Premier Fishing & Brands Limited
The First Choice

Group Annual Financial Statements 2019

A proudly South African Fishing Company

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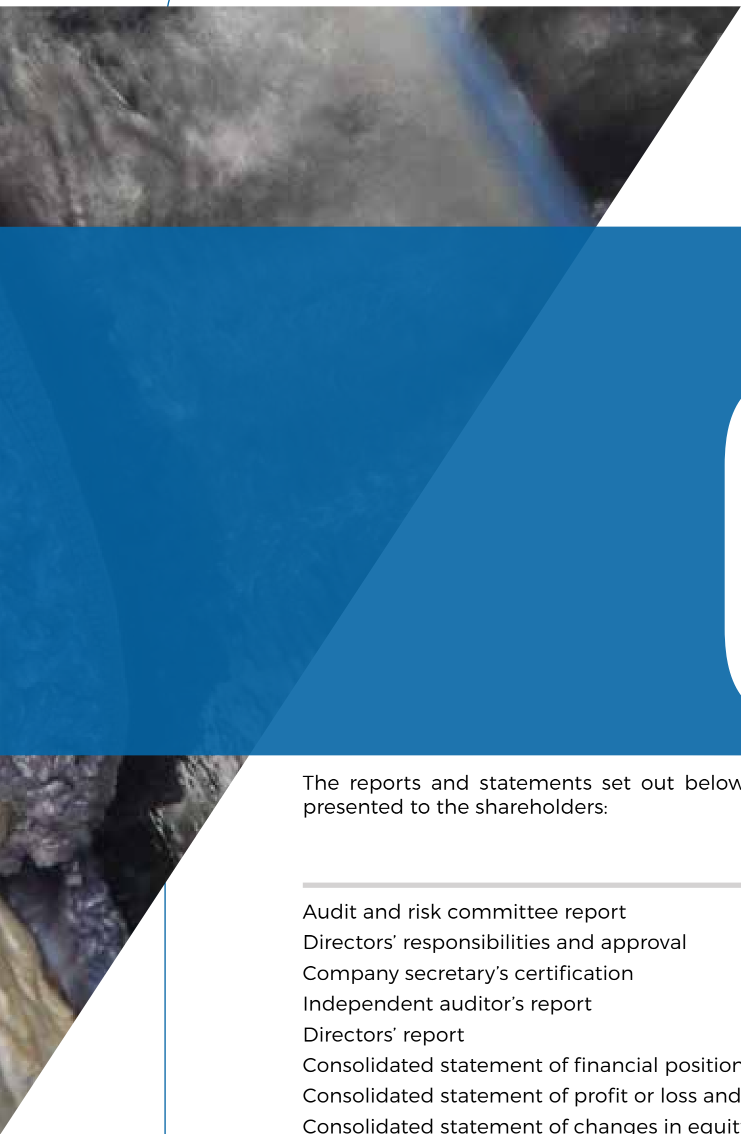

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The reports and statements set out below comprise the consolidated annual financial statements presented to the shareholders:

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

Imraan Moosa CA (SA)

Published

30 October 2019

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	BProc LLB (UWC), LLM	3 April 2018	Resigned as Chairperson on 4 April 2019	**3 / 4**
Clifford van der Venter	BCom (Unisa), MBA (UCT)	3 April 2018		**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**
Rosemary Phindile Mosia (Chairperson)	BCom, PDM, BCTA, MBL	2 May 2017	Appointed as Chairperson on 4 April 2019	**2 / 4**

During the year Mr S Young resigned as Chairperson of the Audit and Risk Committee and Ms R Mosia was appointed as Chairperson of the Audit and Risk Committee.

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 Chairperson of the audit and risk committee and all of its members throughout the year. The Chairperson of the committee is also available at the annual general meeting to answer questions about the committee's activities.

2. EXTERNAL AUDITOR

The audit and risk committee undertook a review of the cost and scope of the audit function performed by the independent auditors of the Group. BDO South Africa Incorporated ("BDO") was appointed as the Company's auditors for the 2019 reporting period. Ms Fayaz Mohamed was appointed as the designated auditor for the 2019 financial year.

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 2019 audit. The nature and extent of all non-audit services provided by the external auditors are approved and reviewed by the committee. The extent of non-audit services did not exceed the approved limits.

The committee evaluated the audit and was satisfied with the performance of the external auditor during the reporting period and with the quality of the external audit procedure. BDO has been the auditor of Premier Fishing and Brands Limited for 22 years.

BDO 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.

3. KEY AUDIT MATTERS RELATING TO THE 2019 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)

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 2019 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
30 October 2019

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 75, 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 2020 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 of this report.

The consolidated annual financial statements set out on page 15 to 75 which have been prepared on the going-concern basis, were approved by the board of directors on 30 October 2019. The consolidated annual financial statements are signed on the directors' behalf by:

Khalid Abdulla
Director
30 October 2019

Mogamat Samir Saban
Chief executive officer
30 October 2019

COMPANY SECRETARY'S CERTIFICATION

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 2019, 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 Wazeer Moosa

30 October 2019

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Premier Fishing and Brands Limited Group

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Premier Fishing and Brands Limited (the group) set out on pages 15 to 75, which comprise the consolidated statement of financial position as at 31 August 2019, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and 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 the group as at 31 August 2019, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the group in accordance with section 290 and 291 of the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (Revised January 2018), parts 1 and 3 of the Independent Regulatory Board of Auditors' Code of Professional Conduct for Registered Auditors (Revised November 2018) (together with the IRBA codes) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) respectively. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the 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 were already of the age and in the condition expected at the end of its useful life. Accordingly, the residual values of vessels was 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.	Our audit procedures performed included, among others: • We obtained an understanding of the overall control environment, as well as the processes which have been

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 was 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 11 (biological assets).

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;
- 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.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information in the document titled "Premier Fishing & Brands Limited Group Annual Financial Statements for the year ended 31 August 2019" and the document titled "Premier Fishing & Brands Limited Company Annual Financial Statements for the year ended 31 August 2019", which includes the Directors' Report, Audit and Risk Committee Report and the Company Secretary's Certification as required by the Companies Act of South Africa, which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after the date. The other information does not include the consolidated financial statements and our auditor's report 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.

AUDITOR'S 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 communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the 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 BDO South Africa Incorporated has been the auditor of Premier Fishing and Brands Limited for 22 years.

BDO South Africa Inc.

BDO South Africa Incorporated
Registered Auditors

Fayaz Mohamed
Partner
Registered Auditor

30 October 2019
6th Floor, BDO House,
119 – 123 Hertzog Boulevard
Foreshore
Cape Town
8001

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 2019.

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 35 – 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

A final dividend of 10 cents per share was approved by the board of directors on 28 October 2019 in South African rand in respect of the year ended 31 August 2019. The dividend is payable on 25 November 2019 to shareholders recorded in the register of the Company at close of business on 19 November 2019. The directors are not aware of any other material facts or circumstances which occurred between the reporting date and the date of this report that would require any adjustments to the consolidated annual financial statements

6. SHARE CAPITAL

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

7. DIVIDENDS

During the year under review, the Group paid 2 dividends:

- A final dividend of 25 cents per share amounting to R65 million was paid to shareholders during the year under review in relation to the 2018 financial year.
- An interim dividend of 12 cents per share amounting to R31.2m was paid to shareholders during the year under review in relation to the 28 February 2019 interim reporting date.

For the year end 31 August 2019, a final dividend of 10 cents per share was approved by the board of directors on 28 October 2019 in South African rand in respect of the year ended 31 August 2019. The dividend is payable on the 25 November 2019 to shareholders recorded in the register of the Company at close of business on the 19 November 2019

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
MS Saban	Chief executive officer	Executive		
IT Bundo	Chief financial officer	Executive		21 January 2019
R Isaacs	Sales and marketing director	Executive		
I Moosa	Chief financial officer	Executive	21 January 2019	
Rev. Dr VC Mehana	Chairperson	Non-executive		14 March 2019
K Abdulla	Deputy Chairperson	Non-executive		
S Young		Non-executive		
C Hendricks		Non-executive		19 February 2019
AB Amod		Non-executive		
RP Mosia		Non-executive		
CL Van der Venter		Non-executive		
Adv. N Ramatlhodi		Non-executive		
SP Mngconkola		Non-executive		

During the financial year ended 31 August 2019, Mr Isaiah Tatenda Bundo resigned from his role as Chief Financial Officer. The resignation was effective 21 January 2019.

Mr Imraan Moosa was appointed as Chief Financial Officer on 21 January 2019, and took up office thereto.

Ms Cherie Felicity Hendricks also resigned on 19 February 2019 as a non-executive director of the company.

Furthermore, Rev Dr VC Mehana resigned as Chairperson of the board effective on 14 March 2019.

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

2019

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	-	-	-	26 722	0.01%
Total	**136 500**	**-**	**175 000**	**26 722**	**0.13%**

2018

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

During the year, the directors held in aggregate a direct beneficial interest of 136 500 (2018: 153 000) in the company's shares, equivalent to 0.05% (2018: 0.05%) of the issued share capital.

