AEEI™

AFRICAN EQUITY EMPOWERMENT INVESTMENTS LIMITED

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

FINANCIAL STATEMENTS

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

GENERAL INFORMATION

COUNTRY OF INCORPORATION AND DOMICILE	South Africa
REGISTERED OFFICE	1st Floor, Waterway House, North 3 Dock road V&A Waterfront Cape Town 8001
AUDITORS	BDO South Africa Inc. Chartered Accountants (SA) Registered Auditor Registration number: 2000/016512/21
COMPANY REGISTRATION NUMBER	1996/006093/06
LEVEL OF ASSURANCE	These consolidated annual financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.
PREPARERS	The annual financial statements were internally compiled by: Rufaro Chanakira CA(SA) Group financial controller Michelle Hunlun CA(SA) Group Financial Manager
SUPERVISOR	Chantelle Ah Sing Post Graduate Diploma in Accounting Group Chief Financial Officer
ISSUED	31 January 2020

AUDIT AND RISK COMMITTEE REPORT

1. MEMBERS OF THE AUDIT AND RISK COMMITTEE

The members of the audit and risk committee are all independent non-executive directors of the Group and include:

Name	Qualification	Date of appointments/ resignation
I Amod	National Diploma in civil engineering and extensive board – level experience	23 January 2019 (appointed)
JM Gaomab	Extensive board-level experience	18 January 2019 (resigned)
TT Hove	BCom Hons Accounting (Nelson Mandela Metropolitan University), CA(SA), ACMA, CGMA	18 January 2019 (resigned)
AB Amod	Extensive board-level experience	22 April 2019 (resigned)
Adv Dr NA Ramatlhodi	BA Law and LLB (National University of Lesotho), MSc in International Relations (University of Zimbabwe), admitted to the Bar of Lesotho and South Africa as an Advocate, Honorary Doctor of Law Degree (University of Limpopo)	04 May 2018 (appointed)
G Colbie	BTech Cost Accounting	30 August 2019 (appointed)
J Van Wyk	BAcc Hons, CA(SA), Bcom (Stellenbosch University), SAICA Independent reviewer Certificate	23 September 2019 (appointed)

The committee is satisfied that the members thereof have the required knowledge and experience as set out in Section 94(5) of the Companies Act, 2008 (No.71 of 2008), as amended (the Companies Act) and regulation 42 of the Companies Regulations, 2011.

The committee operates in terms of a board-approved charter. It conducts its affairs in compliance with, and discharged its responsibilities in terms of its charter for the year ended 31 August 2019.

2. MEETINGS HELD BY THE AUDIT AND RISK COMMITTEE

The audit and risk committee performs the duties laid upon it by Section 94(7) of the Companies Act by holding meetings with the key role players on a regular basis and by the unrestricted access granted to the external auditors.

The committee held one formal and one informal meeting during 2019.

3. 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") formerly BDO Cape Incorporated was appointed as the Group's auditors for the 2019 reporting period. Mr I Hashim was appointed as the designated auditor for the 2019 financial reporting period. The commitee has reviewed the performance of the external auditor and confirmed that the external auditor, the partner and the firm, have complied with the suitability requirements of the JSE as detailed in paragraph 22.15(h) of the JSE Listings Requirements.

The committee satisfied itself through enquiry that the external auditors is independent as defined by the Companies Act 71 of 2008 and as per the standards stipulated by the auditing profession. Requisite assurance was sought and provided by the Companies Act 71 of 2008 that internal governance processes within the Group support and demonstrate the claim to independence.

The audit and risk committee in consultation with executive management, agreed to the terms of the engagement. The audit fee for the external audit was considered and approved taking into consideration such factors as the qualifications of the auditors, the timing of the audit, the extent of the work required and the scope.

The audit and risk committee considered and pre-approved all non-audit services provided by the external auditors and the fees relative thereto so as to ensure the independence of the external auditors is maintained.

BDO informed the Group that it will not be seeking re-appointment as the auditors of the Group, at the next annual general meeting ("AGM") of AEEI. The Group is in the process of appointing new auditors for election at the AGM.

AUDIT AND RISK COMMITTEE REPORT (continued)

4. ANNUAL FINANCIAL STATEMENTS

Following the review of the Annual Financial statements and the abridged Integrated Report, the audit and risk committee recommend to the Board approval thereof.

5. EXPERTISE AND EXPERIENCE OF THE CHIEF FINANCIAL OFFICER

As required by the JSE Listings Requirements paragraph 3.84(h), the audit and risk committee assessed the competence and performance of the chief financial officer and is satisfied that she has the appropriate expertise and experience. The committee is satisfied with the expertise and adequacy of the resources within the finance department and the experience of the finance staff.

6. DUTIES OF THE AUDIT AND RISK COMMITTEE

The committee's role is to assist the Board in carrying out its duties relating to accounting policies, internal controls, financial reporting practices and identification of significant risk exposure. The main purpose of the audit and risk committee is to ensure the integrity of the financial statements and to oversee the effectiveness of the internal financial controls and the external and internal audit functions.

7. INTERNAL AUDIT AND OBJECTIVE AND SCOPE OF THE AUDIT

For further information on the activities of the internal audit function and the objectives and scope of the audit conducted during the year under review, kindly refer to the corporate governance report for a full report of the audit and risk committee.

On behalf of the audit and risk committee

JS Van Wyk
Chairman of the audit and risk committee
Cape Town
31 January 2020

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 financial statements and related financial information included in this report. It is their responsibility to ensure that the consolidated 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 "IFRS", the SAICA Financial Reporting Guides issued by the Accounting Practices Committee, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the requirements of the Companies Act, as amended, and the JSE Listings Requirements. The external auditors are engaged to express an independent opinion on the financial statements.

The consolidated financial statements are prepared in accordance with "IFRS" and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates. Refer to accounting policy 1 for completeness of basis of preparation.

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. All employees are required to maintain the highest ethical standards in ensuring the Group's business are 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, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the consolidated financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors reviewed the Group's 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 external auditors are responsible for independently auditing and reporting on the Group's consolidated financial statements. The consolidated financial statements have been examined by the Group's external auditors, and their report is presented on pages 7 to 15.

