



Premier Fishing & Brands Limited
The First Choice

**SUMMARISED
PRELIMINARY CONSOLIDATED
FINANCIAL RESULTS
FOR THE YEAR ENDED
31 AUGUST
2017**

COVER DESIGN TO BE UPDATED

COMMENTS

HIGHLIGHTS COMPARED TO THE PRIOR YEAR

- Successfully listed Premier during the year under review
- Capital raised on listing of R526.5 million
- Revenue increased to R411 million from R402 million
- Profit after tax increased by 31% from R52 million to R68 million
- Achieved our expectation of R66 million profit after tax per the pre-listing statement
- NAV increased by 143% to 3.83 cents
- Dividends of 15 cents per share declared to shareholders

Premier was listed on the main board of the Johannesburg Stock Exchange (“JSE”) on 2 March 2017. In preparation for the listing, on 1 February 2017, there was a subdivision of the authorised and issued shares of Premier in which one share was subdivided into 1 430 000 shares. The issued share capital of Premier increased from 100 ordinary shares to 143 000 000 shares on that date. Subsequent to the above mentioned capital raise the total issued shares increased to 260 000 000. The earnings per share and headline earnings per share have been calculated taking into account the subdivision of shares.

SUMMARISED AUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 August 2017

	Audited year ended 31 August 2017 R'000	Audited year ended 31 August 2016 R'000	Change %
Revenue	410 733	401 692	2
Cost of sales	(230 586)	(239 098)	(4)
Gross profit	180 147	162 594	10
Other operating income	1 249	2 647	(53)
Other operating expenses	(116 245)	(100 085)	16
Operating profit	65 151	65 156	-
Investment revenue	33 015	11 349	191
Finance costs	(3 323)	(2 986)	11
Profit before taxation	94 843	73 519	29
Taxation	(26 743)	(21 411)	25
Profit for the year	68 100	52 108	31
Total comprehensive income for the year	68 100	52 108	31
Profit after tax attributable to:			
Shareholders of Premier	68 100	52 108	31
Basic and diluted earnings per share (cents)	33.77	36.44	(7)
Basic and diluted headline earnings per share (cents)	34.59	36.73	(6)
Weighted average number of shares (000s)	201 660	143 000	

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 August 2017

	Audited as at 31 August 2017 R'000	Audited as at 31 August 2016 R'000
Assets		
Non-current assets	230 157	221 262
Property, plant and equipment	130 107	124 596
Goodwill	18 165	18 165
Intangible assets	62	41
Loans to group companies	81 758	78 396
Deferred tax	65	64
Current assets	730 806	163 553
Inventories	43 083	42 379
Other financial assets	1 707	1 065
Trade and other receivables	89 620	48 270
Biological assets	54 323	48 169
Current tax receivable	154	154
Cash and cash equivalents	541 919	23 516
Total assets	960 963	384 815

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 August 2017 continued

	Audited as at 31 August 2017 R'000	Audited as at 31 August 2016 R'000
Equity and liabilities		
Share capital	507 517	-
Reserves	8 014	8 014
Retained income	255 566	217 466
Total equity	771 097	225 480
Non-current Liabilities	82 310	85 871
Other financial liabilities	7 651	10 764
Operating lease liability	1 243	2 065
Post-employment medical costs	1 075	1 153
Deferred tax	72 341	71 889
Current liabilities	107 556	73 464
Trade and other payables	55 455	53 243
Loans from group companies	-	1 478
Other financial liabilities	3 419	3 280
Current tax payable	21 752	8 119
Provisions	8 944	7 344
Bank overdraft	17 986	-
Total equity and liabilities	960 963	384 815
Net asset value per share (cents)	382.37	157.68
Net tangible asset value (cents)	373.34	144.95
Total liabilities excluding deferred taxation: Total equity (%)	15	39
Total borrowings: Total equity (%)	25	71

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 August 2017

	Audited year ended 31 August 2017 R'000	Audited year ended 31 August 2016 R'000
Balance at the beginning of the year	225 480	197 372
Profit for the year	68 100	52 108
Issue of shares	507 517	-
Dividends	(30 000)	(24 000)
Balance at the end of the year	771 097	225 480
Comprising of:		
Stated capital	507 517	-
Reserves	8 014	8 014
Retained income	255 566	217 466

