting to analyse concerns and issues raised with the aim of formulating changes to the policy and implementation required.

Develop a formal response to shareholders that articulates the concerns raised, the details of where the changes will be made to address concerns raised and provide responses for areas where the Company, despite the shareholder feedback, believes its current policy and/or implementation is adequate.

SUCCESSION PLANNING

The Board recognises its responsibility to make provisions for competent leadership for the Group. In fulfilling this responsibility, the Board also acknowledges that situations may arise which require a need for interim leadership and that future leadership transitions are inevitable.

The purpose of succession planning is to ensure that plans are in place to develop potentially suitable candidates for the future. The focus also remains on the retention of key and critical skills in the Group. Succession planning is reviewed periodically and provides for both succession in emergency situations and succession over the longer term.

The succession plan is designed to address each of the following situations:

- Provision for leadership during anticipated or unanticipated short-term absences of the CEO.
- Planned resignation – in the event of a permanent leadership change, the process for conducting a CEO search.
- Provision for leadership during anticipated or unanticipated short-term absences of the chair.
- Planned resignation – in the event of a permanent leadership change, the process for conducting a chair search.

CORPORATE GOVERNANCE

OUR BOARD POWERS AND PROCEDURES

The Company is controlled by the Board of directors. The Board assumed ultimate responsibility and accountability for the performance and affairs of the Group and ensured effective leadership on an ethical foundation. It serves as the focal point and custodian of corporate governance for the Group. The Board sets and steers the direction of the Group to ensure that it brings informed, independent and effective judgement and leadership on all material decisions reserved for the Board. It ensures that strategy, risk, performance and sustainable development issues are effectively integrated and appropriately balanced. **(King IV™ – Principles 1, 2, 3, 4 and 6).**

The Board believes that diversity is an essential component for sustaining a competitive advantage. Directors are chosen for their corporate leadership skills, experience, and expertise and gender diversity. The Board believes that the current mix of knowledge, skill and experience meets the requirements to lead the Group effectively. The Board comprises seven independent non-executive directors, two non-executive directors, three executive directors and comprises of four women and eight men, who determine the standards and policies to ensure that the highest quality of corporate governance is maintained within the Group.

The independent non-executive directors are considered to have the necessary skill and experience to bring balanced and independent judgement to the Board. While all directors have equal responsibility for monitoring the Group's affairs, it is the role of the chief executive officer and the executive management team to run the business within the parameters prescribed by the Board and to produce clear, accurate and timely reports, thus enabling the Board to make informed decisions. **(King IV™ – Principles 7 and 8).**

Through the contributions of all directors, Premier has established a suitable balance of power and a solid framework for the examination, calculation and management of risk. The Board has a policy that allows for the clear division of responsibilities to ensure a balance of power and authority. This means that no one individual has unlimited powers when it comes to decision-making. The Board met four times during the year, to review the financial and operational performance of the Group and to consider issues that may have a significant impact on the Group. **(King IV™ – Principles 1, 8 and 10).**

The Board and its committees continue to monitor the implementation of compliance to policies and processes and improve upon them and to mitigate the risk of non-compliance with all applicable laws. **(King IV™ – Principle 11).**

The Board regularly reviews the Group's governance structures and processes to ensure that they support effective and ethical leadership, good corporate citizenship and sustainable development and to ensure that they are applied in the best interests of the Group's stakeholders. The Group has the necessary policies and processes in place to ensure that all subsidiaries adhere to Group's requirements and governance standards. The Board is involved in the decision-making of its subsidiaries on material matters and is satisfied that its delegation of authority framework contributes to role clarity and effective exercise of authority and responsibilities. **(King IV™ – Principle 1, 2 and 3).**

The Board has full and unrestricted access to all Company information, records, documents and property and monitors the non-financial aspects relevant to the businesses of the Group. The Board recognises its responsibility to report and communicate all matters of significance to all of its stakeholders and to ensure effective communication between internal and external stakeholders.

The Company's Memorandum of Incorporation (MOI), the Companies Act, King IV™ and the JSE Listings Requirements set out the directors' responsibilities, rights and obligations. Directors are required to comply with all relevant legislation and required to maintain strict confidentiality of all information relating to the business of the Company. The conduct of directors shall be consistent with their duties and responsibilities to the Company and indirectly to the shareholders.

The Board is satisfied that it discharged its duties and obligations as described in the Board charter during the year under review.

ROLE OF THE BOARD

- Assumes ultimate responsibility and accountability for the performance and affairs of the Company.
- Provides effective leadership on an ethical foundation.
- Oversees the Company's values, corporate governance and ensures ethics are managed effectively.
- Ensures accountability for organisational performance through reporting and disclosures.
- Ensures that the Company complies with the relevant laws, regulations and codes of business practice.
- Serves as the focal point and custodian of corporate governance in the organisation.
- The Board's primary role and responsibilities include steering the Company and setting its strategic direction, with regard to strategy and the way in which specific governance areas are to be approached, addressed and conducted.
- Oversees, monitors, approves and reviews corporate strategy, policies, business plans, annual budgets and appropriate systems.
- Ensures that the Company is seen to be a responsible corporate citizen.
- Monitors and maintains a risk management framework and ensures that key risk areas identified are monitored.

ETHICAL AND RESPONSIBLE LEADERSHIP

The Board provides effective leadership based on a principled foundation and that the Group subscribes to the highest ethical standards. Responsible leadership, instilled by the values of responsibility, transparency, accountability and fairness, has been a defining characteristic of the Company since inception. The Group's fundamental objective has always been to do business ethically while building a sustainable Company that recognises the short- and long-term impact of its activities on the economy, society and the environment.

The Group is governed by its Code of Conduct and Code of Ethics. The Code of Ethics requires all directors, management and employees to obey the law, respect others, to be honest and fair and to protect the environment. The Code of Conduct articulates Premier's commitment to doing business according to best practices, the right way and guided by our values. **(King IV™ – Principles 1 and 2)**

RESPECTED CORPORATE CITIZENSHIP

The Board and management recognise that Premier is an economic entity and also a corporate citizen and that it has a social and moral standing in society with all the attendant responsibilities. Further information is provided in our corporate social investment section on pages 46 to 47. **(King IV™ – Principle 3)**

CORPORATE GOVERNANCE

(CONTINUED)

COMPOSITION OF THE BOARD AND APPOINTMENT OF DIRECTORS

The Board recognises and embraces the benefits of a diverse board. Diversity is core and an essential component for sustaining a competitive advantage. The nomination committee makes recommendations to the Board for the appointment of new directors. Directors are chosen for their business skills and business expertise. The Board is diverse in terms of race, gender, composition and academic backgrounds and business skills. **(King IV™ – Principle 7)**.

The committees established by the Board play an important role in enhancing standards of governance, ethics and effectiveness within the Group. The terms of reference of the Board and its committees are reviewed and amended as required in terms of legislation.

In the Board's opinion, all directors have the relevant knowledge, skills and experience to make a meaningful contribution to the business of the Company. The independent non-executive chairman together with the remuneration committee evaluates the performance of the executive directors annually.

The nomination committee evaluates the independence of the non-executive directors on an annual basis.

Appointments to the Board are formal and transparent and a matter for the Board as a whole. The Board believes that as long as non-executive directors remain completely independent of management and relationships that could significantly affect their decisions and advice and are of the right calibre and integrity, they can perform the required function of looking after the Company's interests.

The Board specifically considers the independence of directors and their other commitments when they are first appointed, as well as annually, or at any other time when a director's circumstances change and warrant re-evaluation. This is done to determine whether the director has sufficient time to discharge his or her duties effectively and is free from conflicts that cannot be managed satisfactorily. Should the nomination committee be of the view that a director is over-committed or has an unmanageable conflict, the Chairman will meet with that director to discuss this, to the satisfaction of the committee. **(King IV™ – Principle 7)**.

In terms of the MOI of the Company, no director shall be appointed for life or for an indefinite period and the directors shall rotate in accordance with the provisions set out in the MOI.

A component of the non-executive directors shall retire from office provided that, if a director is appointed as an executive director or an employee of the Company in any other capacity, he or she shall not, while he or she holds that position or office, be subject to retirement by rotation and he or she shall not in such case be taken into account in determining the rotation or retirement of directors.

The Board is of the view that all the non-executive directors exercise independent judgement at all times with respect to material decisions of the Board. **(King IV™ – Principle)**.

OVERVIEW OF THE BOARD

Number of Board members	12
Number of Board members who are non-executive directors	9
Number of Board members who are deemed to be independent	7
Number of Board members who are deemed to be HDSA	11
Number of Board members who are women	4
Average age of directors (years)	47
Independent Board Chairman	Yes
Number of prescribed officers	1

EVALUATION OF THE BOARD, BOARD COMMITTEES AND INDIVIDUAL DIRECTORS

The Board and committees are evaluated annually by its members and improvement in areas are identified and addressed appropriately to ensure effective functioning. Ever-changing issues facing companies make it essential to look at the agenda items of the Board to ensure that it stays aligned with good corporate governance and ethics, meets current needs and best practices and matters of strategic importance.

The independence of directors and their other commitments are also evaluated. The results of these evaluations are not disclosed in the integrated report. The independent non-executive chairman concluded that the Board is functioning well and noted minor areas for improvement. The independent non-executive chairman and remuneration committee evaluates the performance of the executive directors annually. The nomination committee evaluates the independence of the non-executive directors on an annual basis. **(King IV™ – Principles 7 and 9)**.

The Board appraises the performance of the chief executive officer, the chief financial officer and the sales and marketing director on an annual basis and identifies areas of improvement which are appropriately addressed. The Board confirmed that they were happy that the executive directors carried out their duties with due skill and diligence and in the best interest of the Company for the period under review.

INDEPENDENT NON-EXECUTIVE CHAIRMAN

The independent non-executive chairman of the Board is Reverend Dr Vukile Charles Mehana. For the period under review, the independent non-executive chairman ensured that the Board functioned efficiently and provided guidance and overall leadership for the Board and the Group.

The independent non-executive chairman:

- ensured that Board members were fully involved and informed of any business issue/s on which a decision had to be made;
- ensured the integrity and effectiveness of the Board and its committees;
- ensured that executive members played an effective management role and participated fully in the operation and governance of the Company;
- ensured that Board members exercised independent judgement, acted objectively and that relevant matters were placed on the agenda and prioritised properly;
- availed himself to the chief executive officer between Board meetings to provide counsel and advice; and
- Ensured that the performance of the chief executive officer was evaluated regularly. **(King IV™ – Principle 9)**.