The consolidated financial statements set out on pages 16 to 113, which have been prepared on the going concern basis, were approved by the Board of directors on 31 January 2020 and were signed on their behalf by:

Non-executive-director
AB Amod

Chief executive officer
K Abdulla

GROUP SECRETARY'S CERTIFICATION

In terms of Section 88(2)(e) of the Companies Act 71 of 2008, as amended, I certify that the group has lodged with the Commissioner all such returns as are required of a public company in terms of the Act and that all such returns are true, correct and up to date.

In my opinion as Company Secretary, I hereby confirm, in terms of the Companies Act 71 of 2008, for the year ended 31 August 2019, that the Group has lodged with the Commissioner of Companies all such returns as are required of a public company in terms of this Act and that all such returns are true, correct and up to date.

I declare that, to the best of my knowledge, the group has lodged with the Commissioner of Companies all such returns as are required of a public company in terms of the Companies Act 71 of 2008, and that all such returns are true, correct and up to date.

D Terblanche
Company Secretary
Cape Town
31 January 2020

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF AFRICAN EQUITY EMPOWERMENT INVESTMENTS LIMITED GROUP

Opinion

We have audited the consolidated financial statements of African Equity Empowerment Investments Limited (the "group") set out on pages 21 to 113, 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 ("IFRS") 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.

INDEPENDENT AUDITOR'S REPORT (continued)

Regaining control of AYO Technology Solutions Ltd ("AYO")	How our audit addressed the key audit matter
During the period, the group regained control over AYO as defined by IFRS 10 Consolidated Financial Statements, and subsequently consolidated AYO from the date of control being 21 December 2018. The change in control stemmed from AEEI's ability to direct the relevant activities of AYO based on the IFRS 10 assessment. Due to the significant judgement applied by management in determining that control was regained in terms of IFRS 10, as well as the significance of the judgements and assumptions applied by management in the determination of the fair values of the identifiable assets acquired, liabilities assumed and previously unidentified intangible assets recognised, this area is regarded as a key audit matter. The disclosure relating to regaining control of AYO is contained in note 1.1 and note 49.	Our audit procedures on regaining control of AYO include amongst others, the following: • Obtained internal technical opinions on control in terms of IFRS 10; • Reviewed managements' assessment detailing the considerations resulting in the group regaining control in the subsidiary in terms of IFRS 10 and considered the appropriateness of the conclusions reached; • Assessed appropriateness of the date that control was regained by applying the control definition and requirements of IFRS 3. • Recalculated the loss on the deemed disposal of the associate on the date control was regained; • Involvement of our internal valuation specialists to perform an independent assessment of the fair values of the identifiable assets acquired and liabilities assumed on the respective acquisition dates specifically relating to the provisional valuation and identification of previously unidentified intangible assets; • Assessed whether the previously unidentified intangible assets meet the recognition criteria; • Assessed based on management's calculation whether any goodwill/ bargain purchase arose on the regaining of control. • Obtained management representations on the valuation of the purchase price allocations We assessed the disclosures made for compliance with International Financial Reporting Standards.

INDEPENDENT AUDITOR'S REPORT (continued)

Business combinations	How our audit addressed the key audit matter
The group, through one of its significant components, acquired several businesses during the year. The accounting for these acquisitions is governed by IFRS 3 Business Combinations, whose requirements can be complex and requires management to exercise judgment in determining certain estimates. The most significant is the determination of the purchase price allocation which encompasses: • Identifying the assets and liabilities acquired and determining their provisional fair values; • Determination of goodwill to be recognized on acquisition; and • Determining the value of the considerations transferred. Management appointed independent experts to assist them with the purchase price allocation (PPA) and the determination of the resulting goodwill. We have determined this to be a key audit matter due to the significant judgment and estimate in the determination of the fair value of assets and liabilities assumed at acquisition date. The disclosure relating to business combinations is contained in note 1.1 and note 49.	The business combinations originated in one of the significant components of the group. Group audit instructions addressing the significant audit areas in general as well as specific information required to be reported on to the Group audit team relating to business combinations was issued to the component auditors. We held various planning, execution and completion meetings and discussions with the component auditor throughout the engagement. We assessed the competence, knowledge and experience of the component audit team and performed a review of the significant audit areas to assess the adequacy of the work performed. The following procedures, amongst others, were performed by the component auditors: • Assessed the design of the key controls over the PPA process; • Assessed the competence, capabilities and objectivity of management's independent experts and verified their qualifications and independence; • Involvement of our internal valuation specialists to perform an independent assessment of the fair values of the identifiable assets acquired and liabilities assumed on the respective acquisition dates specifically relating to the provisional valuation and identification of previously unidentified intangible assets and the resultant goodwill which was recognised; • Recomputed the value of the considerations transferred with reference to the purchase agreements; • Recomputed the resulting goodwill or bargain purchase to be recognized on acquisition; • Assessed whether the previously unidentified intangible assets meet the recognition criteria; • Performed procedures to determine that acquisitions made were included correctly in the consolidation; • Reviewed the acquisition agreements to ensure that the acquisitions were accounted for at the correct effective date of acquisition; • Obtained internal technical opinions on control in terms of IFRS 10 and reviewed and assessed opinions obtained by management on the matter; and • Obtained management representations on the valuation of the purchase price allocations At group level, we performed the following procedures amongst others: • Re-performed the computation of the at acquisition journals We assessed the disclosures made for compliance with International Financial Reporting Standards.

