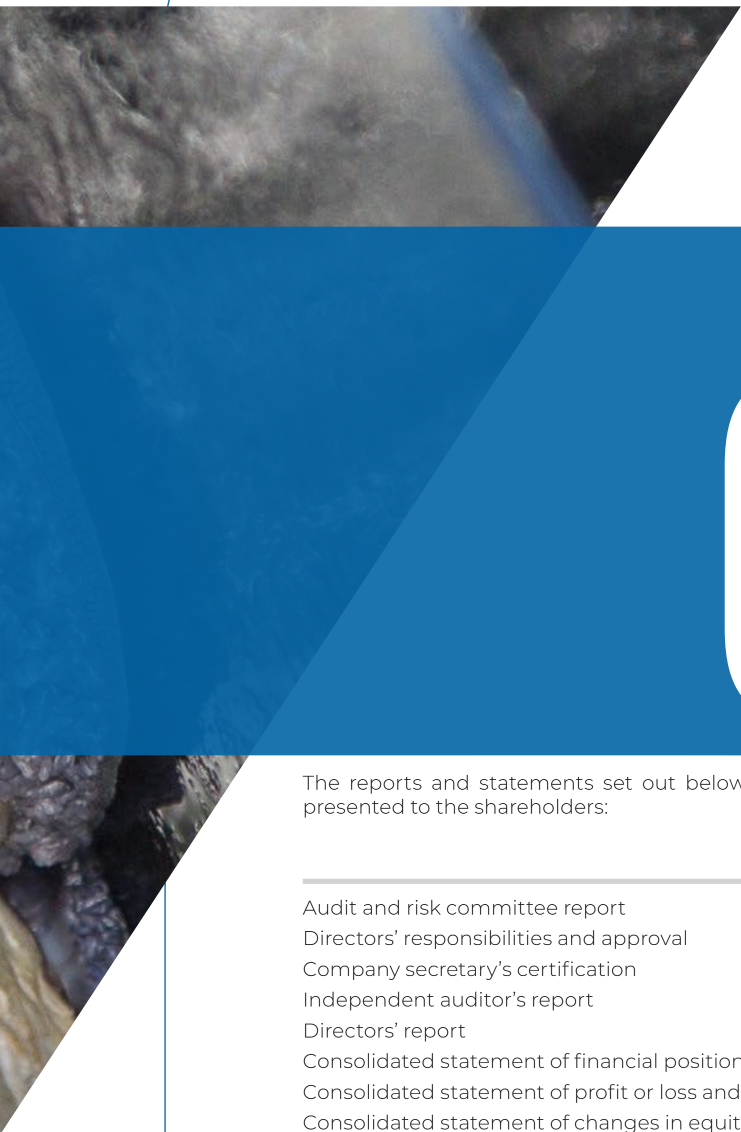
Premier Fishing & Brands Limited
The First Choice

Group Annual Financial Statements 2020

A proudly South African Fishing Company

INDEX



01

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

LEVEL OF ASSURANCE

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

Preparer

Brent Robertson CA(SA)

Supervised by

Rushaan Isaacs

Published

22 December 2020

AUDIT AND RISK COMMITTEE REPORT

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

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

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

Name	Qualification	Date of appointment	Changes	Attendance
Salim Young	B.Proc (UWC), LLM	3 April 2018	Resigned 17 August 2020	3 / 4
Rosemary Phindile Mosia (Chairperson)	BCom PDM, BCTA, MBL	2 May 2017		3 / 4
Advocate Ngoako Ramatlhodi	BA Law (NUL), LLB (NUL), MSc (UZ)	8 August 2018		2 / 4
Sebenzile Patrick Mngconkola	BTech Business Administration, HR Degree	8 August 2018		3 / 4
Clifford van der Venter	BCom (UNISA), MBA (UCT)	3 April 2018		3 / 4
Valentine Dzvova	BCom Accounting UCT, CA(SA)	17 August 2020	Appointed on 17 August 2020	2 / 2

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

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

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

2. EXTERNAL AUDITOR

In the prior year, BDO announced that it will not be seeking re-appointment as the auditors of the company and its subsidiaries at the next annual general meeting ("AGM") of the company. 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 Audit and Risk Committee of the Group considered and accepted a proposal to appoint Thawt Inc. and Crowe JHB, of which the latter is a member of Crowe Global, as the Company's joint external auditors.

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

The committee approved the level of scope, external audit fees and the extent of non-audit services for the 2020 audit. The nature and extent of all non-audit services provided by the external auditors are approved and reviewed by the committee. The extent of non-audit services did not exceed the approved limits.

The committee evaluated the audit and was satisfied with the performance of the external auditor during the reporting period and with the quality of the external audit procedure.

3. KEY AUDIT MATTERS RELATING TO THE 2020 AUDIT

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

The key audit matters were:

- Residual values of vessels (consolidated financial statements)
- Physical quantities of biological assets (consolidated financial statements)
- Valuation of goodwill and intangible assets with indefinite useful lives

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

4. INTERNAL AUDIT

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

The committee reviewed the reports on the adequacy of the Group's internal control environment and based on that review, is satisfied that there have been no material breakdowns in the internal control environment of the Group.

5. ANNUAL FINANCIAL STATEMENTS

The committee reviewed the annual financial statements for the year ended 31 August 2020 and is satisfied that they comply in all material aspects with the requirements of International Financial Reporting Standards, the Companies Act and JSE Listings requirements. The committee recommended the annual financial statements to the Board for approval.

6. EXPERTISE AND EXPERIENCE OF THE CHIEF FINANCIAL OFFICER

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

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

7. GOING CONCERN

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

8. CONCLUSION

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

On behalf of the audit and risk committee

Rosemary Mosia
Chairperson audit and risk committee
22 December 2020

DIRECTORS' RESPONSIBILITIES AND APPROVAL

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

The consolidated annual financial statements, set out on pages 15 to 79, are based on appropriate accounting policies which has been consistently applied throughout the Group and which are supported by reasonable and prudent judgements and estimates. The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Group and place considerable importance on maintaining a strong control environment.

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

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

The directors have reviewed the Group cash flow forecast for the year to 31 August 2021 and, in light of this review and the current financial position, they are satisfied that the Group has or had access to adequate resources to continue in operational existence for the foreseeable future.

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

The directors, whose names are stated below, hereby confirm that:

- the annual financial statements set out on pages 15 to 79, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;
- no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;
- internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the issuer; and
- the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function within the combined assurance model pursuant to principle 15 of the King Code. Where we are not satisfied, we have disclosed to the audit committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls and any fraud that involves directors, and have taken the necessary remedial action.

The consolidated annual financial statements set out on pages 15 to 79 which have been prepared on the going-concern basis, were approved by the board of directors on 22 December 2020. The consolidated annual financial statements are signed on the directors' behalf by:

Rushaan Isaacs
Chief executive officer
22 December 2020

Brent Robertson
Chief financial officer
22 December 2020

COMPANY SECRETARY'S CERTIFICATION

During the current year, Wazeer Moosa resigned as company secretary of the Group on the 18 November 2019. Cornell Kannemeyer was appointed company secretary on the 19 November 2019. The Board considered the competence, qualifications and experience of the company secretary and is satisfied that they are appropriate. The Board considered the interactions between the company secretary and the Board during the past financial year and is satisfied that there is an arm's length relationship between the Board and the company secretary.

CERTIFICATE OF THE COMPANY SECRETARY

In my capacity as the company secretary, I hereby confirm in terms of the Companies Act, that for the year ended 31 August 2020, Premier Fishing and Brands Limited has lodged with the Companies and Intellectual Property Commission, all such returns and notices that are required of a public company in terms of the Companies Act, and that all such returns and notices are, to the best of my knowledge and belief, true, correct and up to date.

per Cornell Kannemeyer
22 December 2020

To the shareholders of Premier Fishing and Brands Limited

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Premier Fishing and Brands Limited and its subsidiaries ("the group") set out on pages 15 to 79, which comprise the consolidated statement of financial position as at 31 August 2020, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Premier Fishing and Brands Limited and its subsidiaries as at 31 August 2020, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for Opinion

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

Other Matter

The consolidated financial statements of the group for the year ended 31 August 2019, were audited by another auditor who expressed an unmodified opinion on those statements on 30 October 2019.

Key Audit Matters

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

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER

RESIDUAL VALUES OF VESSELS

The residual values of the vessels are reviewed annually by management.

A management expert (the expert) is used to assist in the determination of residual values.

In determining the residual value, management applies judgement in determining the estimated amount that the entity would currently obtain from the disposal of the asset, after deducting the estimated costs of disposal, if the asset was already of the age and in the condition expected at the end of its useful life.

Accordingly, the residual values of vessels were considered to be a key audit matter, due to the significance of the estimates and the level of judgement applied by management.

The disclosures relating to the vessels are contained in note 1 (accounting policies) and note 4 (property, plant and equipment).

Our audit procedures performed included, among others:

We obtained a copy of the expert's assessment of the residual values and performed the following:

- Assessed the independence, experience and expertise of the expert;
- Performed reasonability testing on the inputs and assumptions used by the expert, by comparing these to our industry knowledge, external sources and information gathered throughout the audit;
- Inspected that the residual values calculated by the expert were within the predetermined range of market values. The exchange rates used were compared to observable forex rates;
- The method applied by the expert was compared to that of the prior year in order to determine consistency; and
- Obtained management representation to confirm that they have reviewed the residual values.

We assessed the disclosures made for compliance with International Financial Reporting Standards.

PHYSICAL QUANTITIES OF BIOLOGICAL ASSETS

Biological assets comprise of live abalone and are held in various weight categories. It is impractical to count all the abalone on a given day, due to factors such as the delicate nature of the abalone and the quantity of abalone held at the farm.

As such, the quantities are determined through a process known as grading, which involves the periodic process of categorising systematic batches of abalone across the farm. Through this continual process and the use of industry growth algorithms, the number and average weight of the abalone is determined.

Physical quantities of biological assets is a key audit matter due to the significant contribution to the consolidated results of the group, as well as it requiring significant management judgement.

The disclosures relating to biological assets are contained in note 1 (accounting policies) and note 12 (biological assets).

Our audit procedures performed included, among others:

- We obtained an understanding of the information systems, as well as the processes which have been implemented by management, around determining the physical quantities of abalone. The control environment and processes have been overseen by those charged with governance.
- We attended the periodic grading on site, in order to observe the appropriateness of controls implemented in applying sampling methodologies, as well as to confirm the adherence to appropriate biological inventory processes.
- The procedures followed in the periodic grading were compared to that of the prior year in order to determine consistency;
- We agreed a sample of baskets counted on the day of observation to the inventory sheets and system report, to ensure reliance on the system inputs; and
- We agreed a sample of actual abalone graded on the day of observation to the system predicted weights. This was performed to ensure reliance on the predicted weight and the system's accuracy of abalone growth prediction.

We assessed the disclosures made for compliance with International Financial Reporting Standards.

VALUATION OF GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES

In accordance with International Financial Reporting Standards, the group is required to annually test goodwill and intangible assets with an indefinite useful life for impairment. The test compares the carrying amount of the asset with its recoverable amount, which is the higher of its fair value less costs to sell (if known) and its value in use.

Forecasting future cash flows and applying an appropriate discount rate, inherently involves a high degree of estimation and judgement by management.

Refer to note 1 (accounting policies) as well as note 6 (goodwill) and note 7 (intangible assets).

We have determined this to be a key audit matter due to the judgement required by management in preparing a 'value-in-use' model to satisfy the impairment test.

Our audit procedures focused on evaluating and challenging the key assumptions applied by management in conducting the impairment review. These procedures included, amongst others, the following:

- Reviewed the valuation techniques and methodology for compliance with IAS 36 Impairment of Assets;
- We assessed the competence, capabilities and objectivity of Managements' independent experts

We have made use of auditors' valuation experts to:

- Assess the models for arithmetical accuracy;
- Evaluate the cash flow projections and the process by which they were developed, comparing the cash flows to the latest budgets, and assessing the historical accuracy of the budgeting process;
- Assess the reasonability and appropriateness of the key inputs;
- Perform a sensitivity analysis of the key assumptions in the model; and
- Assess the key growth rate assumptions by comparing them to historical results, economic and industry forecasts, and assessing the discount rate by reference to the cost of capital of the group.

We assessed the disclosures made for compliance with International Financial Reporting Standards.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the documents titled "Premier Fishing and Brands Limited Group Annual Financial Statements 2020", "Premier Fishing and Brands Limited Company Annual Financial Statements 2020" which includes the Directors' Report, the Audit Committee's Report and the Company Secretary's Certification as required by the Companies Act of South Africa, and in the document titled "Premier Fishing and Brands Limited Integrated Report 2020". The other information does not include the consolidated or the separate financial statements and our auditor's reports thereon.

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Crowe JHB and THAWT Incorporated has been the joint auditors of Premier Fishing and Brands Limited for the first time in the current year.

THAWT Incorporated
C du Toit
Partner
Registered Auditor
Bellville, Cape Town, 7530
22 December 2020

Crowe JHB
G Kartsounis
Partner
Registered Auditor
Sandown, Johannesburg, 2196
22 December 2020

DIRECTORS' REPORT

The directors have pleasure in submitting their report which forms part of the consolidated annual financial statements for the year ended 31 August 2020.

1. NATURE OF BUSINESS

The Group operates in South Africa and is engaged in commercial harvesting, processing and marketing of marine resources. The Group's principal operations are catching, processing and marketing of pelagic (pilchards and anchovy), west coast rock lobster, south coast rock lobster, squid and hake. The Group also earns cold storage revenue through the use of cold and dry storage space by its customers. The Group is also involved in aquaculture (abalone farming) as well as the manufacture of environmental friendly fertiliser products (organic liquid fertiliser).

2. FINANCIAL RESULTS

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

Full details of the financial position, results of operations and cash flows of the Group are set out in these consolidated annual financial statements. Refer to note 36 – Segmental Information for a detailed breakdown of the proportion of net income or loss attributable to the various divisions in the Group.

3. CORPORATE GOVERNANCE

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

4. GOING CONCERN

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

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

5. EVENTS AFTER THE REPORTING PERIOD

Shareholders are advised that Premier Fishing SA Proprietary Limited ("PFSA") and Laudeware Proprietary Limited ("BEE SPV") ("The parties") have entered into a binding memorandum of understanding ("MOU") in terms of which *inter alia*, BEE SPV, a special purpose broad-based black economic empowerment company shall be introduced as a shareholder in PFSA, such that the black ownership of PFSA shall be increased from 69% to 78% post the introduction of BEE SPV ("BEE Transaction").

PFSA shall create and issue to BEE SPV a new class of share ("PFSA A Class Shares") with voting rights which rank *pari passu* with the ordinary shareholders of PFSA such that the PFSA A Class Shares issued to BEE SPV will, after their issue, constitute 30% of the total issued share capital of PFSA.

The BEE Transaction is being undertaken for purposes of:

- complying with section 2 (Objectives) of the MLRA and, in particular, section 2(j) thereof responding to the need to restructure the fishing industry to address historical imbalances and to achieve equity within all branches of the fishing industry; and
- increasing the black ownership of PFSA to 78% in order to secure Fishing Rights for Premier Fishing , in relation to the upcoming fishing rights allocation process ("FRAP").