CORPORATE GOVERNANCE

(CONTINUED)

OUR EXECUTIVE TEAM

CHIEF EXECUTIVE OFFICER

Mogamat Samir Saban is the chief executive officer (CEO) of the Group and is an executive director appointed by the Board.

During the year under review, he was responsible for leading the implementation and execution of the Group's Vision 2020 Vision strategy, and operational planning. He served as the chief link between management and the Board and is accountable to the Board. He reviewed the annual business plans and budgets that support the Group's long-term strategy and made recommendations thereon. He was responsible for aiding the achievement of performance goals, objectives and targets as well as maintaining an effective management team and structures.

He ensured that the appropriate policies were formulated and implemented to guide activities across the Group and ensured effective internal organisation and governance measures were deployed. A succession plan is in place for the CEO in the event of unplanned leave or planned resignation. **(King IV™ – Principle 10)**.

CHIEF FINANCIAL OFFICER

Isaiah Tatenda Bundo is the chief financial officer (CFO) of the Group and is an executive director.

During the year under review he assisted the Board to protect and manage the Company's financial position with the assistance of the audit and risk committee. He prepared the annual plans and budgets that support the Group's long-term strategy and assisted the CEO in the achievement of the Group's performance goals, objectives and targets. He ensured that the financial statements are fairly presented and contained all the required disclosures. He ensured that appropriate internal controls and regulatory compliance policies and processes are in place and that non-financial aspects relevant to the business of the Company were identified, addressed and managed.

The audit and risk committee has considered the expertise and experience of the CFO and deems it appropriate. The audit and risk committee has considered and is satisfied that the finance department has the appropriate expertise and is adequately resourced. **(King IV™ – Principle 10)**.

SALES AND MARKETING DIRECTOR

Rushaan Isaacs is responsible for all the sales and marketing of the Group and is an executive director.

During the year under review she was responsible for securing and expanding markets for the Group's products, customer relations and general marketing of the Group's products. She was also responsible for leading the team which secured contracted quota from third party quota holders.

PRESCRIBED OFFICER

Mogamat Samir Saban is the prescribed officer of the Group. The prescribed officer is required to perform his function and exercise his duties to the same standard of conduct applicable to all directors and is subject to the same liability provisions applied to directors.

During the year under review he exercised executive control over the management of the subsidiaries in the Group and regularly participated in the exercise of general executive control of the business units and activities of the Group.

The prescribed officer is not remunerated separately for this function.

COMPANY SECRETARY

The Company Secretary is accountable to the Board.

During the year under review, the Company Secretary:

- guided the directors in terms of their duties, responsibilities, powers, training and induction of the responsibilities and liabilities under the Companies Act;
- made the Board aware of any law relevant to and/or affecting the Company;
- prepared Board packs and recorded proper detailed minutes of meetings;
- ensured proper and orderly conduct at all Board and committee meetings;
- disclosed corporate actions and SENS announcements; and
- ensured compliance with the JSE Listings Requirements and the Companies Act.

The Board has considered the competence, qualifications, experience and performance 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.

The Board is satisfied that an arm's length relationship exists between the company secretary and the Board, as the company secretary is not a member of the Board, nor is not involved in the day-to-day operations of the Company and is not a prescribed officer.

Changes to the Company Secretary position – post year-end

Nobulungisa Mbaliseli served as the Company Secretary up to 4 September 2018, after which Mohamed Wazeer Moosa was appointed as the new Company Secretary.

BOARD COMMITTEES

The Board has established a number of committees to assist it in performing its duties and to fulfil its effective decision-making processes. Specific responsibilities have been formally delegated to the committees, with defined terms of reference to promote independent judgement and assist with the balance of power.

COMMITTEE	COMPOSITION	MEMBERS	NUMBER OF MEETINGS PER YEAR	BOARD APPROVED CHARTER	INVITEES
Audit and risk	Five independent non-executive directors	Salim Young (Chairman) Rosemary Phindile Mosia Clifford van der Venter Advocate Dr Ngoako Abel Ramatlhodi Sebenzile Patrick Mngconkola	Four	Yes	External Auditors Internal Auditors EXCO team
Remuneration	One non-executive director and three independent non-executive directors	Salim Young (Chairman) Khalid Abdulla Aziza Begum Amod Rev Dr Vukile Charles Mehana	Two	Yes	Mogamat Samir Saban
Social, ethics and transformation	One non-executive director, four independent non-executive directors, and one executive director	Aziza Begum Amod (Chairman) Cherie Hendricks Rosemary Phindile Mosia Clifford van der Venter Sebenzile Patrick Mngconkola Rushaan Isaacs	Three	Yes	Mogamat Samir Saban Isaiah Tatenda Bundo Faiyad Abrahams Nicky Isaacs
Investment	Three independent non-executive directors, one non-executive director and one executive director	Salim Young Mogamat Samir Saban Khalid Abdulla Rosemary Phindile Mosia Advocate Dr Ngoako Abel Ramatlhodi	Two	Yes	Rev Dr Vukile Charles Mehana Abdul-Malick Salie Isaiah Tatenda Bundo
Nomination	Two independent non-executive directors and one non-executive director	Rev Dr Vukile Charles Mehana (Chairman) Khalid Abdulla Salim Young	One	Yes	Mogamat Samir Saban

The Company Secretary was Nobulungisa Mbaliseli who resigned on 3 September and Mohamed Wazeer Moosa was appointed as the secretary to all of the above committees on 4 September.

The auditors have unlimited access to the audit and risk committee, ensuring independence is not compromised in any way.

Board committee members are authorised to obtain independent outside professional advice when necessary.

STATUTORY DUTIES

The audit and risk, remuneration, social, ethics and transformation, investment, and nomination committees are constituted as statutory committees of the Board in respect of their statutory duties in terms of the Companies Act and King IV™ and are accountable to the Board and shareholders. These are committees of the Board in respect of all other duties the Board assigns to them and have been delegated powers to perform their functions in accordance with all regulatory requirements including the Companies Act and King IV™.

TERMS OF REFERENCE

All committees function according to Board-approved terms of reference as contained in each committee's charter and/or policy. Each committee adopted its policy/charter with the terms of reference approved by the Board. Each committee reviews its policy on an annual basis to ensure it remains current and updated.

All committee charters and policies were reviewed during the year with changes being made to take into account new regulatory requirements to ensure best governance practices. These charters and policies were formally tabled at each committee meeting and adopted by the Board of directors.

CORPORATE GOVERNANCE

(CONTINUED)

DIRECTORS' DETAILS

NAME	EXECUTIVE (E) NON-EXECUTIVE (NE)	OVERALL ATTENDANCE OF BOARD MEETINGS	OVERALL ATTENDANCE OF COMMITTEE MEETINGS	LENGTH OF SERVICE (YEARS)	AGE (YEARS)	GENDER
Mogamat Samir Saban	E	4/4	7	<2	41	MALE
Isaiah Tatenda Bundo	E	4/4	7	<2	35	MALE
Rushaan Isaacs	E	3/4	2	<2	37	FEMALE
Reverend Dr Vukile Charles Mehana	NE	2/4	4	<2	65	MALE
Khalid Abdulla	NE	4/4	7	9.5	53	MALE
Salim Young	NE	4/4	6	<2	61	MALE
Takudzwa Tanyaradzwa Hove*	NE	2/4	0	<2	36	MALE
Rosemary Phindile Mosia	NE	2/4	3	<2	50	FEMALE
Aziza Begum Amod	NE	3/4	5	<2	56	FEMALE
Cherie Felicity Hendricks	NE	4/4	3	9	55	FEMALE
Clifford Leonard van der Venter	NE	4/4	1	<2	53	MALE
Arthur William Johnson*	NE	1/2	1	<1	50	MALE
Lavendra Sandrigansen Naidoo*	NE	2/2	1	<1	49	MALE
Fredelaine Elna Cindy Brand*	NE	2/2	1	<1	29	FEMALE
Sebenzile Patrick Mngcokola**	NE	2/2	2	<1	56	MALE
Advocate Dr Ngoako Abel Ramatlhodi**	NE	2/2	1	<1	63	MALE

* The above takes into account the directors who did not make themselves available for re-election at the AGM and resigned from the Board of directors on 20 February 2018.

** Sebenzile Patrick Mngcokola was appointed on 3 March 2018, and Adv. Dr. Ngoako Abel Ramatlodi was appointed on 7 March 2018.

CONFLICT OF INTEREST

All directors of the Company and its subsidiaries including senior management are required to submit a list of their directorships and interests in contracts at each Board meeting.

Directors are required to disclose their personal financial interests and those of persons related to them, in contracts or other matters in which the Company has a material interest. Where a potential conflict of interest exists, directors are expected to recuse themselves from the relevant discussions and decisions.

No director had a material interest in any significant contract with the Company or any of its subsidiaries during the year.

COMPLIANCE WITH LAWS, RULES, CODES AND STANDARDS

The Board ensured that the Company complied with all the laws, codes, rules and standards including, but not limited to, the JSE Listings Requirements, King IV™, the Companies Act, Competition Law, legislative and environmental standards, consumer protection laws, employment legislation and international laws and legislation. The Board considered adherence to non-binding rules, codes and standards.

The Board continually reviewed the compliance of legal, regulatory, codes and other standards and continually monitored the implementation of the legal compliance processes. Board policies and charters were updated in compliance with statutory, regulatory and legislative requirements. (King IV™ – Principle 13).

ANNUAL FINANCIAL STATEMENTS

The directors are required by the Companies Act to maintain adequate accounting records and are responsible for the preparation of the annual financial statements based on appropriate accounting policies. The Group's financial statements are based on appropriate accounting policies as set out in the notes to the financial statements and are supported by reasonable and prudent significant judgements and estimates.

The external auditors are responsible for considering internal controls relevant to the preparation of the annual financial statements in order to design audit procedures that are appropriate under the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control systems.

The Board established formal and transparent arrangements with the external and internal auditors and ensured that timely and accurate disclosure was made of any information that would be of material importance.

The Board ensured that assurance services and functions enabled an effective control environment and that these support the integrity of information for internal and external decision-making and of the organisation's external reports.

The external auditors assessed whether the financial statements conform to IFRS, the JSE Listings Requirements and the Companies Act. The external auditors offered reasonable, but not absolute, assurance of the accuracy of the annual financial statements. Premier's management is responsible for the preparation of the annual financial statements. **(King IV™ – Principle 15).**

The Board is satisfied that the annual financial statements are fairly presented; contain proper disclosures and that regulatory compliance processes were followed in the preparation of the annual financial statements.

