



Premier Fishing & Brands Limited

The First Choice

COVER DESIGN TO BE UPDATED

Summarised Audited Condensed Consolidated Annual Financial results

for the year ended 31 August 2019

A proudly South African Fishing Company

COMMENTS

GROUP PROFILE

Premier Fishing and Brands Limited ("Premier") through its subsidiaries operates a vertically integrated fishing business which specialises in the harvesting, processing and marketing of fish and fish-related products. The Group holds medium to long-term fishing rights in squid, lobster, small pelagics, hake deep-sea trawl, hake longline, horse mackerel, swordfish and tuna. The Group also owns an abalone farm and invests in organic fertilisers through the "Seagro" range of products.

Highlights compared to the prior year:

- Revenue increased by 17% to R575 million from R491 million.
- Cash generated from operations increased by 36% to R124 million from R91 million.
- Property, plant and equipment increased by 31% to R408 million from R310 million.
- Operating profit decreased by 10% to R83 million from R92 million.
- EBITDA increased by 3% to R112 million from R109 million.
- Gross final dividend of 10 cents per share declared to shareholders, which equates to a total dividend of 22 cents for the 2019 financial year. (2018: 25 cents per share)..

The Group delivered a satisfactory performance for the year, with the Group's revenue increasing by 17% compared to the previous financial year.

The 2019 financial year incorporated 12 months of results, relating to its recent squid business acquisition, as compared to only a portion of the period, (namely from 9 May 2018 to 31 August 2018) with respect to the 2018 financial year, due to IFRS 3 reporting principles.

Cash generated from operations for the period amounted to R124 million, compared to R91 million in the prior year.

During the current reporting period, the Group experienced exogenous factors outside its control, which included:

- experienced a decrease of 44% in the total allowable catch "TAC" of the West Coast Rock Lobster as compared to the prior year;
- experienced lower landings industry wide of squid, as compared to the previous fishing season; and
- the socio-political unrest experienced in the Asian market and more specifically in Hong Kong.

As a result basic earnings per share ("EPS") decreased from 31.48 to 18.56 cents per share, and headline earnings per share ("HEPS") decreased from 31.60 to 16.65 cents per share for the year ending 31 August 2019.

SUMMARISED AUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 August 2019

	Audited Year ended 31 August 2019 R'000	Audited Year ended 31 August 2018 R'000	Change %
Revenue	575 006	490 870	17
Cost of sales	(354 945)	(280 651)	26
Gross profit	220 061	210 219	5
Other operating income	23 330	19 523	20
Other operating expenses	(160 737)	(138 161)	16
Operating profit	82 654	91 581	(10)
Investment revenue	26 181	40 975	(36)
Finance costs	(5 014)	(3 543)	42
Profit before taxation	103 821	129 013	(20)
Taxation	(30 828)	(33 672)	(8)
Profit after taxation for the year	72 993	95 341	(23)
Total comprehensive income for the year	72 993	95 341	(23)
Profit after tax attributable to:			
Shareholders of Premier	48 246	81 858	(41)
Non-controlling interests	24 747	13 483	84
Profit after taxation for the period	72 993	95 341	(23)
Basic and diluted earnings per share (cents)	18.56	31.48	(41)
Headline and diluted headline earnings per share (cents)	16.65	31.60	(47)
Weighted average number of shares (000s)	260 000	260 000	

SUMMARISED AUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 August 2019

	Audited as at 31 August 2019 R'000	Audited as at 31 August 2018 R'000
Assets		
Non-current assets	608 667	509 625
Property, plant and equipment	407 555	310 242
Goodwill	70 129	70 129
Intangible assets	37 518	39 550
Loan to holding company	93 434	89 618
Deferred tax	31	86
Current assets	419 142	599 460
Inventories	33 925	48 528
Trade and other receivables	103 333	128 643
Other financial assets	5 585	3 424
Current tax receivable	9 820	264
Biological assets	83 260	68 021
Cash and cash equivalents	183 219	350 580
Total assets	1 027 809	1 109 085
Equity and liabilities		
Equity		
Stated capital	507 517	507 517
Reserves	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

