



*Premier Fishing & Brands Limited*

*The First Choice*

**UNAUDITED CONDENSED  
INTERIM GROUP RESULTS  
FOR THE SIX MONTHS  
ENDED 28 FEBRUARY  
2017**

**COVER DESIGN TO BE UPDATED**



# COMMENTS

## HIGHLIGHTS COMPARED TO THE PRIOR YEAR

- Revenue increased by 7% from R170 million to R182 million.
- Operating profit increased by 12% from R16 million to R18 million.
- Earnings per share and headline earnings per share increased by 33% to 12.68 cents per share and 12.70 cents per share respectively.
- Cash generated from operations were lower than that of the prior period due to increased investments in working capital which impacted the current reporting period.

PFF was listed on the main board of the Johannesburg Stock Exchange (“JSE”) on 2 March 2017. The interim results are for a period which is before the listing date. The results therefore do not contain the effects of the listing. In preparation for the listing, on 1 February 2017, there was a subdivision of the authorised and issued shares of PFF in which one share was subdivided into 1 430 000 shares. The issued share capital of PFF increased from 100 ordinary shares to 143 000 000 shares on that date. The earnings per share and headline earnings per share have been calculated taking into account the subdivision of the shares.

# CONDENSED GROUP STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 28 February 2017

	Unaudited Group 28 February 2017 6 months R'000	Unaudited Group 28 February 2016 6 months R'000	Audited Group 31 August 2016 12 months R'000
<b>Revenue</b>	<b>182 667</b>	170 500	401 692
Cost of sales	<b>(111 800)</b>	(112 236)	(239 098)
<b>Gross profit</b>	<b>70 867</b>	58 264	162 594
Other income	<b>1 997</b>	1 036	2 647
Other expenses	<b>(55 072)</b>	(43 413)	(100 085)
<b>Operating profit</b>	<b>17 792</b>	15 887	65 156
Investment revenue	<b>7 326</b>	4 290	11 349
Finance cost	<b>(1 199)</b>	(1 228)	(2 986)
<b>Profit before tax</b>	<b>23 919</b>	18 949	73 519
Tax	<b>(5 793)</b>	(5 336)	(21 411)
Profit for the year	<b>18 126</b>	13 613	52 108
Other comprehensive income	-	-	-
<b>Total comprehensive income</b>	<b>18 126</b>	13 613	52 108
Basic and diluted earnings per share (cents) (see note 1)	<b>12.68</b>	9.52	36.44
Headline and diluted headline earnings per share (cents) (see note 1)	<b>12.70</b>	9.52	36.73
Weighted average number of shares used in the calculation of earnings per share (OOOs)	<b>143 000</b>	143 000	143 000

# CONDENSED GROUP STATEMENT OF FINANCIAL POSITION

As at 28 February 2017

	Unaudited Group 28 February 2017 6 months R'000	Unaudited Group 28 February 2016 6 months R'000	Audited Group 31 August 2016 12 months R'000
<b>Assets</b>			
<b>Non-current assets</b>	<b>217 763</b>	234 925	221 262
Property, plant and equipment	<b>126 136</b>	128 058	124 596
Goodwill	<b>18 165</b>	18 165	18 165
Intangible assets	<b>65</b>	239	41
Loans to group companies	<b>73 345</b>	82 173	78 396
Deferred tax	<b>52</b>	6 290	64
<b>Current assets</b>	<b>185 666</b>	135 239	163 553
Inventory	<b>39 127</b>	40 838	42 379
Other financial assets	<b>7 392</b>	1 639	1 065
Current tax receivable	<b>154</b>	154	154
Trade and other receivables	<b>59 762</b>	37 085	48 270
Biological assets	<b>48 359</b>	46 262	48 169
Cash and cash equivalents	<b>30 872</b>	9 261	23 516
<b>Total assets</b>	<b>403 429</b>	370 164	384 815
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	-	-	-
Reserves	<b>8 014</b>	8 014	8 014
Retained income	<b>205 592</b>	203 072	217 466
<b>Total equity</b>	<b>213 606</b>	211 086	225 480
<b>Non-current liabilities</b>	<b>87 290</b>	77 434	85 871
Other financial liabilities	<b>10 162</b>	2 100	10 764
Operating lease liability	<b>1 653</b>	2 238	2 065
Post-employment medical costs	<b>1 007</b>	1 190	1 153
Deferred tax	<b>74 468</b>	71 906	71 889