DEALINGS IN THE COMPANY'S SHARES

In terms of the JSE Listings Requirements, directors, officers and employees of the Company are not permitted to trade in the shares of the Company during closed periods, which commence at the end of the first six months of the financial year (end February) and financial year-end (end August) and during periods when the Company is trading under a cautionary announcement.

The Company Secretary will disseminate written notices to all directors and senior management throughout the Group informing them that dealing in Premier's shares during the closed periods is prohibited.

Directors are required to seek the authority of the independent non-executive chairman prior to dealing in shares of Premier. Accordingly, directors are not permitted to make use of internal Company information when deciding to deal in the Company's shares.

In accordance with the JSE Listings Requirements, the Board reinforces the Code of Conduct for insider trading. Directors are updated according to any changes in terms of the JSE Listings Requirements.

COMMUNICATION

The Group subscribes to a policy of full, accurate and consistent communication with regard to all of its affairs. The Board seeks to present a balanced and understandable assessment of the Group's position at all times when reporting to stakeholders. The integrated report deals adequately with disclosures relating to financial statements, auditors' responsibility, accounting records, internal controls, risk management, accounting policies, adherence to accounting standards, going-concern issues, as well as the Group's adherence to established codes of governance.

The deputy chairman, CEO, and CFO regularly communicated with major shareholders, institutional investors, analysts and the media during the period under review. The Group acknowledges the role of the media especially that of financial journalists and it endeavours to assist these role players as much as possible.

The Group encourages shareholders to attend the Group's AGM, which provides them with an opportunity to raise concerns and ideas and to participate in discussions relating to the Group. The Group publishes its annual financial results on SENS and shareholders are advised that a copy of the integrated report is available on the Company's website and at the registered offices of the Company. **(King IV™ – Principle 16).**

CORPORATE CODE OF ETHICS AND CODE OF CONDUCT

The Group subscribes to the highest levels of professionalism and integrity in conducting its businesses and dealing with all stakeholders. All employees are expected to share its commitment to highest morals, ethical and corporate governance practices, the Company's values, moral conduct and legal standards.

The Board continues to provide effective leadership based on a principled foundation. The Group's leadership is characterised by the values responsibility, accountability, fairness and transparency. One of our fundamental objectives has always been to do business ethically while building a Company that is sustainable, taking into account the short, medium and long-term activities of the economy, society and the environment.

In executing its responsibilities, the social, ethics and transformation committee considered and monitored the Group's activities, having regard to legislation, human rights and prevailing practice in matters relating to social and economic development, including compliance with the 10 principles of the United Nations Global Compact and labour and employment activities. (Refer to pages 95 to 96 for the social, ethics and transformation committee reports.)

REPORTING UNETHICAL BEHAVIOUR

Employees and stakeholders are able to report any breach of the Code of Ethics via the Group's anonymous reporting facility. During the period under review there were no reported allegations of unethical behaviour to the reporting facility.

REPORT OF THE AUDIT AND RISK COMMITTEE

The audit and risk committee has the pleasure in submitting this report for the financial year ended 31 August 2018 as recommended by the King IV™ Report, the JSE Listings Requirements and the Companies Act.

The audit and risk committee is constituted as a statutory committee of the Board in respect of its statutory duties in terms of the Companies Act and King IV™ and is accountable to both the Board and shareholders. It is a committee of the Board in respect of all other duties the Board assigns to it and has been delegated extensive powers to perform its functions in accordance with the Companies Act and King IV™.

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	APPOINTMENT DATE	DATE OF RESIGNATION	MEETING ATTENDANCE
Salim Young (Chairman)	3 April 2018		4/4
Rosemary Phindile Mosia	2 May 2017		3/4
Clifford van der Venter	3 April 2018		2/2
Advocate Dr Ngoako Abel Ramatlhodi	8 August 2018		1/1
Sebenzile Patrick Mngconkola	8 August 2018		1/1
Takudzwa Hove*		20 February 2018	0/1
Arthur William Johnson*		20 February 2018	

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

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

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

ROLE AND RESPONSIBILITIES OF THE AUDIT AND RISK COMMITTEE

The audit and risk committee adopted the audit and risk constitution and risk management charter which was approved by the Board, setting out its duties and responsibilities as delegated to it by the Board.

The roles and responsibilities of the committee include:

- to provide oversight of the effectiveness of the internal and external audit function;
- to assist the Board in overseeing the quality and integrity of the Group's annual financial statements, integrated reporting process and any other announcements in respect of financial results;
- review of the disclosure of sustainability issues in the integrated report;
- review the effectiveness of the CFO and the finance department;
- to provide oversight on the effectiveness of the design and implementation of internal financial controls;
- review the effectiveness of the head of internal audit and the internal audit department;
- review the quality of the external audit; and
- review and recommend to the Board for approval the interim results, preliminary results, the annual financial statements and the integrated report.

DISCHARGE OF DUTIES FOR THE YEAR UNDER REVIEW

The committee is satisfied that it has performed all the functions required in terms of the charter, the King IV™ Report and Companies Act.

EXTERNAL AUDIT

- The appointment of external auditors.
- The scope, independence and objectivity of the external auditors.
- The terms of engagement and fees of the external auditors.
- The quality of the external audit.

GOVERNANCE

- Risk assessment and management.
- Assessment of compliance with legal, regulatory, codes and other standards.
- The ethical conduct of the Group.

FINANCIAL REPORTING

- The interim and preliminary announcements of results and reports to shareholders, the annual financial statements and integrated report.
- Consideration of concerns regarding accounting practices and internal audit matters.
- The assessment of the appropriateness of the expertise and experience of chief financial officer and the financial function.

INTERNAL CONTROL AND RISK MANAGEMENT

- The development and implementation of the Group's risk plan and strategy to ensure that the Group manages its risks in an optimal manner.
- The adequacy and efficiency of the risk policies, procedures and controls applied in the day-to-day management of the business.
- The effectiveness and performance of the internal auditors and compliance with its charter.
- The effectiveness of the design and implementation of internal controls.

REPORT OF THE AUDIT AND RISK COMMITTEE (CONTINUED)

EXTERNAL AUDIT

The audit and risk committee undertook a review of the cost and scope of the audit function performed by the independent auditors of the Group. The committee recommended to the Board that the current auditors, BDO Cape Inc. (BDO) be re-appointed as the Group's external auditors for the 2019 financial year.

BDO Cape Inc. was appointed as the Company's auditors for the 2018 reporting period. Our prior period auditors, Grant Thornton Cape Inc., underwent a name change from Grant Thornton Cape Inc. to BDO Cape Inc. during the current 2018 reporting period. Mrs. Fayaz Mohamed was appointed as the designated auditor for the 2018 financial year for the first time.

During the year under review the committee:

- Satisfied itself that the external auditor is independent of the Group, as set out in section 94(8) of the Companies Act, and suitable for reappointment by considering, *inter alia*, the information stated in paragraph 22.15(h) of the JSE Listings Requirements;
- reviewed the audit effectiveness and evaluated the external auditor's internal quality control procedures;
- obtained confirmation from the auditors that they are independent;
- approved the terms of engagement and fees for external auditors;
- approved non-audit services provided during the year;
- obtained assurances from the external auditors that adequate accounting records are being maintained; and
- considered any reported control weaknesses, management's response for their improvement and assessed their impact on the general control environment.

INTERNAL AUDIT

The Group's internal audit function is fulfilled by the head of internal audit and the internal audit department provides the audit and risk committee with assurance of the effectiveness of the Group's internal control environment. The head of internal audit does not report directly to Premier's EXCO and therefore the internal audit function is considered to be independent. The head of internal audit reports directly to the Chair of the audit and risk committee.

During the year under review the committee:

- approved the annual internal audit plan;
- reviewed the reports of the internal auditor related to the Group's financial controls and systems of internal control;
- reviewed any reported control weaknesses, management's response for their improvement and assessed their impact on their general control environment; and
- received assurance that proper and adequate accounting records are being maintained.

The committee reviewed the reports on the adequacy of the Group'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 Group.

RISK MANAGEMENT

The audit and risk committee approved the risk charter which forms the terms of reference for the risk management process of the Group.

During the current year under review the committee:

- assessed the effectiveness of the risk management process in place throughout the Group;
- assessed management's reports pertaining to the effectiveness of the Group's risk management, compliance processes and controls;
- reviewed the top risks (refer to page 37) that the Group is exposed to and assessed management's responses to the top risks; and
- assessed whether there were any new and/or emerging risks pertaining to the Group and whether the risk management process is aligned to respond and address these risks.

The committee is satisfied that the Group's risk management process is effective and that the Group's top risks have been adequately addressed by the Group's management.

TECHNOLOGY AND INFORMATION GOVERNANCE

The audit and risk committee performs oversight over information technology risks.

During the year under review the committee:

- enquired from the head of internal audit and management if there were any breaches to the Group's information systems;
- reviewed the effectiveness of the general information technology controls of the Group;
- obtained assurance from internal audit over the effectiveness and adequacy of the internal controls over the information systems; and
- reviewed emerging risks that could affect the information technology environment of the Group as well as the controls implemented by management to address any anticipated risks.

The committee is satisfied that the internal control environment for information technology is satisfactory.

FINANCIAL REPORTING

The audit and risk committee reviews the Group's accounting policies and the annual financial statements to ensure that they are in compliance with IFRS, the JSE Listings Requirements and the Companies Act.

During the year under review, the committee:

- considered the appropriateness of the accounting policies adopted;
- considered the accounting treatment of significant transactions;
- reviewed the process implemented by management for the preparation of the annual financial statements and is satisfied that the processes applied in preparing the financial statements were appropriate;
- confirmed the going concern as the basis of preparation of the annual financial statements;
- ensured that the annual financial statements fairly present the financial position of the Group, the result of operations and cash flows for the financial year ended 31 August 2018;
- assessed the quality and the integrity of the Group's integrated report and is satisfied with this; and
- considered the findings contained in the JSE proactive monitoring reports and ensured that these were taken into account when the annual financial statements for the year ended 31 August 2018 were prepared.

KEY AUDIT MATTERS

The audit and risk committee considered the key audit matters as outlined in the independent auditor's report for the Group. These key audit matters were:

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

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

REPORT OF THE AUDIT AND RISK COMMITTEE (CONTINUED)

LEGAL AND REGULATORY REQUIREMENTS

During the year under review the committee:

- reviewed the adequacy and effectiveness of the Group's processes to ensure compliance with legal and regulatory requirements;
- reviewed legal matters that might have a material impact on the Group; and
- reviewed reports from internal audit regarding compliance with legal and regulatory requirements.

The committee is satisfied that there have been no breaches to legal and regulatory requirements during the year under review.

