

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

Unaudited Condensed Consolidated Interim results for the six months ended 28 February 2021

Group Profile

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

The salient features are as follows:

- Revenue increased by 32% to R284 million from R215 million
- Gross profit increased by 9% to R87 million from R80 million
- Profit before tax increased by 62% to R21 million from R13 million
- Earnings before interest, taxation, depreciation, and amortization (EBITDA) increased by 43% to R40 million from R28 million.
- Current asset ratio 4:1

The Group delivered a solid performance for the period ending 28 February 2021, which saw revenues rise to R284 million, primarily due to increases in revenue from the squid sector, lobster sector and the pelagic sector. The demand for the Groups' products has remained strong, given the adverse effects of COVID-19 which is still present

globally. The squid sector has enjoyed a massive turnaround from the prior period, due to the availability of the resource. Due to historical trends and seasonality, some of the sectors like Lobster, Pelagic and Hake generally perform better in the second half of the year, and we expect this trend to continue.

Catch rates to date for both the squid and lobster sectors have been positive and are expected to continue provided the resource remains strong. Furthermore, we expect pelagic catches to pick up in the second half of the year. However, the abalone sector remains a challenge due to the adverse effects of COVID-19 on the Asian markets, but we remain positive as the markets have shown signs of recovery and will continue to slowly open further opportunities.

Condensed Consolidated Statement of Profit or loss and Other Comprehensive Income for the six months ended 28 February 2021

	Unaudited Group 28 February 2021 6 months R'000	Unaudited Group 28 February 2020 6 months R'000	Audited Group 31 August 2020 12 months R'000
Revenue	283 657	215 108	448 693
Cost of sales	(196 599)	(134 700)	(296 230)
Gross profit	87 058	80 408	152 463
Other operating income	6 751	8 656	10 185
Other operating expenses	(74 735)	(79 397)	(150 396)
Operating profit	19 074	9 667	12 252
Investment revenue	4 478	9 102	14 611

Finance costs	(2 933)	(5 572)	(9 433)
Profit before taxation	20 619	13 197	17 430
Taxation	(4 961)	7 081	(11 044)
Profit after taxation for the period	15 658	20 278	6 386
Total comprehensive income for the period	15 658	20 278	6 386
Profit after tax attributable to:			
Shareholders of Premier	4 539	14 109	4 001
Non-controlling interests	11 119	6 169	2 385
Profit after taxation for the period	15 658	20 278	6 386
Basic and diluted earnings per share (cents)			
	1.75	5.43	1.54
Headline and diluted headline earnings per share (cents)			
	1.75	4.94	1.54
Weighted average number of shares (OOOs)			
	260 000	260 000	260 000

Condensed Consolidated Statement of Financial Position as at 28 February 2021

	Unaudited	Unaudited	Audited
	Group	Group	Group
	28 February	28 February	31 August
	2021	2020	2020

	6 months	6 months	12 months
	R' 000	R' 000	R' 000
Assets			
Non-current assets	676 247	702 830	690 391
Property, plant and equipment	450 532	440 602	450 162
Right-of-use assets	35 405	57 613	49 535
Goodwill	70 129	70 129	70 129
Intangible assets	18 530	36 305	20 439
Loans to group companies	101 622	98 150	100 097
Deferred tax	29	31	29
Current assets	353 742	353 109	334 018
Inventories	53 947	40 188	34 179
Other financial assets	2 098	4 709	2 195
Current tax receivable	5 447	6 647	4 536
Trade and other receivables	148 939	131 488	100 770
Biological assets	85 445	87 282	84 436
Cash and cash equivalents	57 866	82 795	107 902
Total assets	1 029 989	1 055 939	1 024 409

Equity and liabilities

Equity

Stated capital	507 517	507 517	507 517
Reserves	8 014	8 014	8 014
Retained income	215 711	235 664	211 172
Equity attributable to shareholders of Premier	731 242	751 195	726 703
Non-controlling interests	54 643	47 279	43 494
Total equity	785 885	798 474	770 197

Non-current liabilities

Borrowings	575	1 925	439
Post-employment medical costs	109	96	261
Deferred tax	115 395	111 570	124 191
Leased Liabilities	42 162	57 045	55 389

Current liabilities

Borrowings	1 233	3 196	2 825
Current tax payable	10 777	959	597
Trade and other payables	73 052	72 923	65 024
Lease liabilities	397	7 306	1 893
Provisions	404	2 445	3 593