The potential impact on profit and loss, and its related tax effects will only be known during the new financial year once all agreements are completed.

6. SHARE CAPITAL

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

7. DIVIDENDS

During the current year, a dividend of R26 million was declared and paid to shareholders, in relation to the prior year's performance. The Group's policy is to declare approximately 50% to 60% of the earnings per share as a dividend to shareholders. The impact of Covid-19 is being felt in most of the markets that the Group operates in despite the Group being deemed an essential business service. There is no certainty as to when the pandemic will be brought under control and how long it will take for our markets to return to normal levels. Furthermore, the Group suffered the worst squid season in its history, due to the resource being scarce. As a consequence of this uncertainty and the challenging year it has been, the Board of Directors believes that preservation of cash is paramount to ensure the sustainability of the Group in this current environment, and has such, made the decision not to declare a dividend for the year ending 31 August 2020.

8. REPORT OF THE AUDIT AND RISK COMMITTEE

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

9. BOARD EVALUATION OF THE AUDIT AND RISK COMMITTEE

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

10. DIRECTORATE

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

Directors	Office	Designation	Date of appointment	Date of resignation
R Isaacs	Chief executive officer	Executive	1 February 2020	
B Robertson	Chief financial officer	Executive	31 October 2019	
MS Saban	Chief executive officer	Executive		31 January 2020
I Moosa	Chief financial officer	Executive		31 October 2019
AB Amod	Non-executive chairperson	Non-executive	17 January 2020	
K Abdulla	Deputy chairman	Non-executive		12 March 2020
I Amod		Non-executive	31 October 2019	
S Young		Non-executive		
RP Mosia		Non-executive		
CL van der Venter		Lead independent		
Adv N Ramatlhodi		Non-executive		
SP Mngconkola		Non-executive		
V Dzvova		Non-executive	17 August 2020	

During the financial year ended 31 August 2020, MS Saban and I Moosa resigned from their roles as chief executive officer and chief financial officer. The resignation was effective on 31 January 2020 and 31 October 2019 accordingly.

Mr B Robertson was appointed as a Chief Financial Officer on effective from 31 October 2019 and Ms R Isaacs as a chief executive officer on 1 February 2020.

Ms A Amod has been appointed as Non-Executive chairperson of the Board as of 17 January 2020..

Mr I Amod was appointed as Non-Executive director effective from 31 October 2019. Furthermore, Ms V Dzvova was appointed as a non-executive director on 17 August 2020 and Mr CL Van Der Venter designation changed from non-executive to lead non-executive on 2 July 2020.

11. LIQUIDITY AND SOLVENCY

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

12. DIRECTORS' INTERESTS IN SHARES

2020

Directors	Direct beneficial	Direct non-beneficial	Indirect beneficial	Indirect non-beneficial	Total percentage
S Young	50 000	-	-	-	0.02
CL van der Venter	36 500	-	-	-	0.01
*K Abdulla	50 000	-	175 000	-	0.09
*A Amod	-	-	-	4 500	0.00
I Amod	22 222	-	-	-	0.01
Total	**158 722**	**-**	**175 000**	**4 500**	**0.13**

2019

Directors	Direct beneficial	Direct non-beneficial	Indirect beneficial	Indirect non-beneficial	Total percentage
S Young	50 000	–	–	–	0.01
CL van der Venter	36 500	–	–	–	0.01
*K Abdulla	50 000	–	175 000	–	0.09
*A Amod	-	-	-	26 722	0.01
Total	**136 500**	**–**	**175 000**	**26 722**	**0.13**

During the year, the directors held in aggregate a direct beneficial interest of 158 722 (2019: 136 500) in the company's shares, equivalent to 0.06% (2019: 0.05%) of the issued share capital.

* Aziza Amod and Khalid Abdulla have an indirect interest in shares of 179 500 (2019: 201 772) shares which equates to 0.07% (2019 :0.08%) of total issued shares. This relates to shares held by their associates and has been disclosed as per the JSE Listings Requirements. The directors shareholdings did not change between the end of the financial year and date of approval of Annual financial statements.

13. INTERESTS IN SUBSIDIARIES AND JOINT ARRANGEMENTS

Details of material interests in subsidiary companies, joint ventures and joint arrangements are presented in notes 8 and 9.

There were no significant acquisitions or divestitures during the year ended 31 August 2020.

14. ULTIMATE HOLDING COMPANY

The Group's ultimate holding company is African Equity Empowerment Investments Limited which holds 56.23% (2019: 56.23%) of the Group's equity. African Equity Empowerment Investments Limited is listed on the JSE Limited.

15. SECRETARY

The company secretary is Mr C Kannemeyer of:

Postal address:	PO Box 181 Cape Town Cape Town 8000
Business address:	3 South Arm Road Victoria Basin V&A Waterfront Cape Town 8001

16. AUDITORS

BDO did not seek re-appointment as the auditors of the company and its subsidiaries at the next annual general meeting ("AGM") of the company.

The audit and risk committee of the Group considered and accepted a proposal to appoint Thawt Inc. and Crowe JHB (hereafter referred to as "Crowe"), of which the latter is a member of Crowe Global ("CROWE Global") as the company's joint external auditors.

17. PREPARER

These annual financial statements were prepared by the Chief Financial Officer, Brent Robertson CA(SA) under the supervision of the chief executive officer, Rushaan Isaacs.

18. COMPANY SECRETARY

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

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

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

19. SPECIAL RESOLUTIONS

The statutory information relating to special resolutions passed by subsidiaries is available from the registered office of the company. The only special resolutions passed at the AGM on 26 February 2020 are as follows:

- Remuneration for executive and non-executive directors.
- Inter-company financial assistance.
- Financial assistance for the acquisition of shares in the Company or a related or inter-related company.
- Approval for the Company or its subsidiaries to repurchase Company shares.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 AUGUST 2020

	Notes	2020 R'000	Restated 2019 R'000
ASSETS			
Non-current assets			
Property, plant and equipment	4	**450 162**	407 555
Right-of-use assets	5	**49 535**	–
Goodwill	6	**70 129**	70 129
Intangible assets	7	**20 439**	29 850
Loans to Group Company	10	**100 097**	93 434
Deferred tax	11	**29**	31
		690 391	600 999
Current assets			
Inventories	13	**34 179**	33 925
Trade and other receivables	14	**100 770**	103 333
Other financial assets	15	**2 195**	5 585
Current tax receivable		**4 536**	9 820
Biological assets	12	**84 436**	70 729
Cash and cash equivalents	16	**107 902**	183 219
		334 018	406 611
Total assets		**1 024 409**	1 007 610
EQUITY AND LIABILITIES			
Equity			
Stated capital	17	**507 517**	507 517
Reserves	18	**8 014**	8 014
Retained income		**211 172**	235 926
Equity attributable to shareholders of Premier		**726 703**	751 457
Non-controlling interests		**43 494**	48 007
Total equity		**770 197**	799 464
Liabilities			
Non-current liabilities			
Other financial liabilities	19	**439**	2 018
Operating lease liability		**–**	245
Post-employment medical aid costs	20	**261**	237
Lease liabilities		**55 389**	
Deferred tax	11	**124 191**	119 003
		180 280	121 503
Current liabilities			
Trade and other payables	21	**65 024**	71 064
Other financial liabilities	19	**2 825**	4 558
Current tax payable		**597**	1 069
Lease liabilities		**1 893**	–
Provisions	22	**3 593**	9 952
		73 932	86 643
Total liabilities		**254 212**	208 146
Total equity and liabilities		**1 024 409**	1 007 610

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 AUGUST 2020

	Notes	2020 R'000	Restated 2019 R'000
Revenue	23	**448 693**	575 006
Cost of sales		**(296 230)**	(367 477)
Gross profit		**152 463**	207 529
Other operating income	24	**10 185**	23 330
Other operating expenses		**(150 396)**	(168 405)
Operating profit	25	**12 252**	62 454
Investment revenue	26	**14 611**	26 181
Finance costs	27	**(9 433)**	(5 014)
Profit before taxation		**17 430**	83 621
Taxation	28	**(11 044)**	(25 173)
Profit for the year		**6 386**	58 448
Other comprehensive income		**–**	-
Total comprehensive income for the year		**6 386**	58 448
Profit attributable to:			
Shareholders of Premier		**4 001**	33 702
Non-controlling interests		**2 385**	24 747
Total profit for the year		**6 386**	58 449
Total comprehensive income attributable to:			
Shareholders of Premier		**4 001**	33 702
Non-controlling interest		**2 385**	24 747
Total comprehensive income for the year		**6 386**	58 449
Earnings per share information			
Basic earnings per share (cents)	32	**1.54**	12.96
Diluted earnings per share (cents)	32	**1.54**	12.96

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 AUGUST 2020

	Stated capital R'000	Reserves R'000	Retained income R'000	Total attributable to equity holders of Premier R'000	Non-controlling interest R'000	Total equity R'000
Balance at 1 September 2018	507 517	8 014	298 424	813 955	48 481	862 436
Profit for the year	–	–	48 246	48 246	24 747	72 993
Dividends	–	–	(96 200)	(96 200)	(25 221)	(121 421)
Balance at 1 September 2019 as previously reported	**507 517**	**8 014**	**250 470**	**766 001**	**48 007**	**814 008**
Prior period error	–	–	(14 544)	(14 544)	–	(14 544)
Change in accounting policy for leases from IAS 17 to IFRS 16	–	–	(2 755)	(2 755)	–	(2 755)
Profit for the year	–	–	4 001	4 001	2 385	6 386
Dividends	–	–	(26 000)	(26 000)	(6 898)	(32 898)
Balance at 31 August 2020	**507 517**	**8 014**	**211 172**	**726 703**	**43 494**	**770 197**
Notes	17	18				

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2020

	Notes	2020 R'000	2019 R'000
Cash flows from operating activities			
Cash receipts from customers		**442 062**	611 783
Cash paid to suppliers and employees		**(407 450)**	(488 157)
Cash generated from operations	29	**34 612**	123 626
Interest income		**5 817**	15 360
Finance costs		**(9 433)**	(5 014)
Tax paid	30	**726**	(43 942)
Net cash from operating activities		**31 722**	90 030
Cash flows from investing activities			
Additions to property, plant and equipment	4	**(65 410)**	(125 677)
Purchase of intangible assets	7	**(264)**	(695)
Purchases of biological assets		**(990)**	(8 975)
Loans advanced to holding company	10	**–**	(41 413)
Loans to holding company repaid	10	**2 000**	47 750
Financial assets advanced	15	**–**	(2 161)
Net cash to investing activities		**(64 664)**	(131 171)
Cash flows from financing activities			
Repayment of other financial liabilities	31	**(3 312)**	(4 799)
Payment of lease liabilities	31	**(6 164)**	–
Dividends paid		**(32 899)**	(121 421)
Net cash to financing activities		**(42 375)**	(126 220)
Total cash movement for the year		**(75 317)**	(167 361)
Cash at the beginning of the year		**183 219**	350 580
Total cash at end of the year	16	**107 902**	183 219

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of preparation

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

The consolidated annual financial statements have been prepared on the historical-cost basis, except where otherwise stated and incorporate the principle accounting policies set out below.

The presentation currency of the consolidated annual financial statements is South African Rand, except when stated otherwise.

These accounting policies are consistent with that of the prior year, with the exception of IFRS 16 for Lease accounting. Refer to note 39 for the disclosure of the change in accounting policy.

1.2 Consolidation

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

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

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

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

1.3 Interest in joint venture

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

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

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

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

Interest in joint operations

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.3 Interest in joint venture (continued)

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

1.4 Property, plant and equipment

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

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

Land is carried at cost and is not depreciated.

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

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

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

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

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

Item	Average useful life
Land	Indefinite
Buildings	5 to 40 years
Leasehold property	5 to 40 years
Plant and machinery	2 to 30 years
Furniture and fixtures	2 to 12 years
Motor vehicles	2 to 5 years
Office equipment	3 to 20 years
Computer equipment	1 to 3 years
Vessels	3 to 32 years
Assets under construction	Depreciated when ready for use

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

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.5 Goodwill

Goodwill represents future economic benefits which are not separately identifiable and is initially recognised at cost and is subsequently measured at cost less accumulated impairment.

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

1.6 Intangible assets

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

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

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

Item	Useful life
Trademarks	4 to 15 years
Fishing quotas	3 to 5years
Computer software	5 years
Brands	Indefinite

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

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

1.7 Financial instruments

Financial instruments held by the group are classified in accordance with the provisions of IFRS 9 Financial Instruments. This is consistent with the prior year.

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments.

The Group's financial assets comprise:

- loans receivables;
- trade and other receivables; and
- cash and cash equivalents.

The Group's financial liabilities comprise:

- Borrowings; and
- trade and other payables.

The Group's financial assets and liabilities are measured at amortised cost.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.7 Financial instruments (continued)

Note 37 Financial instruments and risk management presents the financial instruments held by the group based on their specific classifications. The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the group are presented below:

Loans receivables and trade and other receivables at amortised cost

Classification

Loans to group companies and trade and other receivables excluding VAT and prepayments are classified as financial assets subsequently measured at amortised cost.

They have been classified in this manner because the contractual terms of these loans give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the group's business model is to collect the contractual cash flows on these loans.

Recognition and measurement

Loans and receivables are recognised when the group becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any. Trade receivables are measured at their transaction price if they do not contain a significant financing component.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the loan initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Impairment

Impairment of Loans to group companies

The group recognises a loss allowance for expected credit losses on all loans receivable measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective loans.

The group measures the loss allowance at an amount equal to lifetime expected credit losses (lifetime ECL) when there has been a significant increase in credit risk since initial recognition. If the credit risk on a loan has not increased significantly since initial recognition, then the loss allowance for that loan is measured at 12-month expected credit losses (12-month ECL).

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a loan. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a loan that are possible within 12-months after the reporting date.

In order to assess whether to apply lifetime ECL or 12-month ECL, in other words, whether or not there has been a significant increase in credit risk since initial recognition, the group considers whether there has been a significant increase in the risk of a default occurring since initial recognition rather than at evidence of a loan being credit impaired at the reporting date or of an actual default occurring.

At each reporting date, the group assesses whether loans receivable classified at amortised cost are credit impaired. Loans receivable are credit impaired when one or more events identified has a detrimental impact on the estimated future cash flows. The group's definition for credit impaired is aligned to its internal credit risk definition of default, namely a failure to make payment when due.

Impairment of Trade and other receivables

The group recognises a loss allowance for expected credit losses on trade and other receivables, excluding VAT and prepayments. The amount of expected credit losses is updated at each reporting date. The group applies the IFRS 9 simplified approach in measuring expected credit losses for trade receivables, which uses a lifetime expected loss allowance.

The group measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit losses (lifetime ECL), which represents the expected credit losses that will result from all possible default events over the expected life of the receivable. The group has established a provision matrix that is based on historical credit loss experience, adjusted for forward-looking factors specific to trade and other receivables.

Significant increase in credit risk

The group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the counterparties operate, obtained from economic expert reports and financial analysts as well as consideration of various external sources of actual and forecast economic information.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.7 Financial instruments (continued)

Default

The Group considers loan receivables and trade and other receivables to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full.

Write-off policy

The group writes off a loan when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Loans written off may still be subject to enforcement activities under the group recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and short-term deposits which are initially measured at fair value. Given the short-term nature, amortised cost approximates fair value.