EXPERTISE AND EXPERIENCE OF THE CHIEF FINANCIAL OFFICER AND THE FINANCE FUNCTION

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

The committee has also satisfied itself with the expertise of the finance department and is satisfied that the finance department has the appropriate expertise and is adequately resourced.

ANNUAL FINANCIAL STATEMENTS AND INTEGRATED REPORT

The committee reviewed the integrated report and the annual financial statements of Premier for the year ended 31 August 2018 and is satisfied that they comply in all material respects with the requirements of IFRS, the Companies Act, and the JSE Listings Requirements.

The committee is also satisfied with the integrity of the information in the integrated report.

The committee has fulfilled its statutory duties in terms of section 94(7) of the Companies Act and King IV™ compliance. The committee complied with its legal and regulatory responsibilities for the 2018 financial year. **(King IV™ – Principles 10, 11, 12, 13 and 15)**

The committee has recommended the annual financial statements and the integrated report for the year ended 31 August 2018 for approval to the Board.



Salim Young

Audit and risk committee chairman

30 October 2018



TECHNOLOGY AND INFORMATION

The Board is responsible for technology and information governance in the Group and delegated the management of technology and information governance to the audit and risk committee.

The audit and risk committee governs technology and information in a way that supports the organisation in setting and achieving its strategic objectives and delegated this responsibility to executive management to implement and execute effective technology and information management. Management is accountable for operational governance of technology and information management.

IT STRATEGY

An annual report on technology and information governance is tabled at the audit and risk committee meeting to address any significant technology and information risks and matters to be considered to ensure compliance with the governance framework. The primary focus during the year was to review and approve the Group's technology and information strategy to ensure that there is good governance across the information systems.

DIGITAL REVOLUTION

Business leaders are urgently trying to keep abreast of the surging pace of digital transformation globally. The past year has been characterised by IT security incidents, such as ransom ware attacks.

The world continues to evolve due to significant trends such as:

- IT automation and analytics are two key trends accompanying artificial intelligence, which is starting to play a significant role in IT security;
- mobile devices with pervasive connectivity to the internet, as broadband data reduces in price and increases in availability, results in new heights of social media interaction on a business and personal level;
- cloud computing, which provides access to high-level, utility-based, location-independent and capital-light computing resources and agility;
- the increase in connected devices installed to on-board computers giving rise to the internet of real-time exchange of information between connected devices; and
- an increase in data that needs to be stored, managed and interpreted for business advantage.

During the year under review the audit and risk committee undertook the following to ensure best practices:

- All systems were backed-up daily and stored off-site;
- Quarterly restore tests were done to ensure that the backups were working;

- All servers and workstations have the latest operating system patch levels, all security updates are applied and compliance is monitored to ensure that the organisation is protected from security threats;
- All servers and workstations have the latest anti-virus patch levels applied to monitor compliance, to ensure the organisation is protected from security threats;
- A disaster recovery/business continuity plan is being re-drafted with regular testing done to ensure that disaster does not impact the business;
- Firewalls, password management and remote access are in place to ensure that the organisation is not at a low risk of a security breach;
- Regular changing of passwords measures are in place;
- Restrictions to websites that pose a security threat are in place;
- Restrictions on who can access what, whether it is external or internal to the organisation, have been applied;
- Strong password controls are in place and the network password policy was reinforced;
- A formal incident, fault call logging process is in place to ensure that issues are dealt with speedily; and
- We instituted ransom ware mitigation procedures and ESET antivirus software is updated regularly on all workstations and the server.

(King IV™ – Principle 12)

RISK MITIGATION

The ever-changing environment brings with it the complexities of managing information risk and the Group is applying the appropriate operational and technology interventions to manage these challenges. As the Group is dependent on IT to meet its business needs all identified risks are monitored and reduced to an acceptable level by the executive management.

Although no material risks were reported on during the year under review, we are cognisant of cyber security and the implications thereof, taking into account the protection of our stakeholders, which remains a high priority. One aspect driving risks and security is our governance and internal audit to ensure that the organisation's information assets are secure.

We constantly address best practices, threats from phishing, ransom ware and other cyber threats which could have an impact on business operations, financial statements, legal exposure and the Company's reputation.

(King IV™ – Principle 11)

REPORT OF THE SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE

We are committed to making a meaningful impact to our stakeholders and to operate in a manner which positively contributes to the upliftment of communities and the environment in which we operate.

As a Group, we believe in the development and empowerment of our employees and to enhance performance by “growing our employees”. The Group is committed to its shared values which include: people, accountability, integrity, commitment, stakeholders, respect and trust as well as investment.

The social, ethics and transformation committee has the pleasure in submitting this report for the financial year ended 31 August 2018.

MEMBERS OF THE SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE

The social, ethics and transformation committee is consisted of the following, the majority of whom are non-executive directors:

NAME	APPOINTMENT DATE	MEETING ATTENDANCE
Aziza Begum Amod (Chairman)	26 July 2017	3/3
Cherie Hendricks	26 July 2017	3/3
Rosemary Phindile Mosia	1 February 2017	0/3
Clifford van der Venter	28 March 2018	1/2
Sebenzile Patrick Mngconkola	3 April 2018	1/1
Rushaan Isaacs	28 March 2018	1/2
Fredelaine Elna Cindy Brand*		N/A

* Fredelaine Elna Cindy Brand resigned as a Director on 20 February 2018 and did not make herself available as a director and member of the social, ethics and transformation committee during the year.

In addition to the committee members, the head of human resources, head of payroll, chief executive officer and chief financial officer attend meetings of the committee by invitation.

ROLE AND RESPONSIBILITIES OF THE SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE

The roles and responsibilities of the committee include:

- to support, advise and provide guidance on the effectiveness of management's efforts in respect of sustainable development and social and ethics-related matters;
- review the skills development and employment equity plans of the Group and make recommendations;
- review of the transformation plans for the Group and make strategic recommendations;
- approval of the employment equity plan to be submitted to the Department of Labour; and
- assessment of reports from management concerning the implications of new and emerging risks, legislative or regulatory initiatives and changes in order to ensure that transformation is held at an acceptable level.

DISCHARGE OF DUTIES FOR THE YEAR UNDER REVIEW

During the year under review, the Board combined the social and ethics committee and the transformation committee into one committee as it felt that it would aid in efficiencies since the considerations, duties and outcomes for both committees were similar.

The social, ethics and transformation committee assisted the Board in ensuring that the Group is and remains a committed socially responsible corporate citizen. The committee provided support, advice and guidance on the effectiveness of management's efforts in respect of sustainable development, transformation and social and ethical-related matters.

REPORT OF THE SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE

(CONTINUED)

The committee undertook the following during the year:

- Adopted a new transformation policy and charter;
- Reviewed the B-BBEE status of the Group;
- Ensured that all regulatory obligations were met, including the submission of employment equity plans to the Department of Labour;
- Ensured that employees and stakeholders familiarise themselves with the Group's ethical standards;
- Governed the ethics of the Group in a way that supports an ethical culture within the Group through ongoing staff awareness around the following policies:
 - The way we work
 - Anti-corruption and Bribery
 - Code of Conduct
 - Code of Ethics.
- Ensured compliance with regulations governing B-BBEE;
- Ensured ongoing skills development through the Group's contributions to the Premier Bursary Fund, skills audit and training analysis which identified training needs;
- Monitored and ensured that the Group is seen to be and is a responsible corporate citizen through societal and environmental initiatives and the Group's contributions to the development of communities in which it operates;
- Approved the transformation plan for the Group;
- Reviewed and made recommendations to the skills development plans of the Group and the placement of interns in the Group;
- reviewed the employment equity plans and reports for the Group and made recommendations for improvements;
- Reviewed reports relating to corporate social investment programmes for the Group and made recommendation to management for improvement;
- Reviewed reports relating to the health and safety aspects of the Group;
- Reviewed and made recommendations to the transformation plans of the Group; and
- Reviewed and made recommendations on the Group's water saving plans.

2018 TRANSFORMATION HIGHLIGHTS

- 92% black directors;
- Four black female directors;
- 92% HDI employees;
- 33% black female employees;
- 75% black representation at executive management level;
- 13% black female representation at executive level;
- R627 000 spent on skills development of black employees;
- Continued assistance to black-owned small rights holders; and
- Continued to procure from empowered companies.

LAWS, REGULATIONS AND GOVERNANCE

The committee has confirmed that no instances of material non-compliance with relevant legislation have been identified.

A Board assessment and a self-assessment by the committee conducted in June 2018 indicated that the Board and the committee are both satisfied that the committee performed all its statutory and Company charter duties.

PLANNED AREAS OF FUTURE FOCUS

- The committee aims to establish a formal dashboard of transformation indicators in the next financial year.
- Continue to govern ethics in a way that continues to support the establishment of an ethical culture.
- Monitor labour, employment relationships, training and skills development, employment equity and the prevention of unfair discrimination.
- Monitor the implementation of water and electricity usage saving plans for the Group.
- Monitor the Group's B-BBEE compliance and make recommendations for improvements.
- Monitor the Group's corporate social investment plans and ensure that they are adequate and make positive impacts for the communities from which the Group operates.
- Prioritise the hiring of disabled employees in the Group.

For the year under review, the committee is satisfied that it has fulfilled all of its statutory duties assigned by the Board.



Aziza Begum Amod

Chairman of the social, ethics and transformation committee

30 October 2018





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OUR PERFORMANCE REVIEW

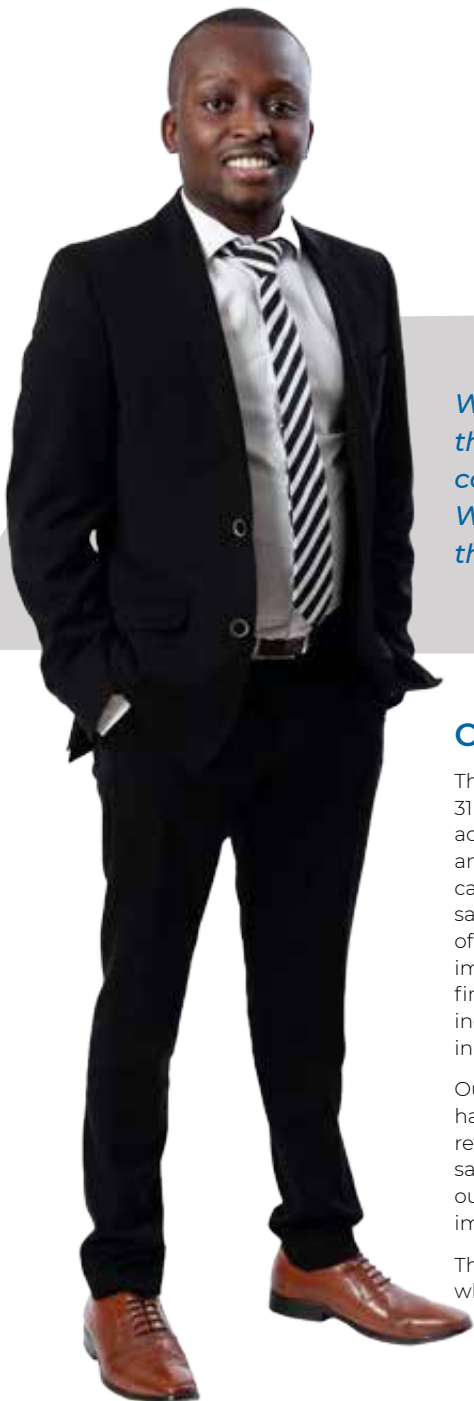
Chief financial officer's report

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Operational reviews

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CHIEF FINANCIAL OFFICER'S REPORT



We continued to drive efficiencies in all divisions through diligent cost-saving initiatives such as efficient catch planning and maximum utilisation of our facilities. We also implemented efficient procurement processes, thereby improving margins.