Total liabilities	244 104	257 465	254 212
Total equity and liabilities	1 029 989	1 055 939	1 024 409
Net asset value per share (cents)	302.26	307.11	313.08
Weighted average number of shares in issue	260 000 000	260 000 000	260 000 000

Condensed Consolidated Statement of Changes in Shareholder's Equity for the six months ended 28 February 2021

	Unaudited Group 29 February 2021 6 months R'000	Unaudited Group 28 February 2020 6 months R'000	Audited Group 31 August 2020 12 months R'000
Balance at the beginning of the year	770 197	811 093	862 436
Prior period error	-	-	(14 544)
Profit for the year attributable to shareholders of Premier	4 539	14 109	4 001
Profit for the year attributable to non-controlling interests	11 119	6 169	2 385

Dividends	-	(32 898)	(32 898)
Changes in ownership interest - control not lost	30	-	-
Balance at the end of the year	785 885	798 474	770 197
Comprising of:			
Stated capital	507 517	507 517	507 517
Reserves	8 014	8 014	8 014
Retained income	215 711	235 664	211 172
Non-controlling interests	54 643	47 279	43 494
Total equity	785 885	798 474	770 197

Condensed Consolidated Statement of Cash Flows for the six months ended 28 February 2021

	Unaudited Group 29 February 2021 6 months R' 000	Unaudited Group 28 February 2020 6 months R' 000	Audited Group 31 August 2020 12 months R' 000
Cash (used in)/generated from operations	(27 043)	(19 275)	34 612
Interest income	831	4 388	5 817
Finance cost	(2 934)	(5 572)	(9 433)

Tax paid / refunded	(3 694)	1 691	726
Net cash flows from operating activities	(32 840)	(18 768)	90 030
Cash flows from investing activities			
Purchases of property, plant and equipment	(15 690)	(44 198)	(65 410))
Purchases of intangible assets	(24)	(232)	(264))
Purchase of biological assets	-	(990)	(990)
Loans to group companies repaid	2 000	-	2 000
Financial assets advanced	-	875	-
Net cash flows from investing activities	(13 714)	(44 545)	(64 664)
Cash flows from financing activities			
Repayment of other financial liabilities	(1 457)	(1 456)	(3 312)
Repayment of lease liabilities	(2 025)	(2 758)	(6 614)
Dividends paid	-	(32 897)	(32 899)
Net cash flows from financial activities	(3 482)	(37 111)	(42 375)
Total cash movement for the year	(50 036)	(100 424)	(75 317)
Cash at the beginning of the year	107 902	183 219	183 219
Total cash at the end of the year	57 866	82 795	107 902

1. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements have been prepared and presented in accordance with International Accounting Standard 34 ("IAS34"), the Listings Requirements of the JSE Limited ("JSE") ("the Listings Requirements"), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act of South Africa (No. 71 of 2008), as amended, applicable to summarised financial statements.

The unaudited condensed consolidated interim financial statements have been prepared on the going concern basis and historical cost bases, except where otherwise indicated.

2. ACCOUNTING POLICIES

The accounting policies applied in the preparation of the condensed consolidated interim financial statements, which are based on reasonable judgement and estimates, are in accordance with International Financial Reporting Standards ("IFRS") and are consistent with those applied in the audited annual financial statements for the year ended 31 August 2020.

3. RESPONSIBILITY FOR THE UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS

The condensed consolidated interim financial statement has been prepared by Brent Robertson CA(SA), Chief Financial Officer, under the supervision of Rushaan Isaacs, the Chief Executive Officer and were not reviewed nor audited by the Group's joint external auditors, THAWT Inc. and Crowe JHB.

4. SEGMENTAL ANALYSIS

	Segment Revenue			Segment Profit before tax		
	Unaudited	Unaudited	Audited	Unaudited	Unaudited	Audited
	29 February 2021	28 February 2020	31 August 2020	29 February 2021	28 February 2020	31 August 2020
	6 months	6 months	12 months	6 months	6 months	12 months
	R'000	R'000	R'000	R'000	R'000	R'000
Lobster	64 310	51 775	180 405	8 861	10 211	40 140
Pelagics	23 086	19 091	62 093	3 794	4 599	20 634
Hake	14 064	11 331	35 524	3 242	(371)	1 902
Squid	157 381	106 836	246 819	50 449	25 675	32 442
Abalone	12 158	16 741	27 258	(1 229)	3 097	(1 853)
Cold storage	5 322	4 641	12 081	396	330	2 730
Seagro	3 150	3 930	7 705	1 723	754	3 444
Processing and marketing	6 355	3 408	7 222	1 694	217	225
	285 825	217 753	579 107	61 342	44 512	99 664
Less: inter segmental sales	(2 168)	(2 645)	(4 101)			
Administration and support services	-	-	-	(42 265)	(33 933)	(100 129)
Fair value gains	-	-	-	-		12 717
Interest income	-	-	-	4 477	9 102	14 611

Finance costs	-	-	-	(2 934)	(5 572)	(9 433)
Total	283 657	215 108	575 006	20 619	14 109	17 430

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 chief operating decision-maker for the purposes of assessing the segment performance and resource allocation. The accounting policies of the reportable segments are the same as the Group's accounting policies.