Trade and other payables, borrowing and loans from group companies

Classification

Borrowings, loans from group companies and trade and other payables excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

They are recognised when the group becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period.

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs.

These items expose the group to liquidity risk and possibly to interest rate risk. Refer to note 37 for details of risk exposure and management thereof.

Bank overdraft

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

1.8 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tax expenses

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

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

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

1.9 Inventories

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

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

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

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

1.10 Biological assets

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

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

1.11 Stated capital and equity

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

1.12 Leases

The group assesses whether a contract is, or contains a lease, at the inception of the contract. A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is "identified", which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the group has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

In circumstances where the determination of whether the contract is or contains a lease requires significant judgement, the relevant disclosures are provided in the significant judgements and sources of estimation uncertainty section of these accounting policies.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.12 **Leases** (continued)

Group as lessee

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the group is a lessee, except for short-term leases of 12 months or less, or leases of low value assets. For these leases, the group recognises the lease payments as an operating expense (note 29) on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated to each lease component on the basis of the relative standalone prices of the lease components and the aggregate standalone price of the non-lease components (where non-lease components exist).

However, as an exception to the preceding paragraph, the group has elected not to separate the non-lease components for leases of land and buildings.

Details of leasing arrangements where the group is a lessee are presented in note 5 Leases (group as lessee).

Lease liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed lease payments, taking into account any escalation clauses

The lease liability is presented as a separate line item on the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in finance costs (note 27).

Right-of-use assets

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. However, if a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Depreciation starts at the commencement date of a lease.

For right-of-use assets which are depreciated over their useful lives, the useful lives are presented in the following table:

Asset	Useful life
Buildings	5 – 20 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate. Each part of a right-of-use asset with a cost that is significant in relation to the total cost of the asset is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

Leases (comparatives under IAS 17)

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases – lessee

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

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.13 Post-employment medical costs

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

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

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

1.14 Provisions and contingencies

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

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

1.15 Impairment of assets

The group assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the group estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the group also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period; and
- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss.

1.16 Revenue from contracts with customers

Following the adoption of IFRS 15 the Group's accounting policy in respect of revenue is as follows:

In order to determine whether to recognise revenue, the Group follows the five step process; namely:

- identify the contract with the customer;
- identify the performance obligations;
- determine the transaction price;
- allocating the transaction price to he performance obligations; and
- recognising revenue when the performance obligations are satisfied

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.6 Revenue from contracts with customers (continued)

Revenue represents income arising in the course of ordinary activities, being the catching, processing, marketing and distribution of pelagic, west coast rock lobster, south coast rock lobster, squid and hake. The Group also earns cold storage revenue through the use of cold and dry storage space by its customers. In addition, the Group also earns revenue from the sale of abalone, cultivated through our aquaculture farming, as well as earns revenue through the sale of environmental friendly fertiliser products.

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customer at an amount that reflects the consideration to which the group expects to be entitled in exchange for those goods or services.

All revenue earned by the Group, results in the recognition of trade receivables, to the extent unpaid by the customer, as only the passage of time is required, being the agreed payment terms.

A contract liability is defined as entity's obligation to transfer goods or services to a customer for which the entity has received consideration from the customer. To this end, consideration received by the Group, for which goods have not yet been delivered to the customer represents contract liabilities. Contract liabilities, have previously been referred to as deferred revenue by the Group.

Revenue from the sale of goods is recognised at a point in time when control of the asset is transferred to the customer which is free on board (FOB shipping point), being the date the goods are loaded onto the vessel. The full transaction price is allocated to this performance obligation, being the time when goods are loaded onto the vessel. No other performance obligations are necessary with regards to transferring the risks and rewards of ownership to the customer.

Revenue from processing, marketing and distribution services is recognised once the actual processing, marketing and distribution services have been completed on behalf of the customers. The full transaction price is thus; allocated to the performance obligation, being the moment once these processing and marketing services are completed on behalf of the customer.

Revenue from cold storage services is recognised as and when cold storage space is provided, generally when the service is rendered over a period of time.

Quota usage revenue is recognised at a point in time, once the entity has granted the customer the full unconditional right to the quota.

Revenue is measured at the transaction price that is allocated to each performance obligation, once each performance obligation has been satisfied. The transaction price is negotiated between the Group and its customers and takes into account certain economic factors at the time such as demand, supply and socio-economic factors. Revenue is shown net of value-added tax (VAT), returns, rebates and discounts. No significant assumptions were used in determining the transaction price nor the timing of the satisfaction of performance obligations.

1.17 Cost of sales

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

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

1.18 Employee benefits

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

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.19 Finance income and finance costs

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

1.20 Translation of foreign currencies

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

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

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

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

1.21 Fair value measurement

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

Fair value hierarchy

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

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

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

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

Refer to note 38 for further detail.

1.22 Dividends

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

1.23 Earnings per share

Earnings per share is calculated on the weighted average number of shares in issue in respect of the year and is based on profit attributable to ordinary shareholders. Headline earnings per share is calculated in terms of the requirements set out in Circular 01/2019 issued by SAICA.

1.24 Segment reporting

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

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Fishing:

- Lobster
- Pelagics
- Hake
- Squid

Aquaculture:

- Aquaculture
- Seagro

Services:

- Processing and marketing
- Cold storage

Refer to note 35 for the financial detail of how each operating segment has performed during the year under review.

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

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

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

Residual values and useful lives of property, plant and equipment

The Group estimates the expected useful lives of assets and the expected residual value at the end of its useful life in the determination of the depreciation charge. The expected useful lives and expected residual values of the assets are determined by management when the asset is acquired and then reviewed annually thereafter. The estimation of useful lives is based on management's historical experience with similar assets as well as management's anticipation of future pattern of use of the asset which may impact their life. In addition, the useful life estimates take into account the risk of obsolescence due to advances in technology. Refer to note 3 for more detail.

Intangible assets

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

Management on an annual basis makes an assessment, as to whether the carrying value of goodwill, trademarks, computer software and fishing quotas are impaired. Management makes judgement in determining the present value of estimated future cash flows of CGUs to determine whether an impairment loss should be recorded in profit and loss. Refer to note 7 for more details.

Estimation of the expected credit loss allowance

In recognising and measuring the expected credit loss allowance (ECL), management is required to make certain judgements and estimates as follows:

Trade and other receivables

The Group has applied the simplified approach in measuring the impairment allowance for trade and other receivable, which uses a lifetime expected loss allowance.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The Group has established a provision matrix, which is based on the following underlying factors:

Historical loss rate/Historical credit quality	Forward-looking factors
The Group's historical credit loss rate has been low, and given that:	The following reasonable and supportable information have been taken into account, as part of the forward-looking factors, namely:
Credit checks are performed external credit rating agencies, before new customers are approved for credit.	The Group's long-standing trade history and trade relationships with its customer base.
The agency then provides credit scores and credit ratings for the respective customer base.	Any forecasted significant changes in the Group's existing customer base.
In addition, credit limit recommendations are provided by the credit agency.	Forward-looking information such as the likelihood of default and economic conditions of the industry
The historical loss rates have been used for the previous few years of assessment as these are the most relevant and timely information.	Macroeconomic factors affecting customers ability to settle amounts owing include: – Rand/Dollar and Rand/Euro exchange rates – Increases in the customer's local inflation and interest rates as this would erode a customer's purchasing power – General customer confidence in regards to their own financial situations.

The Group was deemed to be an essential service during COVID-19 and hence the Group does not expect a material impact from the above factors. Furthermore; export terms are generally that customers pay upfront and hence; there is a low risk of long outstanding debts on hand.

Biological assets

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

Management makes judgements on the estimated prices to sell abalone, growth rates, volume and the cost of delivery of the abalone in determining the fair value less estimated selling costs of the abalone.

The estimation of the selling prices and cost of delivery is based on current market data and the estimation of growth rates and volumes is based on historical data and industry standards. Refer to note 13 and 36 for more details.

2. NEW STANDARDS AND INTERPRETATIONS

In the current year, the group has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard	Details of amendment	Annual periods beginning on or after	Expected to have a material impact
IFRIC 23 Uncertainty over Income Tax Treatments	• The interpretation specifies how an entity should reflect the effects of uncertainties in accounting for income taxes.	1 January 2019	No material impact
IFRS 16 Leases	• IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. A lessee measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. IFRS 16 contains expanded disclosure requirements for lessees. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. IFRS 16 also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk. COVID-19-Related Rent Concessions: Amendment providing lessees with an exemption from assessing whether a COVID-19-related rent concession (a rent concession that reduces lease payments due on or before 30 June 2021) is a lease modification.	1 January 2019	Refer to note 39 for the impact on the financial statements.

2. NEW STANDARDS AND INTERPRETATIONS (CONTINUED)

The following standards and interpretations that are not yet effective are as follows:

Standard	Details of amendment	Annual periods beginning on or after	Expected to have a material impact
IAS 37 Provisions, Contingent Liabilities and Contingent assets	• Onerous Contracts – Cost of Fulfilling a Contract: The amendments specify which costs should be included in an entity's assessment whether a contract will be loss-making.	1 January 2022	No material impact
IFRS 1 First-time Adoption of International Financial Reporting Standards	• Annual Improvements to IFRS Standards 2018 – 2020: Extension of an optional exemption permitting a subsidiary that becomes a first-time adopter after its parent to measure cumulative translation differences using the amounts reported by its parent	1 January 2022	No material impact
IAS 16 Property, Plant and Equipment	• Property, Plant and Equipment: Proceeds before Intended Use. This prohibits an entity from deducting fro the cost of a item of property, plant and equipment from selling any items, while bringing the asset into its location and condition for sale.	1 January 2022	No material impact
IAS 41 Agriculture	• Annual Improvements to IFRS Standards 2018 – 2020: The amendment removes the requirement for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.	1 January 2022	No material impact
IAS 1 Presentation of financial statements	Definition of Material: This clarifies the definition of material and to provide consistency in the application of the concept	1 January 2020	No material impact
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors	Definition of Material: This clarifies the definition of material and to provide consistency in the application of the concept	1 January 2020	No material impact

3. CHANGES IN ACCOUNTING POLICIES

The annual financial statements have been prepared in accordance with International Financial Reporting Standards on a basis consistent with the prior year except for the adoption of the following new or revised standards.

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating and finance leases and requiring the recognition of a right-of-use asset and a lease liability at the lease commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new requirements are described in the accounting policy for leases. The impact of the adoption of IFRS 16 on the group's annual financial statements is described below.

IFRS 16 has been adopted by applying the modified retrospective approach, whereby the comparative figures are not restated. Instead, cumulative adjustments to retained earnings have been recognised in retained earnings as at 1 September 2019. Further detail and the effect of the change in accounting policy is shown in note 39.

4. PROPERTY, PLANT AND EQUIPMENT

	2020			2019		
	Cost R'000	Accumulated depreciation and impairment R'000	Carrying value R'000	Cost R'000	Accumulated depreciation and impairment R'000	Carrying value R'000
Land	**2 632**	**–**	**2 632**	2 632	–	2 632
Buildings	**132 667**	**(3 857)**	**128 810**	109 369	(2 321)	107 048
Leasehold property	**25 289**	**(13 882)**	**11 407**	23 006	(13 147)	9 859
Plant and machinery	**199 902**	**(101 744)**	**98 158**	189 626	(108 204)	81 422
Furniture and fixtures	**3 545**	**(2 263)**	**1 282**	3 418	(2 067)	1 351
Motor vehicles	**7 480**	**(5 391)**	**2 089**	7 559	(5 119)	2 440
Office equipment	**1 548**	**(1 044)**	**504**	1 509	(950)	559
Computer equipment	**4 244**	**(2 233)**	**2 011**	3 755	(2 144)	1 611
Vessels	**350 424**	**(162 156)**	**188 268**	324 454	(144 760)	179 694
Assets under construction	**15 001**	**–**	**15 001**	20 939	–	20 939
Total	**742 732**	**(292 570)**	**450 162**	686 267	(278 712)	407 555

Reconciliation of property, plant and equipment

2020	Opening balance R'000	Additions R'000	Disposals R'000	Transfers R'000	Depreciation R'000	Impair-ment* R'000	Total R'000
Land	**2 632**	**–**	**–**	**–**	**–**	**–**	**2 632**
Buildings	**107 048**	**–**	**–**	**23 298**	**(1 536)**	**–**	**128 810**
Leasehold property	**9 859**	**2 283**	**–**	**–**	**(735)**	**–**	**11 407**
Plant and machinery	**81 422**	**4 699**	**–**	**14 377**	**(1 395)**	**(945)**	**98 158**
Furniture and fixtures	**1 351**	**219**	**(92)**	**–**	**(196)**	**–**	**1 282**
Motor vehicles	**2 440**	**15**	**–**	**–**	**(366)**	**–**	**2 089**
Office equipment	**559**	**58**	**(2)**	**–**	**(111)**	**–**	**504**
Computer equipment	**1 611**	**510**	**–**	**–**	**(110)**	**–**	**2 011**
Vessels	**179 694**	**26 173**	**(34)**	**–**	**(17 565)**	**–**	**188 268**
Assets under construction	**20 939**	**31 737**	**–**	**(37 675)**	**–**	**–**	**15 001**
Total	**407 555**	**65 694**	**(128)**	**–**	**(22 014)**	**(945)**	**450 162**

* *Impairment of assets*

Two cranes with a net book value of R945 000 was impaired during the year, as the recoverable amount was deemed to be less than the carrying amount.

These cranes are no longer in use and hence the recoverable amount was deemed to be zero. Hence the carrying value was greater than the recoverable amount by R945 000, and the cranes have thus; been impaired.

The assets belong to the Lobster segment.

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Reconciliation of property, plant and equipment

2019	Opening balance R'000	Additions R'000	Disposals R'000	Transfers R'000	Depreciation R'000	Total R'000
Land	2 632	–	–	–	–	2 632
Buildings	43 550			64 300	(802)	107 048
Leasehold property	3 417	6 950	–	–	(508)	9 859
Plant and machinery	61 122	583	(11)	25 639	(5 911)	81 422
Furniture and fixtures	535	897	–	–	(81)	1 351
Motor vehicles	2 966	23	–	–	(549)	2 440
Office equipment	384	271	–	–	(96)	559
Computer equipment	1 329	730	(87)	–	(361)	1 611
Vessels	164 117	35 535	(1 739)	–	(18 219)	179 694
Assets under construction	30 190	80 688	–	(89 939)	–	20 939
Total	310 242	125 677	(1 837)	–	(26 527)	407 555

Changes in estimates

The group reassesses useful lives of property, plant and equipment at the end of each reporting period, in line with the accounting policy and IAS 16 Property, plant and equipment. These assessments are based on historic analysis, benchmarking, and the latest available and reliable information.

During the current report period, the group reassessed the useful lives of some of its property plant and equipment. The impact of the change is a reduction in the annual depreciation charge for the current year and future 15 years of R3.1 million.

Property, plant and equipment pledged as security

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

	2020 R'000	2019 R'000
Motor vehicles	**112**	99
Vessels	**22 667**	16 992

Refer to note 19 for loan balances, instalment amounts, interest rates charged and maturity dates of borrowings.