OVERVIEW

The Group delivered a strong financial performance for the year ended 31 August 2018 underpinned by solid operational performance and the strategic acquisition of Talhado. We experienced increased catch rates in our lobster and squid divisions which resulted in a reduced cost of product and increased catch volumes for the year. The increased catch volumes resulted in higher sales volumes compared to the prior year which coupled with the consolidation of Talhado resulted in an increase in revenue and operating profit despite the impact of lower catch volumes in our pelagic division and a stronger Rand in the first half of the financial year. The increase in operating profits also resulted in an increase in cash generated from operations from R40m in the prior year to R91m in the current year.

Our strategic acquisition of Talhado, is in line with our expansion strategy and has contributed positively to our revenue and profit growth for the period under review. We continued to drive efficiencies in all divisions, through diligent cost saving initiatives such as efficient catch planning and maximum utilisation of our facilities. We also implemented efficient procurement processes, thereby improving margins.

The Group has a strong balance sheet and is well funded with cash on hand, which enables the Group to execute on its growth strategy.

HIGHLIGHTS

REVENUE
^ R491m

20% UP FROM (2017: R411m)

OPERATING PROFIT
^ R92m

41% UP FROM (2017: R65m)

PROFIT AFTER TAX
^ R95m

40% UP FROM (2017: R68m)

CASH GENERATED FROM OPERATIONS

^ R91m

128% UP FROM (2017: R40m)

DIVIDENDS PER SHARE

^ 25 cents

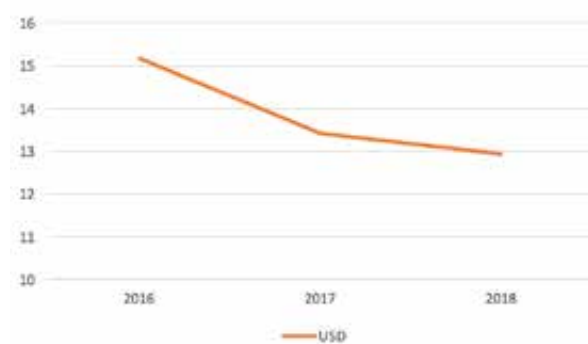
67% UP FROM (2017: 15 cents)

REVENUE GROWTH

Revenue increased by 20% to R491m from R411m in the prior year, mainly due to increased sales volumes in our lobster and squid divisions as well as additional revenue from the consolidation of our recently acquired subsidiary, Talhado. We consolidated three months of revenue from Talhado due to the acquisition date being 9 May 2018 in accordance with IFRS reporting principles. Increased market prices were achieved for our South Coast Rock Lobster, West Coast Rock Lobster, abalone and small pelagics which contributed to revenue growth. The increase in sales volumes and market prices helped to offset the impact of the strengthening of the Rand against the dollar.

The average US\$/kg sales prices for the Group's main products increased by 5% as compared to the prior financial year. The average ZAR/USD exchange rates strengthen by 3.6% to R12.94 from R13.42 in the prior year.

Yearly average ZAR/USD exchange



The average US\$/kg and EUR/kg sales prices for the Group's main products increased by 5% as compared to the prior financial year. The average ZAR/USD exchange rates strengthen by 3.6% to R12.94 from R13.42 in the prior year.

The effects of the market prices, exchange rate and volumes are quantified below:

	R'000
Revenue 2017	411
Volumes	20
Market prices	9
Exchange rate	(29)
Talhado	80
Revenue 2018	491

Refer to operational reviews for the revenues and sales volumes per product.

CHIEF FINANCIAL OFFICER'S REPORT (CONTINUED)

Increase in expenditure driven by volume growth and acquisition of Talhado

Cost of sales increased by 22% to R281m from R231m in the prior year mainly as a result of the increased catch volumes and the consolidation of Talhado. Cost of sales are mainly comprised of catching costs, labour costs, processing and packaging costs.

COST OF SALES	2018 R'000	2017 R'000	2016 R'000
Labour	46 021	43 393	38 957
Catch costs	117 832	86 118	80 272
Purchases from other quota holders	57 432	54 274	57 059
Animal feed and upkeep costs	3 166	3 459	3 764
Processing and packaging costs	30 677	38 703	36 439
Depreciation and amortisation	9 275	9 229	8 727
Movement in inventories	(13 471)	(4 590)	13 880
Talhado cost of sales	29 719	–	–
Total	280 651	230 586	239 098

Fixed labour cost increased by 7% in the current year under review, which was in line with our budgeted increase.

Catch costs increased by 37% mainly as a result of the increased cost of fuel and increased volume of landings in the current year under review. The catch cost per kilogram landed for SCRL, WCRL and squid were 5% less than the prior year. Improved catch rates in the SCRL, WCRL and squid operations meant that the allocated quota was caught in a shorter period of time, resulting in reduced catch cost per kilogram, however the total catch cost was 37% higher than the prior year as a result of the increased volume landed. The catch rates for pilchards and anchovy were lower than the prior year resulting in an increase of 13% in the catch cost per kilogram and an increase in total catch cost even though volumes landed were lower than the prior year.

Animal feed, labour costs and electricity costs are major costs for animal upkeep at our abalone farm. We continue to derive benefits from solar technology, which resulted in reduced consumption of electricity at the Abalone farm and ultimately savings in electricity costs of R0,8m. This ultimately resulted in a slight reduction in the total animal feed and upkeep costs.

Costs saving initiatives were instituted which extracted operational efficiencies from our facilities, resulting in reduced savings in the processing costs.

Included in costs of sales is the fair value gain on biological assets of R13m (2017: R6m). The fair value adjustment is as a result of the increase in farmed abalone stock holding to 145 tons from 126 tons in the prior year.

Other operating expenses increased by 19% to R138m from R116m in the prior year mainly due to inflationary price increases, volumes related increases as well as the operating expenses consolidated from Talhado. Selling and distribution costs which are included as part of operating expenditure increased by 12% as a result of the increased sales volumes. Selling and distribution costs were 6% of revenue in the current and prior year.

Other operating expenses of R17m have been consolidated in from Talhado. Excluding the Talhado expenses the increase in operating expenses is 4%.

Included in operating expenses is Talhado acquisition related costs of R1,8m and vessel repairs expenses of R4m which are non-recurring.

The Group continues to implement cost savings through efficient procurement practices and strict management of overheads.

Other operating income includes income of R12m generated from catch services provided to other companies. This income is expected to be non-recurring as it arose as a result of excess capacity generated due to the exceptional catch rates in the current year.

EBITDA (Earnings before interest, tax, depreciation and amortisation)

The squid, abalone, lobster and horse mackerel operations contributed positively to the Group's EBITDA growth as a result of their strong operational performance. The decrease in catch volumes for the pelagic operation and the once off repairs expenditure of R4m for the hake division resulted in a decrease in contribution to EBITDA from the pelagic and hake division.

	R'000
EBITDA 2017	83
Lobster	1
Pelagic	(8)
Hake	(3)
Squid	52
Abalone	6
Processing and marketing	(1)
Administration and support services	(21)
EBITDA 2018	109

The consolidation of Talhado contributed R35m to the increase in EBITDA in the current year under review.

Taxation

The total tax expense for the year is R34m with an effective tax rate of 26%. The Group elected to apply and utilise tax incentives from farming tax for its Abalone farming operation which resulted in tax savings in the current financial year.

Headline earnings

Headline earnings increased by 17% to R82m from R70m in the prior year. The increase in headline earnings is mainly attributable to the strong operational performance as outlined above.

FINANCIAL POSITION OVERVIEW

	2018 R'000	2017 R'000
COST OF SALES		
Non-current assets	509 625	230 157
Current assets (excluding cash)	248 880	188 887
Cash and cash equivalents	350 580	541 919
Total assets	1 109 085	960 963
Equity	862 436	771 172
Non-current liabilities (excluding borrowings)	111 471	74 585
Current liabilities (excluding borrowings)	123 803	86 150
Bank overdraft	–	17 986
Borrowings	11 375	11 070
Total equity and liabilities	1 109 085	960 963

Following the listing of Premier in the prior year the Group is in a strong financial position that enables it to deliver on its strategic objectives.

Non-current assets

Non-current assets consist mainly of property, plant and equipment and goodwill. Non-current assets increased by R279m for the period ended 31 August 2018 and added significant strength to the balance sheet. The increase is mainly attributed to additions to property plant and equipment of R116m, the majority of which relate to our strategic abalone farm expansion, an increase of R79m in property plant and equipment and an increase of R52m in goodwill which arose as a result of the acquisition of Talhado.

Current assets

Current assets consist mainly of inventories, trade receivables and biological assets. There was an increase in trade receivables of R39m mainly as a result of the consolidation of Talhado.

There was an increase in the carrying amount of biological assets for the year under review of R13m as a result of the increased stock holding to 145 tons from 126 tons in the prior year. The increase in stock holding is a result of the increased production capacity in preparation for the expansion at the abalone farm.

Cash and cash equivalents

The Group currently has significant cash balances amounting to R351m for the period ended 31 August 2018. The reduction of cash and cash equivalents from R542m to R351m is as a result of cash utilised through our abalone farm expansion project and the acquisition of a controlling interest in Talhado.

Non-current liabilities (excluding borrowings)

Non-current liabilities (excluding borrowings) consisted mainly of a deferred tax liability, as a representing the Group deferred tax liability, as a result of temporary differences between accounting and tax treatments.