*Aziza Amod and Khalid Abdulla have an indirect interest in shares of 201 772 shares which equates to 0.08% (2018:0.00%) of total issued shares. This relates to shares held by their associates, and has been disclosed as per the JSE Listing requirements.

13. INTERESTS IN SUBSIDIARIES AND JOINT ARRANGEMENTS

Details of material interests in subsidiary companies, joint ventures and joint arrangements are presented in notes 7 and 8.

There were no significant acquisitions or divestitures during the year ended 31 August 2019.

14. ULTIMATE HOLDING COMPANY

The Group's ultimate holding company is African Equity Empowerment Investments Limited which holds 56.23% (2018: 55%) of the Group's equity. African Equity Empowerment Investments Limited is listed on the JSE Limited.

15. SECRETARY

The company secretary is Mr Wazeer Moosa 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 continued in office as the independent external auditors for the Company and its subsidiaries for 2019.

BDO 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.

17. PREPARER

These annual financial statements were prepared by Brent Robertson CA (SA) under the supervision of the Chief Financial Officer (CFO), Imraan Moosa CA (SA).

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 19 February 2019 are as follows:

- remuneration for 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 2019

	Notes	2019 R'000	2018 R'000
ASSETS			
Non-current assets			
Property, plant and equipment	4	**407 555**	310 242
Goodwill	5	**70 129**	70 129
Intangible assets	6	**37 518**	39 550
Loans to Group Company	9	**93 434**	89 618
Deferred tax	10	**31**	86
		608 667	509 625
Current assets			
Inventories	12	**33 925**	48 528
Trade and other receivables	13	**103 333**	128 643
Other financial assets	14	**5 585**	3 424
Current tax receivable		**9 820**	264
Biological assets	11	**83 260**	68 021
Cash and cash equivalents	15	**183 219**	350 580
		419 142	599 460
Total assets		**1 027 809**	1 109 085
EQUITY AND LIABILITIES			
Equity			
Stated capital	16	**507 517**	507 517
Reserves	17	**8 014**	8 014
Retained income		**250 470**	298 424
Equity attributable to shareholders of Premier		**766 001**	813 955
Non-controlling interests		**48 007**	48 481
Total equity		**814 008**	862 436
Liabilities			
Non-current liabilities			
Other financial liabilities	18	**2 018**	4 663
Operating lease liability		**245**	333
Post-employment medical aid costs	19	**237**	984
Deferred tax	10	**124 658**	110 154
		127 158	116 134
Current liabilities			
Trade and other payables	20	**71 064**	89 937
Other financial liabilities	18	**4 558**	6 712
Current tax payable		**1 069**	19 186
Provisions	21	**9 952**	14 680
		86 643	130 515
Total liabilities		**213 801**	246 649
Total equity and liabilities		**1 027 809**	1 109 085

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 AUGUST 2019

	Notes	2019 R'000	2018 R'000
Revenue	22	**575 006**	490 870
Cost of sales		**(354 945)**	(280 651)
Gross profit		**220 061**	210 219
Other operating income	23	**23 330**	19 523
Other operating expenses		**(160 737)**	(138 161)
Operating profit	24	**82 654**	91 581
Investment revenue	25	**26 181**	40 975
Finance costs	26	**(5 014)**	(3 543)
Profit before taxation		**103 821**	129 013
Taxation	27	**(30 828)**	(33 672)
Profit for the year		**72 993**	95 341
Other comprehensive income		**-**	–
Total comprehensive income for the year		**72 993**	95 341
Profit attributable to:			
Shareholders of Premier		**48 246**	81 858
Non-controlling interests		**24 747**	13 483
Total profit for the year		**72 993**	95 341
Total comprehensive income attributable to:			
Shareholders of Premier		**48 246**	81 858
Non-controlling interest		**24 747**	13 483
Total comprehensive income for the year		**72 993**	95 341
Earnings per share information			
Basic earnings per share (cents)	31	**18.56**	31.48
Diluted earnings per share (cents)	31	**18.56**	31.48

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 AUGUST 2019

	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 2017	507 517	8 014	255 566	771 097	–	771 097
Profit for the year	–	–	81 858	81 858	13 483	95 341
Non-controlling interest arising on acquisition					50 662	50 662
Acquisition of additional shares from non-controlling interest in subsidiaries of Talhado					(15 664)	(15 664)
Dividends	–	–	(39 000)	(39 000)	–	(39 000)
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 31 August 2019	**507 517**	**8 014**	**250 470**	**766 001**	**48 007**	**814 008**
Notes	16	17				

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2019

	Notes	2019 R'000	2018 R'000
Cash flows from operating activities			
Cash receipts from customers		**611 783**	477 875
Cash paid to suppliers and employees		**(488 157)**	(386 688)
Cash generated from operations	28	**123 626**	91 187
Interest income		**15 360**	29 448
Finance costs		**(5 014)**	(3 543)
Tax paid	29	**(43 942)**	(54 820)
Net cash from operating activities		**90 030**	62 272
Cash flows from investing activities			
Additions to property, plant and equipment	4	**(125 677)**	(115 640)
Purchase of intangible assets	6	**(695)**	(1 862)
Purchases of biological assets	11	**(8 975)**	(520)
Acquisition of subsidiary, net of cash acquired		**–**	(61 239)
Acquisition of additional shares from non-controlling interests in subsidiaries of Talhado		**–**	(15 664)
Loans advanced to Holding Company	9	**(41 413)**	(58 721)
Loans to Holding Company repaid	9	**47 750**	60 720
Financial assets advanced	14	**(2 161)**	(341)
Net cash to investing activities		**(131 171)**	(193 267)
Cash flows from financing activities			
Repayment of other financial liabilities	18	**(4 799)**	(4 300)
Proceeds from other financial liabilities		**–**	942
Dividends paid		**(121 421)**	(39 000)
Net cash to financing activities		**(126 220)**	(42 358)
Total cash movement for the year		**(167 361)**	(173 353)
Cash at the beginning of the year		**350 580**	523 933
Total cash at end of the year	15	**183 219**	350 580

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 Procurements as issued by 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 the previous period, except for the adoption of IFRS 9: Financial Instruments and IFRS 15: Revenue from Contracts with Customers.

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 and its subsidiaries. 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 is classified as an intangible asset with an indefinite useful life and is initially recognised at cost and is subsequently measured at cost less accumulated impairment.

If the initial accounting for business combinations has been determined provisionally, then adjustments to the fair values of assets and liabilities resulting from the emergence of new information within the measurement period relating to the acquisition date are made against goodwill. In addition, goodwill is adjusted for changes in the fair value on contingent considerations that qualify as measurement period adjustments.

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. In the prior year, the Group applied IAS 39: Financial Instruments to its comparative figures. Refer to note 2 Change in Accounting Policy for the impact of the adoption of IFRS 9.

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 of:

- Loans receivables,
- Trade and other receivables and
- Cash and cash equivalents.

The Group's financial liabilities comprise of:

- Borrowings
- Trade and other payables

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.7 Financial Instruments (continued)

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

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 at amortised cost

Classification

Loans to group company and loans receivable 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 receivable 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. 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

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.

Significant increase in credit risk

In assessing whether the credit risk on a loan has increased significantly since initial recognition, the group compares the risk of a default occurring on the loan as at the reporting date with the risk of a default occurring as at the date of initial recognition.

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.

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.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.7 Financial Instruments (continued)

Trade and other receivables

Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost.

They have been classified in this manner because their contractual terms 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 trade and other receivables.

Recognition and Measurement

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

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the receivable 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

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 and other 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, including the economic factors.

Write off policy

The group writes off a receivable 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. Receivables 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

Classification

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.

Trade and other payables expose the group to liquidity risk and possibly to interest rate risk. Refer to note 38 for details of risk exposure and management thereof.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.7 Financial Instruments (continued)

Borrowings and loans from related parties

Classification

Loans from group companies and borrowings are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

Loans from related parties and borrowings 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.

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. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Interest expense, calculated on the effective interest method, is included in profit or loss in finance costs (note 26).

Borrowings expose the group to liquidity risk and 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 Financial instruments: IAS 39 comparatives

Classification

The Group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

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

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

Impairment of financial assets

At each reporting date the group assesses all financial assets, other than those at fair value through profit or loss, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the group, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator of impairment. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity as a reclassification adjustment to other comprehensive income and recognised in profit or loss.

Impairment losses are recognised in profit or loss

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.8 Financial instruments: IAS 39 comparatives (continued)

Reversals of impairment losses are recognised in profit or loss except for equity investments classified as available-for-sale.

Impairment losses are also not subsequently reversed for available-for-sale equity investments which are held at cost because fair value was not determinable.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in profit or loss within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

Loans receivable and payable

These financial instruments are initially recognised at fair value plus direct transaction costs.

Subsequently, loans and receivables are measured at amortised cost using the effective interest method, less any impairment loss recognised to reflect irrecoverable amounts.

On loans receivable an impairment loss is recognised in profit and loss when there is objective evidence that it is impaired. The impairment is measured as the difference between the loan's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Impairment losses are reversed in subsequent periods when an increase in the recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the loan at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Loans payable are measured at amortised cost using the effective interest method.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Trade and other payables

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

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and short-term deposits held with banks that are available for use by the Group. These are initially and subsequently recorded at amortised cost.