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 August 2017

	Audited year ended 31 August 2017 R'000	Audited year ended 31 August 2016 R'000
Cash flows from operations	40 094	68 381
Interest income	17 446	1 357
Finance costs	(3 323)	(2 830)
Tax paid	(12 659)	(8 876)
Cash flow from operating activities	41 558	58 032
Cash flows used for investing activities	(45 692)	(39 951)
Purchases of property, plant and equipment to sustain operations	(14 066)	(9 295)
Purchases of property, plant and equipment to expand operations	(7 995)	-
Purchase of other intangible assets	(27)	-
Loans received from group companies	-	10 000
Loans advanced to group companies	(21 485)	(42 020)
Loans to group companies repaid	-	-
Repayment of loans from group companies	(1 478)	(8 678)
Repayment of financial assets	-	42
Advances to other financial assets	(641)	-
Cash flows from financing activities	504 551	9 862
Proceeds on share issue	526 500	-
Share issue costs	(18 983)	-
Proceeds from other financial liabilities	-	12 548
Repayment of other financial liabilities	(2 966)	(2 686)
Net increase in cash and cash equivalents	500 417	27 943
Cash at the beginning of the year	23 516	(4 427)
Net cash and cash equivalents at end of the year	523 933	23 516

1. BASIS OF PREPARATION

The summarised preliminary consolidated financial statements were prepared in accordance with the JSE Limited Listings Requirements ("JSE") and the requirements of the Companies Act, 2008 (No. 71 of 2008), as amended, applicable to summarised financial statements. The JSE requires summary financial statements to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 - Interim Financial Reporting. The accounting policies applied in the preparation of the summarised consolidated financial statements are in line with IFRS and are consistent with the accounting policies applied in the preparation of the previous consolidated annual financial statements.

The summarised preliminary consolidated financial statements were prepared under the supervision of the Group Chief Financial Officer, Isaiah Tatenda Bundo BCom, CA(SA).

This summarised report is extracted from the audited consolidated financial statements, but is not itself audited. The consolidated financial statements were audited by the Group's external auditors, Grant Thornton Cape Inc., who expressed an unmodified opinion thereon. The audited consolidated financial statements and the auditor's report thereon are available for inspection at the Company's registered office and on the Company's website: www.premierfishing.co.za. The auditor's report does not necessarily report on all of the information contained in this announcement. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of the auditor's report together with the accompanying financial information from the Company's registered office. The directors take full responsibility for the preparation of the summarised consolidated financial statements which has been extracted without adjustment from the underlying audited consolidated financial statements.

Any reference to future financial performance included in this announcement has not been reviewed or reported by the Company's auditors. The audit was conducted in accordance with International Reporting Standards on Auditing.

2. SEGMENTAL RESULTS

	Audited year-end 31 August 2017 R'000	Audited year-end 31 August 2016 R'000
Revenue		
Lobster	190 589	190 110
Pelagics	80 778	93 670
Hake	31 210	31 110
Squid	34 428	23 541
Abalone	36 186	39 697
Cold storage	9 555	8 720
Seagro	5 174	2 717
Processing and marketing	26 909	15 959
	414 829	405 524
<i>Less: Inter-segmental sales</i>	(4 096)	(3 832)
Total	410 733	401 692
Segmental profit		
Lobster	52 106	46 446
Pelagics	23 636	33 406
Hake	12 013	9 794
Squid	10 916	4 360
Abalone	13 241	13 015
Cold storage	332	303
Seagro	1 013	701
Processing and marketing	6 996	3 860
	120 253	111 885
Administration and support services	(61 255)	(48 864)
Fair value gains	6 153	2 007
Interest income	33 015	11 477
Finance costs	(3 323)	(2 986)
Total	94 843	73 519

2. SEGMENTAL RESULTS CONTINUED

	Audited year-end 31 August 2017 R'000	Audited year-end 31 August 2016 R'000
Total assets		
Lobster	75 140	69 106
Pelagics	94 743	82 448
Hake	15 935	11 624
Squid	10 701	6 047
Abalone	84 216	78 113
Cold store	628	1 038
Seagro	6 181	2 312
Processing and marketing	35 358	20 726
Administration and support services	637 996	113 337
	960 898	384 751
Unallocated	65	64
Consolidated total assets	960 963	384 815
Total liabilities		
Lobster	12 820	6 421
Pelagics	11 258	7 625
Hake	4 757	3 711
Squid	7 124	371
Abalone	6 478	3 440
Processing and marketing	14 158	9 969
Administration and support services	60 929	55 908
	117 524	87 445
Unallocated	72 341	71 890
Consolidated total liabilities	189 865	159 335
Revenue per region		
United States of America	118 801	105 476
Far East	110 029	111 248
Europe	60 232	53 587
South Africa	121 671	131 381
Total	410 733	401 692