Current liabilities (excluding borrowings)

Current liabilities (Excluding borrowings) consisted mainly of trade payables, provisions and tax payable. There was an increase in trade payables of R39m mainly as a result of the consolidation of Talhado.

CHIEF FINANCIAL OFFICER'S REPORT (CONTINUED)

CASH FLOW OVERVIEW

	2018 R'000	2017 R'000
Cash generated from operations, before movements in working capital	91 295	76 652
Movements in working capital	(108)	(36 558)
Net interest	25 905	14 123
Tax paid	(54 820)	(12 659)
Net cash from operating activities	62 272	41 558
Net capital expenditure	(118 022)	(22 088)
Loans and advances	(1 700)	(26 570)
Capital raised	–	526 500
Share issue costs	–	(18 983)
Business combination	(61 239)	–
Acquisition of additional shares in subsidiary from non-controlling interests	(15 664)	–
Dividends paid	(39 000)	–
Total cash movement for the year	(173 353)	500 417

Total cash generated from operations increased to R91m from R77m in the prior year as a result of the strong operational performance as outlined above. The tax paid increased to R55m as a result of the inclusion of total tax paid of R26m by Talhado and the increase in tax payment due to the increase in profitability of the Group.

Interest income is from interest earned from cash at bank. The Group was listed on 2 March 2017, therefore interest earned from cash raised on listing was only for six months of the financial year in the prior period.

Net capital expenditure was R118m in the current year, of which R87m relates to the expansion of our abalone farm. The expansion is expected to be completed by the end of the 2019 calendar year.

The Group utilised total net cash of R77m to acquire Talhado in line with the Group's expansion strategy. The investment in Talhado is expected to have a pay back of three to four years.

The Group paid a maiden dividend of 15 cents per share in the current year under review. The Board of Premier has approved a dividend of 25 cents per share for the year ended 31 August 2018.

Our funding strategy and capital allocation

Rigorous processes have been implemented in order to ensure that we allocate our capital in an optimal manner. Capital projects are evaluated by the executive committee for recommendation to the investment committee and approval by the Board of directors.

Funds are allocated to projects which are evaluated to provide the highest possible return in the shortest payback period. The project must also have strategic fit within our current business model and must be relatively simple to execute.

Capital expenditure for the year amounted to R194m and we forecast capital expenditure in the 2019 financial year to be R120m.

Analysis of capital expenditure

	2018 R'000	2017 R'000	2016 R'000
To maintain existing operations	28 837	14 066	9 295
Expansion projects	88 223	7 995	–
Acquisitions	76 903	–	–
Total	193 963	22 061	9 295

Weather disruptions to construction activities resulted in less than budgeted capital expenditure spent, but we expect significant improvement from now until the end of the first quarter of 2019.

Funding of our capital projects

We continue to use cash generated from operations to fund capital expenditure on maintenance of existing operations.

Cash raised from the listing will be utilised to fund expansion related projects such as strategic acquisitions and the abalone farm expansion project.

OUTLOOK FOR 2019

Our outlook for the 2019 year is a positive one, as we aim to continue our journey towards achieving our strategic objectives, and ultimately, the delivery of sustained financial returns.

In doing so, we remain committed to stringent cost control practices across the Group, including efficient and effective value added procurement processes in order to increase existing margins.

The current economic climate is not without challenges, such as the predicted rising cost of fuel, and therefore may place pressure on our existing margins. This said, the current forecasted weakening of the rand against major currencies, does reflect favourably for the Group, given that our products are destined for offshore markets, resulting in increased revenues and ultimately increased profitability.

The 2019 financial year will also see a full set of performance results of Talhado being consolidated into the Group results, as compared to only three months in the 2018 financial year, due to IFRS reporting principles.

We continue to pursue acquisitions that present a strategic fit to our Group, as part of our expansion strategy.

THANKS AND ACKNOWLEDGEMENT

I would like to thank the Group's finance team for their commitment, hard work and support showed during this past year, without whom our success would not have been achieved.



Isaiah Tatenda Bundo

Chief financial officer



OPERATIONAL REVIEWS

LOBSTER

Our lobster business continued to maintain its operating margins in the current year:

The SCRL TAC for the 2017/2018 fishing season is 335 tons, up by 1% from the prior year TAC of 331 tons. The fishing season for lobster is from November to September, whereas the Group's financial year is from September to August. We experienced improved catch rates which resulted in 100% of our allocated quota being caught, and in increased sales volumes, as compared to prior year.

The sales mixes of the catches have mainly been bigger sizes compared to the previous financial year.

SOUTH COAST ROCK LOBSTER	2018	2017	2016
TAC (tons)	335	331	341
Premier share (tons)	135	133	137
Percentage of allocated quota caught	100	80	91
Sales volumes (tons)	151	115	102

Product: **FROZEN TAILS** » Market: **USA**
 Product: **LOBSTER HEADS** » Market: **JAPAN**
 Product: **LOBSTER BODIES** » Market: **JAPAN**



Number of vessels wholly-owned **4**

Number of lobster facilities **1**

The WCRL TAC for the 2017/2018 fishing season 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). We also experienced improved catch rates for WCRL which resulted in us catching 100% of our allocated quota. 93% of the contracted quota was caught during the financial year under review, with the balance of the quota being caught after year-end.

WEST COAST ROCK LOBSTER	2018	2017	2016
TAC (tons)	1 924	1 924	1 924
Premier share (tons)	64	87	87
Percentage of allocated quota caught	100	91	66
Contracted quota acquired (tons)	101	96	130
Percentage of contracted quota processed (tons)	93	91	88
Sales volumes			
Live lobster (tons)	128	118	128
Whole frozen lobster (tons)	10	17	5
Whole cooked frozen lobster (tons)	–	9	2
Frozen tails (tons)	2	2	5

Product: **LIVE LOBSTER** » Market: **HONG KONG, CHINA**
 Product: **WHOLE FROZEN LOBSTER** » Market: **JAPAN**
 Product: **WHOLE COOKED FROZEN LOBSTER** » Market: **JAPAN**
 Product: **FROZEN TAILS** » Market: **SOUTH AFRICA**



Number of vessels wholly-
owned, co-owned **2**

Number of lobster facilities **1**

SALES AND MARKETING

The market for SCRL remained strong during the year under review with ongoing strong demands for the product resulting in a 4% increase in the average US\$ prices for the product. The market for SCRL remains strong and we continue to focus on achieving year-on-year growth in US\$ pricing.

The focus is on the sale of live lobster for the WCRL fishery. The demand remains strong and we managed to obtain a 6% increase in the average US\$ price.

The increase in volumes and pricing resulted in a slight increase in revenue despite the Rand strengthening in the year under review to an average of R12.67 from an average of R13.10 in the prior year.

FUTURE OUTLOOK

We expect the 2018/2019 SCRL TAC to remain similar to that of the 2017/2018 TAC, in line with the historic TAC Trend. Given this we aim to continue to pursue good catch rates, with the intention of catching our allocated quota.

We expect a reduction in the 2018/2019 WCRL TAC and will continue to pursue increased contracted quota for WCRL.

It is also anticipated that the DAFF will commence with the process of allocating the fishing rights. ("Frap 2020") for the SCRL sector shortly;

The Group is geared up for the application process.

Total sales volumes for WCRL were 4% lower than the prior year as a result of the reduction in our allocated quota. WCRL contribution to revenue and profits is less than 15%.

MATERIAL MATTERS AFFECTING THE OPERATION	IMPACT ON OUR ABILITY TO CREATE VALUE	HOW WE RESPONDED
Possible reductions in TAC.	A reduction in the TAC might result in lower turnover and profits for the Group.	The Group remains focused on acquiring additional contracted quota to mitigate instances of reductions in TAC.
Extreme weather conditions.	Extreme weather conditions might result in a reduced number of available sea days and reduced catches.	We implemented improved vessel scheduling in order to fully maximise available sea days and reduce our total catching period.

OPERATIONAL REVIEWS (CONTINUED)

PELAGIC

Our Pelagic business consists of pilchard and anchovy quotas which are harvested and sold locally.

Pilchards are canned and sold in the South African market and anchovy is used to produce fishmeal which is sold globally for use as animal feed.

The pelagic industry continued to experience low catches, resulting in lower volumes being caught as a result. The low catch volumes experienced in the pilchards sector, resulted in lower turnover, when compared to the prior year. The margins achieved on pilchards are higher than those for anchovy, therefore due to the lower catches from pilchards there was a decrease in margins for the pelagic sector.

PILCHARDS	2018	2017	2016
TAC (mtons)	59 214	45 560	64 928
Premier share (mtons)	4 396	3 383	4 821
Percentage of allocated quota caught	22	52	100
Sales volumes (mtons)	1 061	1 769	4 821

PILCHARDS	2018	2017	2016
Canned fish cartons produced	74 336	129 962	314 855

ANCHOVY	2018	2017	2016
TAC (mtons)	295 911	450 000	354 326
Premier share (mtons)	17 317	28 585	22 508
Percentage of allocated quota caught	91	66	93
Sales volumes (mtons)	15 832	18 838	20 831



Number of vessels wholly-owned, co-owned **6**

We negotiate prices for both pilchards and anchovy with our customer on a yearly basis and in the year under review we managed to achieve an 8% increase in our pricing. We also received a profit share per carton of canned pilchards produced from our pilchards quota.

FUTURE OUTLOOK

The pilchards fishing season is from February to December. If the catch rates for pilchards improve the Group will endeavour to catch the balance of its quota during September to December. The pelagic business is one of our strategic focus areas for the 2018 financial year. We planned on acquiring a new highly efficient fishmeal plant during the 2018 financial year which will process our existing quota of anchovy to fishmeal for both the global and local markets. This will result in an increase in our margins for the anchovy business.

MATERIAL MATTERS AFFECTING THE OPERATION	IMPACT ON OUR ABILITY TO CREATE VALUE	HOW WE RESPONDED
Catch rates for pilchards.	Lower catch rates might result in lower sales volumes and revenue.	Improved scheduling of vessels and timing of catches during peak catching season.

SQUID

Our squid business experienced exceptional catch rates during the current financial year.

During the period under review, the Group acquired Talhado, making the Group one of the largest squid fishing companies in South Africa.

Our squid division delivered sterling returns for the year under review. The division experienced exceptional catch rates compared to prior years, resulting in higher landings and lower production costs, translating into higher revenue and operating profits.

SQUID	2018	2017	2016
Tons caught	539	236	105
Contracted tons acquired/Group independent companies	613	80	44
Sales volumes (tons)	1 265	340	240

Talhado is a valuable contributor towards the squid division.