INDEPENDENT AUDITOR'S REPORT (continued)

Valuation of goodwill and intangible assets	How our audit addressed the key audit matter
Under IFRS, the group is required to annually test goodwill and intangible assets with an indefinite useful life for impairment. The test compares the carrying amount of the asset with its recoverable amount, which is the higher of its fair value less costs to sell (if known) and its value in use. Forecasting future cash flows and applying an appropriate discount rate, inherently involves a high degree of estimation and judgement by management. We have determined this to be a key audit matter due to the judgement required by management in preparing a 'value-in-use' model to satisfy the impairment test. Details of the assumptions and estimation used has been disclosed in note 1.2 and note 29. .	Our audit procedures, in conjunction with the component auditors, focused on evaluating and challenging the key assumptions applied by management in conducting the impairment review. These procedures included, amongst others, the following: • Reviewed the model for compliance with IAS 36 Impairment of Assets; • Verified the mathematical accuracy and methodology appropriateness of the underlying model calculations; • Agreed the key financial inputs to the actual trial balance; and We have made use of our internal valuation experts to: • Assess the model for arithmetical accuracy; • Evaluate the cash flow projections and the process by which they were developed, comparing the cash flows to the latest budgets, and assessing the historical accuracy of the budgeting process; • Assess the reasonability and appropriateness of the key inputs; • Perform a sensitivity analysis of the key assumptions in the model; and • Assess the key growth rate assumptions by comparing them to historical results, economic and industry forecasts, and assessing the discount rate by reference to the cost of capital of the group; We assessed the disclosures made for compliance with International Financial Reporting Standards.

INDEPENDENT AUDITOR'S REPORT (continued)

Residual values of vessels	How our audit addressed the key audit matter
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 were 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 and note 3.	The residual values of vessels originated in one of the significant components of the group. Group audit instructions addressing the significant audit areas in general as well as specific information required to be reported on to the Group audit team relating to residual values of vessels was issued to the component auditors. We held various planning, execution and completion meetings and discussions with the component auditor throughout the engagement. We assessed the competence, knowledge and experience of the component audit team and performed a review of the significant audit areas to assess the adequacy of the work performed. The following procedures, amongst others, were performed by the component auditors: 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.

INDEPENDENT AUDITOR'S REPORT (continued)

Physical quantities of Biological Assets	How our audit addressed the key audit matter
Biological assets comprises 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. 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 were 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 and note 12. .	The biological assets originated in one of the significant components of the group. Group audit instructions addressing the significant audit areas in general as well as specific information required to be reported on to the Group audit team relating to biological assets was issued to the component auditors. We held various planning, execution and completion meetings and discussions with the component auditor throughout the engagement. We assessed the competence, knowledge and experience of the component audit team and performed a review of the significant audit areas to assess the adequacy of the work performed. The following procedures, amongst others, were performed by the component auditors: • Obtained an understanding of the overall control environment, as well as the processes which have been implemented by management, around determining the physical quantities of abalone. The control environment and processes have been overseen by those charged with governance. • 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; • 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; • 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. .

INDEPENDENT AUDITOR'S REPORT (continued)

Completeness of related party disclosure	How our audit addressed the key audit matter
There are significant and complex transactions within the group and other related entities. Significant audit effort was required for testing the completeness of related party disclosures, resulting in this being regarded as a key audit matter. The disclosure of related party transactions are included in note 40.	Our procedures included, amongst others, the following: • Obtained an understanding of the overall control environment regarding related parties, as well as the processes which have been implemented by management in this regard, and which have been overseen by the board of directors; • Tested the design and implementation of relevant controls in place over related party transactions; • Identified related parties through the review of shareholder records, minutes of meetings, director's registers, the Group structure and other records; • Reviewed the prior year working papers for names of known related parties and compared these to the current year list of related parties provided by management; • Obtained the list of known affiliations of those charged with governance to other entities and compared this to client schedules; • Obtained signed declarations of directors' interests in contracts; • Scanned the general ledger for known related parties and: o Ensured that all material recorded entries were included in the related party disclosure in the financial statements; o Obtained an understanding of the transaction to determine whether it is within the scope of the entity's ordinary business; • Obtained management representations as to the completeness of related party disclosures. 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 "African Equity Empowerment Investments Limited Group 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, and the information in the document titled "African Equity Empowerment Investments Limited Abridged Integrated Report 2019". 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.

INDEPENDENT AUDITOR'S REPORT (continued)

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 compiled 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.

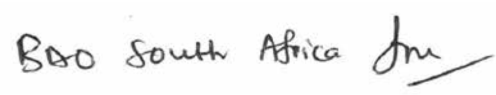
From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes 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

INDEPENDENT AUDITOR'S REPORT (continued)

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 African Equity Empowerment Investments Proprietary Limited for 22 years
.

BDO South Africa Incorporated
Registered Auditors



Imtiaaz Hashim
Partner
Registered Auditor

31 January 2020
6th Floor, BDO House,
119 - 123 Hertzog Boulevard
Foreshore
Cape Town
8001

DIRECTOR'S REPORT

The directors have pleasure in submitting their report on the annual financial statements of African Equity Empowerment Investments Limited and the Group for the year ended 31 August 2019.

1. NATURE OF BUSINESS

African Equity Empowerment Investments Limited ("AEEI" or "the Group") is a majority black-owned and black managed investment holding company based in South Africa. The Group has investments in fishing and brands, technology, events and tourism, health and beauty, biotherapeutics and strategic investments, all supporting Broad-based Black Economic Empowerment (B-BBEE) and small, medium and micro enterprises (SMMEs). The Group also holds strategic investments some with international partners.

It has many operational joint arrangements, associates and subsidiaries. Refer to notes 44, 45 and 46.

2. REVIEW OF FINANCIAL RESULTS AND ACTIVITIES

The consolidated annual financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and 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. The accounting policies have been applied consistently compared to the prior year except as outlined in note 2 of the annual financial statements.

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 43 - Segmental Information for a detailed breakdown of the proportion of net income or loss attributable to the various divisions of 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 report, have complied as far as practical with principles contained therein throughout the reporting period. The directors recognise the need to manage the Company with integrity and in accordance with generally accepted corporate practices. The Board and the Board committees have reviewed the Group and Company's corporate governance policies and procedures in the current year and no issues were identified.

4. EVENTS AFTER THE REPORTING PERIOD

The AEEI Group via its subsidiary AYO, acquired an additional 43% shareholding in Puleng Technologies (Pty) Ltd from the minority shareholders for a purchase consideration of R38.5m and increased its effective holding to 100%.