# CONDENSED GROUP STATEMENT OF FINANCIAL POSITION

As at 28 February 2017 continued

	Unaudited Group 28 February 2017 6 months R'000	Unaudited Group 28 February 2016 6 months R'000	Audited Group 31 August 2016 12 months R'000
<b>Current liabilities</b>	<b>102 533</b>	81 644	73 464
Loans from group companies	-	-	1 478
Other financial liabilities	<b>3 245</b>	331	3 280
Current tax payable	<b>7 217</b>	4 179	8 119
Trade and other payables	<b>56 915</b>	50 411	53 243
Provisions	<b>8 953</b>	7 438	7 344
Bank overdraft	<b>26 203</b>	19 285	-
<b>Total liabilities</b>	<b>189 823</b>	159 078	159 335
<b>Total equity and liabilities</b>	<b>403 429</b>	370 164	384 815
Net asset value per share (cents)	<b>149.38</b>	147.61	157.68

# CONDENSED STATEMENT OF CHANGES IN EQUITY

For the six months ended 28 February 2017

	Share capital R'000	Reserves R'000	Retained income R'000	Total equity R'000
<b>Balance at 1 September 2015</b>	-	8 014	189 358	197 372
Profit for the period	-	-	52 108	52 108
Dividends	-	-	(24 000)	(24 000)
<b>Balance at 31 August 2016</b>	-	8 014	217 466	225 480
Profit for the period	-	-	<b>18 126</b>	<b>18 126</b>
Dividends	-	-	<b>(30 000)</b>	<b>(30 000)</b>
<b>Balance at 28 February 2017</b>		<b>8 014</b>	<b>205 592</b>	<b>213 606</b>

# CONDENSED GROUP STATEMENT OF CASH FLOWS

For the six months ended 28 February 2017

	<b>Unaudited Group 28 February 2017 6 months R'000</b>	Unaudited Group 28 February 2016 6 months R'000	Audited Group 31 August 2016 12 months R'000
<b>Cash generated from operations</b>	<b>21 043</b>	23 863	68 381
Investment revenue	<b>825</b>	403	1 357
Finance cost	<b>(1 199)</b>	(1 228)	(2 830)
Tax paid	<b>(4 105)</b>	(2 951)	(8 876)
<b>Net cash flows from operating activities</b>	<b>16 564</b>	20 087	58 032
<b>Cash flows from investing activities</b>			
Net movement in property, plant and equipment	<b>(8 495)</b>	(5 485)	(9 295)
Net movement in intangible assets	<b>(27)</b>	-	-
Movement in other investing activities	<b>(19 924)</b>	(17 916)	(30 698)
Movement in other financial assets	<b>(5 152)</b>	(532)	42
Net cash to investing activities	<b>(33 598)</b>	(23 933)	(39 951)
<b>Cash flows from financing activities</b>			
Repayment of other financial liabilities	<b>(1 813)</b>	(1 751)	(2 686)
Proceeds from other financial liabilities	<b>-</b>	-	12 548
<b>Net cash to financing activities</b>	<b>(1 813)</b>	(1 751)	9 862
Total cash movement for the period	<b>(18 847)</b>	(5 597)	27 943
Cash and cash equivalent at the beginning of the period	<b>23 516</b>	(4 427)	(4 427)
<b>Cash and cash equivalent at the end of the period</b>	<b>4 669</b>	(10 024)	23 516