Details of properties

Premier Fishing SA Proprietary Limited has land located in the Overstrand Municipality on Erf 1727 measuring 3.7 hectares and Erf 3819 measuring 6 hectares. The land is registered under Title Deeds T45052/2002 and T160/1938.

5. RIGHT-OF-USE ASSETS

	2020 R'000	2019 R'000
Details pertaining to leasing arrangements, where the group is lessee are presented below:		
Net carrying amounts of right-of-use assets		
The carrying amounts of right-of-use assets are included in the following line items:		
Net carrying amount of Rental property subject to lease arrangements	**49 535**	–
Additions to right-of-use assets		
Rental property subject to lease arrangements	**69 812**	–
Depreciation recognised on right-of-use assets		
Depreciation recognised on each class of right-of-use assets, is presented below. It includes depreciation which has been expensed in the total depreciation charge in profit or loss (note 29), as well as depreciation which has been capitalised to the cost of other assets.	**10 084**	–
Amounts recognised in profit and loss		
Interest expense on lease liabilities	**6 331**	–

Lease liabilities

The Group has four major lease contracts:

– Two of these premises is located in the V&A Waterfront in the Western Cape.
– One of these premises is located in Gansbaai in the Western Cape.
– The fourth one is located in Port Elizabeth.

Additional details of the 4 leases are shown below

No.	Location	Inception date	Lease term (years)	Termination date
1	South Arm Road, V&A Waterfront	1 March 2019	10	30 April 2029
2	Waterway House, V&A Waterfront	1 Sept 2018	5	31 August 2024
3	Gansbaai Harbour, Gansbaai	1 June 2011	9 years, 11 months	30 April 2021
4	Green Street Port Administration building, Port Elizabeth	1 May 2018	3	30 April 2021

	2020 R'000	2019 R'000
Non-current liabilities	**55 389**	–
Current liabilities	**1 893**	–
	57 282	

Exposure to liquidity risk

The Group does not face significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the group's finance function.

6. GOODWILL

	2020 Cost R'000	2020 Accumulated impairment R'000	2020 Carrying value R'000	2019 Cost R'000	2019 Accumulated impairment R'000	2019 Carrying value R'000
Goodwill	**83 334**	**(13 205)**	**70 129**	83 334	(13 205)	70 129

Reconciliation of goodwill

2020	Opening balance R'000	Additions through business combination R'000	Closing balance R'000
Goodwill	**70 129**	**–**	**70 129**

Reconciliation of goodwill

2019	Opening balance R'000	Additions through business combination R'000	Closing balance R'000
Goodwill	70 129	–	70 129

On 9 May 2018, the Group acquired a 50.31% shareholding in Talhado for a consideration of R89 million. Talhado was acquired for its squid fishing rights, brand, processing facilities, and in order to enhance the Group's footprint in the squid sector. Goodwill arising from the acquisition has been disclosed in the note above. Goodwill recognised on the acquisition relates to the expected growth and cost synergies which cannot be separately recognised as an intangible asset. This goodwill has been allocated to the Group's squid segment and is not expected to be tax deductible. There were no business combinations during the current year nor any adjustments in the current year in relation to the acquisition of Talhado.

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

Impairment testing

The Group performs an annual impairment test on goodwill based on CGUs. The recoverable amount of each of the CGUs to which goodwill is allocated has been determined based on a value in use calculation which uses cash flow projections on financial forecasts approved by the board of directors covering a five-year budget. Key assumptions applied to determine the recoverable amount of the cash generating units, using the value-in-use calculation relating to sales growth rates, working capital requirements and capital expenditure. The cash flow projections for the fishing division and the abalone division was over a five-year forecast period and ten-year forecast period respectively, and is based on the assumption of the same expected gross margin and price inflation over the forecast period.

6. GOODWILL (CONTINUED)

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

	2020	2019
Abalone division		
Discount rate %	**12.68**	13.65
Number of years	**10***	5
Growth rate %	**4.50**	4.50
Fishing division		
Discount rate %	**12,05 ***	18.78
Number of years	**5**	5
Growth rate %	**4.50**	4.50

* *A period of 10 years was used in the forecast for the valuation of Marine Growers (the abalone division) and is deemed reasonable, taking into account the time it takes abalone to grow to a certain size before it can be sold. The Group also took into account historical information of similar companies in the industry. In terms of other assumptions used like the growth rate of 4.5%, this represents the terminal growth rate, this is the expected growth rate assuming the company operates into perpetuity. The general accepted applied terminal growth rate in SA is CPI. The WACC in the fishing division used in the current year is lower than that of the prior year, to take into account economic conditions and forecasting risks. Furthermore, the lower the DE ratio the lower the WACC as debt is cheaper than equity. Management also believes that any reasonably possible change in the key assumptions on which the recoverable amount is based, would not cause the carrying amount to exceed its recoverable amount.*

Allocation of goodwill to cash-generating units

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

	2020 R'000	2019 R'000
Abalone division	**14 136**	14 136
Fishing division	**55 993**	55 993
	70 129	70 129

7. INTANGIBLE ASSETS

	2020			2019		
	Cost R'000	Accumulated amortisation R'000	Carrying value R'000	Cost R'000	Accumulated amortisation R'000	Restated Carrying value R'000
Trademarks	**276**	**(132)**	**144**	221	(105)	116
Brand names	**17 028**	**–**	**17 028**	17 028	–	17 028
Computer software	**1 853**	**(512)**	**1 341**	1 644	(321)	1 323
Fishing quotas	**33 668**	**(31 742)**	**1 926**	33 668	(22 285)	11 383
Total	**52 825**	**(32 386)**	**20 439**	52 561	(22 711)	29 850

7. INTANGIBLE ASSETS (CONTINUED)

Reconciliation of intangible assets

2020	Opening balance R'000	Additions R'000	Amortisation R'000	Total R'000
Trademarks	**116**	**55**	**(27)**	**144**
Brands	**17 028**	**–**	**–**	**17 028**
Computer software	**1 323**	**209**	**(191)**	**1 341**
Fishing quotas	**11 383**	**–**	**(9 457)**	**1 926**
	29 850	**264**	**(9 675)**	**20 439**

Reconciliation of intangible assets

2019	Opening balance R'000	Additions R'000	Amortisation R'000	Total Restated R'000
Trademarks	89	33	(6)	116
Brands	17 028	–	–	17 028
Computer software	852	662	(191)	1 323
Fishing quotas	21 581	–	(10 198)	11 383
	39 550	695	(10 395)	29 850

Other information

Trademarks

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

Fishing quota

The fishing quotas are in relation to the right to catch squid. See note 40 in relation to the prior period error, resulting in an extra amortisation of R7 668, which increased the total amortisation to R10 198 (Figures in R'000)

Brand

The brand was acquired as part of the acquisition of Talhado. The brand has been determined to have an indefinite useful life as management have concluded that there is no foreseeable limit to the period over which the brand is expected to generate net cash inflows for the Group. Relevant factors include the future estimated net cash inflows, the strong presence of the brand in the market and its reputation and size in the industry.

7. INTANGIBLE ASSETS (CONTINUED)

The carrying amounts of goodwill and intangible assets with indefinite useful lives allocated to Talhado Fishing Enterprises Proprietary Limited and its subsidiaries ("Talhado") and its brand is as follows:

	Goodwill	Brand name (intangible with an indefinite useful life)
Talhado	51 965	17 028

Management has determined that there is no impairment of any of its cash-generating units or group of cash-generating units containing goodwill or intangible assets with indefinite useful lives. The recoverable amounts (ie higher of value in use and fair value less costs of disposal) of those units and group of units are determined on the basis of value in use calculations. Furthermore, the recoverable amount calculations are most sensitive to changes in the following assumptions:

- Euro/Rand exchange rate.
- Euro denominated selling price of squid per kilogram.
- Growth rate used to extrapolate cash flows beyond the budget period.
- Gross margin during the budget period, being 5 years.
- Revenue growth rate over the budget period, being 5 years.

The recoverable amount of the Talhado Group of companies has also been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management. The table below depicts the key inputs and assumptions used in the value in use computation:

Input	Assumption
Discount rate %	12.96%
Number of years	5
Terminal growth rate	4.5%
Revenue average growth rate	7%
Gross margin	32.53%

Management has deemed all assumptions used to be reasonable. The 4.5% terminal growth rate within the target inflation band as set by the SA Reserve Bank. The revenue growth rate average of 7% is based over a period of 5 years, and is largely dependent on sales volumes met. in conjunction with selling prices per kilogram and forecasted exchange rates.

Management also believes that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the carrying amount to exceed its recoverable amount.

Computer software

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

8. INVESTMENTS IN SUBSIDIARIES

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

Name of subsidiary	Effective % held 2020	Effective % held 2019	Nature of business
Sekunjalo Food and Fishing Proprietary Limited	100.00	100.00	Investment holding
Sekfish Investments Proprietary Limited	100.00	100.00	Investment holding
Premier Fishing SA Proprietary Limited	100.00	100.00	Fishing
Marine Growers Proprietary Limited	100.00	100.00	Acquaculture
Premfresh Seafoods Proprietary Limited	100.00	100.00	Sales and Marketing
Talhado Fishing Enterprises Proprietary Limited*	50.31	50.31	Fishing
Dazzalle Traders Proprietary Limited*	56.84	56.84	Fishing
Rupestris Investments Proprietary Limited*	60.22	60.22	Fishing
Manicwa Fishing Proprietary Limited*	50.25	50.25	Fishing
MB Fishing Ventures Proprietary Limited*	77.61	77.61	Fishing
Robberg Seafreeze Proprietary Limited*	50.25	50.25	Fishing
Lurama 166 Proprietary Limited	100.00	100.00	Fishing
John Quality Proprietary Limited	100.00	100.00	Dormant
John Ovenstone Proprietary Limited	100.00	100.00	Dormant
Kuttlefish Proprietary Limited	100.00	100.00	Dormant
Seagro Fertilisers Proprietary Limited	100.00	100.00	Dormant
Atlantic Fishing Enterprises Proprietary Limited	100.00	100.00	Dormant
Chapman's Peak Fisheries Proprietary Limited	100.00	100.00	Dormant
Fish Drying Corporation Proprietary Limited	100.00	100.00	Dormant
Southern Ocean Fishing Proprietary Limited	100.00	100.00	Dormant

* *Please refer to the below table for information on subsidiaries with non-controlling interest*

SUBSIDIARIES WITH NON-CONTROLLING INTERESTS

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

Name of subsidiary	Effective % held by Premier 2020	% held by non-controlling interest 2020	Effective % held by Premier 2019	% held by non-controlling interest 2019	Nature of business
Talhado Fishing Enterprises Proprietary Limited	**50.31%**	**49.69%**	**50.31%**	**49.69%**	Fishing
Dazalle Traders Proprietary Limited	**56.84%**	**43.16%**	**56.84%**	**43.16%**	Fishing
Rupestris Investments Proprietary Limited	**60.22%**	**39.78%**	**60.22%**	**39.78%**	Fishing
Manicwa Fishing Proprietary Limited	**50.25%**	**49.75%**	**50.25%**	**49.75%**	Fishing
MB Fishing Proprietary Limited	**77.61%**	**22.39%**	**77.61%**	**22.39%**	Fishing
Robberg Seafreeze Proprietary Limited and its subsidiary*	**50.25%**	**49.75%**	**50.25%**	**49.75%**	Fishing

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

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

8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of subsidiary 2020	Place of business	% held by non-controlling interest %	Profit/(loss) allocated to non-controlling interests R'000	Accumulated non-controlling interests R'000
Talhado Fishing Enterprises Proprietary Limited	South Africa	49.69%	2 585	36 378
Dazalle Traders Proprietary Limited	South Africa	43.16%	(216)	5 034
Rupestris Investments Proprietary Limited	South Africa	39.78%	(144)	542
Manicwa Fishing Proprietary Limited	South Africa	49.75%	(53)	392
MB Fishing Proprietary Limited	South Africa	22.39%	61	711
Robberg Seafreeze Proprietary Limited and its subsidiary	South Africa	49.75%	152	436
			2 385	43 493

Name of subsidiary 2019	Place of business	% held by non-controlling interest %	Profit/(loss) allocated to non-controlling interests R'000	Accumulated non-controlling interests R'000
Talhado Fishing Enterprises Proprietary Limited	South Africa	49.69%	21 470	39 035
Dazalle Traders Proprietary Limited	South Africa	43.16%	1 757	5 826
Rupestris Investments Proprietary Limited	South Africa	39.78%	343	640
Manicwa Fishing Proprietary Limited	South Africa	49.75%	214	528
MB Fishing Proprietary Limited	South Africa	22.39%	540	1 414
Robberg Seafreeze Proprietary Limited and its subsidiary	South Africa	49.75%	423	564
			24 747	48 007

The following shows the summarised financial information about the assets, liabilities and profit or loss of the subsidiaries with non-controlling interests for the 2019 financial year

	2020 R'000	2019 R'000
Talhado Fishing Enterprises Proprietary Limited		
Revenue	117 578	206 380
Operating profit	12 991	35 811
Profit after tax	10 764	36 517
Non-current assets	31 643	32 528
Current assets	32 998	30 335
Total assets	64 641	62 863
Non-current liabilities	13 482	11 968
Current liabilities	18 430	15 676
Total liabilities	31 912	27 644
Net assets	32 729	35 219

8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

	2020 R'000	2019 R'000
Dazzalle Traders Proprietary Limited		
Revenue	**22 506**	35 385
Operating profit	**89**	5 432
Profit after tax	**(309)**	3 766
Non-current assets	**12 680**	16 880
Current assets	**8 412**	4 873
Total assets	**21 092**	21 753
Non-current liabilities	**8 663**	7 836
Current liabilities	**1 500**	1 324
Total liabilities	**10 163**	9 160
Net assets	**10 929**	12 593
Rupestris Investments Proprietary Limited		
Revenue	**5 132**	7 214
Operating profit	**236**	1 202
Profit after tax	**203**	1 144
Non-current assets	**2 657**	3 076
Current assets	**2 228**	1 555
Total assets	**4 885**	4 631
Non-current liabilities	**1 605**	1 477
Current liabilities	**622**	170
Total liabilities	**2 227**	1 647
Net assets	**2 658**	2 984
Manicwa Fishing Proprietary Limited		
Revenue	**2 725**	5 524
Operating profit	**(390)**	1 432
Profit after tax	**(265)**	1 072
Non-current assets	**2 095**	2 376
Current assets	**393**	674
Total assets	**2 488**	3 050
Non-current liabilities	**97**	198
Current liabilities	**431**	211
Total liabilities	**528**	409
Net assets	**1 960**	2 641

8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

	2020 R'000	2019 R'000
MB Fishing Proprietary Limited		
Revenue	**3 071**	5 279
Operating profit	**(489)**	1 019
Profit after tax	**(332)**	830
Non-current assets	**2 481**	2 644
Current assets	**403**	1 150
Total assets	**2 884**	3 794
Non-current liabilities	**1 264**	1 391
Current liabilities	**531**	227
Total liabilities	**1 795**	1 618
Net assets	**1 089**	2 176
Robberg Seafreeze Proprietary Limited and its subsidiary		
Revenue	**5 134**	8 168
Operating profit	**948**	2 448
Profit after tax	**729**	2 117
Non-current assets	**5 219**	5 529
Current assets	**1 620**	1 486
Total assets	**6 839**	7 015
Non-current liabilities	**2 596**	2 303
Current liabilities	**364**	191
Total liabilities	**2 960**	2 494
Net assets	**3 879**	4 521

9. JOINT ARRANGEMENTS

Joint operations

The following joint operations are material to the Group:

Joint operation	Country of operation	% ownership interest 2020	% ownership interest 2019
Premier – BCP Hake	South Africa	**48**	48
Premier – Seacat	South Africa	**50**	50
Bloudam	South Africa	**38**	38

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

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

9. JOINT ARRANGEMENTS (CONTINUED)

The Bloudam Joint Operation is a jointly controlled operation in which Premier Fishing SA Proprietary Limited owns a share in a fishing vessel with external quota holders. The fishing vessel catches WCRL on behalf of Premier Fishing SA Proprietary Limited and the external quota holders. The external quota holders and Premier Fishing SA Proprietary Limited jointly own and operate the fishing vessel which catches west coast rock lobster.