The AYO Board of directors approved the binding offer on 17 October 2019 to acquire 100% of the ordinary share capital of NSX Experts (Pty) Ltd ("NSX") for a consideration of R850,000. NSX provides cloud computing solutions which complements the offerings of the technology division.

AEEI via its subsidiary AYO, concluded a binding offer to acquire 55% of the share capital of VOX Spectrum Limited ("VOX") for a purchase consideration of R9 million on 1 November 2019. VOX is a multinational company, which offers a suite of services for a broad range of voice, data, video and wireless infrastructure for clients worldwide.

The directors are not aware of any other material event which occurred after the reporting date and up to the date of this report that would require any adjustments to the consolidated annual financial statements.

5. AUTHORISED AND ISSUED SHARE CAPITAL

Refer to note 17 of the consolidated annual financial statements for detail of the movement in authorised and issued share capital.

6. DIVIDENDS

The company's dividend policy is to consider an interim and a final dividend in respect of each financial year. At its discretion, the board of directors may consider a special dividend, where appropriate. Depending on the perceived need to retain funds for expansion or operating purposes, the board of directors may pass on the payment of dividends.

A final dividend of 6 cents per share was approved by the Board of directors on 23 December 2019 in respect of the year ended 31 August 2019. The dividend payment date is 03 February 2020 to shareholders recorded in the register of the company at close of business on 31 January 2020.

DIRECTOR'S REPORT (continued)

7. DIRECTORATE

The directors in office during the period up to the date of the report are as follows:

Directors	Office	Designation	Changes
K Abdulla	Chief executive officer	Executive	
C Ah Sing	Chief financial officer	Executive	
CF Hendricks	Corporate affairs and sustainability	Executive	Resigned, 18 January 2019
AM Salie	Chief investment officer	Executive	Resigned, 18 January 2019
Reverend Dr VC Mehana	Executive Chairman	Non-executive independent	Resigned, 14 March 2019
JM Gaomab	Other	Non-executive independent	Resigned, 18 January 2019
I Amod	Other	Non-executive	Appointed, 21 January 2019
AB Amod	Other	Non-executive	
TT Hove	Other	Non-executive independent	Resigned, 18 January 2019
Z Barends	Other	Non-executive independent	Resigned, 18 January 2019
Adv Dr NA Ramathlodi	Other	Non-executive Independent	
G Colbie	Other	Non-executive Independent	Appointed, 30 August 2019
MG Mosia	Other	Non-executive Independent	Appointed, 30 August 2019
JS Van Wyk	Other	Non-executive Independent	Appointed, 23 September 2019

8. AUDITORS

BDO South Africa Incorporated continued in office as auditors for the Company and its subsidiaries for 2019. Mr I Hashim acted as the designated lead audit partner for the 2019 financial year.

At the AGM, the shareholders will be requested to appoint new independent external auditors following the end of its relationship with BDO South Africa Incorporated as the independent external auditors of the Group and to confirm a new individual as the designated lead audit partner for the 2020 financial year.

9. SECRETARY

The company secretary Mr D Terblanche remained in office.

Postal address:	P.O. Box 181 Cape Town South Africa 8000
Business address:	1st Floor, Waterway House North 3 Dock Road V&A Waterfront Cape Town 8001

10. LIQUIDITY AND SOLVENCY

The directors have performed the liquidity and solvency tests required by the Companies Act, as amended, for the Group. The Board is satisfied that the Group is solvent and has no reason to believe that the business will not be a going concern in the year ahead.

11. COMPANY SECRETARY

As required by JSE Listings Requirement 3.84(i), the Board is 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 director 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 of SENS announcements and directors' dealings in securities; and

DIRECTOR'S REPORT (continued)

- compliance with JSE Listings Requirements and the Companies Act

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 interim company secretary's qualifications, experience and performance.

12. 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 3 to 4 of these financial statements.

13. BOARD EVALUATION OF THE AUDIT AND RISK COMMITTEE

Due to the restructure of the Board during the year, the audit and risk committee was affected and was seen to be non-compliant from 18 April to 23 September 2019.

The committee was reconstructed post year-end and fulfilled its statutory duties in terms of section 94(7) of the Companies Act and King IV™ compliance. As at the reporting date, the committee was compliant.

The committee confirms that it has complied with it's legal and regulatory responsibilities for the 2019 financial year.

14. DIRECTORS' INTERESTS IN SHARES

As at 31 August 2019, the directors of the Company held in aggregate, directly or indirectly, beneficially or non-beneficially, 14 969 706 (2018: 15 988 580) shares in the Company, equivalent to 2.76% (2018: 3.24%) of the issued share capital. The individual interests of directors are as follows:

INTEREST IN SHARE CAPITAL 'B' CLASS ORDINARY SHARES - LISTED

31 August 2019	Direct	Direct non-Indirect	Indirect beneficial	Indirect non-beneficial	Total shares	Total percentage
K Abdulla*	1 575 316	-	5 300 000	7 534 390	14 409 706	2.65
C Ah Sing*	350 000	-	-	-	350 000	0.07
I Amod	205 000	-	-	-	205 000	0.04
A Amod	5 000	-	-	-	5000	0.00
Subtotal	**2 135 316**	**-**	**5 300 000**	**7 534 390**	**14 969 706**	**2.76**

31 August 2018	Direct	Direct non-Indirect	Indirect beneficial	Indirect non-beneficial	Total shares	Total percentage
K Abdulla*	1 575 316		5 300 000	7 534 390	14 409 706	2.93
C Ah Sing*	350 000	-	-	-	350 000	0.07
CF Hendricks*	265 000	-	-	-	265 000	0.05
Reverend Dr VC Mehana (Chairman)	250 000	-	-	-	250 000	0.05
T Hove	31 794	-	-	-	31 794	0.00
Z Barends	1 000	-	-	-	1 000	0.00
AB Amod	5 000	-	-	-	5 000	0.00
AM Salie	-	-	676 080	-	676 080	0.14
Subtotal	**2 478 110**	**-**	**5 976 080**	**7 534 390**	**15 988 580**	**3.24**

* Executive Directors

There have been no changes in beneficial interests that occurred between the end of the reporting period and the date of this report.