SUMMARISED AUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 August 2019 continued

	Audited as at 31 August 2019 R'000	Audited as at 31 August 2018 R'000
Liabilities		
Non-current liabilities	127 158	116 134
Other financial liabilities	2 018	4 663
Operating lease liability	245	333
Post-employment medical obligation	237	984
Deferred tax	124 658	110 154
Current liabilities	86 643	130 515
Trade and other payables	71 064	89 937
Other financial liabilities	4 558	6 712
Current tax payable	1 069	19 186
Provisions	9 952	14 680
Total liabilities	213 801	246 649
Total equity and liabilities	1 027 809	1 109 085
Net asset value per share (cents)	313.08	331.71
Net tangible asset value (cents)	271.68	289.52
Weighted average number of shares (000s)	260 000	260 000

SUMMARISED AUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 August 2019

	Audited Year ended 31 August 2019 R'000	Audited Year ended 31 August 2018 R'000
Balance at the beginning of the year	862 436	771 097
Non-controlling interests arising on acquisition of Talhado	-	50 662
Acquisition of additional shares from non-controlling interests in subsidiaries of Talhado	-	(15 664)
Profit for the year attributable to shareholders of Premier	48 246	81 858
Profit for the year attributable to non-controlling interests	24 747	13 483
Dividends	(121 421)	(39 000)
Balance at the end of the year	814 008	862 436
Comprising of:		
Stated capital	507 517	507 517
Reserves	8 014	8 014
Retained Income	250 470	298 424
Non-controlling interests	48 007	48 481
Total equity	814 008	862 436

SUMMARISED AUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 August 2019

	Audited Year ended 31 August 2019 R'000	Audited Year ended 31 August 2018 R'000
Cash flows from operations	123 626	91 187
Interest income	15 360	29 448
Finance costs	(5 014)	(3 543)
Tax paid	(43 942)	(54 820)
Net cash from operating activities	90 030	62 272
Cash flows from investing activities		
Additions of property, plant and equipment	(125 677)	(115 640)
Purchases of biological assets	(8 975)	(520)
Purchases of intangible assets	(695)	(1 862)
Acquisition of subsidiary, net of cash	-	(61 239)
Acquisition of additional shares from non-controlling interests in subsidiaries of Talhado	-	(15 664)
Loans advanced to holding companies	(41 413)	(58 721)
Loans to holding company repaid	47 750	60 720
Financial assets advanced	(2 161)	(341)
Net cash flows from investing activities	(131 171)	(193 267)
Cash flows from financing activities		
Proceeds received from financial liabilities	-	942
Repayment of other financial liabilities	(4 799)	(4 300)
Dividends paid	(121 421)	(39 000)
Net cash flows (to)/from 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
Cash at the end of the year	183 219	350 580

1. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The summarised condensed consolidated annual financial statements have been prepared and presented in accordance with International Accounting Standard 34 ("IAS 34"), the Listings Requirements of the JSE Limited ("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, as well as the SAICA Headline Earnings Circular 4/2018 applicable to summarised financial statements.

The audited condensed consolidated annual financial statements have been prepared on the going-concern basis and historical cost basis, except where otherwise indicated.

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

This summarised report is extracted from the audited consolidated financial statements. The consolidated financial statements were audited by the Group's external auditors, 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. 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.

2. ACCOUNTING POLICIES

The accounting policies applied in the preparation of the summarised condensed consolidated 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 2018, except for the adoption of accounting policies described below.

3. ADOPTION OF NEW ACCOUNTING POLICIES

During the reporting period, the Group adopted the newly effective accounting standards as from 1 September 2018, namely:

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.
- The 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.
- There was no material impact on classification of financial assets nor financial liabilities.

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 Group 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.
- The application of the provision matrix in accordance with IFRS 9 had no material impact on the reported earnings or financial position for the period under review.