Segment assets

	Unaudited	Unaudited	Audited
	28 February	28 February	31 August
	2021	2020	2020
	6 months	6 months	12 months
	R'000	R'000	R'000
Lobster	90 554	80 753	84 865
Pelagics	102 478	92 820	112 907
Hake	17 352	7 153	7 831
Squid	149 673	131 045	161 568

Aquaculture	315 405	310 075	307 097
Cold storage	822	654	1 077
Seagro	1 476	2 290	3 653
Processing and marketing	9 219	26 446	18 108
Administration and support services	342 260	404 672	327 274
Total segment assets	1 029 960	1 055 908	1 024 380
Unallocated	29	31	29
Consolidated total assets	1 029 989	1 055 939	1 024 409

Segment liabilities

	Unaudited	Unaudited	Audited
	28 February	28 February	31 August
	2021	2020	2020
	6 months	6 months	12 months
	R' 000	R' 000	R' 000
Lobster	22 304	28 431	22 115
Pelagic	2 635	3 827	4 759
Hake	4 535	4 597	4 114
Squid	15 580	14 896	10 799
Aquaculture	6 669	5 101	6 591
Processing and marketing	277	1 616	9 862

Administration and support services	76 709	87 427	71 781
Total segment liabilities	128 709	145 895	130 021
Unallocated	115 395	111 570	124 191
Consolidated total liabilities	244 104	257 465	254 212

For the purposes of monitoring segment performances and resource allocations between segments all assets and liabilities are allocated to reportable segments other than deferred tax assets and liabilities.

Included in the segmental results are:

Depreciation and amortisation			Additions to property, plant and equipment		
Unaudited	Unaudited	Audited	Unaudited	Unaudited	Audited
28	28	31	28	28	31
February	February	August	February	February	August
2021	2020	2020	2021	2020	2020

	6 months	6 months	12 months	6 months	6 months	12 months
	R'000	R'000	R'000	R'000	R'000	R'000
Lobster	4 069	3 070	6 744	7 048	7 272	15 095
Pelagics	4 204	2 832	5 140	1 447	5 310	13 575
Squid	6 018	5 974	19 611	2 355	1 353	2 102
Hake	621	-	-	-	-	-
Abalone	2 148	2 192	2 041	3 437	29 865	31 714
Cold storage	16	16	32	-	-	-
Seagro	22	22	43	-	-	-
Processing and marketing	-	1	2	-	-	-
Administration and support services	3 487	3 904	9 103	1 403	398	2 924
Total	20 586	18 011	42 716	15 690	44 198	65 410

Revenue per region

	Unaudited	Unaudited	Audited
	28 February 2021	28 February 2020	31 August 2019
	6 months	6 months	12 months
	R'000	R'000	R'000
United States of America	41 714	44 426	122 404
Far East	21 264	18 546	58 421
Europe	169 737	117 728	159 753
South Africa	50 942	34 408	108 115
Total	283 657	215 108	448 693

5. HEADLINE EARNINGS

	Unaudited	Unaudited	Audited
	28 February 2021	28 February 2020	31 August 2020
	6 months	6 months	12 months
	R'000	R'000	R'000
Earnings attributable to ordinary equity holders of parent entity	4 539	14 109	4 001
Adjusted for:			
- Effect of (profit) loss on disposal of property, plant and equipment	-	-	(27)
- Insurance income	-	(1 752)	(378)

- Impairment of property, plant and equipment	-	-	945
- Impairment of loans	-	-	2 521
- Taxation effect	-	491	(592)
Headline earnings	4 539	12 848	6 470
Weighted average number of shares on which earnings and headline earnings per share is based	260 000 000	260 000 000	260 000 000
Headline earnings per share (cents)	1.75	4.94	2.49

6. RELATED PARTY TRANSACTIONS

During the period under review, in the ordinary course of business, the Group entered into related party transactions, the substance of which will be disclosed in the Group's 2021 Annual Financial Statements.