Joint ventures

The following table list the joint venture in the Group:

Name of company	% ownership interest 2020	% ownership interest 2019
Premier Select Proprietary Limited	**50**	50

Premier Select (Pty) Ltd is a dormant joint venture in which Premier Fishing owns a 50% equity share and was incorporated and operates principally in South Africa, and is principally involved in the processing of seafood. The investment in joint venture is measured using the equity method.

Summarised financial information of the joint venture

Summarised statement of comprehensive income

	2020 R'000	2019 R'000
Operating expenses	**(1)**	(7)
Loss before tax	**(1)**	(7)
Loss from continuing operations after tax	**(1)**	(7)
Total comprehensive loss	**(1)**	(7)
Summarised statement of financial position		
Assets		
Property, plant and equipment	**–**	–
Cash and cash equivalents	**1**	84
Trade receivables	**107**	107
Total assets	**108**	191
Liabilities		
Loans from shareholders	**722**	722
Trade payables	**45**	45
Total liabilities	**767**	767
Total net assets	**(658)**	(576)
Reconciliation of net assets to equity accounted investments in joint venture		
Interest in joint venture at percentage ownership	**(329)**	(288)
Cumulative unrecognised losses	**329**	288
Carrying value of investment in joint venture	**–**	–

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

9. JOINT ARRANGEMENTS (CONTINUED)

Summary of the Group's interests in joint operations

Premier – BCP Hake Joint Venture	2020 R'000	2019 R'000
Revenue	**44 964**	74 008
Cost of sales	**(29 769)**	(42 052)
Other operating income	**44**	2 686
Operating expenses	**(11 276)**	(3 854)
Interest income	**475**	1 051
Total comprehensive income	**4 438**	31 839
Share of total comprehensive income	**2 130**	15 283
Non-current assets		
Property, plant and equipment	**6 127**	86
Total non-current assets	**6 127**	86
Current assets		
Inventories	**812**	617
Trade and other receivables	**763**	8 989
Cash and cash equivalents	**7 633**	15 443
Total current assets	**9 208**	25 049
Current liabilities		
Trade and other payables	**(7 592)**	(6 830)
Net assets	**7 744**	18 305
Share of net assets	**3 717**	8 786
Premier Seacat Joint Venture		
Revenue	**3 506**	9 057
Cost of sales	**(1 158)**	(2 724)
Operating expenses	**(1 796)**	(4 154)
Other operating income	**–**	13
Interest income	**37**	124
Total comprehensive income	**589**	2 316
Share of total comprehensive income	**294**	1 158
Current assets		
Inventories	**396**	135
Trade and other receivables	**384**	1 336
Cash and cash equivalents	**386**	1 556
Total current assets	**1 166**	3 027
Current liabilities		
Trade and other payables	**(708)**	(711)
Net assets	**458**	2 316
Share of net assets	**229**	1 158

9. JOINT ARRANGEMENTS (CONTINUED)

Bloudam Joint Venture	2020 R'000	2019 R'000
Revenue	–	–
Cost of sales	–	–
Operating expenses	–	(57)
Total comprehensive income	–	(57)
Share of total comprehensive income	–	(22)
Current assets		
Other financial assets	**2 520**	2 486
Total current assets	**2 520**	**2 486**
Current liabilities		
Other financial liabilities	**(2 520)**	(2 531)
Trade and other payables	–	(12)
Total current liabilities	**(2 520)**	(2 543)
Net assets	–	(57)
Share of net assets	–	(22)

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

10. LOANS TO GROUP COMPANY

	2020 R'000	2019 R'000
African Equity Empowerment Investments Limited – loan 1	**100 097**	93 434
Interest is charged at the prime bank overdraft rate. The loan is unsecured. Premier Fishing SA Proprietary Limited has granted African Equity Empowerment Investments Limited an unconditional right to defer repayment of the outstanding amount for a period of at least 12 months after the statement of financial position date.		
	100 097	93 434

Credit quality of loans to Group company

The loans are advanced to the Group company for capital investment or working capital needs. The risk of default is based on the success of the Group company's trading. The risk of default on the loans is very low and credit quality is considered high. No loans are past due and none are impaired. There has not been a significant increase in credit risk since initial recognition. In determining the amount of expected credit losses, the group has taken into account any historic default experience, the financial positions of the counterparties as well as the future prospects in the industries in which the counterparties operate. The Group has also incorporated forward-looking information such as the likelihood of default by the holding company. Other factors affecting the Holding Company's ability to settle include the GDP in South Africa as well as the inflation rate. There has not been any default in the past. The estimated credit loss allowance has been computed and is immaterial due to there not being any material default to settle amounts in the past.

As at the reporting date, credit risk has not increased significantly since initial recognition (stage 1) and therefore a 12-month ECL has been determined which is not material.

See below for the credit rating framework adopted to conclude on the credit loss allowance being immaterial.

Credit rating framework

For purposes of determining the credit loss allowances, management determine the credit rating grades of each loan at the end of the reporting period. These ratings are determined either externally through ratings agencies or internally where external ratings are not available.

10. LOANS TO GROUP COMPANY (CONTINUED)

The table below sets out the internal credit rating framework which is applied by management for loans for which external ratings are not available. The abbreviation "ECL" is used to depict "expected credit losses."

Internal credit grade	Description	Basis for recognising expected
Performing	Low risk of default and no amounts are past due	12-month ECL

Credit loss allowances

The following tables set out the carrying amount, loss allowance and measurement basis of expected credit losses for group loans receivable by credit rating grade:

Instrument	Internal credit rating	Basis of loss allowance	Gross carrying amount	Amortised cost
Group – 2020				
Loans to holding companies				
African Equity Empowerment Investments Limited	Performing	12-month ECL	**100 097**	**100 097**
Group – 2019				
Loans to holding companies				
African Equity Empowerment Investments Limited	Performing	12-month ECL	93 434	93 434

Fair value of loans to and from Group companies

The carrying value of the loans approximate fair value, as it represents exact amount owing as end of the year, taking into account that interest rate is calculated using the prime rate as well taking into account all other terms and conditions precedent.

11. DEFERRED TAX

	2020 R'000	2019 R'000
Deferred tax liability		
Property, plant and equipment	**(61 151)**	(59 325)
Fair value gain on loan relating to the Marine Growers acquisition	**(2 793)**	(2 793)
Shipping allowance *	**(58 141)**	(53 834)
Prepaid expenses	**(789)**	(722)
Intangibles	**(5 965)**	(6 942)
Biological assets	**(23 642)**	(19 804)
Right of use assets	**(13 870)**	–
Total	**(166 351)**	(143 420)
Deferred tax assets netted off against the deferred tax liability	**42 160**	24 417
Total deferred tax liability	**(124 191)**	(119 003)

* *The shipping allowance relates to the allowance under section 24P of the Income Tax Act. It's an allowance in respect of future repairs to the Group's vessels.*

11. DEFERRED TAX (CONTINUED)

	2020 R'000	2019 R'000
Deferred tax asset		
Income received in advance	292	39
Operating lease liability	–	69
Provisions	1 821	2 939
Credit loss	78	–
Lease liability	16 038	–
Deferred tax balance from temporary differences other than unused tax losses	18 229	3 047
Tax losses available for set-off against future taxable income	23 960	21 401
Total	42 189	24 448
Deferred tax assets netted off against the deferred tax liability	(42 160)	(24 417)
Total deferred tax asset	29	31

Assets netted off against the deferred tax liability

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

	2020 R'000	2019 R'000
Deferred tax liability	(166 351)	(143 420)
Deferred tax asset	42 189	24 448
Total net deferred tax liability	(124 162)	(118 972)
Reconciliation of deferred tax asset/(liability)		
Balance at the beginning of the year	(118 972)	(110 068)
Accelerated capital allowances of property, plant and equipment	(1 826)	(11 826)
Tax loss available for set-off against future taxable income	2 560	10 609
Intangible assets	975	2 147
Operating lease liabilities	(69)	(24)
Income received in advance	252	(24)
Provisions	(1 118)	(383)
Fair value adjustment on biological assets	(3 838)	(759)
Shipping allowances	(4 307)	(8 291)
Prepaid expenses	(67)	(353)
Lease liability	16 039	–
Right-of-use assets	(13 870)	
Allowance for credit loss	79	
	(124 162)	(118 972)

Recognition of deferred tax asset

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

12. BIOLOGICAL ASSETS

	Fair value less costs to sell 2020 R'000	2019 R'000
Abalone	84 436	70 729
	84 436	**70 729**

Biological assets consist of abalone cultivated at an aquaculture farm and are measured at their fair value less estimated point-of-sale costs. Fair value is determined based on the market prices of abalone of similar size and age.

Point of sale costs includes all costs that would be incurred in order to get the abalone to the customer.

2020: (R'000) Reconciliation of biological assets	Opening balance	Purchases	Sales	Changes in fair value, births and deaths	Transfers to Inventory	Total
	70 729	**990**	**(19 563)**	**32 280**	**–**	**84 436**

2019: (R'000) Reconciliation of biological assets	Opening balance	Purchases	Sales	Changes in fair value, births and deaths	Transfers to Inventory	Total
Abalone	68 021	8 975	(26 903)	23 130	(2 494)	70 729

Non-financial information

	2020 R'000	2019 R'000
Quantities of biological assets		
Abalone – Kgs	**229 464**	161 216

Methods and assumptions used in determining fair value

For more information, refer to note 39.

	2020 R'000	2019 R'000
13. INVENTORIES		
Finished goods	**11 685**	19 858
Raw materials and components	**14 648**	9 106
Consumables	**7 846**	4 961
	34 179	**33 925**

	2020 R'000	2019 R'000
14. TRADE AND OTHER RECEIVABLES		
Trade receivables	**69 095**	65 083
Amounts receivable from other quota holders	**8 090**	14 338
Amounts receivable from related parties	**10 526**	8 349
Provision for expected credit loss	**(497)**	(469)
Trade receivables at amortised cost	**87 214**	**87 301**
Deposits	**3 921**	5 544
Insurance claims receivable	**284**	374
Accrued interest	**131**	813
Other receivables	**549**	–
Non-financial instruments		
Value added tax	**6 301**	6 095
Employee costs in advance	**642**	639
Prepayments	**1 728**	2 567
	100 770	**103 333**
Categorisation of trade and other receivables		
Trade and other receivables are categorised as follows in accordance with IFRS 9: Financial Instruments:		
At amortised cost	**92 099**	**94 032**
Non-financial instruments	**8 671**	**9 301**
	100 770	**103 333**

Exposure to credit risk

Trade receivables inherently expose the group to credit risk, being the risk that the group will incur financial loss if customers fail to make payments as they fall due. In order to mitigate the risk of financial loss from defaults, the group only deals with reputable customers with consistent payment histories. Each customer is analysed individually for creditworthiness before terms and conditions are offered. Statistical credit scoring models are used to analyse customers. These models make use of information submitted by the customers as well as external bureau data (where available). Customer credit limits are in place and are reviewed and approved by credit management committees. The exposure to credit risk and the creditworthiness of customers, is continuously monitored.

Expected credit loss

The group applies the IFRS 9 simplified model of recognising lifetime expected credit losses for all trade receivables. The Group measures the lifetime expected credit loss allowance for trade receivables by applying a provision matrix as permitted by IFRS 9 and presented below. Trade receivables are categorised based on specific characteristics, for example geographical area and business type. The provision matrices have been developed by making use of judgement and past default experience of debtors but also incorporate forward-looking information such as the likelihood of default by the debtor and general economic conditions of the industry as at the reporting date. Macroeconomic factors affecting customer's ability to settle the amounts outstanding include the ongoing energy crisis in South Africa, the GDP in South Africa and various other factors. The estimation techniques that have been applied in the current financial period are consistent to that of the prior period.

	2020 R'000	2019 R'000
Age analysis of trade receivables:		
Current	**39 617**	27 670
30 – 60 days *	**(1 177)**	26 418
60 days to 90 days *	**763**	(1 791)
90 days and older	**29 892**	12 786
Total	**69 095**	65 083

14. TRADE AND OTHER RECEIVABLES (CONTINUED)

Group	2020 Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)	2019 Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)
Expected credit loss rate:				
0 – 30 days (2020: 0.17%, 2019: 0,4%)	**39 617**	**70**	27 670	113
30 – 60 days (2020: 0.53%, 2019: 0,6%) *	**(1 177)**	**(6)**	26 418	156
60 – 90 days (2020: 0,51%, 2019: 1,8 %) *	**763**	**4**	(1 791)	(32)
90 days and older (2020: 0,52%, 2019: 1,8%)	**29 892**	**429**	12 786	232
	69 095	**497**	65 083	469

All other receivables included in the reconciliation above are not expected to have material expected credit losses as they do have the same characteristics as trade receivables in the normal course of business. Furthermore, credit risk for these other receivables are very low.

* *These negative amounts pertains to customers who paid in advance to goods being shipped to them*

Reconciliation of loss allowances

The following table shows the movement in the loss allowance (lifetime expected credit losses) for trade and other receivables:

	Group 2020	Group 2019
Opening balance	**(469)**	–
Loss allowance recognised during the year	**(28)**	(469)
Closing balance	**(497)**	(469)

Exposure to currency risk		
The net carrying amounts, in Rand, of trade and other receivables are denominated in the following currencies. The amounts have been presented in Rand by converting the foreign currency amount at the closing rate at the reporting date, where applicable		
Currencies		
Rand	**45 192**	32 810
US Dollar	**23 794**	28 610
Euro	**109**	3 663
Total	**69 095**	**65 083**

Fair value of trade and other receivables

The fair value of trade and other receivables approximates their carrying amounts due to their short term nature and that they are at arms length.

Trade and other receivables pledged as security

Trade and other receivables were ceded as security for overdraft facilities of R35 million (2019: R35 million) of the Group.