Bank overdraft

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

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.9 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.

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.

1.10 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.

1.11 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.

1.12 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. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.13 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

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.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

1.14 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.

1.15 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.

1.16 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 theannual period and at the same time every period.
- 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. Any impairment loss of a revalued asset is treated as a revaluation decrease.

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.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.16 Impairment of assets (continued)

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. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.17 Revenue (IAS 18 Comparatives)

Revenue is comprised of the selling value of goods delivered and services rendered during the year, and rental income.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

Service revenue relates to processing, marketing and distribution services offered to the Group's external quota holders. When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the end of the reporting period. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

Quota usage revenue is recognised on a straight-line basis over the term of the agreement.

Rental income relates to revenue earned from the letting out of the Group’s cold storage, dry storage and warehousing facilities. This is recognised over the period of the relevant rental agreements entered into with its customers.

1.18 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
- Recognising revenue when the performance obligations are ratified

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.

Revenue from processing, marketing and distribution services is recognised once the performance obligations have been met, generally when the service is rendered at a point in time.

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 satisfied the required performance obligation in accordance with IFRS 15.

Revenue is measured at the transaction price that is allocated to each performance obligation, once each performance obligation has been satisfied.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.19 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.

1.20 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.

1.21 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.

1.22 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.

1.23 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.

1.24 Dividends

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

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.25 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 04/2018 issued by SAICA.

1.26 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.

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.

1.27 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 4 for more detail.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 notes 5 and 6 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.

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.	Macro-economic 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.

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 11 and 38 for more details.

2. CHANGES IN ACCOUNTING POLICIES

2.1 Standards and interpretations effective and adopted in the current year

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

IFRS 9 - Financial Instruments

IFRS 9 Financial Instruments (replacing IAS 39 Financial Instruments: Recognition and Measurement) is applicable to the Group for the 2019 annual reporting period, with the application in the Group financial statements.

The completed standard comprises guidance on the classification and measurement of financial assets and liabilities, and the introduction of the expected credit loss model (ECL) with respect to the measurement of impairment allowances for financial assets.

Effect of transition

The Group has transitioned to IFRS 9 retrospectively, with any cumulative material impact being recognised in opening retained income as a result of the initial application of IFRS 9. Comparative information has therefore not been restated.

Classification

IFRS 9 introduces a new approach to the classification of financial assets, which is driven by the business model in which the asset is held and their cash flow characteristics.

Classification of financial assets and financial liabilities under IFRS 9 did not have a material impact on the measurement of the Group's results.

Impairment

The new standard introduces a single “expected credit loss” impairment model for the measurement of financial assets. The Group has assessed the impact of IFRS 9 including the application of the expected credit loss (ECL) model for the measurement of the impairment allowance of our trade and other receivables (through the application of the simplified approach) as well as loans to holding Companies.

Trade receivables

In terms of IAS 39, trade and other receivables were impaired when there was objective evidence of default. IFRS 9 dictates that the impairment is based on the lifetime expected credit losses on trade and other receivables.

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 including the economic environment.

Loan receivables

The Group has adopted the general approach, which takes into account the three-stage approach, with respect to the recognition of credit losses being:

	Stage 1	Stage 2	Stage 3
Description	Credit risk has not increased significantly since initial recognition	Credit risk has increased significantly since initial recognition	Credit-impaired
Recognition of ECLs	12-month ECL	Lifetime ECL	Lifetime ECL
Recognition of interest	Effective interest on gross carrying amount	Effective interest on gross carrying amount	Effective interest on net carrying amount

At each reporting date, the Group assesses whether financial assets classified as amortised cost are credit impaired. Loans receivables are credit impaired when one or more events identified has a detrimental impact on the estimated future cash flows.

The Group’s definition of credit impaired is aligned to its internal credit risk definition of default, namely a failure to make payment when due.

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

Based on our assessment, the application of IFRS 9 had no material impact on the reported earnings or financial position for the period under review.

2. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

2.1 Standards and interpretations effective and adopted in the current year (continued)

IFRS 15 - Revenue from contracts with customers

IFRS 15 replaces all existing revenue requirements in IFRS and applies to all revenue arising from contracts with customers, unless the contracts are in the scope of the standards on leases, insurance contracts and financial instruments.

The core principle of the standard is that revenue recognised reflects the consideration to which the Company expects to be entitled in exchange for the transfer of promised goods or services to the customer. The standard incorporates a five-step analysis to determine the amount and timing of revenue recognition.

Effect of transition

The Group has transitioned to IFRS 15 by applying the standard retrospectively with the cumulative effect of initial application recognised as an adjustment to the opening balance of retained income. Comparatives have therefore not been restated.

However, given the nature of revenue streams and contracts with customers, the adoption of the standard did not materially affect the manner of revenue recognition, and therefore no adjustment is required to opening retained income at the date of initial application.

IFRS 15 uses the terms 'contract liability' to describe what might more commonly be known as 'accrued revenue' and 'deferred revenue'. The Group has adopted the terminology used in IFRS 15 to describe such balances.

No financial statement line item has been significantly affected in the current reporting period by the application of IFRS 15, as compared to IAS 18.

The adoption of the above standards and interpretations have not resulted in a material impact. However, additional disclosure has been enhanced in the financial statements due to the group adopting disclosure requirements of IFRS 15.

3. STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE

The group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the group's accounting periods beginning on or after 01 September 2019 or later periods:

IFRS 16 – Leases (Effective for annual periods beginning on or after 1 January 2019)

IFRS 16 replaces IAS 17 "Leases" and its related interpretations.

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. As a consequence, a lessee recognises depreciation of the right-of use asset and interest on the lease liability.

The standard is effective for the Group, for the financial year commencing 1 September 2019.

During the year, the Group performed an assessment in order to determine the potential impact of the new standard on the Group's annual financial statements.

Due to the quantitative value of lease payments, the application of the standard is expected to have a material impact on the Group's financial statements, which will result in changes to:

a) The statement of financial position, whereby a right-of-use asset and lease liability will be recognised..

b) Changes to the statement of comprehensive income will result in the current operating lease costs being replaced by an amortisation of the right-of-use asset and associated finance costs

The standard will further impact performance measures, such as operating profit, Earnings Before Interest and tax (EBIT), Depreciation and Amortisation (EBITDA), Earnings per share and Taxation.

The Group continues to assess the impact of the Standard on its annual financial statements, and will apply it on either the full retrospective method or retrospectively with cumulative effect recognised as an adjustment to opening retained income method.

4. PROPERTY, PLANT AND EQUIPMENT

	2019 Cost R'000	2019 Accumulated depreciation R'000	2019 Carrying value R'000	2018 Cost R'000	2018 Accumulated depreciation R'000	2018 Carrying value R'000
Land	**2 632**	**–**	**2 632**	2 632	–	2 632
Buildings	**109 369**	**(2 321)**	**107 048**	45 068	(1 518)	43 550
Leasehold property	**23 006**	**(13 147)**	**9 859**	16 056	(12 639)	3 417
Plant and machinery	**189 626**	**(108 204)**	**81 422**	163 749	(102 627)	61 122
Furniture and fixtures	**3 418**	**(2 067)**	**1 351**	2 523	(1 988)	535
Motor vehicles	**7 559**	**(5 119)**	**2 440**	7 689	(4 723)	2 966
Office equipment	**1 509**	**(950)**	**559**	1 238	(854)	384
Computer equipment	**3 755**	**(2 144)**	**1 611**	3 321	(1 992)	1 329
Vessels	**324 454**	**(144 760)**	**179 694**	301 106	(136 989)	164 117
Assets under construction	**20 939**	**–**	**20 939**	30 190	–	30 190
Total	**686 267**	**(278 712)**	**407 555**	573 572	(263 330)	310 242

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**

Reconciliation of property, plant and equipment

2018	Opening balance R'000	Additions R'000	Additions through business combinations R'000	Disposals R'000	Transfers R'000	Depreciation R'000	Total R'000
Land	2 632	–	–	–	–	–	2 632
Buildings	2 580	40 243	–	–	1 060	(333)	43 550
Leasehold property	3 227	346	108	–	–	(264)	3 417
Plant and machinery	39 170	18 477	3 059	(233)	4 217	(3 568)	61 122
Furniture and fixtures	429	138	–	–	–	(32)	535
Motor vehicles	966	429	1 754	–	–	(183)	2 966
Office equipment	118	68	250	–	–	(52)	384
Computer equipment	491	859	–	–	–	(21)	1 329
Vessels	75 975	24 892	73 816	(176)	–	(10 390)	164 117
Assets under construction	4 519	30 948	–	–	(5 277)	–	30 190
Total	130 107	116 400	78 987	(409)	–	(14 843)	310 242

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Changes in estimates

The group reassesses useful lives and residual values 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 residual values of some of its vessels. The impact of the change is a reduction in the annual depreciation charge for the current year and future 15 years of R 3.1 million.