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:

Description	Stage 1 Credit risk has not increased significantly since initial recognition	Stage 2 Credit risk has increased significantly since initial recognition	Stage 3 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
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- 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.

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 in accordance with Para C7 of IFRS 15. 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. As a result, the adoption of the above standard has 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.

COMMENTS continued

4. RESPONSIBILITY FOR THE SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

The condensed consolidated financial statements have been prepared by Brent Robertson CA(SA), Head of Finance under the supervision of Imraan Moosa CA(SA), the Financial Director and the directors take full responsibility for the preparation of this report.

SEGMENTAL ANALYSIS

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

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

COMMENTS continued

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

	Audited Year ended 31 August 2019 R'000	Audited Year ended 31 August 2018 R'000
Segmental assets		
Lobster	73 431	77 566
Pelagics	103 878	103 806
Hake	11 641	11 457
Squid	184 929	220 602
Abalone	280 925	190 774
Cold storage	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
Segmental liabilities		
Lobster	11 654	15 877
Pelagics	8 172	11 600
Hake	2 884	5 347
Squid	14 548	25 665
Abalone	14 874	16 290
Processing and marketing	11 191	14 980
Seagro	78	-
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 segmental performances and resource allocations between segments all assets and liabilities are allocated to reportable segments other than deferred tax assets and liabilities.

	Audited Year ended 31 August 2019 R'000	Audited Year ended 31 August 2018 R'000
Revenue per region		
Europe	280 666	154 998
United states of America	123 447	128 058
Far East	75 171	107 934
South Africa	95 722	99 880
Total	575 006	490 870

Operating items

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

	Audited Year ended 31 August 2019 R'000	Audited Year ended 31 August 2018 R'000
Management fee expense	6 420	4 711
Employee costs	126 845	83 542
Loss on disposal of property, plant and equipment	1 694	409
Gain on exchange differences	(4 905)	(1 797)
Amortisation of intangibles	2 727	2 642
Depreciation of property, plant and equipment	26 527	14 843
Fair value gain on biological assets	(8 757)	(13 178)

Reconciliation of headline earnings

	Audited Year ended 31 August 2019 R'000	Audited Year ended 31 August 2018 R'000
Earnings attributable to owners of Premier	48 246	81 858
Adjusted for:		
Loss on disposal of property, plant and equipment	1 694	409
Insurance income	(8 580)	
Taxation effect	1 928	(115)
Headline earnings	43 288	82 152
Weighted average number of shares (000)	260 000	260 000
Headline and diluted headline earnings per share (cents)	16.65	31.60

8. SIGNIFICANT EVENTS AND TRANSACTIONS FOR THE PERIOD

i) Other operating income

During the current reporting period, other operating income increased to R23 million from R19 million. The major components of other operating income for the 2019 reporting period related to fuel rebates received of R7 million and insurance proceeds received of R8.5 million.

ii) Biological assets

During the current reporting period, biological assets increased to R83 million from R68 million, as a result of an increase in stock growth resulting in an increase in the stock holding of the animals.

iii) Expansion of abalone farm

During the current reporting period, the carrying value of plant and machinery increased to R81 million from R61 million mainly as a result of the abalone farm expansion.

9. EVENTS AFTER THE REPORTING PERIOD

A final gross dividend of 10 cents per share has been declared after the reporting period but before the financial statements were authorised for issue.

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

10. DIVIDENDS

	R'000
Dividend declared after reporting date*	26 000
Dividends per share (cents)	10

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

Declaration of cash dividend

Notice is hereby given that a final gross dividend of 10 cents per share has been declared out of income reserves in respect of ordinary shares of no par value for the year ended 31 August 2019.

A dividend withholding tax of 20% or 2 cents per share will be applicable, resulting in a net dividend of 8 cents per share, unless the shareholder is exempt from paying dividend withholding tax or is entitled to a reduced rate in terms of an applicable double-tax agreement.

Therefore the company declared a total gross dividend of 22 cents per share for the 2019 financial year-end.