	Group 2020	Group 2019
15. OTHER FINANCIAL ASSETS		
Loans and receivables		
Bloudam Joint Venture	–	2 147
The loan is unsecured, bears no interest and has no fixed terms of repayment.		
Premier Seacat Joint Venture	**1 720**	1 891
The loan is unsecured, bears no interest and has no fixed terms of repayment.		
BMC Fisheries CC	–	583
The loan is secured by a mortgage bond of R3 990 000 on the vessel Andeyacht and is repayable over 5 years. A portion of the loan bears interest at prime.		
Saggitarius Fisheries	**14**	28
The loan is unsecured, bears no interest and has no fixed terms of repayment.		
Cost variance receivable		
The loan is unsecured, bears no interest and has no fixed terms of repayment.	–	936
BM Visserye Bpk	**111**	
The loan is unsecured, bears no interest and has no fixed terms of repayment.		
Afrinat Proprietary Limited		
The loan is unsecured, bears no interest and has no fixed terms of repayment.	**350**	
Total other financial assets	**2 195**	5 585
Fair value of loans and receivables	**2 195**	5 585

Credit quality of other financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the group's past history and existing market conditions at the end of each reporting period. The credit quality of these financial assets are that neither are past due nor impaired, and has been assessed by reference to historical information about counterparty default rates. No defaults have occurred in the past. The estimated credit loss allowance is immaterial as no defaults have occurred in the past.

Fair value of other financial assets

The carrying value of the other financial assets above approximates its fair value due to its short-term nature in that they are current assets. For further information on fair value measurements, refer to note 39.

16. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:	2020 R'000	2019 R'000
Cash on hand	**72**	64
Bank balances	**107 830**	183 155
	107 902	183 219
Current assets	**107 902**	183 219
	107 902	183 219

16. CASH AND CASH EQUIVALENTS (CONTINUED)

The overdraft facility in the Group is secured by:

- unlimited guarantee by African Equity Empowerment Investments Limited supported by a cession of loan accounts;
- cession of debtors and USD customer foreign currency accounts;
- Special Notarial Bond Number BN23802/2008 for R3 450 000 over fishing vessels Southern Knight and Southern Horizon;
- General Notarial Bond Number BN23803/2008 for R50 000 000 over stock, moveable assets, plants and equipment and vessel equipment;
- unlimited guarantee by Premfresh Seafoods Proprietary Limited, supported by cession of loan accounts;
- unlimited guarantee by Marine Growers Proprietary Limited supported by cession of loan accounts; and
- First Maritime Bond registered over the following vessels:

	R'000
Southern Star	2 200
Portia 1	5 800
Ebhayi	5 482
Southern Fighter	2 100
Southern Knight	1 600
Southern Horizon	1 850
Mizpah	1 900
Lubbetje	1 200
• Second Maritime Bond registered over the following vessels:	
Mizpah	6 100
Lubbetje	4 400

- First Continuing Covering Mortgage Bond Number B28343/2008 for R10 000 000 over Erf 11 St Helena Bay held under Deed of Transfer Number T46847/2002;
- Cession of fire and sasria policy in respect of hulls, machinery and equipment covering the following vessels:
  - Southern Star
  - Portia 1
  - Ebhayi
  - Southern Fighter
  - Southern Knight
  - Southern Horizon
- General Notarial Bond BN69433/2002 for R5 000 000 over all movable assets.
- General Notarial Bond BN19849/2013 for R10 000 000 over all stock and movable assets.
- Marine Bond for R5 000 000 over Motorship Silver Taurus Official Number 49605.
- Marine Bond for R5 000 000 over Motorship Silver Dorado Official Number 49701.
- Marine Bond for R4 000 000 over Motorship Silver Champion Official Number 40401.
- Marine Bond for R5 750 000 over Motorship Silver Eagle Official Number 40904.
- First Marine bond for R7 200 000 and Second marine bond for R4 387 500 over Motorship Silver Arrow Official Number 41003.
- Cession of debtors and customer foreign currency accounts.
- Limited suretyship for R10 000 000 by Dazzalle Traders Proprietary Limited, excluding cession of loan account.
- Limited suretyship by Dazzalle Traders Proprietary Limited, including cession of loan account, supported by:
  - Marine Bond for R5 500 000 over Motorship Silver Laguna;
  - Marine Bond for R6 100 000 Motorship Maverick;
  - Marine Bond for R4 750 000 Motorship Zingela; and
  - Marine Bond for R4 000 000 Motorship Lazarus.

16. CASH AND CASH EQUIVALENTS (CONTINUED)

- Cession of loan account in Dazzalle Traders Proprietary Limited, limited to R9 500 000.
- Cession of insurance policy issued by Zurich Short-Term Stock policy over stock held at cold store 315. Port Elizabeth harbour and Adamant Jetty.
- Cession of insurance policy issued by Lloyd's Cargo Cover policy over marine stock.
- Cession of insurance policy issued by Industrial and Domestic Risk Services (Cape) Proprietary Limited policy number B0518M091146 over the hull.
- Cession of insurance policy issued by Lloyd's (Arthur J Gallagher International).

Limited suretyship of R19 500 000 by Dazzalle Traders Proprietary Limited including cession of loan account.

Facilities:

- Primary Lending: R74 650 000
- Financial Guarantees: R682 000
- Forward Exchange Contracts: R15 000 000
- Foreign Exchange Settlement Limit: R60 000 000
- The temporary increase of R30 000 000 in the primary lending facility is available to the Borrower until 25 April 2020,whereafter the facility will revert to R44 650 000.

Security currently held by the Bank:

- Limited suretyship for R15 000 000 by The Standur Trust including cession of loan account.
- Limited suretyship for R5 000 000 by the Dino Moodlaley Family Trust, including cession of loan account.
- Limited suretyship for R2 500 000 by The Sanbourne Trust (Trust Number IT 4395/1995), including cession of loan account.
- Limited suretyship for R2 500 000 by Patrick Mbiko Family Trust (Trust Number 1043/1995), including cession of loan account.
- Limited suretyship for R2 500 000 by Scofish Proprietary Limited, including cession of loan account.
- Cession by the Borrower of its loan account in Trautman Fishing Enterprise Close Corporation.
- Cession by the Borrower of its loan account in BMC Fisheries Close Corporation, limited to R1 200 000.

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

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

	2020 R'000	2019 R'000
Credit rating		
Absa Bank Limited Baa3	**103 310**	171 809
Nedbank Limited Baa3	**827**	3 788
Standard Bank Limited BB+	**3 670**	7 460
First National Bank Limited BB+	**23**	98
Total	**107 830**	**183 155**

	2020	2019
17. STATED CAPITAL		
Authorised		
Ordinary shares (number of shares)	**2 000 000 000**	2 000 000 000
Issued		
Ordinary shares (number of shares)	**260 000 000**	260 000 000

Issued capital	R'000	R'000
260 000 000 ordinary shares of no par value	**507 517**	507 517
Total stated capital	**507 517**	507 517

The authorised and issued share capital and authorised share capital have remained unchanged during the current year. Every shareholder is entitled to vote on matters to be decided by shareholders, participate proportionally in any distribution made by the Company and receive proportionally the net assets of the Company upon its liquidation

	2020 R'000	2019 R'000
18. RESERVES		
Capital Redemption Reserve Fund	**8 014**	8 014

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

	2020 R'000	2019 R'000
19. OTHER FINANCIAL LIABILITIES		
Absa Bank Limited – Asset Finance	**26**	99
The loans are for a term of 48 to 60 months. Repayable in monthly instalments of:		
– R6 652		
The interest rates charged on the loans at 31 August 2020 are:		
– 7.00%;		
Secured by motor vehicles with a carrying value of R111 673 (2019: R98 927) and vessels with a carrying value of R22 966 557 (2019: R16 991 605). See note 3.		
Absa Bank Limited – Revolving Loan	**439**	595
The interest rate charged on the loan at 31 August 2020 is 7.00%. The loan is repayable in monthly instalments of R 15 055. The loan was used in the purchase of Marine Growers Proprietary Limited by Premier Fishing SA Proprietary Limited.		
C Van Rij	**1 342**	1 976
The loan is unsecured and interest-free. The loan is repayable on demand.		
Absa Bank Limited – Project Finance	**1 423**	3 863
The interest rate charged on the loan at 31 August 2020 is 7.025% (2019: 10.142%). The loan is repayable in monthly instalments of R203 333 ending on 31 March 2021. African Equity Empowerment Investments Limited has provided a limited guarantee for the loan to Absa Bank Limited.		
Mnyameni Fishers CC		
The loan is unsecured, bears interest at prime and has no fixed terms of repayment.	**34**	43
Total	**3 264**	6 576
Non-current liabilities		
At amortised cost	**439**	2 018
Current liabilities		
At amortised cost	**2 825**	4 558
Total	**3 264**	6 576

19. OTHER FINANCIAL LIABILITIES (CONTINUED)

Fair value of other financial liabilities

The carrying value of these borrowings approximates its fair value due to its short-term nature, and that it will be settled at arm's-length.

	2020 R'000	2019 R'000
20. POST-EMPLOYMENT MEDICAL COSTS		
Opening balance	**237**	984
Decrease in provision for medical aid benefits	**24**	(747)
Closing balance	**261**	237

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

21. TRADE AND OTHER PAYABLES

	2020 R'000	2019 R'000
Trade payables	**38 570**	33 351
Amounts due to related parties	**61**	6 816
Payroll accruals	**3 797**	4 343
Accrued expenses	**9 149**	13 934
Amounts due to other quota holders	**5 711**	6 502
Accrued audit fees	**556**	1 797
Accrued leave pay	**2 778**	–
Payroll accruals for related parties	**2 817**	4 046
Non-financial instruments		
Contract liability (refer to note 38)	**1 068**	167
Value added taxation	**517**	108
	65 024	**71 064**

Exposure to foreign currency

The net carrying amounts, in Rand, of trade and other payables are denominated in the following currencies. The amounts have been presented in Rand by converting the foreign currency amount at the closing rate at the reporting date, where applicable.

	2020 R'000	2019 R'000
Euro	–	35
US Dollar	**46**	132
Total	**46**	167

Fair value of trade and other payables

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

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

22. PROVISIONS

	2020 R'000	2019 R'000
Total provisions	**3 593**	9 952

Reconciliation of provisions

2020 (R'000)	Opening balance	Additions	Utilised during the year	Reversed during the year	Leave pay paid out	Total
Leave pay provision	**2 404**	**3 226**	**(1 913)**	**(3 231)**	**(486)**	**–**
Bonus provision	**7 548**	**3 531**	**(7 548)**	**–**	**–**	**3 531**
Provision for commission	**–**	**62**	**–**	**–**	**–**	**62**
	9 952	**6 819**	**(9 461)**	**(3 231)**	**(486)**	**3 593**

Reconciliation of provisions

2019 (R'000)	Opening balance	Additions	Utilised during the year	Total
Leave pay provision	1 695	3 043	(2 334)	2 404
Bonus provision	7 429	7 548	(7 429)	7 548
Provision for commission	5 556	–	(5 556)	–
	8 944	15 235	(9 499)	9 952

Employee benefits in the form of annual leave entitlements are provided for when they accrue to employees with reference to services rendered up to the statement of financial position date. The above provision represents management's best estimate based on prior experience. The provision for bonuses is provided for when they accrue to employees with reference to services rendered up to the statement of financial position date.

The commission provision relates to commission expenses payable to a sales agent. The actual sales price realised from which the commission is based on was not yet finalised at year-end. The provision represents management's best estimate based on expected market prices.

23. REVENUE

	2020 R'000	2019 R'000
Sale of goods and quota usage revenue	**427 933**	555 703
Rendering of services	**11 939**	7 222
Cold storage and other rental revenue	**8 821**	12 081
	448 693	575 006

Disaggregation of revenue from contracts with customers

We have determined that the categories used by major products can be used to meet the objective of the disaggregation of revenue disclosure requirement, which is to disaggregate revenue from contracts with customers into categories that depict how the nature, amount timing and uncertainty of revenue and cash flows are affected by economic factors.

The segmental analysis illustrates the disaggregation disclosure by primary geographical markets and major product lines.

The group has assessed that the disaggregation of revenue by operating segments is appropriate in meeting this disclosure requirement, as this is the information regularly reviewed by the chief decision-maker, in order to evaluate the financial performance of the entity. Refer to the segmental report for further detail around the sale of goods and quota usage revenue for each operating segment.

FOR THE YEAR ENDED 31 AUGUST 2020

23. REVENUE (CONTINUED)

	2020 R'000	2019 R'000
Total revenue from contracts with customers	**448 693**	575 006
Timing of revenue recognition		
At a point in time		
Sale of goods and quota usage revenue	**427 933**	555 703
Rendering of services (processing and marketing)	**11 939**	7 222
Over time		
Cold storage revenue	**8 821**	12 081
Total revenue from contracts with customers	**448 693**	575 006

24. OTHER OPERATING INCOME

	2020 R'000	2019 R'000
Administration and HR fees received	**970**	1 203
Training refunds received	**501**	1 162
Other rental income	**347**	357
Sundry income	**2 082**	2 491
Fuel rebates received	**5 780**	7 017
Discount received	**127**	164
Insurance proceeds received	**378**	8 580
Tenant installation allowance	–	2 356
	10 185	**23 330**

25. OPERATING PROFIT

	2020 R'000	2019 R'000
Operating profit for the year is stated after accounting for the following:		
Management fees expenses to the holding company	**3 348**	6 420
Loss on disposal of property, plant and equipment	**7**	1 694
(Gain)/loss on foreign exchange	**(3 255)**	(4 905)
Amortisation on intangible assets	**9 675**	2 727
Depreciation and impairment on property, plant and equipment	**33 041**	26 527
Employee costs	**114 907**	126 845
Fair value gain on biological assets	**(12 707)**	(8 757)

26. INVESTMENT REVENUE

	2020 R'000	2019 R'000
Interest income		
Bank	**5 347**	15 318
Group companies	**8 662**	10 008
Outside quota holders	**602**	855
Total investment revenue	**14 611**	26 181

	2020 R'000	2019 R'000

27. FINANCE COSTS

	2020 R'000	2019 R'000
Bank	**3 053**	4 154
Leases	**6 331**	–
Late payment of tax	**49**	860
Total finance costs	**9 433**	5 014

28. TAXATION

	2020 R'000	2019 R'000
Major components of the tax expense		
Current		
Local income tax – current year	**4 685**	16 012
Local income tax – recognised in current tax for prior periods	**(598)**	256
Total current tax	**4 087**	16 268
Deferred		
Originating and reversing temporary differences	**6 958**	8 904
Total deferred tax	**6 958**	8 904
Total tax expense	**11 045**	25 172
Reconciliation of the tax expense		
Reconciliation between the applicable tax rate and the average effective tax rate.		
Applicable tax rate	**28.00%**	28.00%
Donations and fines disallowed	**0.29%**	0.35%
Consulting and legal fees disallowed	**1.74%**	0.32%
Interest expense disallowed	**0.04%**	0.31%
Other permanent differences	**6.12%**	–
Audit fees disallowed	**–**	0.02%
Utilisation of farming allowance	**–**	0.06%
Prior year under provision for tax	**1.87%**	0.26%
Amortisation disallowed	**–**	0.80%
Learnerships	**(0.52%)**	(0.09%)
Prior year under provision of deferred tax	**(2.26%)**	(0.34%)
Effect of prior period error	**28.06%**	–
Effective tax rate	**63,34%**	29.69%

FOR THE YEAR ENDED 31 AUGUST 2020

29. CASH GENERATED FROM OPERATIONS

	2020 R'000	2019 R'000
Profit before taxation	**17 430**	83 621
Adjustments for:		
Depreciation, impairment and amortisation	**42 716**	36 922
Loss on sale of assets	**7**	1 694
Interest income	**(14 611)**	(26 181)
Finance costs	**9 433**	5 014
Gain on foreign exchange	**(3 255)**	(4 905)
Allowance for expected credit loss	**497**	469
Movements in operating lease liability	**(245)**	(88)
Movements in post-employment medical costs liability	**24**	(747)
Movements in provisions	**(6 359)**	(4 728)
Fair value adjustment on biological assets	**(12 717)**	3 775
Bad debts	**4 966**	–
Non-cash movement in financial assets	**3 390**	
Changes in working capital:		
Inventories	**(2 749)**	17 097
Trade and other receivables	**2 125**	30 560
Trade and other payables	**(6 040)**	(18 877)
Cash generated from operations	**34 612**	123 626

30. TAX PAID

	2020 R'000	2019 R'000
Balance at beginning of the year	**(8 752)**	(18 922)
Current tax for the year recognised in profit or loss	**(4 087)**	(16 268)
Balance at end of the year	**3 938**	(8 752)
Tax paid	**727**	(43 942)

31. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

Group – 2020	Opening balance	Additions	Total non-cash movements	Cash movements	Closing balance
Leases	–	63 446	63 446	(6 164)	57 282
Other financial liabilities	6 576	–	6 576	(3 312)	3 264
	6 576	63 446	70 022	(9 476)	60 546

Group – 2019	Opening balance	Additions	Total non-cash movements	Cash movements	Closing balance
Other financial liabilities	11 375	–	11 375	(4 799)	6 576
	11 375	–	11 375	(4 799)	6 576

32. COMMITMENTS

	2020 R'000	2019 R'000
Authorised capital expenditure		
Not yet contracted for and authorised by directors	**20 000**	40 000
This committed expenditure relates to the abalone farm expansion. The expenditure will be financed by available finance resources.		
Operating leases – as lessee		
Minimum lease payments due (contractual amounts)		
– within one year	–	11 030
– in second to fifth year inclusive	–	46 219
– later than five years	–	41 714
Total	–	98 963
Operating leases – as lessee		
Minimum lease payments due (smoothed amounts)		
– within one year	–	13 765
– in second to fifth year inclusive	–	49 003
– later than five years	–	33 783
Total	–	96 551

33. 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.