Property, plant and equipment pledged as security

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

	2019 R'000	2018 R'000
Motor vehicles	**99**	197
Vessels	**16 992**	18 765

Refer to note 18 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. GOODWILL

	2019			2018		
	Cost R'000	Accumulated impairment R'000	Carrying value R'000	Cost R'000	Accumulated impairment R'000	Carrying value R'000
Goodwill	**83 334**	**(13 205)**	**70 129**	83 334	(13 205)	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**

Reconciliation of goodwill

2018	Opening balance R'000	Additions through business combination R'000	Closing balance R'000
Goodwill	18 165	51 964	70 129

5. GOODWILL (CONTINUED)

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. The cash flow projections over the five-year forecast period are based on the assumption of the same expected gross margin and price inflation over the forecast period.

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

	2019	2018
Abalone division		
Discount rate	**13.65%**	18.78%
Number of years	**5**	5
Growth rate	**4.5% – 7.00%**	4.50%
Fishing division		
Discount rate	**18.78% – 22.26%**	15.01%
Number of years	**5**	5
Growth rate	**4.5% – 6.0%**	4.5% – 6%

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:

	2019 R'000	2018 R'000
Abalone division	**14 136**	14 136
Fishing division	**55 993**	55 993
	70 129	70 129

6. INTANGIBLE ASSETS

	2019 Cost R'000	2019 Accumulated amortisation R'000	2019 Carrying value R'000	2018 Cost R'000	2018 Accumulated amortisation R'000	2018 Carrying value R'000
Trademarks	**221**	**(105)**	**116**	189	(100)	89
Brand names	**17 028**	**–**	**17 028**	17 028	–	17 028
Computer Software	**1 644**	**(321)**	**1 323**	982	(130)	852
Fishing quotas	**33 668**	**(14 617)**	**19 051**	33 668	(12 087)	21 581
Total	**52 561**	**(15 043)**	**37 518**	51 867	(12 317)	39 550

Reconciliation of intangible assets

2019	Opening balance R'000	Additions R'000	Amortisation R'000	Total R'000
Trademarks	**89**	**33**	**(6)**	**116**
Brands	**17 028**	**–**	**–**	**17 028**
Computer software	**852**	**662**	**(191)**	**1 323**
Fishing quotas	**21 581**	**–**	**(2 530)**	**19 051**
	39 550	**695**	**(2 727)**	**37 518**

Reconciliation of intangible assets

2018	Opening balance R'000	Additions R'000	Additions through business combination R'000	Amortisation R'000	Total R'000
Trademarks	62	32	–	(5)	89
Brands	–	–	17 028	–	17 028
Computer software	–	930	15	(93)	852
Fishing quotas	–	900	23 225	(2 544)	21 581
	62	1 862	40 268	(2 642)	39 550

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 4 to 15 years.

Fishing quota

The fishing quotas are in relation to the right to catch squid.

Brand

The brand was acquired as part of the acquisition of Talhado. The brand has been determined to have an indefinite useful life.

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.

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7. 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 2019	Effective % held 2018	Nature of business
Sekunjalo Food and Fishing Proprietary Limited	100.00	100.00	Investment holding
Sekfish Investments Proprietary Limited	100.00	100.00	Investment holding
Premier Fishing SA Proprietary Limited	100.00	100.00	Fishing
Marine Growers Proprietary Limited	100.00	100.00	Aquaculture
Premfresh Seafoods Proprietary Limited	100.00	100.00	Sales and Marketing
Talhado Fishing Enterprises Proprietary Limited	50.31	50.31	Fishing
Dazalle 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 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

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 2019	% held by non-controlling interest 2019	Effective % held by Premier 2018	% held by non-controlling interest 2018	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.*

7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

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.

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

Name of subsidiary 2018	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%	13 543	49 901
Dazalle Traders Proprietary Limited	South Africa	43.16%	242	1 400
Rupestris Investments Proprietary Limited	South Africa	39.78%	274	(55)
Manicwa Fishing Proprietary Limited	South Africa	49.75%	48	(84)
MB Fishing Proprietary Limited	South Africa	22.39%	(2)	(2 685)
Robberg Seafreeze Proprietary Limited and its subsidiary	South Africa	49.75%	(12)	4
			14 093	48 481

7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

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

	2019 R'000	2018 R'000
Talhado Fishing Enterprises Proprietary Limited		
Revenue	206 380	272 397
Operating profit	35 811	63 324
Profit after tax	36 517	46 376
Non-current assets	32 528	32 100
Current assets	30 335	55 705
Total assets	62 863	87 805
Non-current liabilities	11 968	7 746
Current liabilities	15 676	35 772
Total liabilities	27 644	43 518
Net assets	35 219	44 287
Dazzalle Traders Proprietary Limited		
Revenue	35 385	58 777
Operating profit	5 432	18 173
Profit after tax	3 766	12 822
Non-current assets	16 880	18 780
Current assets	4 873	9 836
Total assets	21 753	28 616
Non-current liabilities	7 836	5 636
Current liabilities	1 324	2 658
Total liabilities	9 160	8 294
Net assets	12 593	20 322
Rupestris Investments Proprietary Limited		
Revenue	7 214	12 397
Operating profit	1 202	4 691
Profit after tax	1 144	3 441
Non-current assets	3 076	3 383
Current assets	1 555	3 414
Total assets	4 631	6 797
Non-current liabilities	1 477	1 284
Current liabilities	170	538
Total liabilities	1 647	1 822
Net assets	2 984	4 975

7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

	2019 R'000	2018 R'000
Manicwa Fishing Proprietary Limited		
Revenue	5 524	8 543
Operating profit	1 432	1 995
Profit after tax	1 072	1 382
Non-current assets	2 376	2 348
Current assets	674	361
Total assets	3 050	2 709
Non-current liabilities	198	–
Current liabilities	211	679
Total liabilities	409	679
Net assets	2 641	2 030
MB Fishing Proprietary Limited		
Revenue	5 279	8 636
Operating profit	1 019	2 535
Profit after tax	830	1 985
Non-current assets	2 644	2 319
Current assets	1 150	1 746
Total assets	3 794	4 065
Non-current liabilities	1 391	1 069
Current liabilities	227	379
Total liabilities	1 618	1 448
Net assets	2 176	2 617
Robberg Seafreeze Proprietary Limited and its subsidiary		
Revenue	8 168	12 779
Operating profit	2 448	778
Profit after tax	2 117	7 084
Non-current assets	5 529	7 754
Current assets	1 486	2 964
Total assets	7 015	10 718
Non-current liabilities	2 303	1 828
Current liabilities	191	2 201
Total liabilities	2 494	4 029
Net assets	4 521	6 689

8. JOINT ARRANGEMENTS

Joint operations

The following joint operations are material to the Group:

Joint operation	Country of operation	% ownership interest 2019	2018
Premier – BCP Hake	South Africa	**48**	48
Premier – Seacat	South Africa	**50**	50
Bloudam	South Africa	**38**	38

The Premier – BCP Hake Joint Venture 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 Venture 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.

The Bloudam Joint Venture 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.

Joint ventures

The following table list the joint venture in the Group:

Name of company	% ownership interest 2019	% ownership interest 2018
Premier Select Proprietary Limited	**50**	50

Summarised financial information of the joint venture

Summarised Statement of Comprehensive Income

	2019 R'000	2018 R'000
Operating expenses	**(7)**	(7)
Loss before tax	**(7)**	(7)
Loss from continuing operations after tax	**(7)**	(7)
Total comprehensive loss	**(7)**	(7)
Summarised Statement of Financial Position		
Assets		
Property, plant and equipment	**–**	6
Cash and cash equivalents	**84**	85
Trade receivables	**107**	107
Total assets	**191**	198
Liabilities		
Loans from shareholders	**722**	722
Trade payables	**45**	45
Total liabilities	**767**	767
Total net assets	**(576)**	(569)

8. JOINT ARRANGEMENTS (CONTINUED)

	2019 R'000	2018 R'000
Reconciliation of net assets to equity accounted investments in joint venture		
Interest in joint venture at percentage ownership	**(288)**	(285)
Cumulative unrecognised losses	**288**	285
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.