The issued share capital at the declaration date is 260 000 000 ordinary shares

The income tax number of the company is 924 603 6033.

Dates of importance:

- Last day to trade in order to participate in the dividend: Tuesday, 19 November 2019
- Shares trade *ex dividend*: Wednesday, 20 November 2019
- Record date: Friday, 22 November 2019
- Payment date: Monday, 25 November 2019

Share certificates may not be dematerialised or rematerialised between Wednesday, 20 November 2019, and Friday 22 November 2019, both days inclusive.

11. APPROVAL OF SUMMARISED AUDITED CONDENSED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

The summarised audited condensed consolidated annual results were authorised for issue by the Company's Board of Directors on 30 October 2019.

12. AUDIT OPINION

The consolidated financial statements were audited by the Group's external auditors, BDO South Africa 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. 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.

Review of operations

Lobster

The lobster division reported a decrease of 11% in revenue from the prior period as a result of a decrease of 44% of the total allowable catch "TAC" of the West Coast Rock Lobster compared to the prior year.

South Coast Rock Lobster continues to deliver a strong performance year on year and with the resource being healthy. No major changes are expected in the total allowable catch of the South Coast Rock Lobster in the foreseeable future.

Operating profit decreased from R54 million to R50 million in the lobster division as a result of the decrease in the West Coast Rock Lobster TAC.

Small pelagics

Revenue decreased marginally from the prior period R62 million (2018: R64 million)

The pilchard TAC for the 2019 season was further reduced from the 2018 season. The landings for pilchards during the 2019 financial year end has been extremely poor industry-wide.

The anchovy landings for the 2019 season was slightly lower than the prior period but was offset slightly by increased pricing obtained since the prior period.

The catch rates for pilchards was lower than that of the prior year, industry-wide resulting in lower landed and sales volumes of pilchards in the current year. Industrial fish catch rates were the same as those experienced in the prior year. The lower landings and sales volumes for pilchards resulted in lower revenues and operating profits for the division in the current year.

Squid

The acquisition of Talhado has now been fully absorbed for a full 12-month period into the performance of the Premier Fishing group during the 2019 financial reporting period. Squid landings for the 2019 has been lower than the 2018 season.

This decrease in squid landings from the prior period resulted in lower revenues and operating profit for Talhado from the prior period. With Talhado being fully absorbed for 12 months in the current period operating expenses increased as a result.

Hake

The quota which is available to Premier is 700 tons. The Group's hake quota is caught, processed and marketed through a joint operation with BCP Hake. The catch rates for the division were similar to those of the prior period with the division experiencing a bigger size mix for its catches.

Abalone

During the current year, revenue in the abalone division decreased from R31 million to R27 million and operating profit decreased from R12 million to R9 million.

This was as a result of exogenous factors outside the Group's control such as the political situation in Asia.

Expansion of the farm is progressing well with most of the major works completed and we are still on target to complete construction in the 2020 financial year-end.

Cold storage

The cold storage division's results were in line with management's expectation.

Future prospects

The Group continues to focus on the expansion of its abalone farm, additional acquisitions and increasing the diversification of its product basket.

Reporting entity

Premier is a Company domiciled in South Africa. These condensed audited consolidated annual financial statements for the year ended 31 August 2019, comprises of the Company, its subsidiaries and interests in joint venture operations.

Appreciation

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

CORPORATE INFORMATION

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

DIRECTORATE AND STATUTORY INFORMATION

DIRECTORS

Khalid Abdulla (Acting Chairman)**
Salim Young**
Mogamat Samir Saban*
Imraan Moosa*
Rushaan Isaacs*
Rosemary Phindile Mosia**
Aziza Amod**
Clifford van der Venter**
Adv. Ngoako Abel Ramatlhodi**
Sebenzile Patrick Mngconkola**

* Executive directors

Non-executive directors

COMPANY SECRETARY

Mohamed Wazeer Moosa
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Cape Town, 8001

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Cape Town
30 October 2019

AUDITORS

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