COMMENTS continued

3. OPERATING ITEMS

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

	Audited year-end 31 August 2017 R'000	Audited year-end 31 August 2016 R'000
Interest income from group companies	12 285	9 992
Management fee expense	12 480	10 524
Loss on disposal of property, plant and equipment	2 295	569
Loan written off	397	–
Loss on exchange differences	2 979	521
Amortisation of intangible assets	5	201
Depreciation on property, plant and equipment	14 258	13 407
Fair value gain on biological assets	(6 153)	(2 007)

4. HEADLINE EARNINGS

Earnings attributable to owners of Premier	68 100	52 108
Adjusted for:		
Effect of loss on disposal of property, plant and equipment gross of tax	2 295	569
Taxation effect	(643)	(159)
Headline earnings	69 752	52 518

5. MAIDEN DIVIDENDS BY PREMIER

Estimated dividend declared after reporting date (R'000)	39 000	–
Dividends per share (cents)	15	–

FINANCIAL RESULTS

On 2 March 2017, Premier listed on the main board of the Johannesburg Stock Exchange ("JSE"). 117 000 000 new shares were issued on listing date, raising R526 million in cash.

The Group delivered a satisfactory maiden set of results for the year ended 31 August 2017 with profit after tax increasing by 31% from the prior year. The major reasons for the positive results achieved were as a result of excellent performance across most of the Group's operating divisions. The pelagic division had lower than expected catches of pilchards industry wide, compared to the prior period.

The Group's revenue increased to R411 million from R402 million in the prior year. During the year under review, the number of shares in issue increased by 117 000 000 shares and due to this issue of new shares, the earnings per share and headline earnings per share decreased by 7% and 6% respectively.

The stronger Rand had an impact on revenue but with cost controls and operational efficiencies offset some of the negative impact on the business.

REVIEW OF OPERATIONS

Lobster

The Total Allowable Catch ("TAC") for the lobster season under review remained similar to that of the prior period. Good catches were obtained for the period under review compared to the prior year which resulted in lower production costs and efficiencies, which resulted in higher margins, which offset the stronger Rand. The west coast rock lobster quota available to Premier was 183 tons for the current season compared to 180 tons for the prior season.

Operating profit in this division increased compared to the prior year as a result of good catch rates compared to the prior year. This resulted in better margin extraction.

West Coast Rock Lobster

West Coast Rock Lobster Fishing rights are currently provisionally announced with a final announcement to be made shortly by the Department of Agriculture, Forestry and Fisheries. See prospects below.

Pelagic

Revenue and operating profit in this division was lower than the prior year as a result of lower than expected pilchard catch rates experienced industry wide. However, the industrial fish landings compared to prior year was in line with management's expectation that contributed positively to the performance of this division.

COMMENTS continued

Squid

The squid division had an excellent year compared to the prior period as a result of higher landings and greater sales volumes sold. The good catch rates in this division resulted in lower production cost and efficiencies which resulted in higher margins compared to the prior year. Excellent selling prices were achieved during financial year which contributed positively to this division's performance.

Revenue and operating profit increased significantly compared to prior period due to the excellent catch rates and greater sales volume compared to the prior year.

Hake

The hake division is a joint venture between the Oceana Group Limited and Premier. This division continues to deliver good performance year-on-year.

Abalone

The abalone division delivered positive results for the year under review. Sales volume for the year were lower than the prior year as the Group strategically decided to grow out the larger sizes for customers for the new financial year. The stock value increased by 13% from the prior year and this volume will be realised in the new financial year. It is the Company's intention to increase the stock growth and holding value in line with the abalone expansion plans.

The expansion plans are on target and the Group is set to have a fully grown farm by 2019/2020 to meet the strong international demand for its product and brand. The closing stock value as forecasted in our Pre-Listing Statement indicated that the Group will have 119 tons stock on the farm. Actual abalone stock on the farm closed at 126 tons exceeding forecast by 7 tons.