# RECONCILIATION OF NUMBER OF SHARES ISSUED

For the six months ended 28 February 2017

	SEGMENTAL REVENUE			SEGMENTAL PROFIT		
	Unaudited 28 February 2017 6 months R'000	Unaudited 29 February 2016 6 months R'000	Audited 31 August 2016 12 months R'000	Unaudited 28 February 2017 6 months R'000	Unaudited 29 February 2016 6 month R'000	Audited 31 August 2016 12 months R'000
Lobster	85 997	83 012	190 110	15 800	12 349	46 446
Pelagics	27 808	31 245	93 670	6 012	8 920	33 406
Hake	15 143	12 604	31 110	5 036	3 441	9 794
Squid	18 048	13 252	23 541	4 602	2 604	4 360
Abalone	18 765	19 037	39 697	6 136	6 449	13 015
Cold storage	4 552	4 284	8 720	2 462	2 308	303
Seagro	1 667	1 071	2 717	397	250	701
Processing and marketing	12 778	7 973	15 959	2 215	1 243	3 860
<b>Total</b>	<b>184 758</b>	172 478	405 524	<b>42 660</b>	37 564	111 885
<i>Less inter- segmental sales</i>	<b>(2 091)</b>	(1 978)	(3 832)			
Administration and support services	-	-	-	<b>(25 058)</b>	(21 777)	(48 864)
Fair value gains	-	-	-	<b>190</b>	100	2 007
Interest income	-	-	-	<b>7 326</b>	4 290	11 477
Finance costs	-	-	-	<b>(1 199)</b>	(1 228)	(2 986)
<b>Total</b>	<b>182 667</b>	170 500	401 692	<b>23 919</b>	18 949	73 519

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

Segmental 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.

## SEGMENT ASSETS

	<b>Unaudited 28 February 2017 6 months R'000</b>	Unaudited 29 February 2016 6 months R'000	Audited 31 August 2016 12 months R'000
Lobster	<b>72 902</b>	63 267	69 106
Pelagics	<b>79 158</b>	74 193	82 448
Hake	<b>8 224</b>	5 051	11 624
Squid	<b>17 103</b>	9 009	6 047
Abalone	<b>72 303</b>	72 259	78 113
Cold storage	<b>1 074</b>	978	1 038
Seagro	<b>2 579</b>	2 816	2 312
Processing and marketing	<b>29 593</b>	22 761	20 726
Administration and support services	<b>150 441</b>	113 540	113 339
<b>Total segment assets</b>	<b>433 377</b>	363 874	384 753
Unallocated	<b>52</b>	6 290	62
<b>Total consolidated assets</b>	<b>433 429</b>	370 164	384 815

## SEGMENT LIABILITIES

	<b>Unaudited 28 February 2017 6 months R'000</b>	Unaudited 29 February 2016 6 months R'000	Audited 31 August 2016 12 months R'000
Lobster	<b>11 698</b>	8 516	6 421
Pelagics	<b>9 280</b>	6 208	7 625
Hake	<b>5 257</b>	3 355	3 711
Squid	<b>6 547</b>	5 556	371
Abalone	<b>2 782</b>	4 540	3 440
Processing and marketing	<b>15 820</b>	14 814	9 969
Administration and support services	<b>63 971</b>	44 183	55 908
<b>Total segment liabilities</b>	<b>115 355</b>	87 172	87 446
Unallocated	<b>74 468</b>	71 906	71 889
<b>Total consolidated liabilities</b>	<b>189 823</b>	159 078	159 335

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

**Included in the segmental results are:**

	DEPRECIATION AND AMORTISATION			ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT		
	Unaudited 28 February 2017 6 months R'000	Unaudited 29 February 2016 6 months R'000	Audited 31 August 2016 12 months R'000	Unaudited 28 February 2017 6 months R'000	Unaudited 29 February 2016 6 months R'000	Audited 31 August 2016 12 months R'000
Lobster	2 781	3 106	6 366	2 783	2 416	2 930
Pelagics	3 100	2 676	4 959	4 606	1 339	2 711
Squid	280	226	457	735	163	805
Abalone	536	490	1 237	271	1 538	2 489
Cold storage	40	38	77	-	-	234
Seagro	-	-	252	-	-	-
Processing and marketing	1	2	4	-	-	-
Administration and support services	131	135	256	100	29	127
<b>Total</b>	<b>6 869</b>	<b>6 673</b>	<b>13 608</b>	<b>8 495</b>	<b>5 485</b>	<b>9 295</b>

**REVENUE PER REGION**

	Unaudited 28 February 2017 6 months R'000	Unaudited 29 February 2016 6 months R'000	Audited 31 August 2016 12 months R'000
United States of America	64 576	48 052	105 476
Far East	45 508	46 511	111 248
Europe	31 509	22 561	53 587
South Africa	41 074	53 376	131 381
<b>Total</b>	<b>182 667</b>	<b>170 500</b>	<b>401 692</b>
Number of shares in issue (000s)	143 000	-	-
Weighted number of shares in issue (000s)	143 000	143 000	143 000
Diluted number of shares in issue (000s)	143 000	143 000	143 000