Summary of the Group's interests in joint operations

Premier – BCP Hake Joint Venture	2019 R'000	2018 R'000
Revenue	**74 008**	65 608
Cost of sales	**(42 052)**	(36 812)
Other operating income	**2 686**	484
Operating expenses	**(3 854)**	(10 753)
Interest income	**1 051**	820
Total comprehensive income	**31 839**	19 347
Share of total comprehensive income	**15 283**	9 287
Non-current assets		
Property, plant and equipment	**86**	–
Total non-current assets	**86**	–
Current assets		
Inventories	**617**	621
Trade and other receivables	**8 989**	23 167
Cash and cash equivalents	**15 443**	1 732
Total current assets	**25 049**	25 520
Current liabilities		
Trade and other payables	**(6 830)**	(12 788)
Net assets	**18 305**	12 732
Share of net assets	**8 786**	6 111
Premier Seacat Joint Venture		
Revenue	**9 057**	15 014
Cost of sales	**(2 724)**	(4 301)
Operating expenses	**(4 154)**	(5 197)
Other operating income	**13**	5
Interest income	**124**	120
Total comprehensive income	**2 316**	5 641
Share of total comprehensive income	**1 158**	2 821

8. JOINT ARRANGEMENTS (CONTINUED)

Bloudam Joint Venture	2019 R'000	2018 R'000
Current assets		
Inventories	**135**	1 505
Trade and other receivables	**1 336**	3 111
Cash and cash equivalents	**1 556**	1 920
Total current assets	**3 027**	6 536
Current liabilities		
Trade and other payables	**(711)**	(895)
Net assets	**2 316**	5 641
Share of net assets	**1 158**	2 821

Bloudam Joint Venture	2019 R'000	2018 R'000
Revenue	**–**	–
Cost of sales	**–**	(25)
Operating expenses	**(57)**	(933)
Total comprehensive income	**(57)**	(958)
Share of total comprehensive income	**(22)**	(364)
Current assets		
Other financial assets	**2 486**	1 894
Total current assets	**2 486**	**1 894**
Current liabilities		
Other financial liabilities	**(2 531)**	(2 852)
Trade and other payables	**(12)**	–
Total current liabilities	**(2 543)**	(2 852)
Net assets	**(57)**	(958)
Share of net assets	**(22)**	(364)

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

	2019 R'000	2018 R'000

9. LOANS TO GROUP COMPANY

	2019 R'000	2018 R'000
African Equity Empowerment Investments Limited – loan 1	**93 434**	86 528
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.		
African Equity Empowerment Investments Limited – loan 2	**–**	3 090
Interest is charged at the prime bank overdraft rate plus 1.5%. 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.		
	93 434	89 618

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 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. 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.

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. 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.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

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.

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	12m ECL

9. LOANS TO GROUP COMPANY (CONTINUED)

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 – 2019				
Loans to holding companies				
African Equity Empowerment Investments Limited	Performing	12m ECL	**93 434**	**93 434**
Group – 2018				
Loans to holding companies				
African Equity Empowerment Investments Limited	Performing	12m ECL	89 618	89 618

Fair value of loans to and from Group companies

The carrying value of the loans approximate fair value.

10. DEFERRED TAX

	2019 R'000	2018 R'000
Deferred tax liability		
Property, plant and equipment	**(59 325)**	(47 498)
Fair value gain on loan	**(2 793)**	(2 793)
Shipping allowance	**(53 834)**	(45 543)
Prepaid expenses	**(722)**	(370)
Intangibles	**(9 089)**	(9 089)
Biological assets	**(23 312)**	(19 046)
Total	**(149 075)**	(124 339)
Deferred tax assets netted off against the deferred tax liability	**24 417**	14 185
Total deferred tax liability	**(124 658)**	(110 154)
Deferred tax asset		
Income received in advance	**39**	64
Operating lease liability	**69**	94
Provisions	**2 939**	3 322
Deferred tax balance from temporary differences other than unused tax losses	**3 047**	3 480
Tax losses available for set-off against future taxable income	**21 401**	10 791
Total	**24 448**	14 271
Deferred tax assets netted off against the deferred tax liability	**(24 417)**	(14 185)
Total deferred tax asset	**31**	86

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:

	2019 R'000	2018 R'000
Deferred tax liability	**(149 075)**	(124 339)
Deferred tax asset	**24 448**	14 271
Total net deferred tax liability	**(124 627)**	(110 068)

10. DEFERRED TAX (CONTINUED)

	2019 R'000	2018 R'000
Reconciliation of deferred tax asset/(liability)		
Balance at the beginning of the year	**(110 068)**	(72 276)
Accelerated capital allowances of property, plant and equipment	**(11 826)**	(25 892)
Tax loss available for set-off against future taxable income	**10 609**	6 661
Intangible assets	**–**	(9 071)
Operating lease liabilities	**(24)**	(255)
Income received in advance	**(24)**	(689)
Provisions	**(383)**	517
Fair value adjustment on biological assets	**(4 267)**	(3 836)
Shipping allowances	**(8 291)**	(5 892)
Prepaid expenses	**(353)**	307
Prior year deferred tax misstatement	**–**	358
	(124 627)	(110 068)

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.

11. BIOLOGICAL ASSETS

	Fair value less costs to sell	
	2019 R'000	2018 R'000
Abalone	83 260	68 021
	83 260	**68 021**

2019: (R'000) Reconciliation of biological assets	Opening balance	Purchases	Sales	Changes in fair value, births and deaths	Transfers to Inventory	Total
	68 021	**8 975**	**(26 903)**	**35 661**	**(2 494)**	**83 260**

2018: (R'000) Reconciliation of biological assets	Opening balance	Purchases	Sales	Changes in fair value, births and deaths	Transfers to Inventory	Total
Abalone	54 323	520	(31 291)	44 860	(391)	68 021

Non-financial information

	2019 R'000	2018 R'000
Quantities of biological assets		
Abalone – Kgs	**161 216**	144 736

Methods and assumptions used in determining fair value

For more information, refer to note 38

	2019 R'000	2018 R'000
12. INVENTORIES		
Finished goods	**19 858**	29 861
Raw materials and components	**9 106**	11 370
Consumables	**4 961**	7 297
	33 925	**48 528**

Inventory to the value of R0 (2018: R100) was written off to its net realisable.

13. TRADE AND OTHER RECEIVABLES

	2019 R'000	2018 R'000
Trade receivables	**65 083**	81 056
Amounts receivable from other quota holders	**14 338**	21 597
Amounts receivable from related parties	**8 349**	1 331
Provision for expected credit loss	**(469)**	–
Trade receivables at amortised cost	**87 301**	**103 984**
Deposits	**5 544**	7 763
Insurance claims receivable	**374**	462
Accrued interest	**813**	1 688
Non financial instruments		
Value added tax	**6 095**	12 810
Prepayments with related parties	**–**	244
Employee costs in advance	**639**	314
Prepayments	**2 567**	1 378
	103 333	**128 643**

Categorisation of trade and other receivables

Trade and other receivables are categorised as follows in accordance with IFRS 9: Financial Instruments:

	2019 R'000	2018 R'000
At amortised cost	**94 032**	**113 898**
Non-financial instruments	**9 301**	**14 745**
	103 333	**128 643**

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. Sufficient collateral or guarantees are also obtained when appropriate. 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.

13. TRADE AND OTHER RECEIVABLES (CONTINUED)

Expected credit loss

The Group applies the IFRS 9 simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component. The balance of trade receivables have been assessed on a collective basis as the items possess shared credit risk characteristics.

	2 019 R'000	2 018 R'000
Age analysis of trade receivables:		
Current	**27 670**	68 286
30 – 60 days	**26 418**	3 878
60 days to 90 days	**(1 791)**	5 973
90 days and older	**12 786**	2 919
Total	**65 083**	81 056

Group	2 019 Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)	2018 Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)
Expected credit loss rate:				
0 – 30 days (2019: 0.4%, 2018: 0%)	**27 670**	**113**	68 286	-
30 – 60 days (2019: 0.6%, 2018: 0%)	**26 418**	**156**	3 878	-
60 – 90 days (2019: 1.8%, 2018: 0%)	**(1 791)**	**(32)**	5 973	-
90 days and older (2019: 1.8%, 2018: 0%)	**12 786**	**232**	2 919	-
	65 083	**469**	81 056	–

Reconciliation of loss allowances

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

	Group 2 019	Group 2 018
Opening balance	**–**	–
Loss allowance recognised during the year	**(469)**	–
Closing balance	**(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	**32 810**	35 811
US Dollar	**28 610**	17 929
Euro	**3 663**	27 316
Total	**65 083**	81 056

13. TRADE AND OTHER RECEIVABLES (CONTINUED)

Fair value of trade and other receivables

The fair value of trade and other receivables approximates their carrying amounts.

Trade and other receivables pledged as security

Trade and other receivables were ceded as security for overdraft facilities of R35 million (2018: R35 million) of the Group.

14. OTHER FINANCIAL ASSETS

Loans and receivables	2019 R'000	2018 R'000
Bloudam Joint Venture	**2 147**	1 635
The loan is unsecured, bears no interest and has no fixed terms of repayment.		
Premier Seacat Joint Venture	**1 891**	1 087
The loan is unsecured, bears no interest and has no fixed terms of repayment.		
Mnyameni Fishers CC	**–**	143
The loan is unsecured, bears interest at prime and has no repayment terms.		
BMC Fisheries CC	**583**	559
The loan is granted to BMC to buy permits, it bears interest at prime. It is repaid from a permit usage fee due to the entity.		
Sagittarius Fisheries	**28**	–
The loan is unsecured, bear interest at prime less 3% and has no repayment terms.		
Cost variance receivable		
The loan is unsecured, bears no interest and has no fixed terms of repayment.	**936**	
Total other financial assets	**5 585**	3 424
Fair value of loans and receivables	**5 585**	3 424

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, existing market conditions as well as forward looking estimates 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.

For fair value information refer to note 38.

15. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:	2019 R'000	2018 R'000
Cash on hand	**64**	66
Bank balances	**183 155**	350 514
	183 219	350 580
Current assets	**183 219**	350 580
	183 219	350 580

15. CASH AND CASH EQUIVALENTS (CONTINUED)

The bank overdrafts 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
- 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

- 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,
  - Marine Bond for R4 000 000 Motorship Lazarus
- Cession of loan account in Dazzalle Traders Proprietary Limited, limited to R9 500 000.