The annual catch and sales volumes for Talhado are shown below.

SQUID	2018	2017	2016
Tons caught	1 061	763	452
Contracted tons acquired/Group independent companies	1 928	1 499	862
Sales volumes (tons)	2 690	2 214	1 426



Number of vessels wholly-owned, co-owned **21**

Number of processing facilities **1**

Product: **SQUID** » Market: **SPAIN, ITALY, PORTUGAL, GREECE, CROATIA**

SALES AND MARKETING

The European market for South African squid remains strong. Despite the significant increase in sales volumes for the South African squid industry, the Euro pricing achieved was the same as the prior year. Our sales and marketing team will continue to focus on the European market in the 2018 financial year and try and focus on attaining higher prices.

FUTURE OUTLOOK

The current indications are that the squid resource is stable and we expect the good catch rates experienced in the year under review to continue into the new fishing season for the 2019 financial year.

We expect to extract synergies from the acquisition of Talhado, resulting in cost savings for the Group. Revenue and operating profits of the squid division are expected to be approximately 30% of the Group's revenue and profits after the acquisition.

It is also anticipated that the DAFF will commence with the process of allocating fishing rights ("Frap 2020") for the squid later shortly.

MATERIAL MATTERS AFFECTING THE OPERATION

IMPACT ON OUR ABILITY TO CREATE VALUE

HOW WE RESPONDED

Cyclical nature of catches during the season.

Cyclical catches could result in erratic catch rates and higher catch costs.

The Group continues to work with the industry and scientific work groups and utilises industry information to accommodate for seasonality and plan to catch at the most likely optimal time period.

OPERATIONAL REVIEWS (CONTINUED)

ABALONE

The Premier Group trades in abalone through its Atlantic Abalone brand.

Abalone is cultivated at our farm which is located in Gansbaai Harbour. The strategic focus for this division is mainly on expanding production to 300 tons per annum from the current 120 tons. Improvements and expansions were completed in our hatchery during year under review resulting in our spat production increasing to an average of 100 000 spat per month compared to an average of 60 000 spat production per month in the previous financial year. The hatchery continues to consistently produce good quality spat which provides a good platform for our planned expansion in production output.

We have also constructed a bigger hatchery and we anticipate to increase the spat production to an average of 500 000 per month once fully operational.

Our increased spat production and modifications done at our grow-out facility resulted in an increase in production and stockholding. We plan to complete the installation of additional grow-out tanks as part of the expansion on the abalone farm in the 2019 financial year which will significantly increase our holding capacity and will provide us with a platform to increase production output.

ABALONE	2018	2017	2016
Total holdings (tons)	145	126	103

SALES AND MARKETING

Demand for abalone from our customers continues to outweigh our output. Our sales and marketing team continues to focus on growth in US\$ pricing and in the year under review we achieved an average increase of 7% in US\$ pricing across our sales categories. Our sales and marketing team is focused on securing additional geographical markets and increasing US\$ pricing in the 2019 financial year. The market continues to demand more live abalone. Live abalone sales are 70% of the total sales volumes and this is expected to continue in the foreseeable future.

Product: LIVE ABALONE	»	Market: HONG KONG, TAIWAN	Number of abalone facilities 1
Product: CANNED ABALONE	»	Market: HONG KONG, TAIWAN	

ABALONE	2018	2017	2016
Total live equivalent tons processed for sale	73	80	88
Sales volumes			
Live abalone (tons)	58	59	64
Canned abalone (cartons)	218	589	726

Total sales volumes were seven tons less than the previous year as the division focused on increasing its stockholding for the farm's expansion. The division achieved an average ZAR/US\$ exchange rate of R12.85 for the year under review which was lower than the average rate of R13.32 achieved in the prior financial year. The lower sales volumes and the appreciation of the ZAR resulted in a lower turnover for the year under review. However, the impact was minimised by the increase achieved in US\$ pricing.

Total area owned and leased: **6** hectares owned **4** hectares leased

Total area utilised for cultivating: **4** hectares

FUTURE OUTLOOK

Construction activities are currently on-going and we expect construction to be completed by the end of the 2019 financial year. We currently have a stable and growing pipeline of abalone and we expect to double the current production output from 120 tons to 300 tons by the end of the 2020 financial year. We expect a significant increase in sales volumes and profits from our abalone division from the financial year ended 2020 onwards and is expected to be completed by the end of the 2019 financial year. We currently have a stable and growing pipeline of abalone and we expect to double the current production output from 120 tons to 300 tons by the end of the 2020 financial year.

MATERIAL MATTERS AFFECTING THE OPERATION

IMPACT ON OUR ABILITY TO CREATE VALUE

HOW WE RESPONDED

Increasing sea-water temperatures.

High sea-water temperatures affect the growth rate of abalone.

We are in the process of installing equipment at the farm which enables the cooling of water before it is circulated throughout the farm in instances of higher-than-ideal sea-water temperatures.

Red tide (large concentrations aquatic micro-organisms) in the sea-water which supplies the farm.

Red tide reduces the oxygen content in the sea-water and might ultimately result in reduced growth rates or animal mortalities.

We have utilised the services of a microbiologist to provide standard operating procedures in which the animals are to be handled during the occurrence of red tide. A re-circulation system will be implemented with the farm expansion which will enable the farm to re-circulate clean water during the occurrence of red tide.



OPERATIONAL REVIEWS (CONTINUED)

HAKE

The Premier Group is part of a joint operation with Blue Continental Products (BCP) for hake.

The Group's hake quota is caught, processed and marketed through the joint operation. There was a good size mix landed in the current year which resulted in higher market prices. We experienced good catch rates in the current financial year and sale volumes were 3% higher than the prior year. There were major repairs done on the vessel; due to a breakdown which resulted in lower profits compared to prior year. The major repair work is expected to be once-off.

SALES AND MARKETING

Demand for Cape Hake continues to be strong, and the operation continued to experience increases in Euro sales prices with average Euro market prices being 3% higher than the prior year.

HAKE	2018	2017	2016
TAC (tons)	119 729	123 020	123 020
Premier share of TAC (tons)	672	720	720
Percentage of allocated quota caught	100	100	100

Product: **HAKE – HEADED AND GUTTED** » Market: **EUROPE, SOUTH AFRICA**

MATERIAL MATTERS AFFECTING THE OPERATION

Possible reductions in TAC.

IMPACT ON OUR ABILITY TO CREATE VALUE

The variations in size mixes might result in a lower average market price achieved on the hake.

HOW WE RESPONDED

We continue to work with the industry and scientific work groups and utilise industry information to accommodate for seasonality and plan to catch at the most likely optimal time period.



SEAGRO

Seagro is a liquid fertiliser which is produced from fish oil. Fish oil is a by-product of the fishmeal process.

The liquid fertiliser is sold in bulk directly to farmers, or in 200ml, 500ml, one-litre and five-litre bottles to the retail market. Seagro is manufactured from fish oil, a by-product of the fishmeal making process. There were increased catches of anchovy which is used in making fishmeal and ultimately there was an increase in fish oil supply during the current year which enabled us to manufacture increased volumes of Seagro in the current year.

SEAGRO	2018	2017	2016
Fish oil concentrate purchased (litres)	189 200	169 899	178 778
Fish oil concentrate processed (litres)	166 000	152 900	160 900
Sales volumes (litres)	134 345	111 614	90 320

Product: **SEAGRO ORGANIC LIQUID FERTILISER** » Market: **SOUTH AFRICA**

Location: **SALDANHA BAY**

Number of facilities **1**

SALES AND MARKETING

The local market for Seagro fertiliser is strong. The increase in the amount of available fish oil (raw material) enabled us to meet the demand for the product. We were also able to achieve a 7% increase in our market prices during the current financial year.

FUTURE OUTLOOK

The demand for Seagro fertiliser continues to grow year-on-year and with this demand we expect to significantly increase our volumes in the year ahead.

MATERIAL MATTERS AFFECTING THE OPERATION

IMPACT ON OUR ABILITY TO CREATE VALUE

HOW WE RESPONDED

Availability of fish oil.

Fish oil is a raw material used in the manufacture of Seagro. If the Company is not able to source sufficient volumes of fish oil then there could be a reduction in the volumes of Seagro produced.

The Company is planning to install a fish meal plant which will ultimately guarantee the Seagro business supply of fish oil.



OPERATIONAL REVIEWS (CONTINUED)

PROCESSING AND MARKETING

The Premier Group enters into agreements with other quota holders for WCRL and wild abalone in which the Group processes their quotas and markets it on their behalf.

The Group then earns a processing and marketing fee. We managed to increase the volume of contracted quota for wild abalone in the current year which resulted in increased revenues for the processing and marketing operation.

The Group continues to focus on acquiring additional contracted quota.

PROCESSING AND MARKETING	2018	2017	2016
Contracted WCRL sold (tons)	76	77	82
Wild abalone TAC (tons)	94	95	95
Contracted wild abalone acquired (tons)	30	30	24
Total contracted wild abalone processed	23	30	24
Sales volumes			
Wild live abalone (tons)	2	2	1
Wild canned abalone (cartons)	753	806	256
Wild dried abalone (tons)	–	1	–
Wild frozen abalone (tons)	2	1	1



COLD STORAGE

The cold storage business is a warehouse facility for both the Group's products and for external customers as well.

	2018	2017	2016
Number of pallets handled for internal operations	2 284	1 885	2 540
Number of pallets handled for external customers	3 287	3 574	3 400

MATERIAL MATTERS AFFECTING THE OPERATION

Under utilisation of capacity due to lower storage.

IMPACT ON OUR ABILITY TO CREATE VALUE

Lower customer storage capacity.

HOW WE RESPONDED

We are currently offering storage space for dry goods in addition to frozen product in order to mitigate against any reduced demand for frozen product storage.