DIRECTOR'S REPORT (continued)

15. VOTING RIGHTS
"B" ordinary shares each carry one vote per share and "A" ordinary shares each carry five hundred votes per share. No "A" ordinary shares have been issued.

16. PROPERTY, PLANT AND EQUIPMENT
There was no change in the nature of the property, plant and equipment of the Group or in the policy regarding their use.

17. ACQUISITIONS DURING THE YEAR
On 16 September 2018, AYO Technology Solutions Ltd (AYO) concluded the acquisition of a 32% shareholding in Bambelela Capital (Pty) Ltd ("Bambelela") (previously Vunani Group (Pty) Ltd). Bambelela holds a 49% shareholding in Vunani Ltd a diversified financial services Group.

On 28 September 2018, AYO subscribed for 261 343 070 cumulative, redeemable, non-participating, convertible class C preference shares of no-par value in Bambelela for a consideration of R145m.

On 19 December 2018, AYO concluded the acquisition of a 55% shareholding in Zaloserve (Pty) Ltd. Zaloserve offers various ICT services to its customers, including a focused spectrum of physical infrastructure, metro and long-distance optic fibre, facility management, continuous energy supply, networking and security to hosting, storage server processing, mobility, data center, end-user computing and associated consumables.

On 9 February 2019, AYO and AEEI concluded the acquisition of a 40% and 60% equity interest respectively in SGT Solutions (Pty) Ltd ("SGT Solutions"). SGT Solutions is a turnkey solutions integrator specialising in the design, supply, deployment, commissioning and maintenance of multi - technology telecommunication systems for mobile broadband and converged solutions, through partnerships with its customers and technology providers.

Effective 1 March 2019, AYO and AEEI concluded the acquisition of a 24% and 76% equity interest in Global Command & Control Technologies (Pty) Ltd ("GC2T") respectively. GC2T is a leading technology provider for enabled awareness solutions in the security and defence industry.

On 19 March 2019, AYO entered into a joint venture with Tamlalor (Pty) Ltd ("Tamlalor"). Tamlalor was formed to invest in disruptive financial services technology as part of AYO's 'go to market' strategy. Tamlalor is jointly managed by AYO, Bambelela and Vunani Capital.

On 2 April 2019, AYO subscribed for 10% of the issued share capital in 4 Plus Technology Venture Fund Africa (Pty) Ltd ("4 Plus"). 4 Plus has interests in digital media, artificial intelligence, software development and telecommunications. Refer to note 49 of the consolidated annual financial statements for details of the acquisitions.

The Group regained control over AYO Technology Ltd and its subsidiaries (refer to Note 49) and indirectly acquired Sizwe Africa IT Group (Pty) Ltd.

The purchase of additional shares in espAfrika (Pty) Ltd increasing ownership to 100% and an additional 3,2 million shares purchased in Premier Fishing and Brands Ltd increasing shareholding to 56.2%.

The disposal of Pioneer Foods Group Ltd and Quantum Foods Ltd shares with the resulting proceeds used to redeem all outstanding liabilities.

The sale of a business, Acacia Cloud Solutions (Pty) Ltd, a subsidiary of Afrozaar (Pty) Ltd on 30 June 2019.

18. INTERESTS IN SUBSIDIARIES, ASSOCIATES AND JOINT ARRANGEMENTS
The principle joint ventures, associates and subsidiaries are reflected in notes 44, 45 and 46.

19. BORROWING LIMITATIONS
In terms of the Memorandum of Incorporation of the Company, the directors may exercise all the powers of the Company to borrow money, as they consider appropriate. The unutilised borrowings as at 31 August 2019 amounted to R123 140 549 (2018: R45 198 077).

DIRECTOR'S REPORT (continued)

20. 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 annual general meeting on 23 February 2019 were as follows:

- remuneration for executive and non-executive directors;
- inter-company financial assistance
- financial assistance for the acquisition of shares in the Company or a related or inter-related company;
- the Company or its subsidiaries to repurchase Company shares; and
- the amendment of the Memorandum of Incorporation of the Company in relation to fractions.

21. GOING CONCERN

The directors believe that the Group has adequate financial resources to continue in operation for the foreseeable future and accordingly the consolidated 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 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.

22. LITIGATION STATEMENT

The Group becomes involved in litigation from time to time through various claims and lawsuits incidental during the ordinary course of business. The Group is currently not involved in any such claims or lawsuits, except for the summons issued by the Public Investment Corporation ("PIC") and the Government Employee Pension Fund ("GEPF") to declare the subscription agreement entered into by the PIC and AYO as unlawful and set aside. The Group has instructed its lawyers to oppose this action.

AYO and a significant customer concluded an ICT Master Service Agreement in May 2018 whereby AYO would render to the significant customer a host of ICT services effective 1 April 2018 for an indefinite period as long as the services are provided under the agreement. On 1 October 2019, this significant customer gave AYO six months' notice purporting to terminate this agreement. AYO disputes this significant customer's right to cancel the agreement. By virtue of the dispute, AYO has invoked the arbitration provisions under the agreement and anticipates the matter being arbitrated in the first quarter of 2020.

23. DATE OF AUTHORISATION FOR ISSUE OF CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

The consolidated annual financial statements have been authorised for issue by the directors on 31 January 2020. No authority was given to anyone to amend the consolidated annual financial statements after the date of issue.

24. PREPARER AND SUPERVISOR

These consolidated annual financial statements were prepared by the Group Financial Controller, Rufaro Chanakira CA (SA) and Michelle Hunlun CA (SA), Group Financial Manager under the supervision of Group Chief Financial Officer, Chantelle Ah Sing.