Details of the material transactions between the group and other related parties are disclosed below:

	2021	2020
AFRICAN EQUITY EMPOWERMENT INVESTMENTS (AEEI)		
Interest received	3 526	4 716
Management fees paid	3 131	3 559
Loan to AEEI	101 622	98 150

7. SUBSEQUENT EVENTS

A gross interim dividend of 5 cents per share has been declared after the reporting period but before the financial statements were authorised for issue.

Furthermore, the directors are not aware of any other material facts or circumstances which occurred between the statement of financial position date and the date of approval.

8. DIVIDENDS

	R' 000
Dividend declared after reporting date*	13 000
Dividends per share (cents)	5

*These dividends were declared subsequent to the respective reporting period.

DECLARATION OF CASH DIVIDEND

The Board of directors are pleased to announce that it has approved and declared a gross interim dividend of 5 cents per share for the interim period ended 28 February 2021 from available reserves. The final dividend amount, net of South African dividend tax of 20%, which equate to 1 cent per share, and is therefore a net 4 cents per share for those shareholders that are not exempt from dividend tax.

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

The salient dates of the dividend distribution are as follows:

- Last day to trade in order to participate in the dividend	Tuesday, 22 June 2021
- Shares trade ex dividend	Wednesday, 23 June 2021
- Record date	Friday, 25 June 2021
- Payment date	Monday, 28 June 2021

Share certificates may not be dematerialised or rematerialised between Wednesday, 23 June 2021, and Friday 25 June 2021, both days inclusive.

9. CHANGES TO THE BOARD OF DIRECTORS

As previously reported on the JSE Stock Exchange News Service, the Board further advises that Mr Ismet Amod resigned as a non-executive director of the Company with effect from 31 March 2021. The Board would like to thank Ismet for his valuable contribution and wishes him well in his future endeavours.

10. APPROVAL OF INTERIM FINANCIAL STATEMENTS

The Condensed Consolidated Interim results were authorised for issue by the Company's Board of Directors on 6 May 2021.

11. AUDIT OPINION

The Condensed Consolidated Interim results have not been reviewed nor audited.

12. GOING CONCERN

Following the recent outbreak of COVID-19, financial pressures will be placed on certain divisions within the Group. A number of interventions have been put in place to mitigate these financial pressures and as such, the Board of Directors believe that the Group still has adequate financial resources to continue to operate for the foreseeable future and accordingly these interim financial statements for the six months ended 28 February 2021 have been prepared on a going concern basis.

The Board of 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 Board of

Directors are not aware of any new material changes, except for the COVID-19 pandemic that will economically

impact the Group.

REVIEW OF OPERATIONS

Lobster

The 2020/2021 total allowable catch ("TAC") for South Coast Rock Lobster ("SCRL") saw an increase of 5% to 330 tons from the prior year TAC of 316 tons. The quota which is available to Premier is 135 tons (2020: 129 tons). The South Coast rock lobster specie remains a stable fishery and well managed resource.

The SCRL brand is a recognised leading brand in the US market. Generally, through high quality standards, we are able to attract premium prices, but the effects of COVID-19 on the USA economy have decreased selling prices and hence lowered operating margins. The Group experienced higher landings as compared to prior periods. The Group is very optimistic that the full quota will be landed and exported. Selling prices per kilogram remain steady compared to the prior year.

The West Coast Rock Lobster ("WCRL") sector remains a challenge for the industry as the industry saw a further reduction of the TAC by 22%. Premier Fishing currently contributes positively as an industry player to ensure the resource remains sustainable for the foreseeable future. Premier is continuously looking to contract additional outside quota holders in the industry to try and make up for the cut in the TAC. There is still a high demand for the product in the Far east market, and the quality of brand and the work ethic of our staff means that we are able to still do well in the sector, despite the challenges we face.

Small Pelagics

Industrial fish catch rates were higher than those experienced in the prior year. The Group had slightly more fishing days for the current period as compared to the prior period which resulted in slightly higher volumes landed and higher revenues and profit for the division in the current period. The Group expects the landings to be consistent for the next 6 months. The Group also expects the quota for industrial fish to be consistent with that of the prior period.

The pilchard's resource has shown signs that the resource has strengthened. The Group will push to land its full quota of pilchards, thereby maximising profitability in this sector.

Squid

The squid division delivered industry wide higher catch rates compared to the prior year - a complete turnaround from the prior year where the squid resource was scarce. Revenue for the period amounted to R157 million (2020: R107 million) mainly due to higher catch rates in the industry.