	2020 cents	2019 cents
Basic earnings per share	**1.54**	12.96
Diluted earnings per share	**1.54**	12.96

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

	2020 R'000	2019 R'000
Earnings attributable to owners of Premier Fishing and Brands Limited	**4 001**	48 246
Weighted average number of shares (000)	**260 000**	260 000

33. EARNINGS PER SHARE (CONTINUED)

Headline earnings per share

Headline earnings is determined as follows:	2020 R'000 Gross	2020 R'000 Net	2019 R'000 Gross	2019 R'000 Net
Earnings attributable to owners of Premier Fishing and Brands Limited		**4 001**		48 246
Adjusted for:				
Effect of loss on derecognition of property, plant and equipment gross of tax	**(27)**	**(19)**	1 694	1 220
Insurance income	**(378)**	**(272)**	(8 580)	(6 178)
Impairment of property, plant and equipment	**945**	**945**	-	-
Impairment of loans	**2 521**	**1 815**	-	-
Headline earnings		**6 470**		43 288

	2020 cents	2019 cents
Headline earnings per share	**2.49**	16.65
Diluted headline earnings per share	**2.49**	16.65

34. EVENTS AFTER THE REPORTING PERIOD

Shareholders are advised that Premier Fishing SA Proprietary Limited ("PFSA") and Laudeware Proprietary Limited ("BEE SPV") ("the Parties") have entered into a binding memorandum of understanding ("MOU") in terms of which, *inter alia*, BEE SPV, a special purpose broad-based black economic empowerment company shall be introduced as a shareholder in PFSA, such that the black ownership of PFSA shall be increased from 69% to 78% post the introduction of BEE SPV ("BEE Transaction").

PFSA shall create and issue to BEE SPV a new class of share ("PFSA A Class Shares") with voting rights which rank *pari passu* with the ordinary shareholders of PFSA such that the PFSA A Class Shares issued to BEE SPV will, after their issue, constitute 30% of the total issued share capital of PFSA. The BEE Transaction is being undertaken for purposes of:

- complying with section 2 (Objectives) of the MLRA and, in particular, section 2(j) thereof responding to the need to restructure the fishing industry to address historical imbalances and to achieve equity within all branches of the fishing industry; and
- increasing the black ownership of PFSA to 78% in order to secure Fishing Rights for Premier Fishing, in relation to the upcoming fishing rights allocation process ("FRAP").

The potential impact on profit and loss, and its related tax effects will only be known during the new financial year once all agreements are completed.

35. RELATED PARTIES

Relationships

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

FOR THE YEAR ENDED 31 AUGUST 2020

35. RELATED PARTIES (CONTINUED)

	2020 R'000	2019 R'000
Related party balances		
Loan receivable from holding company (refer to note 10)		
African Equity Empowerment Investments Limited	**100 097**	93 434
Loans receivables relating to joint ventures (refer to note 15)		
Bloudam Joint Venture	**2 521**	2 147
Premier Seacat Joint Venture	**1 720**	1 891
Amounts receivable from holding company (refer to note 14)		
African Equity Empowerment Investments Limited	**1 971**	733
Amounts receivable from fellow subsidiaries (refer to note 14)		
African News Agency Proprietary Limited	**–**	39
espAfrika Proprietary Limited	**23**	23
Health Systems Technologies Proprietary Limited	**802**	17
Independent News and Media Proprietary Limited	**359**	359
Magic 828 Proprietary Limited	**45**	19
Independent Online Property Joint Venture Proprietary Limited	**88**	2
Ribotech Proprietary Limited	**64**	–
Sekpharma Proprietary Limited	**3**	3
AYO Technology Solutions Limited	**–**	121
Tripos Tourism Investments Proprietary Limited	**79**	27
Afrinat Proprietary Limited	**1 105**	1 049
Orleans Cosmetics Proprietary Limited	**–**	46
African News Agency Publishing Proprietary Limited	**–**	1
Kalula Communications Proprietary Limited	**121**	–
MCI South Africa Proprietary Limited	**2**	2
Amounts receivable relating to joint ventures		
BCP Hake Joint Venture	**7 042**	6 028
Amounts payable from fellow subsidiaries		
Cape Sunset Villas Close Corporation	**–**	718
Health System Technologies Proprietary Limited	**1**	8
Afrinat Proprietary Limited	**59**	78
Global Command Proprietary Limited	**–**	688
Amounts payable from holding company		
African Equity Empowerment Investments Limited	**–**	5 325
Related party transactions		
Interest received from holding company (refer to note 10)		
African Equity Empowerment Investments Limited	**8 662**	10 008
Consumables purchased from fellow subsidiaries		
Afrinat Proprietary Limited	**78**	92
Management fee expense to holding company		
African Equity Empowerment Investments Limited	**3 438**	6 420

35. RELATED PARTIES (CONTINUED)

	2020 R'000	2019 R'000
Human resource fees income received (refunded) from fellow subsidiaries		
Magic 828 Proprietary Limited	**75**	83
Insights Publishing Proprietary Limited	**–**	(17)
Independent Online Property Joint Venture Proprietary Limited	**–**	21
Ribotech Proprietary Limited	**–**	1
Bioclones Proprietary Limited	**–**	2
Sekpharma Proprietary Limited	**–**	1
Independent News and Media Proprietary Limited	**11**	17
African News Agency Proprietary Limited	**–**	215
Health System Technologies Proprietary Limited	**177**	188
Tripos Tourism Investments Proprietary Limited	**16**	30
African Equity Empowerment Investments Limited	**78**	97
African News Agency Publishing Proprietary Limited	**–**	39
Kalula Communications Proprietary Limited	**34**	35
Afrinat Proprietary Limited	**52**	55
African News Agency Pictures Proprietary Limited	**–**	28
Orleans Cosmetics Proprietary Limited	**96**	40
Global Command Proprietary Limited	**182**	77
Human resource fees income received from fellow associates		
AYO Technology Solutions Limited	**–**	127
Computer expenses paid to fellow subsidiaries		
Health System Technologies Proprietary Limited	**32**	41
Rent paid to related parties		
Cape Sunset Villas Close Corporation	**905**	707
Subscriptions expense from related parties		
Independent News and Media Proprietary Limited	**–**	244
Sales to fellow subsidiary		
Afrinat Proprietary Limited	**1 545**	1 021
Administration fees received in relation to joint ventures		
Premier Seacat Joint Venture	**90**	90
Advertising expenses paid to fellow subsidiaries		
Independent News and Media Proprietary Limited		298
African News Agency Publishing Proprietary Limited		114
Commission received in relation to joint venture		
Premier Seacat Joint Venture	**124**	349

35. RELATED PARTIES (CONTINUED)

	2020 R'000	2019 R'000
Vessel usage fees received in relation to joint ventures		
BCP Hake Joint Venture	**397**	397
Dividends paid to holding company		
African Equity Empowerment Investments Limited	**14 620**	52 910
Enterprise Development expenses paid to fellow subsidiaries		
Afrinat Proprietary Limited	**350**	350
Compensation to directors and other key management		
Salaries	**6 917**	7 610
Travel allowance	**22**	29
Bonus	**2 371**	2 728
Medical aid contributions	**–**	–
Pension, Provident Fund and other contributions	**764**	844
	10 074	11 218

Directors' interests in shares 2020	Direct beneficial	Direct non-beneficial	Indirect beneficial	Indirect non-beneficial	Total percentage
Salim Young	**50 000**	**–**	**–**	**–**	**0.02%**
Clifford van der Venter	**36 500**	**–**	**–**	**–**	**0.01%**
*Khalid Abdulla	**50 000**	**–**	**175 000**	**–**	**0.09%**
*Aziza Amod	**–**	**–**	**–**	**4 500**	**0.00%**
	158 722	**–**	**175 000**	**4 500**	**0.13%**

Directors' interests in shares 2019	Direct beneficial	Direct non-beneficial	Indirect beneficial	Indirect non-beneficial	Total percentage
Salim Young	50 000	–	–	–	0.02%
Clifford van der Venter	36 500	–	–	–	0.01%
*Khalid Abdulla	50 000	–	175 000	–	0.09%
*Aziza Amod	–	–	–	26 722	0.01%
	136 500	–	175 000	26 722	0.13%

During the year, the directors held in aggregate a direct beneficial interest of 158 722 (2019: 136 500) in the company's shares, equivalent to 0.06% (2019: 0.05%) of the issued share capital.

* *Aziza Amod and Khalid Abdulla have an indirect interest in shares of 179 500 (2019: 201 772) shares which equates to 0.07% (2019:0.08%) of total issued shares. This relates to shares held by their associates, and has been disclosed as per the JSE Listing requirements. The directors shareholdings did not change between the end of the financial year and date of approval of Annual financial statements.*

36. GROUP SEGMENTAL ANALYSIS

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

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

Fishing:	– Lobster – Pelagics – Hake – Squid
Aquaculture:	– Aquaculture – Seagro
Services:	– Processing and marketing – Cold storage

	Segment revenue		Segment profit	
	2020 R'000	2019 R'000	**2020 R'000**	2019 R'000
Lobster	164 214	180 405	40 140	49 688
Pelagics	70 675	62 093	20 634	15 999
Hake	21 583	35 524	1 902	13 489
Squid	141 379	246 819	32 442	98 308
Aquaculture	26 785	27 258	(1 853)	(3 357)
Cold storage	8 821	12 081	2 730	528
Seagro	7 009	7 705	3 444	1 559
Processing and marketing	11 939	7 222	225	1 815
Total	**452 405**	**579 107**	**99 664**	**178 029**
Less inter-segmental sales	(3 712)	(4 101)		
Administration and support services		–	(100 129)	(124 332)
Fair value gains		–	12 717	8 757
Interest income		–	14 611	26 181
Finance costs		–	(9 433)	(5 014)
Total revenue and profit before tax	**448 693**	575 006	**17 430**	83 621

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

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

Horse mackerel is no longer shown as a segment and has been grouped with the Pelagics segment.

36. GROUP SEGMENTAL ANALYSIS (CONTINUED)

	2020 R'000	2019 R'000
Segment assets		
Lobster	84 865	73 431
Pelagics	112 907	103 878
Hake	7 831	11 641
Squid	161 568	177 261
Aquaculture	307 097	268 394
Cold store	1 077	527
Seagro	3 653	3 667
Processing and marketing	18 108	26 530
Administration and support services	327 274	342 250
Total segmental assets	**1 024 380**	**1 007 579**
Unallocated	29	31
Consolidated total assets	**1 024 409**	**1 007 610**
Segment liabilities		
Lobster	22 115	11 654
Pelagics	4 759	8 172
Hake	4 114	2 884
Squid	10 799	14 548
Aquaculture	6 591	14 874
Seagro	–	78
Processing and marketing	9 862	11 191
Administration and support services	71 781	25 742
Total segmental liabilities	**130 021**	**89 143**
Unallocated	124 191	121 150
Consolidated total liabilities	**254 212**	**210 293**

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

	Depreciation and amortisation		Additions to property, plant and equipment	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
Lobster	**6 744**	6 828	**15 095**	16 676
Pelagics	**5 140**	8 234	**13 575**	13 376
Hake	**–**	–	**–**	41
Squid	**19 611**	17 331	**2 102**	7 109
Aquaculture	**2 041**	3 731	**31 714**	80 844
Cold store	**32**	34	**–**	–
Seagro	**43**	50	**–**	–
Processing and marketing	**2**	1	**–**	–
Administration and support services	**9 103**	713	**2 924**	7 631
Total	**42 716**	36 922	**65 410**	125 677

36. GROUP SEGMENTAL ANALYSIS (CONTINUED)

Geographical information

The Group operates in South Africa.

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

	2020 R'000	2019 R'000
United States of America	**122 404**	123 447
Europe	**159 753**	280 666
Far East	**58 421**	75 171
South Africa	**108 115**	95 722
Total revenue	**448 693**	575 006

Information about major customers

There are 2 major customers that have provided more than 10% of the company's revenue. These 2 customers are shown below:

	2020	2019	Segment
Customer 1	R118 million	R123 million	Lobster
Customer 2	R71 million	R58 million	Pelagic

37. DIRECTORS' EMOLUMENTS

Executive directors

2020	Salary R'000	Bonus R'000	Provident fund R'000	Travel allowance R'000	Total R'000
MS Saban	1 314	1 374	113	–	2 801
R Isaacs	1 489	206	164	–	1 859
B Robertson	1 180	240	139	–	1 559
I Moosa	189	22	32	–	243
	4 172	**1 842**	**448**	**–**	**6 462**
2019					
MS Saban	2 352	1 284	253	–	3 889
IT Bundo	633	417	73	2	1 125
I Moosa	796	100	78	–	974
R Isaacs	1 057	289	113	–	1 459
	4 838	2 090	517	2	7 447

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

37. DIRECTOR'S EMOLUMENTS (CONTINUED)

Non-executive directors

Board fees	2020 R'000	2019 R'000
Rev. Dr VC Mehana	–	186
S Young	**207**	168
AB Amod*	**386**	615
RP Mosia	**207**	168
Adv. N Ramatlhodi	**207**	161
SP Mngconkola	**193**	113
CL Van der Venter	**207**	166
	1 407	1 577

* *A Amod board fees include an amount received for consulting services.*

Directors emoluments for services to other group companies

2020	Salary R'000	Bonus R'000	Provident Fund R'000	Medical Aid R'000	Expense allowances R'000	Directors' fees R'000	Total R'000
K Abdulla	**3 991**	**4 000**	**373**	**18**	**36**	**–**	**8 418**
	3 991	**4 000**	**373**	**18**	**36**	**–**	**8 418**
2019							
CF Hendricks	1 081	257	153	65	–	–	1 556
K Abdulla	3 919	3 274	521	–	–	–	7 714
IT Bundo"	1 660	–	87	20	–	–	1 767
S Young	546	–	–	–	–	–	546
	7 206	3 531	761	85	–	–	11 583

Emoluments for previous directors for services in other group companies

2020

Mr K Abdulla resigned from the board of Premier Fishing and Brands Limited in the current year and took up a position as Deputy chairman of AYO Technology Solutions Limited. His emoluments shown above are for his services to African Equity Empowerment Investments Limited AYO Technology Solutions Limited.