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	3	**521 176**	324 229
Goodwill	4	**219 093**	86 201
Intangible assets	5	**293 309**	277 853
Investments in associates	7	**825 520**	5 575 997
Investments in joint ventures	8	**33**	-
Other loans receivable	9.1	-	11 808
Other financial assets	9.2	**544 180**	419 905
Finance lease receivables	10	**350**	-
Deferred tax	11	**97 874**	9 158
		2 501 535	**6 705 151**
CURRENT ASSETS			
Biological assets	12	**83 260**	68 021
Inventories	13	**222 929**	56 978
Other loans receivable	9.1	**-**	3 083
Current tax receivable		**13 287**	2 168
Trade and other receivables	15	**715 745**	164 157
Other financial assets	9.2	**38 886**	-
Finance lease receivables	10	**669**	-
Operating lease asset		**86**	-
Cash and cash equivalents	16	**3 877 914**	362 718
		4 952 776	**657 125**
Total Assets		**7 454 311**	**7 362 276**
EQUITY AND LIABILITIES			
EQUITY			
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT			
Share capital	17	**402 240**	403 177
Reserves	18	**7 776**	8 034
Retained income		**2 905 241**	4 498 480
Equity attributable to equity holders of parent		**3 315 257**	4 909 691
Non-controlling interest		**3 088 434**	755 358
		6 403 691	**5 665 049**
LIABILITIES			
NON-CURRENT LIABILITIES			
Other financial liabilities	19	**71 105**	208 392
Finance lease liabilities	20	**2 853**	-
Operating lease liability		**245**	213
Employee benefit obligation	14	**6 665**	-
Deferred income	24	**11 244**	-
Deferred tax	11	**156 836**	1 278 257
Contingent consideration liability	22	**34 680**	-
		283 628	**1 486 862**
CURRENT LIABILITIES			
Provisions	21	**53 764**	27 392
Trade and other payables	23	**541 647**	105 993
Other financial liabilities	19	**55 194**	18 328
Finance lease liabilities	20	**12 683**	-
Operating lease liability		**31**	-
Deferred income	24	**17 286**	-
Current tax payable		**26 267**	21 969
Dividend payable		**8 406**	900
Contingent consideration liability	22	**10 297**	-
Bank overdraft	16	**41 417**	35 783
		766 992	**210 365**
Total Liabilities		**1 050 620**	**1 697 227**
Total Equity and Liabilities		**7 454 311**	**7 362 276**
Net asset values per share		**1 304.15**	**1 152.98**

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 AUGUST 2019

	Notes	2019 R'000	2018 R'000
Continuing operations			
Revenue	24	**2 377 368**	700 691
Cost of sales	25	**(1 652 055)**	(410 192)
Gross profit		**725 313**	**290 499**
Other income	26	**37 276**	11 467
Operating expenses		**(816 347)**	(256 060)
Gain/(loss) on deemed disposal of subsidiary / (associate)	27	**(2 480 713)**	6 049 029
Net impairments and impairment reversals	28	**(82 573)**	(140 319)
Other operating gains/ (losses)	30	**(43 358)**	952
Fair value adjustments	31	**(14 513)**	(5 414)
Investment revenue	33	**257 578**	33 421
Finance costs	33	**(34 399)**	(30 839)
Income from equity accounted investments	34	**63 634**	57 914
(Loss) profit before taxation		(2 388 102)	**6 010 650**
Taxation	32	996 841	(1 062 789)
(Loss) profit from continuing operations	35	(1 391 261)	**4 947 861**
Discontinued operations			
Profit from discontinued operations		**-**	159 533
(Loss) profit for the year		(1 391 261)	**5 107 394**
Other comprehensive income:			
Items that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		**(254)**	-
Other comprehensive income for the year net of taxation		**(254)**	**-**
Total comprehensive (loss) income for the year		(1 391 515)	**5 107 394**
(Loss) profit attributable to:			
Owners of the parent			
From continuing operations		**(1 493 351)**	4 908 218
From discontinued operations		**-**	83 846
		(1 493 351)	**4 992 064**
Non-controlling interest:			
From continuing operations		**102 090**	39 643
From discontinued operations		**-**	75 687
		102 090	**115 330**
Total comprehensive (loss) income attributable to:			
Owners of the parent		**(1 493 605)**	4 992 064
Non-controlling interest		**102 090**	115 330
		(1 391 515)	**5 107 394**
Earnings per share			
Per share information			
Basic earnings per share (cents)	37	**(304.09)**	1 016.01
Diluted earnings per share (cents)	37	**(304.09)**	1 016.01
From continuing operations			
Basic earnings per share (cents)	37	**(304.09)**	998.95
Diluted earning per share (cents)	37	**(304.09)**	998.95
From discontinued operations			
Basic earnings per share (cents)	37	**-**	17.06
Diluted earning per share (cents)	37	**-**	17.06

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 AUGUST 2019

Figures in Rand	Share capital R'000	Share premium R'000	Total share capital R'000	Foreign currency translation reserve R'000	Other NDR R'000	Total reserves R'000	Retained income R'000	Total attributable to equity holders of the Group / Company R'000	Non-controlling R'000	Total equity interest R'000
Group										
Balance at 01 September 2017	**30**	**403 147**	**403 177**	**(4)**	**8 034**	**8 030**	**866 286**	**1 277 493**	**760 627**	**2 038 120**
Profit for the year	-	-	-	-	-	-	4 992 064	4 992 064	115 330	5 107 394
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**4 992 064**	**4 992 064**	**115 330**	**5 107 394**
Transfer of reserves to retained income	-	-	-	-	-	-	11 790	11 790	-	11 790
Changes in ownership interest (additional shares acquired) - control not lost	-	-	-	-	-	-	(4 826)	(4 826)	(1 705)	(6 531)
Changes in ownership - control not lost	-	-	-	-	-	-	(1 323 592)	(1 323 592)	5 627 155	4 303 563
Dividends	-	-	-	-	-	-	(43 238)	(43 238)	(30 147)	(73 385)
Changes in ownership interest - control not lost	-	-	-	-	-	-	-	-	(5 767 588)	(5 767 588)
Business combinations	-	-	-	-	-	-	-	-	51 686	51 686
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**-**	**-**	**-**	**-**	**-**	**(1 359 866)**	**(1 359 866)**	**(120 599)**	**(1 480 465)**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 AUGUST 2019