The live pack facility was completed and is fully operational for the period under review as per the Pre-Listing Statement. Phase 1 and 2 of the solar project has been completed and is fully functional and financial benefits are being realised.

POST-BALANCE EVENT

Shareholders are hereby advised that the Company through its subsidiary Premier Fishing SA Proprietary Limited entered into a binding Heads of Agreement with Talhado Fishing Enterprises Proprietary Limited ("Talhado") to acquire a 50.01% stake in their business. The effective date of the transaction is 30 November 2017 subject to conditions precedent in the heads of agreement. Talhado is the largest squid player in the South African market and the acquisition fits in line with the Group's growth strategy to expand organically or through acquisitions. This acquisition will also increase the diversification to our product basket. A SENS announcement in relation to the transaction was released on 18 October 2017. As detailed in the SENS, the Talhado transaction is undertaken at a 4 to 6 times historic profit after tax multiple which is earnings enhancing to shareholders of Premier.

FINANCIAL POSITION AND CASH FLOW

Total cash generated from operations before working capital requirements for the year under review was R77 million. There was an increase in investment in working capital during the year of R28 million compared to the current year. The increase is mainly due to advances made to buy wild abalone, contracted third-party fish as well as contracted lobster quota holders for the 2018 season.

At year-end the cash balance was R524 million.

MAIDEN CASH DIVIDEND DECLARATION

The Board of directors are pleased to announce that it has approved and declared a gross final maiden dividend of 15 cents per share for the year ended 31 August 2017 from income reserves. The final dividend amount, net of South African dividend tax of 20% which equates to 3 cents per share is therefore a net dividend of 12 cents per share for those shareholders that are not exempt from dividend tax.

The number of ordinary shares in issue at the declaration date is 260 000 000 and the income tax number of the Company is 9246036033. The salient dates of the maiden dividend distribution are as follows:

Gross dividend (cents per share)	15.00
Dividend net of dividend withholding tax (cents per share)	12.00
Last day to trade <i>cum</i> dividend	Tuesday, 30 January 2018
Trading <i>ex</i> -dividend commences	Wednesday, 31 January 2018
Record date	Friday, 2 February 2018
Date of payment	Monday, 5 February 2018

Share certificates may not be dematerialised between Wednesday, 31 January 2017 and Friday, 2 February 2018, both days inclusive.

PROSPECTS

The successful listing of Premier during the year under review and the capital raised placed the Group in a strong financial position in order to pursue its organic and acquisitive growth strategies.

The Group continues to focus on the expansion of the abalone farm which is scheduled to be completed by 2019/2020 with production capacity to increase in excess of 300 tons of cultivated abalone.

The Group will continue to aggressively pursue acquisitions in the fishing industry to improve our synergy and diversification growth strategy.

The west coast rock lobster 2016 FRAP has been provisionally announced and Premier's allocation increased from 5.8% to 7.8% of the TAC. The Group expects the Department of Agriculture, Forestry and Fisheries to announce the final list shortly.

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 Company" or "the Group")

DIRECTORATE AND STATUTORY INFORMATION

DIRECTORS

Reverend Dr Vukile Mehana (chairman)[#]
Khalid Abdulla (deputy chairman)[#]
Mogamat Samir Saban (chief executive officer)^{*}
Isaiah Tatenda Bundo^{*}
Rushaan Isaacs^{*}
Salim Young[#]
Cherie Felicity Hendricks[#]
Aziza Amod[#]
Takudzwa Hove[#]
Rosemary Mosia[#]
Clifford van der Venter[#]
Arthur Johnson[#]
Lavendra Naidoo[#]
Fredelaine Brand[#]

* Executive directors

Non-executive directors

REGISTERED OFFICE

Quay 7, East Pier, V & A Waterfront, Cape Town, 8001

AUDITOR

Grant Thornton Cape Town Inc.

COMPANY SECRETARY

Nobulungisa Mbaliseli

Quay 7, East Pier, V & A Waterfront, Cape Town, 8001

Email: nobulungisa@aeei.co.za

SPONSOR

PSG Capital Proprietary Limited

TRANSFER SECRETARIES

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Cape Town

24 October 2017

COVER DESIGN TO BE UPDATED