## DETERMINATION OF HEADLINE EARNINGS

	<b>Unaudited 28 February 2017 6 months R'000</b>	Unaudited 29 February 2016 6 months R'000	Audited 31 August 2016 12 months R'000
Earnings attributable to ordinary equity holders of parent entity	<b>18 126</b>	13 613	52 108
Adjusted for:			
- Effect of loss/(gain) on disposal of property, plant and equipment	<b>40</b>	(1)	410
Headline earnings	<b>18 166</b>	13 612	52 518
Headline earnings per share (cents)	<b>12.70</b>	9.52	36.73

1. Earnings per share was calculated after taking into account the subdivision of shares which occurred on 1 February 2017 and the number of shares in issue for the prior comparative period has also been adjusted as per the requirements of IAS33: Earnings per share.

## GROUP PROFILE

PFF through its subsidiaries operates a vertically integrated food and fishing business which specialises in the harvesting, processing and marketing of fish and fish-related products, as well as general food products. The Group is one of the largest black-owned and managed food and fishing business in South Africa and the most transformed in terms of its management and employees. The Group holds medium to long-term fishing rights in west coast rock lobster, south coast rock lobster, small pelagics, hake deep-sea trawl, hake longline, swordfish and tuna, and squid. The Group also owns an abalone farm and invests in organic agriculture through the "Seagro" range of products.

## GROUP OVERVIEW

The Group achieved a solid performance for the six months ended 28 February 2017 despite the economic environment impacting the industry. Increased sales volumes in the lobster and squid business have contributed significantly to the strong performance and growth.

Group revenue increased by 7% from R170 million to R182 million compared to the prior period mainly as a result of increased sales volumes in the lobster and squid segments.

The Group's operating profit increased by 12% from R16 million to R18 million mainly due to efficiencies achieved across all segments.

The Group's profit before tax for the six months to 28 February 2017 increased by 26% from R19 million to R24 million as a result of the increased sales volumes in the lobster and squid segments as well as efficiencies achieved in all segments.

Group headline earnings increased by 22% from R14 million to R18 million. Headline earnings per share ("HEPS") increased from 9.52 cents per share to 12.70 cents per share and earnings per share ("EPS") increased from 9.52 cents per share to 12.68 cents per share.

Net asset value ("NAV") of the Group increased to R214 million from R211 million as a result of the excellent operational performance.

## REVIEW OF OPERATIONS

### Lobster

The Group experienced increased landings due to good catch rates as well as a good size mix in the lobster segment for the period under review. This resulted in increased revenue and operating profit for the segment increasing from R12 million in 2016 to R16 million in 2017.

### Small Pelagics

Industrial fish landings were up by 20% compared to the prior period. Pilchard landings for the period under review were down compared to the prior year resulting in lower revenue and operating profit.

### Hake

Due to improved sales volumes, the profitability of the hake segment increased during the current period. Profit for the current period increased due to the combination of increased sales volumes and improved catch rates.

### Squid

The squid segment experienced higher catch rates as well as higher sales volumes compared to the prior period. This resulted in increased revenue and operating profit for the period under review.

### Abalone

The segment continued to focus on increasing production capacity and efficiencies. The sales volumes for the period were in line with our expectation when compared to the prior period. Sales volumes are expected to be higher than those of the prior year at year-end.

### Cold Storage

Occupation levels in the cold store segment achieved an average of more than 90% year on year. The performance of the segment is in line with management's expectation.

### Seagro

Seagro is an organic fertiliser produced from the fishmeal process concentrate. Higher production levels led to increased stock volumes as a result of good catches in the industrial fish sector. This resulted in increased sales volumes in the current period as well as increased profitability compared to the prior period.

### Processing and marketing

Revenue is generated from the processing and marketing of external quota holders fish. There was an increased volume of third-party fish processed and marketed by the Group during the period under review which resulted in an increase in revenue and profits for the segment.

## REPORTING ENTITY

PFF is a company domiciled in South Africa. These condensed unaudited consolidated interim financial statements ("interim financial statements") as at and for the six months ended 28 February 2017, comprises of PFF the Company, its subsidiaries and interests in joint venture operations.