Figures in Rand	Share capital R'000	Share premium R'000	Total share capital R'000	Foreign currency translation reserve R'000	Other NDR R'000	Total reserves R'000	Retained income R'000	Total attributable to equity holders of the Group / Company R'000	Non-controlling interest R'000	Total equity interest R'000
Balance at 01 September 2018	**30**	**403 147**	**403 177**	**(4)**	**8 034**	**8 030**	**4 498 484**	**4 909 691**	**755 358**	**5 665 049**
Loss for the year	-	-	-	-	-	-	(1 493 351)	(1 493 351)	102 090	(1 391 261)
Other comprehensive income	-	-	-	(254)	-	(254)	-	(254)	-	(254)
Total comprehensive Loss for the year	**-**	**-**	**-**	**(254)**	**-**	**(254)**	**(1 493 351)**	**(1 493 605)**	**102 090**	**(1 391 515)**
Shares repurchased	-	(937)	(937)	-	-	-	-	(937)	-	(937)
Change in ownership - Control obtained	-	-	-	-	-	-	-	-	2 334 119	2 334 119
Changes in ownership interest (additional shares acquired) - no change in control	-	-	-	-	-	-	5 768	5 768	(4 168)	1 600
Change in ownership interest - acquisition of minorities	-	-	-	-	-	-	(27 455)	(27 455)	(11 045)	(38 500)
Business combinations	-	-	-	-	-	-	34 806	34 806	16 745	51 551
Derecognition relating to sale of business	-	-	-	-	-	-	11	11	(384)	(373)
Dividends	-	-	-	-	-	-	(113 022)	(113 022)	(104 280)	(217 302)
Total contributions by and distributions to owners of company recognised directly in equity	**30**	**(937)**	**(937)**	**-**	**-**	**-**	**(99 892)**	**(100 829)**	**2 230 996**	**2 130 157**
Balance at 31 August 2019	**30**	**402 210**	**402 240**	**(258)**	**8 034**	**7 776**	**2 905 241**	**3 315 257**	**3 088 434**	**6 403 691**
Notes	17	17	17	18	18	18				

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		1 672 255	1 295 567
Cash paid to suppliers and employees		(1 672 948)	(1 121 304)
Cash generated/(utilised) from operations	38	(693)	174 263
Interest income		264 903	33 421
Dividend income		24 844	31 434
Finance costs		(32 786)	(31 217)
Tax (paid) received	39	(113 124)	(77 087)
Net cash from operating activities		**143 144**	**130 814**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	3	(155 791)	(120 601)
Sale of property, plant and equipment	3	14 869	542
Purchase of other intangible assets	5	(20 632)	(8 079)
Sale of other intangible assets	5	94	20
Sale of business	28	1 203	-
Business combinations	49	3 330 183	(77 217)
Sale of businesses	28	-	(4 303 642)
Purchase of financial assets		(358 442)	(85 056)
Sale of financial assets		1 038 207	-
Purchase of biological assets		(8 975)	-
Advances to loans receivable		-	(45 082)
Proceeds from loans receivable		-	45 753
Dividends received from associate		18 868	18 746
Funds in trust		(110 000)	-
Finance lease asset receipts		7 203	-
Net cash from/(to) investing activities		**3 756 786**	**(4 574 616)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of other financial liabilities		(149 290)	(80 573)
Proceeds from other financial liabilities		774	20 492
Movement in loans to directors, managers and employees		-	17
Change in ownership		(9 600)	4 322 980
Repayment of portion of contingent consideration liability		(3 205)	-
Finance lease payments		(11 970)	(869)
Dividends paid	54	(110 608)	(42 338)
Dividend paid to minorities		(106 470)	(29 457)
Net cash (to)/from financing activities		**(390 369)**	**4 190 235**
Total cash movement for the year		**3 509 561**	**(253 567)**
Cash at the beginning of the year		326 935	580 502
Total cash at end of the year	16	**3 836 496**	**326 935**

ACCOUNTING POLICIES

1. PRESENTATION OF CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

The annual financial statements have been prepared in accordance with "IFRS", SAICA Financial Reporting Guides issued by the Accounting Practices Committee, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the requirements of the Companies Act no 71 of 2008 as amended and the JSE Listings Requirements.

The accounting policies applied in preparation of the consolidated annual financial statements are in terms of "IFRS" and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements except for the adoption of "IFRS 9": Financial Instruments and IFRS 15: Revenue from contracts with customers. Refer to note 2 for further details.

1.1 CONSOLIDATION

BASIS OF CONSOLIDATION

The consolidated annual financial statements incorporate the annual financial statements of the company and all subsidiaries. Subsidiaries are entities which are controlled by the Group.

The Group has control of an investee when it has power over the investee; it is exposed to or has rights to variable returns from involvement with the investee; and it has the ability to use its power over the investee to affect the amount of the investor's returns.

Non-controlling interests in the net assets of consolidated subsidiaries are identified and recognised separately from the Group's interest therein, and are recognised within equity. Losses of subsidiaries attributable to non - controlling interests are allocated to the non-controlling interest even if this results in a debit balance being recognised for non - controlling interest.

An acquisition of an additional interest in a controlled subsidiary or a disposal of an interest in a subsidiary that does not result in a loss of control is recognised in equity. The difference between the fair value of consideration paid or received and the movement in non-controlling interest for such transactions is recognised in equity attributable to the owners of the parent.

Where a subsidiary is disposed of and a non-controlling shareholding is retained, the remaining investment is measured to fair value with the adjustment to fair value recognised in profit or loss as part of the gain or loss on disposal of the controlling interest.

BUSINESS COMBINATIONS

The Group accounts for business combinations using the acquisition method of accounting. The cost of the business combination is measured as the aggregate of the fair values of assets given, liabilities incurred or assumed, and equity instruments issued. Costs directly attributable to the business combination are expensed as incurred, except the costs to issue debt which are amortised and costs to issue equity which are included in equity.

Contingent consideration is included in the cost of the business combination at fair value as at the date of acquisition. Subsequent changes to the assets, liability or equity which arise as a result of the contingent consideration are not affected against goodwill, unless they are valid measurement period adjustments.