15. CASH AND CASH EQUIVALENTS (CONTINUED)

- 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).

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.

	2019 R'000	2018 R'000
Credit rating		
Absa Bank Limited Baa3	**171 809**	345 434
Nedbank Limited Baa3	**3 788**	2 006
Standard Bank Limited BB+	**7 460**	1 019
First National Bank Limited BB+	**98**	2 055
Total	**183 155**	**350 514**

16. STATED CAPITAL

	2019	2018
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
Reconciliation of number of shares issued:		
Opening balance	**260 000 000**	260 000 000
Issue of shares	**–**	–
Total	**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.

17. RESERVES

	2019 R'000	2018 R'000
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.

	2019 R'000	2018 R'000
18. OTHER FINANCIAL LIABILITIES		
Absa Bank Limited – Asset Finance	**99**	197
The loans are for a term of 48 to 60 months. Repayable in monthly instalments of: – R3 236; – R5 304; – R6 736 The interest rates charged on the loans at 31 August 2019 are: – 10.00%; – 10.50%; and – 11.75%; Secured by motor vehicles with a carrying value of R98 927 (2018: R196 530) and vessels with a carrying value of R16 991 605 (2018: R18 764 699). See note 4.		
Absa Bank Limited – Revolving Loan	**595**	760
The interest rate charged on the loan at 31 August 2019 is 10.00%. The loan is repayable in monthly instalments of R34 046. The loan was used in the purchase of Marine Growers Proprietary Limited by Premier Fishing SA Proprietary Limited.		
C Van Rij	**1 976**	2 757
The loan is unsecured and interest free. The loan is repayable on demand.		
Absa Bank Limited – Project Finance	**3 863**	6 303
The interest rate charged on the loan at 31 August 2019 is 10.142% (2018: 10.330%). 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.		
Premier Seacat Joint Venture	**–**	991
The loan is interest-free, unsecured and repayable on demand.		
Absa Bond – term loan	**–**	367
The loan is secured over fishing vessel Silver Arrow, bears interest at prime and is repayable in equal monthly instalments of R126 755 (2018: R126 755) over five years.		
Mnyameni Fishers CC		
The loan is interest-free, unsecured and repayable on demand.	**43**	–
Total	**6 576**	11 375
Non-current liabilities		
At amortised cost	**2 018**	4 663
Current liabilities		
At amortised cost	**4 558**	6 712
Total	**6 576**	11 375

FOR THE YEAR ENDED 31 AUGUST 2019

	2019 R'000	2018 R'000
19. POST-EMPLOYMENT MEDICAL COSTS		
Opening balance	984	1 075
Decrease in provision for medical aid benefits	(747)	(91)
Closing balance	237	984

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.

20. TRADE AND OTHER PAYABLES

	2019 R'000	2018 R'000
Trade payables	33 351	38 217
Amounts due to related parties	6 816	170
Payroll accruals	4 343	8 688
Accrued expenses	13 934	26 854
Amounts due to other quota holders	6 502	6 777
Accrued audit fees	1 797	1 674
Deferred gain on hedges	–	1 894
Payroll accruals for related parties	4 046	4 097
Non-financial instruments		
Contract liability	167	254
Value added taxation	108	1 312
	71 064	89 937

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.

	2019 R'000	2018 R'000
Rand	35	44
US Dollar	132	210
Total	167	254

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.

21. PROVISIONS

	2019 R'000	2018 R'000
Total provisions	9 952	14 680

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)	–
	14 680	10 591	(15 319)	9 952

21. PROVISIONS (CONTINUED)

Reconciliation of provisions

2018 (R'000)	Opening balance	Additions	Utilised during the year	Total
Leave pay provision	1 941	2 875	(3 121)	1 695
Commission provision	150	–	(150)	–
Bonus provision	2 911	7 429	(2 911)	7 429
Provision for commision	3 942	4 931	(3 317)	5 556
	8 944	15 235	(9 499)	14 680

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.

22. REVENUE

	2019 R'000	2018 R'000
Sale of goods and quota usage revenue	**555 830**	463 065
Rendering of services	**8 369**	13 621
Cold storage revenue	**10 807**	14 184
	575 006	490 870
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.		
Total revenue from contracts with customers	**575 006**	490 869
Timing of revenue recognition		
At a point in time		
Sale of goods and quota usage revenue	**555 830**	463 065
Rendering of services	**8 369**	13 621
Over time		
Cold storage revenue	**10 807**	14 184
Total revenue from contracts with customers	**575 006**	490 870

FOR THE YEAR ENDED 31 AUGUST 2019

	2019 R'000	2018 R'000
23. OTHER OPERATING INCOME		
Administration and HR fees received	**1 203**	1 295
Corporate fee recovery	**–**	16 000
Training refunds received	**1 162**	46
Other rental income	**357**	165
Sundry income	**2 491**	853
Fuel rebates received	**7 017**	1 111
Discount received	**164**	53
Insurance proceeds received	**8 580**	–
Tenant installation allowance	**2 356**	–
	23 330	**19 523**
24. OPERATING PROFIT		
Operating profit for the year is stated after accounting for the following:		
Management fees expenses to the holding company	**6 420**	4 711
Loss on disposal of property, plant and equipment	**1 694**	409
(Gain)/loss on foreign exchange	**(4 905)**	(1 797)
Amortisation on intangible assets	**2 727**	2 642
Depreciation on property, plant and equipment	**26 527**	14 843
Employee costs	**126 845**	83 542
Fair value gain on biological assets	**(8 757)**	(13 178)
25. INVESTMENT REVENUE		
Interest income		
Bank	**15 318**	30 337
Group companies	**10 008**	9 790
Outside quota holders	**855**	848
Total investment revenue	**26 181**	40 975
26. FINANCE COSTS		
Bank	**4 154**	3 467
Late payment of tax	**860**	76
Total finance costs	**5 014**	3 543

	2019 R'000	2018 R'000

27. TAXATION

	2019 R'000	2018 R'000
Major components of the tax expense		
Current		
Local income tax – current year	**16 012**	31 379
Local income tax – recognised in current tax for prior periods	**256**	894
Total current tax	**16 268**	32 273
Deferred		
Originating and reversing temporary differences	**14 560**	1 757
Arising from prior period adjustments	**–**	(358)
Total deferred tax	**14 560**	1 399
Total tax expense	**30 828**	33 672
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 disallowed	**0.35%**	0.33%
Consulting and legal fees disallowed	**0.32%**	1.20%
Interest expense disallowed	**0.31%**	–
Fines	**–**	0.16%
Audit fees disallowed	**0.02%**	–
Business combinations	**–**	(3.90%)
Utilisation of farming allowance	**0.06%**	0.23%
Prior year under provision for tax	**0.26%**	0.42%
Amortisation disallowed	**0.80%**	
Learnerships	**(0.09%)**	
Deferred tax adjustment	**(0.34%)**	
Utilisation of previous unrecognised assessed loss	**–**	(0.33%)
Effective tax rate	**29.69%**	26.11%

28. CASH GENERATED FROM OPERATIONS

	2019 R'000	2018 R'000
Profit before taxation	**103 821**	129 013
Adjustments for:		
Depreciation and amortisation	**29 254**	17 485
Loss on sale of assets	**1 694**	409
Interest income	**(26 181)**	(40 975)
Finance costs	**5 014**	3 543
Gain on foreign exchange	**(4 905)**	
Allowance for expected credit loss	**469**	
Movements in operating lease liability	**(88)**	(910)
Movements in post-employment medical costs liability	**(747)**	(91)
Movements in provisions	**(4 728)**	(3 999)
Fair value adjustment on biological assets	**(8 757)**	(13 178)
Changes in working capital:		
Inventories	**17 097**	20 369
Trade and other receivables	**30 560**	(18 825)
Trade and other payables	**(18 877)**	(1 654)
Cash generated from operations	**123 626**	91 187

	2019 R'000	2018 R'000
29. TAX PAID		
Balance at beginning of the year	**(18 922)**	(21 598)
Business combinations	**–**	(19 872)
Current tax for the year recognised in profit or loss	**(16 268)**	(32 272)
Balance at end of the year	**(8 752)**	18 922
Tax paid	**(43 942)**	(54 820)
30. COMMITMENTS		
Authorised capital expenditure		
Not yet contracted for and authorised by directors	**40 000**	101 757
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**	425
– in second to fifth year inclusive	**46 219**	807
- later than five years	**41 714**	
Total	**98 963**	1 232
Operating leases – as lessee		
Minimum lease payments due (smoothed amounts)		
– within one year	**13 765**	337
– in second to fifth year inclusive	**49 003**	562
- later than five years	**33 783**	
Total	**96 551**	899

The group rents its premises from V&A Waterfront and the Department of Public Works in terms of operating leases. The Group has 2 lease agreements with the V&A Waterfront:

- One is located at South Arm No. 3 South Arm Road and is for a period of 10 years beginning 1 March 2019
- The other one is for First Floor, North Block, Waterway House, and is for a period of five years and two months beginning 1 September 2018.

The lease contract with the Department of Public Works is for a period of nine years and 11 months.

31. 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.