2019

Miss CF Hendricks was an executive director of African Equity Empowerment Investments Limited. Her emoluments shown above are in respect of her services to African Equity Empowerment Investments Limited. Miss CF Hendricks resigned from the board of African Equity Empowerment Investments Limited on the 18 January 2019.

Mr K Abdulla is an executive director of African Equity Empowerment Investments Limited and the emoluments shown above are in respect to his services to African Equity Empowerment Investments Limited.

Mr IT Bundo resigned from the Premier Fishing and Brands Limited board of directors and took up a position as Chief Financial Officer of Ayo Technology Solutions Limited. His emoluments above are for his services to AYO Technology Solutions Limited.

Mr S Young is a non-executive director of AYO technologies and the emoluments shown above are in respect of his services to AYO Technology Limited.

37. DIRECTOR'S EMOLUMENTS (CONTINUED)

Non-executive directors fees in other Group companies

Board fees	2020 R'000	2019 R'000
Rev Dr VC Mehana	–	345
AB Amod	**1 057**	558
R Mosia	**700**	314
Adv N Ramatlhodi	**400**	473
I Amod	**207**	–
	2 364	1 690

– Mrs AB Amod, Rev Dr VC Mehana (resigned), Mr I Amod, Ms RP Mosia and Adv N Ramatlhodi all serve on the board of other group companies, and their emoluments are paid by those Group companies for their services to those Group companies.

38. FINANCIAL RISK MANAGEMENT

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

Capital risk management

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

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

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

The Group monitors capital on the basis of the net interest bearing debt as a percentage of equity. This percentage is calculated as net debt divided by total equity. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the statement of financial position). Total equity is represented in the statement of financial position. The net debt to equity percentage during 2020 was less than 1%. (2019: less than 1%)

Financial risk management

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

The Group also has trade receivables and cash equivalents denominated in foreign currencies which give rise to foreign exchange risk.

Liquidity risk

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

38. FINANCIAL RISK MANAGEMENT (CONTINUED)

Maturity profiles

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

Group – 2020		Less than 1 year	1 to 2 years	Total	Carrying amount
Non-current liabilities					
Borrowings *	18	**–**	**439**	**439**	**439**
Current liabilities					
Trade and other payables	20	**65 024**	**–**	**65 024**	**65 024**
Borrowings	18	**2 825**	**–**	**2 825**	**2 825**
		67 849	**439**	**68 288**	**68 288**
Group – 2019					
Non-current liabilities					
Borrowings *	18	–	2 018	2 018	2 018
Current liabilities					
Trade and other payables	20	71 064	–	71 064	71 064
Borrowings	18	4 558	–	4 558	4 558
		75 622	2 018	77 640	77 640

* *These amounts pertain to amounts to be settled in excess of a 12 month period, and approximate fair value as any discounting on these amounts are considered to be immaterial.*

The Group has no significant concentration of liquidity risk.

Credit risk

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

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

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

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

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

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

38. FINANCIAL RISK MANAGEMENT (CONTINUED)

The maximum exposure to credit risk at period end were as follows:

Group		2020			2019		
		Gross carrying amount	Credit loss allowance	Amortised cost / fair value	Gross carrying amount	Credit loss allowance	Amortised cost / fair value
Loans to group companies	9	**100 097**	**–**	**100 097**	93 434	–	93 434
Trade and other receivables	13	**93 280**	**(497)**	**92 783**	94 501	(469)	94 032
Cash and cash equivalents	15	**107 902**	**–**	**107 902**	183 219	–	183 219
		301 279	**(497)**	**300 782**	371 154	(469)	370 685

Refer to notes 9, 13, 14 and 15 for further detail in relation to credit risk.

Market risk

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

(a) Currency risk

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

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

Foreign currency balances

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

	US Dollar '000	Euro '000
At 31 August 2020		
Trade debtors	**2 120**	**109**
Cash and cash equivalents	**-**	**154**
Income received in advance	**1**	**-**
Total	**2 121**	**263**
At 31 August 2019		
Trade debtors	1 875	230
Cash and cash equivalents	68	91
Income received in advance	9	–
Total	1 952	321

Exchange rates used for conversion of foreign items were:	US Dollar	Euro
At 31 August 2020	**16.94**	**20.22**
At 31 August 2019	15.18	16.68

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

38. FINANCIAL RISK MANAGEMENT (CONTINUED)

Foreign currency sensitivity analysis

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

Increase in profit after tax	2020 R'000	2019 R'000
US dollar	**5 014**	2 144
Euro	**496**	266

(b) Interest rate risk

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

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

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

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

Interest rate profile

The interest rate profile of interest bearing financial instruments at the end of the reporting period was as follows:

		Average effective interest rate		Carrying amount	
Group	**Note**	**2020**	**2019**	**2020**	**2019**
Variable rate instruments:					
Assets					
Borrowings – Absa Revolving loan		**7.00%**	10.00%	**439**	595
Borrowings – Absa Asset Finance		**10.50-11.75%**	10.50-11.75%	**26**	99
Borrowings – Absa Project finance loan		**7.025%**	10.142%	**1 423**	3 863
Loans to Group companies – AEEI loan 1		**7.00%**	10.00%	**100 097**	93 434
				101 985	**97 991**

Interest rate sensitivity analysis

The following table shows the impact on the Group's profit after tax if interest rates were 2.5% higher or lower as at the reporting date (2019: 0.5% higher or lower). The sensitivity analysis includes the financial assets and financial liabilities balances with variable interest rates at financial year-end, with all other variables held constant. The 2.5% change was deemed reasonable in the current year due to the current economic climate experienced in the 2020 financial year as opposed to the prior year.

	2020 R'000	2019 R'000
Impact on profit after tax		
Increase of 2.5% (2019: 0.5%)	**(698)**	(259)
Decrease of 2.5% (2019: 0.5%)	**698**	259

Biological assets

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

38. FINANCIAL RISK MANAGEMENT (CONTINUED)

Categories of financial instruments

Categories of financial assets	Notes	Amortised cost	Total	Fair value
Group – 2020				
Loans to group companies	10	**100 097**	**100 097**	**100 097**
Trade and other receivables	14	**100 770**	**100 770**	**100 770**
Cash and cash equivalents	16	**107 902**	**107 902**	**107 902**
Other financial assets	15	**2 195**	**2 195**	**2 195**
		310 964	**310 964**	**310 964**
Group – 2019				
Loans to group companies	10	93 434	93 434	93 434
Trade and other receivables	14	94 032	94 032	94 032
Cash and cash equivalents	16	183 219	183 219	183 219
Other financial assets	15	5 585	5 585	5 585
		376 270	376 270	376 270

Categories of financial liabilities	Notes	Amortised cost	Total	Fair value
Group – 2020				
Trade and other payables	22	**65 024**	**65 024**	**65 024**
Borrowings	19	**3 264**	**3 264**	**3 264**
Lease obligation		**57 282**	**57 282**	**57 282**
		125 570	**125 570**	**125 570**
Group – 2019				
Trade and other payables	22	70 789	70 789	70 789
Borrowings	19	6 576	6 576	6 576
		77 365	77 365	77 365

39. FAIR VALUE INFORMATION

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

Fair value hierarchy

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

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

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

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

Asset	Fair value at 31 August 2020 R'000	Fair value at 31 August 2019 R'000	Valuation method	Significant inputs	Fair value hierarchy
Biological assets	**84 436**	70 729	Quoted market prices for farmed abalone less estimated point of sale costs	Quoted market prices for abalone of similar size and foreign exchange rate	**Level 3**

Reconciliation of assets measured at level 3

	Opening balance R'000	Changes in fair value, births and deaths R'000	Sales R'000	Purchases R'000	Transfers to inventory R'000	Closing balance R'000
At 31 August 2020						
Biological assets – Abalone	**70 729**	**32 280**	**(19 563)**	**990**	**-**	**84 436**
At 31 August 2019						
Biological assets – Abalone	68 021	23 130	(26 903)	8 975	(2 494)	**70 729**

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

The value of abalone is calculated by taking into account the selling price of the abalone, less costs associated with the sale. The selling price ranged between $24.8/kg - $33.38/kg. The 30-60 grams ranges between $27.66/kg - $31.46/kg. The 70-150 grams ranges between $29.22/kg - $31.46/kg. International freight cost is between $2.35 - $6.55/kg. The net selling price less costs to sell is then applied to the total weight of the abalone per size category as at year-end with other inputs such as weight loss of the abalone and the USD foreign currency spot rate. The potential effect of using reasonably possible alternative assumptions in the valuation, based on a change in the most significant input by 1% while holding all other variables constant, is shown in the following table:

	Impact on profit after tax 1% increase R'000	Impact on profit after tax 1% decrease R'000
Weight	**659**	(659)
USD Spot rate	**(154)**	154
International freight	**(154)**	154
Packaging and Processing	**(25)**	25

39. FAIR VALUE INFORMATION (CONTINUED)

Valuation processes applied by the Group

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

40. CHANGE IN ACCOUNTING POLICY

During the reporting period the Group adopted the newly effective accounting standards, namely:

IFRS 16: Accounting for Leases

The new standard (which replaces IAS 17 effective 1 January 2019, with earlier application permitted) requires lessees to record all leases on the statement of financial position which reflect their right to use an asset and the associated liability for payment of lease rentals. In the subsequent periods, depreciation and interest payable are recorded in the profit and loss. Short-term leases (of 12 months or less) and low-value leases are exempted.

Effect of transition

The Group transitioned to IFRS 16 by recognising the cumulative effect of IFRS 16 as an adjustment to opening equity at the date of initial application, being 1 September 2019. Comparative information has therefore not been restated.

Classification

IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

A lessee measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. The lease asset and lease liability is measured at the present value of all lease payments to be paid over the lease terms of the respective lease agreements, discounted back using an effective interest rate. The incremental borrowing rates used to discount the lease payments was 8% for the lease agreement in Gansbaai and 10% for the other lease agreements. Furthermore, the remaining operating lease liability as at the end of August 2019, pertains to the lease agreement in Gansbaai, and this was added to the lease asset of this lease agreement. Depreciation is recognised on the right-of-use asset on a straight line basis over the lease term of the respective agreements and interest on the lease liability. In the statement of cash flows, the Group has adopted to recognise the finance charges as part of operating activities and the cash paid on the principal liability after deducting the finance charges, is shown as part of financing activities. As the date of adoption was 1 September 2019, the lease liability recognised at this date amounted to R63 446 080 and the right of use asset recognised amounted to R59 619 559.

Practical expedients

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- The use of a single discount rate to a portfolio of leases with reasonably similar characteristics.
- The initial direct cost was excluded in the measurement of the right-of-use asset at 1 September 2019.

40. CHANGE IN ACCOUNTING POLICY (CONTINUED)

The Group has elected to recognise the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. The impact of IFRS 16 is as follows:

	20 Aug R'000
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	
Assets	
Non-current assets	
Increase in right-of-use assets	49 536
Liabilities	
Non-current liabilities	
Increase in leased liabilities	55 389
Current liabilities	
Increase in lease liabilities	1 893
CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE	
Increase in depreciation	10 084
Increase in finance charges	6 331
Decrease in rent expense	(11 919)
Decrease in Income tax expense	(4 596)
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY	
Effect on opening retained income at 1 September 2019 as a result of the change from IAS 17 to IFRS 16	2 755
CONSOLIDATED STATEMENT OF CASH FLOWS	
Cashflows from operating activities	
Increase in finance charges	6 331
Decrease in cash generated from operations	(6 331)
Cashflows from financing activities	
Principal payment of leased liabilities	(6 165)

41. PRIOR PERIOD ERROR

(a) During the current year, it was noted that stock sold under a bill and hold arrangement in the prior year, which was only expected to be delivered at a later date, was incorrectly accounted for, resulting in an overstatement of stock of R12.5 million. The error has been corrected in the Prior Period and is shown as follows:

CONSOLIDATED STATEMENT OF FINANCIAL POSITION	31 Aug 2019 Previously reported	Debit/ Credit	31 Aug 2019 Restated
Decrease in biological assets	83 260	(12 531)	70 729
Increase in deferred tax	124 658	3 508	128 166
Decrease in retained earnings	250 470	(9 023)	241 447
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME			
Increase in cost of sales	354 945	12 531	367 477
Decrease in deferred tax	–	(3 508)	(3 508)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY			
Decrease in opening retained earnings	250 470	(9 023)	241 447

41. PRIOR PERIOD ERROR (CONTINUED)

(b) During the current year, it was noted that the prior year amortisation on the fishing licences was not accounted for correctly and resulted in an overstatement on the intangibles. The effect is shown as follows:

CONSOLIDATED STATEMENT OF FINANCIAL POSITION	31 Aug 2019 Previously reported	Debit/ Credit	31 Aug 2019 Restated
Intangibles	37 518	(7 668)	29 850
Increase in deferred tax	124 658	2 147	126 805
Decrease in retained earnings	250 470	(5 521)	244 949
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME			
Increase in amortisation	2 727	7 668	10 395
Decrease in deferred tax	14 560	(2 147)	12 413
Decrease in profit after tax	72 993	(5 521)	67 472
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY			
Decrease in opening retained earnings	250 470	(5 521)	244 949

42. GOING CONCERN

The directors believe that the Group has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going-concern basis. The directors have satisfied themselves that the Group is in a sound financial position and has access to borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material and that it has access to sufficient changes that may adversely impact the Group. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the Group. The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

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

COVID-19 effect on going concern

The Group was deemed an essential service during the period of the COVID-19 which ensured that we could continue to trade throughout the year. There is still a huge demand for the Group's products. The Group is cash positive and has adequate financial resources and continues operating well under the circumstances.

Furthermore, a COVID-19 team has been set up, headed up by our Human Resources Manager (HRM) and our Health and Safety Manager. Risk assessment and process policies are in place to deal with all related COVID-19 risks. The company has worked closely with the Department of Labour, SAMSA and DEFF as all facilities decontaminated daily internally and monthly we outsource the facilities fogging and decontamination to a SABS approved third party. All COVID-19-related risks associated with COVID-19 had been mitigated and the prospects remained positive.

43. PROFIT FORECAST

In accordance with paragraph 8.63(g) of the JSE Limited ("JSE") Listing Requirements, the audited results of the current period differ by more than 10% from the previously published forecast for the period, as a result of lower landings of squid as compared to the prior year, socio political unrest in the Asian market and the reduced west coast rock lobster Total Allowable catch (TAC).