## BASIS OF PREPARATION

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

The accounting policies applied in the preparation of the interim financial statements, which are based on reasonable judgement and estimates, are in accordance with International Financial Reporting Standards ("IFRS") and are consistent with those applied in the audited annual financial statements for the year ended 31 August 2016. The interim financial statements have been prepared by Brent Robertson CA(SA), Head of Finance under the supervision of Isaiah Tatenda Bundo CA(SA), the Finance Director and were not reviewed or audited by the Group's external auditors, Grant Thornton Cape Inc.

These interim financial statements were authorised for issue by the Company's Board of Directors on 3 May 2017. Use of judgements and estimates

In preparing these interim financial statements, management made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the audited consolidated financial statements for the year ended 31 August 2016.

## MEASUREMENT OF FAIR VALUES

The Group has an established control framework with respect to the measurement of fair values. The fair-valuation calculations are performed by the Group's finance department and operational team on an annual basis. The finance department reports to the Group's chief financial officer. The valuation reports are approved by the investment committee in accordance with the Group's reporting policies.

## RELATED PARTIES

The Group, in the ordinary course of business, entered into various sales and purchases transactions on an arm's length basis with related parties.

## EVENTS AFTER THE REPORTING PERIOD

On 2 March 2017, PFF was listed on the main board of the JSE. The Company was able to raise capital in the amount of R526 million on the listing date through the issue of 117 million new shares to the public hence increasing the issued shares of the company from 143 million ordinary shares to 260 million ordinary shares in issue. The reported EPS, HEPS and NAV has not been adjusted for an issue of shares for cash as the transaction does not affect the amount of capital used to generate the profit for the period.

The capital raised will be used for the expansion of the Group's abalone farm as well as for potential acquisitions of other fishing companies.

## FUTURE PROSPECTS

The Group submitted its fishing rights applications for west coast rock lobster ("WCRL"), horse mackerel and hake inshore to the Department of Agriculture, Forest and Fisheries ("DAFF") in February 2016. The Group was successful in its application for horse mackerel and was awarded a quota which is equivalent to 1.8% of the Total Allowable Catch. As at the end of the reporting period, the Group had not yet commenced with the catching of its horse mackerel quota but anticipates catching the full quota by year-end which should result in increased revenue and profits for the 2017 financial year compared to the prior financial year.

The Group still awaits the outcome of its application for WCRL fishing rights and DAFF has not yet provided the industry with a date on which the outcome is expected to be announced.

Following the successful listing of the Group on the JSE, the Group is well positioned for organic and acquisitive growth. The expansion of the abalone farm is expected to commence shortly which will add to the production output of the abalone farm.

## APPRECIATION

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

**Prof Vukile Mehana**  
Non-executive chairman

**Mr Mogamat Samir Saban**  
Chief executive officer

Cape Town  
4 May 2017

## DIRECTORS

Prof Vukile Mehana (Non-executive chairman); \*Mogamat Samir Saban (Chief executive officer); \*Khalid Abdulla; Salim Young; Aziza Amod; Takudzwa Hove; \*Cherie Felicity Hendricks; \*Isaiah Tatenda Bundo; \*Rushaan Isaacs; Arthur Johnson; Clifford van der Venter; Fredelaine Brand; Lavendra Naidoo and Rosemary Mosia

\*Executive directors

# CORPORATE INFORMATION

Premier Fishing and Brands Limited  
(previously Premier Food and Fishing Limited)  
(Incorporated in the Republic of South Africa)  
Registration number 1998/018598/06  
Share code: PFB and ISIN: ZAE000247516  
("Premier" or "the Group" or "the Company")

## **COMPANY SECRETARY**

Nobulungisa Mbaliseli

## **REGISTERED ADDRESS**

Quay 7, East Pier, Breakwater Boulevard, Victoria & Alfred Waterfront, Cape Town 8001

**Email:** nobulungisa@aeei.co.za

## **TRANSFER SECRETARIES**

Link Market Services South Africa (Pty) Ltd,

19 Ameshoff Street, 13th Floor, Rennie House, Braamfontein, Johannesburg 2000

## **AUDITORS**

Grant Thornton Cape Inc.

## **SPONSOR**

PSG Capital, Stellenbosch