	2019 cents	2018 cents
Basic earnings per share	**18.56**	31.48
Diluted earnings per share	**18.56**	31.48

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

	2019 R'000	2018 R'000
Earnings attributable to owners of Premier Fishing and Brands Limited	**48 246**	81 858
Weighted average number of shares (000)	**260 000**	260 000

Headline earnings

Headline earnings is determined as follows:	2019 R'000	2018 R'000
Earnings attributable to owners of Premier Fishing and Brands Limited	**48 246**	81 858
Adjusted for:		
Effect of loss on derecognition of property, plant and equipment gross of tax	**1 694**	409
Insurance income	**(8 580)**	–
Taxation effect	**1 928**	(115)
Headline earnings	**43 288**	82 152

	2019 cents	2018 cents
Headline earnings per share	**16.65**	31.60
Diluted headline earnings per share	**16.65**	31.60

32. EVENTS AFTER THE REPORTING PERIOD

A final gross dividend of 10 cents per share was approved by the board of directors on 28 October 2019 which was after the reporting period but before the financial statements were authorised for issue.

The directors are not aware of any other material facts or circumstances which occurred between the statement of financial position date and the date of this report that would require any adjustments to the annual financial statements.

33. PRIOR PERIOD COMPARATIVE NOTE DISCLOSURE OMMISSION

Nature of error

During the 2019 year-end reporting process, it was identified that separate note disclosure has not been made in the prior year 2018 audited annual financial statements with respect to other income from a related party. Accordingly, this has now been corrected and disclosed accordingly. Please refer to note 34.

Correction

This has now been corrected, and disclosed accordingly in the related party note comparative. No other financial statement line item has been affected.

34. RELATED PARTIES

Relationships

Ultimate holding company	African Equity Empowerment Investments Limited
Subsidiaries	Refer to note 7
Joint ventures and joint operations	Refer to note 8
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
	R Isaacs
	I Moosa
	Rev. Dr VC Mehana (resigned)
	K Abdulla
	S Young
	IT Bundo (resigned)
	C Hendricks (resigned)
	AB Amod
	RP Mosia
	CL Van der Venter
	Adv. N Ramatlhodi
	SP Mngconkola
Members of key management	Mogamat Samir Saban
	I Moosa
	Shaun Bhana
	Rushaan Isaacs
	Shaun Solomons
	Jean-Pierre Coetzer
	IT Bundo (resigned)

34. RELATED PARTIES (CONTINUED)

	2019 R'000	2018 R'000
Related party balances		
Loan receivable from related parties		
African Equity Empowerment Investments Limited	**93 434**	89 618
Bloudam Joint Venture	**2 147**	1 635
Premier Seacat Joint Venture	**1 891**	1 087
Loans payable to related parties		
Premier Seacat Joint Venture	**–**	966
Prepaid expenses to related parties		
Independent News and Media Proprietary Limited	**–**	244
Amounts receivable from related parties		
African Equity Empowerment Investments Limited	**733**	473
African News Agency Proprietary Limited	**39**	17
Bioclones Proprietary Limited	**–**	66
espAfrika Proprietary Limited	**23**	13
Health Systems Technologies Proprietary Limited	**17**	41
Independent News and Media Proprietary Limited	**359**	2
Insights Publishing Proprietary Limited	**–**	32
Magic 828 Proprietary Limited	**19**	112
Independent Online Property Joint Venture Proprietary Limited	**2**	9
Ribotech Proprietary Limited	**–**	9
Sekpharma Proprietary Limited	**3**	2
AYO Technology Solutions Limited	**121**	18
Tripos Tourism Investments Proprietary Limited	**27**	30
Afrinat Proprietary Limited	**1 049**	409
BCP Hake Joint Venture	**6 028**	5 527
Premier Seacat Joint Venture	**–**	11
Orleans Cosmetics Proprietary Limited	**46**	–
African News Agency Publishing Proprietary Limited	**1**	7
Kalula Communications Proprietary Limited	**–**	2
MCI South Africa Proprietary Limited	**2**	2
Amounts payable from related parties		
Cape Sunset Villas Close Corporation	**718**	333
Health System Technologies Proprietary Limited	**8**	8
Afrinat Proprietary Limited	**78**	54
Global Command Proprietary Limited	**688**	–
African Equity Empowerment Investments Limited	**5 325**	–
Related party transactions		
Interest received from related parties		
African Equity Empowerment Investments Limited	**10 008**	9 790
Consumables purchased from related parties		
Afrinat Proprietary Limited	**92**	95
Rent received from related parties		
Independent News and Media Proprietary Limited	**–**	4 423
Afrinat Proprietary Limited	**–**	1 440
Management fee expense to related parties		

34. RELATED PARTIES (CONTINUED)

	2019 R'000	2018 R'000
African Equity Empowerment Investments Limited	**6 420**	4 711
Human resource fees income received (refunded) from related parties		
Magic 828 Proprietary Limited	**83**	77
Insights Publishing Proprietary Limited	**(17)**	–
Independent Online Property Joint Venture Proprietary Limited	**21**	24
Ribotech Proprietary Limited	**1**	4
Bioclones Proprietary Limited	**2**	25
Sekpharma Proprietary Limited	**1**	–
Independent News and Media Proprietary Limited	**17**	29
African News Agency Proprietary Limited	**215**	178
Health System Technologies Proprietary Limited	**188**	194
Tripos Tourism Investments Proprietary Limited	**30**	38
African Equity Empowerment Investments Limited	**97**	–
African News Agency Publishing Proprietary Limited	**39**	67
Kalula Communications Proprietary Limited	**35**	15
MCI South Africa Proprietary Limited	**–**	12
Afrinat Proprietary Limited	**55**	11
Integrated Bioworks Proprietary Limited	**–**	1
AYO Technology Solutions Limited	**127**	72
African News Agency Pictures Proprietary Limited	**28**	
Orleans Cosmetics Proprietary Limited	**40**	
Global Command Proprietary Limited	**77**	
Computer expenses paid to related parties		
Health System Technologies Proprietary Limited	**41**	41
Ayo Technology Solutions Limited	**–**	283
Rent paid to related parties		
Cape Sunset Villas Close Corporation	**708**	625
Subscriptions expense from related parties		
Independent News and Media Proprietary Limited	**244**	3 822
Sales to related parties		
Afrinat Proprietary Limited	**1 021**	1 171
Administration fees received from related parties		
Premier Seacat Joint Venture	**90**	90
Corporate fee recovery income received from related parties (see note 33)		
African Equity Empowerment investments Limited	**–**	16 000
Advertising expenses paid to related parties		
Independent News and Media Proprietary Limited	**298**	334
African News Agency Publishing Proprietary Limited	**114**	1
Commission received from related parties		
Premier Seacat Joint Venture	**349**	405
Vessel usage fees received from related parties		
BCP Hake Joint Venture	**397**	397
Hake purchases from related parties		

34. RELATED PARTIES (CONTINUED)

	2019 R'000	2018 R'000
BCP Hake Joint Venture	–	369
Dividends paid to related parties		
African Equity Empowerment Investments Limited	**52 910**	21 450
Enterprise Development expenses paid to related parties		
Afrinat Proprietary Limited	**350**	–
Compensation to directors and other key management		
Salaries	**7 610**	7 066
Travel allowance	**36**	29
Bonus	**2 728**	2 057
Medical aid contributions	**–**	29
Pension, Provident Fund and other contributions	**844**	814
	11 218	9 995

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%**

Directors' interests in shares 2018	Direct beneficial	Direct non-beneficial	Indirect beneficial	Indirect non-beneficial	Total percentage
Salim Young	50 000	–	–	–	0.01%
Clifford van der Venter	33 000	–	–	–	0.01%
Khalid Abdulla	70 000	–	–	–	0.03%
	153 000	–	–	–	0.05%

During the year, the directors held in aggregate a direct beneficial interest of 136 500 (2018: 153 000) in the company's shares, equivalent to 0.05% (2018: 0.05%) of the issued share capital.

* Aziza Amod and Khalid Abdulla have an indirect interest in shares of 201 772 shares which equates to 0.08% (2018:0.00%) of total issued shares. This relates to shares held by their associates, and has been disclosed as per the JSE Listing requirements.

35. 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	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
Lobster	180 405	202 318	49 688	53 941
Pelagics	62 093	63 783	15 999	17 258
Hake	35 524	31 492	13 489	8 893
Squid	246 819	128 169	105 977	58 018
Aquaculture	27 258	31 291	9 174	12 175
Cold storage	12 081	10 453	528	359
Seagro	7 705	5 790	1 559	1 193
Processing and marketing	7 222	23 486	1 815	5 503
Total	**579 107**	496 782	**198 229**	**157 340**
Less inter-segmental sales	(4 101)	(5 912)		–
Administration and support services		–	(124 332)	(78 937)
Fair value gains on biological assets		–	8 757	13 178
Interest income		–	26 181	40 975
Finance costs		–	(5 014)	(3 543)
Total revenue and profit before tax	**575 006**	490 870	**103 821**	129 013

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.