Products handled: **FROZEN FISH, DRY GOODS** » Market: **SOUTH AFRICA**

Location: **V&A WATERFRONT**

Number of facilities **1**





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CONDENSED FINANCIAL STATEMENTS

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SUMMARISED AUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 August 2018

	Audited Year ended 31 August 2018 R'000	Audited Year ended 31 August 2017 R'000
Revenue	490 870	410 733
Cost of sales	(280 651)	(230 586)
Gross profit	210 219	180 147
Other operating income	19 523	1 249
Other operating expenses	(138 161)	(116 245)
Operating profit	91 581	65 151
Investment revenue	40 975	33 015
Finance costs	(3 543)	(3 323)
Profit before taxation	129 013	94 843
Taxation	(33 672)	(26 743)
Profit for the year	95 341	68 100
Total comprehensive income for the year	95 341	68 100
Profit after tax attributable to:		
Shareholders of Premier	81 858	68 100
Non-controlling interest	13 483	–
	95 341	68 100
Earnings per share information		
Basic and diluted earnings per share (cents)	31.48	33.77
Headline and diluted headline earnings per share (cents)	31.60	34.59
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 R'000	Audited as at 31 August 2017 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		
Equity	507 517	507 517
Stated capital		
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
Liabilities		
Non-current liabilities	116 134	82 310
Other financial liabilities	4 663	7 651
Operating lease liability	333	1 243
Post-employment 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

as at 31 August 2018

	Audited Year ended 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
Total cash at end of the year	350 580	523 933

COMMENTS

1. BASIS OF PREPARATION

The summarised consolidated annual financial statements were prepared in accordance with the JSE Limited Listings Requirements ("JSE") for summary financial statements and the requirements of the Companies Act. The JSE requires summary financial statements 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 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. The auditor's report does not necessarily report on all of the information contained in this summarised report. 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 summarised report is the responsibility of the directors and has not been reviewed or reported by the Company's auditors.

2. GROUP SEGMENTAL ANALYSIS

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

COMMENTS continued

2. GROUP SEGMENTAL ANALYSIS (continued)

	Audited Year ended 31 August 2018 R'000	Audited Year ended 31 August 2017 R'000
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 PROFIT

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

	Audited Year ended 31 August 2018 R'000	Audited Year ended 31 August 2017 R'000
Management fee expense	4 711	12 480
Loss on disposal of property, plant and equipment	409	2 295
Loan written off	–	397
(Gain)/loss on foreign exchange	(1 797)	2 979
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. EARNINGS PER SHARE

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

	Audited Year ended 31 August 2018 cents	Audited Year ended 31 August 2017 cents
Basic earnings per share	31.48	33.77
Diluted earnings per share	31.48	33.77

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

	Audited Year ended 31 August 2018	Audited Year ended 31 August 2017
Earnings attributable to owners of Premier Fishing and Brands Limited (R'000)	81 858	68 100
Weighted average number of shares (000)	260 000	201 660

Headline earnings is determined as follows:

	Audited Year ended 31 August 2018 R'000	Audited Year ended 31 August 2017 R'000
Earnings attributable to owners of Premier Fishing and Brands Limited	81 858	68 100
Adjusted for:		
Effect of loss on derecognition of property, plant and equipment gross of tax	409	2 295
Taxation effect	(115)	(643)
Headline earnings	82 152	69 752

COMMENTS continued

4. EARNINGS PER SHARE (continued)

	Audited Year ended 31 August 2018 cents	Audited Year ended 31 August 2017 cents
Headline earnings per share	31.60	34.59
Diluted headline earnings per share	31.60	34.59

5. CASH GENERATED FROM OPERATIONS

	Audited Year ended 31 August 2018 R'000	Audited Year ended 31 August 2017 R'000
Profit before taxation	129 013	94 843
Adjustments for:		
Depreciation and amortisation	17 485	14 261
Loss on sale of assets	409	2 295
Interest income	(40 975)	(33 015)
Finance costs	3 543	3 323
Loan written off	–	397
Movements in operating lease liability	(910)	(822)
Movements in post-employment medical costs liability	(91)	(78)
Movements in provisions	(3 999)	1 600
Fair value adjustment on biological assets	(13 178)	(6 153)
Changes in working capital:		
Inventories	20 369	(704)
Trade and other receivables	(18 825)	(38 065)
Trade and other payables	(1 654)	2 212
Cash generated from operations	91 187	40 094

6. 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 9 May 2018.

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

	Audited Year ended 31 August 2018 R'000
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 ^(a)	(50 662)
Goodwill ^(b)	51 964
Total purchase consideration	89 323

a. 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.

b. Goodwill

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

COMMENTS continued

6. SIGNIFICANT EVENTS AND TRANSACTIONS (continued)

Net cash outflow on acquisition date:

Cash consideration paid	89 323
Cash acquired	(28 084)
	61 239

Acquisition related costs

The interest accrued on the purchase consideration amounting to R3 964 767 was included as part of the purchase consideration, which 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 and profit or loss of Talhado Fishing Enterprises Proprietary Limited and its subsidiaries

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. 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.

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.

DIVIDENDS

	Audited Year ended 31 August 2018	Audited Year ended 31 August 2017
*Dividend declared after reporting date (R'000)	65 000	39 000
Dividends per share (cents)	25	15

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

SHAREHOLDERS' INFORMATION

Shareholder information as at 31 August 2018

The Company's shareholders as at 31 August 2018 can be summarised as follows:

ANALYSIS OF SHAREHOLDINGS AS AT 31 AUGUST 2018

NUMBER OF SHAREHOLDERS		PERCENTAGE OF TOTAL SHAREHOLDERS	NUMBER OF SHARES	PERCENTAGE OF TOTAL ISSUED SHARES
1 – 5 000	837	75.47	648 476	0.25
5 001 – 10 000	69	6.22	546 199	0.21
10 001 – 100 000	141	12.71	4 806 264	1.85
100 001 – 1 000 000	49	4.42	15 646 835	6.02
1 000 001 and more	13	1.17	238 352 226	91.67
Total	1 109	100.00	260 000 000	100.00

MAJOR SHAREHOLDERS (5% AND MORE OF THE SHARES IN ISSUE)

	NUMBER OF SHARES	PERCENTAGE OF TOTAL ISSUED SHARE CAPITAL
African Equity Empowerments Investments Limited	143 000 000	55.00
Government Employees Pension Fund	61 393 497	23.61
Total	204 393 497	78.61

DISTRIBUTION OF SHAREHOLDERS

NUMBER OF SHAREHOLDERS		SHARES PERCENTAGE	NUMBER OF SHARES	PERCENTAGE
Individuals	995	89.72	7 075 744	2.72
Nominee companies and trusts	32	2.89	1 701 080	0.65
Public companies	68	6.13	249 163 403	95.83
Close corporations and private companies	14	1.26	2 059 773	0.79
Total	1 109	100.00	260 000 000	100.00

NON-PUBLIC AND PUBLIC SHAREHOLDING

NUMBER OF SHAREHOLDERS		SHARES PERCENTAGE	NUMBER OF SHARES	PERCENTAGE
NON-PUBLIC	4	0.36	204 476 497	78.64
Directors	2	0.18	83 000	0.03
Greater than 10% of issued capital	2	0.18	204 393 497	78.61
PUBLIC	1 105	99.64	55 523 503	21.36
TOTAL	1 109	100.00	260 000 000	100.00

Note: Refer to the directors' report for further details of directors' holdings.

SHAREHOLDERS' DIARY

ANNUAL GENERAL MEETING

Tuesday, 19 February 2019 at 14h00 at Premier's head office at 3 Dock Road, Waterway House, V&A Waterfront

FINANCIAL REPORTS

Announcement of annual results – November 2019

Integrated Report – November 2019

CORPORATE INFORMATION

COMPANY SECRETARY

Mohamed Wazeer Moosa – wazeerm@premfish.co.za

EXECUTIVE MANAGEMENT TEAM

Chief executive officer – Mogamat Samir Saban – samiers@premfish.co.za

Chief financial officer – Isaiah Tatenda Bundo – tatendab@premfish.co.za

Sales and marketing director – Rushaan Isaacs – rushaans@premfresh.co.za

Prescribed officer – Mogamat Samir Saban – samirs@premfish.co.za

BUSINESS ADDRESS AND REGISTERED OFFICE

Quay 7, East Pier, Victoria & Alfred Waterfront, Cape Town, 8001, South Africa

Postal address: PO Box 181, Cape Town, 8000, South Africa

Telephone: +27 21 427 1400

Facsimile: +27 21 419 0731

EMAIL AND WEBSITE

Email address: info@premierfishing.co.za

Website: www.premierfishing.co.za

COMPANY REGISTRATION NUMBER

1998/018598/06

TRANSFER SECRETARIES

Link Market Services South Africa Proprietary Limited

Rennie House, 13th Floor, 19 Ameshoff Street, Braamfontein, 2001

Postal address: PO Box 4844, Johannesburg, 2000

Telephone: +27 11 713 0800

Telefax: +27 86 674 4381

Website: www.linkmarketservices.co.za

AUDITORS

BDO Cape Inc.

SPONSOR

PSG Capital Proprietary Limited

LISTING

Johannesburg Stock Exchange

Sector: Farming and fishing

Share code: PFB

ISIN: ZAE000247516

GLOSSARY OF TERMS AND ACRONYMS

AEEI	African Equity Empowerment Investments Limited
Adv.	Advocate
AFS	Annual financial statements
AGM	Annual general meeting
Board	The Board of directors
B-BBEE	Broad-Based Black Economic Empowerment
BDO	BDO Cape Incorporated
CEO	Chief executive officer
CFO	Chief financial officer
CIPC	Companies and Intellectual Property Commission
DAFF	The Department of Agriculture, Forestry and Fisheries
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
EPS	Earnings per share
EU	European Union
EURO	European Union and its territories
EXCO	Executive committee
FAWU	Food and Allied Workers Union
FDA	Food and Drug Administration
FRAP	Fishing Rights Allocation Process
GDP	Gross domestic product
GROUP	Premier Fishing and Brands Limited Group
HAACP	Hazard Analysis and Critical Points Control
HDSA	Historically disadvantaged in South Africa
IFRS	International Financial Reporting standards
IIRC	International Integrated Reporting Council
IR	Integrated report
JSE	Johannesburg Stock Exchange
KING IV™	King IV Report on Corporate Governance for South Africa
KPI	Key Performance Indicator
MCM	Marine Coastal Management
MOI	Memorandum of Incorporation
NCFAWU	National Certified Fishing and Allied Workers Union
NRCS	National Regulator for Compulsory Specifications
PFB	Premier Fishing & Brands Limited
PREMIER	Premier Fishing SA Proprietary Limited
PIC	Public Investment Corporation
SABS	South African Bureau of Standards
SAMSA	South African Maritime Safety Authority
SARB	South African Reserve Bank
SARS	South African Revenue Service
S.A.S.M.I.A	The South African Squid Management Industrial Association
STATSA	Statistics South Africa
SCRL	South Coast Rock Lobster
TAC	Total allowable catch
TALFU	Trawler and Line Fishermen
TALHADO	Talhado Fishing Enterprises Proprietary Limited including its subsidiaries
USD	United States Dollar
WCRL	West Coast Rock Lobster
WWF	The World Wide Fund for Nature
ZAR	South African Rand