The global market for South African squid remains strong, hence the potential of the squid division is in a good position. The Group looks forward to a solid end to this financial year.

Hake

The Group's hake quota is caught, processed, and marketed through a joint venture with Blue Continents Products (Pty) Ltd. The demand for hake remains strong with Premier's quota being 657 tons (5% drop from prior year). The division delivered a strong performance, with market prices remaining relatively stable resulting in the division maintaining its margins. We expect revenues and profitability to be consistent for the next 6 months compared the prior year where we experienced significant vessel down time which resulted in a significant drop in turnover.

Abalone

The Group remained focused on the expansion of the abalone farm with a target holding capacity between 300 to 350 tons upon completion. However, certain parts of the expansion were put on hold due to COVID-19 and having to reduce cost. The hatchery continues to produce good quality spat which provides a solid platform for our planned expansion in production output.

To date, the farm has already increased its production to well over 200 tons since the expansion started.

Sales volumes for the six months ending 28 February 2021 were slightly lower than that of the prior period, primarily due to the drop in live sales, hence we had to focus alternate on sales avenues. We expect that revenue will recover in the next 6 months and that we will be consistent with that of the prior year. The farm continues to strategically grow its abalone to a larger size to meet market demand, and thereby maximising the margins received for our abalone division. The effect that COVID-19 had on the export market remains a challenge, but the Group has already seen signs of improvement. The Group hopes that the improvement will continue for the next 6 months.

Seagro

Seagro is an organic fertiliser produced from a by-product of the fishmeal process. The division performed in line with expectation, with sales volumes slightly decreasing when compared to the prior period. This is one of the Group's smaller sectors and we expect a strong end to the year.

Cold Storage

The Group rents out its cold storage to 3rd parties. Revenue and profitability for this sector has been relatively consistent over the past few years.

Processing and marketing

The Group performs processing and marketing services in respect of the outside quota holders that the Group contracts for west coast rock lobster and wild abalone. Revenue and profitability have increased from that of the prior year, due to the Group contracting more quota holders in the west coast rock lobster sector, and hence an increase in revenue from performing these services on behalf of these quota holders.

Future Prospects

The future outlook of the Group, despite the global effects of COVID-19 still being eminent, remains one of optimism and positivity. The Group is still well positioned to create and maintain shareholder value through organic and acquisitive growth, thereby ensuring delivery on our stakeholder commitments. We are confident that due to the demand for our products, and that all major economies globally will recover from the global effects of COVID-19, and hence the major fish markets will recover as well, the Group will continue to focus on its short and long-term strategic objectives.

Our main strategic focus area is the Fishing Rights Application Process (FRAP) 2021 process, which the Group continues to be well positioned for.

The abalone farm expansion continues to progress well and upon completion, production capacity will increase from 120 tons to between 300 to 350 tons per annum which will increase revenues and profits.

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

Reporting entity

Premier is a Company domiciled in South Africa. These condensed unaudited consolidated interim financial statements as at and for the six months ended 28 February 2021, comprises of Premier the Company, its subsidiaries, and interests in joint ventures operations.

Appreciation

We wish to thank our employees, Group executives, management, our Board of directors, as well as our strategic partners, stakeholders and business partners for their loyalty and dedication in contributing to the success of the Group during this trying period.

Mrs Aziza Amod
Independent non-executive Chairperson

Mrs Rushaan Isaacs
Chief executive Officer

Cape Town
17 May 2021

DIRECTORATE AND STATUTORY INFORMATION

Directors

#*Aziza Amod (Independent non-executive chairman; *Rushaan Isaacs (Chief executive officer); *B Robertson (Chief financial officer #*Rosemary Phindile Mosia; #*Clifford Leonard van der Venter; #*Salim Young; #*Advocate Ngoako Ramatlhodi, #*Sebenzile Patrick Mngconkola; #*Valentine Dzvova

*Executive directors

#*Non-executive directors

Company secretary

Cornell Kannemeyer

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Email: cornellk@premfish.co.za

Registered address

No 3, South Arm Road, Victoria Basin, V & A Waterfront, Cape Town 8001

Transfer secretaries

Link Market Services South Africa (Pty) Ltd,

Rennie House, 13th Floor, 19 Ameshoff Street, Braamfontein, 2001

Auditors:

THAWT Inc and Crowe JHB (3 Sandown Valley Crescent, Sandown 3196, PO Box 652550, Benmore 2010, South Africa, Docex 12, Nelson Mandela Square)

Sponsor: Vunani SponsorsSponsors