35. GROUP SEGMENTAL ANALYSIS (CONTINUED)

	2019 R'000	2018 R'000
Segment assets		
Lobster	73 431	77 566
Pelagics	103 878	103 806
Hake	11 641	11 457
Squid	184 929	220 602
Aquaculture	280 925	190 774
Cold store	527	839
Seagro	3 667	3 193
Processing and marketing	26 530	19 522
Administration and support services	342 250	481 240
Total segmental assets	**1 027 778**	**1 108 999**
Unallocated	31	86
Consolidated total assets	**1 027 809**	**1 109 085**
Segment liabilities		
Lobster	11 654	15 877
Pelagics	8 172	11 600
Hake	2 884	5 347
Squid	14 548	25 665
Aquaculture	14 874	16 290
Seagro	78	–
Processing and marketing	11 191	14 980
Administration and support services	25 742	46 736
Total segmental liabilities	**89 143**	**136 495**
Unallocated	124 658	110 154
Consolidated total liabilities	**213 801**	**246 649**

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 5. All liabilities are allocated to reportable segments other than current and deferred tax liabilities.

	Depreciation and amortisation		Additions to property, plant and equipment	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
Lobster	**6 828**	4 994	**16 676**	12 470
Pelagics	**8 234**	5 648	**13 376**	14 234
Hake	**–**	–	**41**	–
Squid	**9 663**	5 237	**7 109**	1 292
Aquaculture	**3 731**	1 051	**80 844**	87 625
Cold store	**34**	40		–
Seagro	**50**	134		–
Processing and marketing	**1**	1	**–**	17
Administration and support services	**713**	380	**7 631**	762
Total	**29 254**	17 485	**125 677**	116 400

35. 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:

	2019 R'000	2018 R'000
United States of America	**123 447**	128 058
Europe	**280 666**	154 998
Far East	**75 171**	107 934
South Africa	**95 722**	99 880
Total revenue	**575 006**	490 870

Information about major customers

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

	2019	2018	Segment
Customer 1	R123 million	R128 million	Lobster
Customer 2	R58 million	R48 million	Pelagic

36. DIRECTORS' EMOLUMENTS

Executive directors

2019	Salary R'000	Bonus R'000	Provident fund R'000	Travel allowance R'000	Total R'000
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**
2018					
MS Saban	2 027	646	223	–	2 896
IT Bundo	1 203	388	141	–	1 732
R Isaacs	849	130	81	–	1 060
	4 079	1 164	445	–	5 688

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

35. GROUP SEGMENTAL ANALYSIS (CONTINUED)

Non-executive directors

Board fees	2019 R'000	2018 R'000
Rev. Dr VC Mehana	**186**	255
K Abdulla	**–**	–
S Young	**168**	180
CF Hendricks	**–**	–
AB Amod*	**615**	180
RP Mosia	**168**	180
Adv. N Ramatlhodi	**161**	75
SP Mngconkola	**113**	75
CL Van der Venter	**166**	180
	1 577	1 125

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

Directors emoluments for services to other group companies

2019	Salary R'000	Bonus R'000	Provident Fund R'000	Medical Aid R'000	Expense allowance R'000	Board fees R'000	Total R'000
CF Hendricks^	**1 081**	**257**	**153**	**65**	**–**	**–**	**1 556**
IT Bundo"	**1 660**	**–**	**87**	**20**	**–**	**–**	**1 767**
K Abdulla^	**3 919**	**3 274**	**521**	**–**	**–**	**–**	**7 714**
Rev. Prof VC Mehana	**–**	**–**	**–**	**–**	**–**	**345**	**345**
AB Amod^	**–**	**–**	**–**	**–**	**–**	**558**	**558**
Adv. N Ramatlhodi	**–**	**–**	**–**	**–**	**–**	**473**	**473**
S Young	**546**	**–**	**–**	**–**	**–**	**–**	**546**
RP Mosia	**–**	**–**	**–**	**–**	**–**	**314**	**314**
	7 206	**3 531**	**761**	**85**	**–**	**1 690**	**13 273**
2018							
CF Hendricks^	899	412	129	60	17	–	1 517
K Abdulla^	3 209	2 400	391	–	60	–	6 060
Prof VC Mehana	–	–	–	–	–	425	425
AB Amod^	–	–	–	–	–	671	671
S Young	–	–	–	–	–	849	849
Advocate N Ramatlhodi	–	–	–	–	–	207	207
	4 108	2 812	520	60	77	2 152	9 729

^Non executive directors

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

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.

Mrs Amod, Rev Prof VC Mehana (resigned), Mr S Young and Adv N Ramatlhodi are all directors of other group companies, and their emoluments are paid by those Group companies for their services to those Group companies.

"Emoluments for previous directors for services in other group companies

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

37. 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 18 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 2019 was less than 1%. (2018: less than 2%)

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.

37. 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 - 2019		Less than 1 year	1 to 2 years	Total	Carrying amount
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**
Group - 2018					
Non-current liabilities					
Borrowings	18	–	4 663	4 663	4 663
Current liabilities					
Trade and other payables	20	89 937	–	89 937	89 937
Borrowings	18	6 712	–	6 712	6 712
		96 649	4 663	101 312	101 312

The Group has no significant concentration of liquidity risk.

37. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk

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

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

		2019			2018		
Group		**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	**93 434**	**–**	**93 434**	89 618	–	89 618
Trade and other receivables	13	**94 501**	**(469)**	**94 032**	113 897	–	113 897
Cash and cash equivalents	15	**183 219**	**–**	**183 219**	350 580	–	350 580
		371 154	**(469)**	**370 685**	554 095	–	554 095

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

37. FINANCIAL RISK MANAGEMENT (CONTINUED)

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 2019		
Trade debtors	**1 875**	**230**
Cash and cash equivalents	**68**	**91**
Income received in advance	**9**	**–**
Total	**1 952**	**321**
At 31 August 2018		
Trade debtors	1 312	2 528
Cash and cash equivalents	1 114	10
Income received in advance	14	–
Total	**2 440**	**2 538**

Exchange rates used for conversion of foreign items were:	US Dollar	Euro
At 31 August 2019	**15.18**	**16.68**
At 31 August 2018	14.65	17.05

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

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.

Increase in profit after tax	2019 R'000	2018 R'000
US dollar	**2 144**	2 859
Euro	**266**	2 633

37. FINANCIAL RISK MANAGEMENT (CONTINUED)

(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**	**2019**	**2018**	**2019**	**2018**
Variable rate instruments:					
Assets					
Borrowings - Absa Revolving loan		**10.00%**	10.00%	**595**	760
Borrowings - Absa Asset Finance		**10.50-11.75%**	10.50-12.00%	**99**	197
Borrowings - Absa Project finance loan		**10.142%**	10.330%	**3 863**	6 303
Loans to Group companies – AEEI loan 1		**10.00%**	10.00%	**93 434**	86 528
Loans to Group companies – AEEI loan 2		**11.50%**	11.50%	**–**	3 090
Borrowings - Absa term loan		**10.00%**	10.00%	**–**	367
				97 991	**97 245**

Interest rate sensitivity analysis

The following table shows the impact on the Group's profit after tax if interest rates were 0.5% higher or lower as at the reporting date. The sensitivity analysis includes the financial assets and financial liabilities balances with variable interest rates at financial year-end, with all other variables held constant.

	2019 R'000	2018 R'000
Impact on profit after tax		
Increase of 0.5%	**(259)**	(344)
Decrease of 0.5%	**259**	344

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.

37. FINANCIAL RISK MANAGEMENT (CONTINUED)

Categories of financial instruments

Categories of financial assets

	Notes	Amortised cost	Total	Fair value
Group – 2019				
Loans to group companies	9	93 434	93 434	93 434
Trade and other receivables	13	94 032	94 032	94 032
Cash and cash equivalents	15	183 219	183 219	183 219
Other financial assets	14	5 585	5 585	5 585
		376 270	376 270	376 270
Group – 2018				
Loans to group companies	9	89 618	89 618	89 618
Trade and other receivables	13	113 898	113 898	113 898
Cash and cash equivalents	15	350 580	350 580	350 580
Other financial assets	14	3 424	3 424	3 424
		557 520	557 520	557 520

Categories of financial liabilities

	Notes	Amortised cost	Total	Fair value
Group – 2019				
Trade and other payables	20	70 789	70 789	70 789
Borrowings	18	6 576	6 576	6 576
		77 365	77 365	77 365
Group – 2018				
Trade and other payables	20	88 371	88 371	88 371
Borrowings	18	11 375	11 375	11 375
		99 746	99 746	99 746

38. 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 2019 R'000	Fair value at 31 August 2018 R'000	Valuation method	Significant inputs	Fair value hierarchy
Biological assets	**83 260**	68 021	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 2019						
Biological assets – Abalone	**68 021**	**35 661**	**(26 903)**	**8 975**	**(2 494)**	**83 260**
At 31 August 2018						
Biological assets – Abalone	54 323	44 860	(31 291)	520	(391)	**68 021**

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

38. FAIR VALUE INFORMATION (CONTINUED)

The value of abalone is calculated by taking into account the selling price of the abalone, less costs associated with the sale. 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	1% decrease
	R'000	R'000
Weight	**594**	(594)
USD Spot rate	**610**	(610)
Processing fee	**(16)**	16

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.

39. 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 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.

40. 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).