The acquiree's identifiable assets, liabilities and contingent liabilities which meet the recognition conditions of IFRS 3 Business combinations are recognised at their fair values at acquisition date, except for non-current assets (or disposal Group) that are classified as held-for-sale in accordance with IFRS 5 Non-current assets held-for-sale and discontinued operations, which are recognised at fair value less costs to sell.

Contingent liabilities are only included in the identifiable assets and liabilities of the acquiree where there is a present obligation at acquisition date.

On acquisition, the Group assesses the classification of the acquiree's assets and liabilities and reclassifies them where the classification is inappropriate for Group purposes. This excludes lease agreements and insurance contracts; whose classification remains as per their inception date.

ACCOUNTING POLICIES (continued)

Non-controlling interests arising from a business combination, which are present ownership interests, and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation, are measured either at the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets or at fair value. The treatment is not an accounting policy choice but is selected for each individual business combination and disclosed in the note for business combinations (refer to Business Combination note for details). All other components of non-controlling interests are measured at their acquisition date fair values, unless another measurement basis is required by "IFRS".

In cases where the Group held a non-controlling shareholding in the acquiree prior to obtaining control, that interest is measured to fair value as at acquisition date. The measurement to fair value is included in profit or loss for the year. Where the existing shareholding was classified as an available-for-sale financial asset, the cumulative fair value adjustments recognised previously to other comprehensive income and accumulated in equity are recognised in profit or loss as a reclassification adjustment.

Goodwill or gain on acquisition is determined as the consideration paid, plus the fair value of any shareholding held prior to obtaining control, plus non-controlling interest and less the fair value of the identifiable assets and liabilities of the acquiree.

Goodwill is not amortised but is tested on an annual basis for impairment. If goodwill is assessed to be impaired, that impairment is not subsequently reversed.

The excess of the cost of the investment over the Group's share of net fair value of an associate's identifiable assets, liabilities and contingent liabilities over the cost of the business combination is immediately recognised in profit or loss.

On disposal of a subsidiary, associate or joint venture to which goodwill was allocated on acquisition, the amount attributable to such goodwill is included in the determination of the profit or loss for the period in which the relevant investment is disposed.

Common controlled transactions assets and liabilities of the acquiree are recognised at the previous carrying amounts and no adjustments are made to reflect fair values and no new assets, including goodwill and liabilities of the acquiree are recognised at the date of the business combination.

Investment in associates
An associate is an entity over which the Group has significant influence, and which is neither a subsidiary nor a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

An investment in associate is accounted for using the equity method, except when the investment is classified as held-for-sale in accordance with IFRS 5 Non-current assets held-for-sale and discontinued operations. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost adjusted for post-acquisition changes in the Group's share of net assets of the associate, less any impairment losses.

Losses in an associate in excess of the Group's interest in that associate are recognised only to the extent that the group has incurred a legal or constructive obligation to make payments on behalf of the associate.

Any goodwill on acquisition of an associate is included in the carrying amount of the investment, however, a gain on acquisition is recognised immediately in profit or loss.

Profits or losses on transactions between the Group and an associate are eliminated to the extent of the Group's interest therein.

When the Group reduces its level of significant influence or loses significant influence, the Group proportionately reclassifies the related items which were previously accumulated in equity through other comprehensive income to profit or loss as a reclassification adjustment. In such cases, if an investment remains, that investment is measured to fair value, with the fair value adjustment being recognised in profit or loss as part of the gain or loss on disposal.

ACCOUNTING POLICIES (continued)

When the Group obtains significant influence of an investment previously held at fair value through profit and loss, the Group accounts for investments in associates at fair value in line with business combinations, which deems the initial fair value to be the cost. This deemed cost is adjusted for post acquisition changes in the Group's share of net assets of the associate, less any impairment losses. Gains or losses on deemed disposals of an investment previously held as an investment at fair value through profit and loss is accounted for directly in the profit or loss.

Joint arrangements

A joint arrangement is an arrangement of which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. A joint arrangement is either a joint operation or a joint venture.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

Joint ventures

An interest in a joint venture is accounted for using the equity method, except when the investment is classified as held-for-sale in accordance with IFRS 5 Non-current assets held-for-sale and discontinued operations. Under the equity method, interests in joint ventures are carried in the consolidated statement of financial position at cost adjusted for post acquisition changes in the Company's share of net assets of the joint venture, less any impairment losses. Profits or losses on transactions between the Company and a joint venture are eliminated to the extent of the Company's interest therein.

When the Company loses joint control, the Group proportionately reclassifies the related items which were previously accumulated in equity through other comprehensive income to profit or loss as a reclassification adjustment. In such cases, if an investment remains, that investment is measured to fair value, with the fair value adjustment being recognised in profit or loss as part of the gain or loss on disposal.

Joint operations

The Group recognises the following in relation to its interests 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.

1.2 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

In preparing the consolidated annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the consolidated annual financial statements and related disclosures. Use of available information and the application of judgements are inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements.

Significant estimates made by management that could have a significant effect on the carrying amounts recognised in the financial statements include:

Property, plant and equipment

The Group assesses the useful lives, depreciation rates and residual value of these assets at each reporting date. These estimates take cognisance of current market and trading conditions for the Group's specific assets. In addition, the useful life estimates take into account the risk of obsolescence due to advances in technology.

Financial assets at amotised costs

The Group considers both quantitative and qualitative information in assessing that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

ACCOUNTING POLICIES (continued)

Forward-looking information considered includes the future propects of the industries in which the counter parties operate, obtained from economic expert reports and financial analysts as well as consideration of various external sources of actual and forecast economic information.

Intangible assets - useful lives and amotisation rates
The Group assesses the useful lives and amortisation rates at each reporting date. This judgement is based on the market and trading conditions for the Group, management's expectations and strategy for the use of the intangible, as well as by performance indicators, including sales growth rate and operating margins of cash-generating units which use the intangible.

Intangible assets – estimated useful life of licence and distribution rights
The licences and distribution rights with allocated rights acquired via a business combination are not subject to amortisation and are tested annually for impairment as the Group is of the opinion that the licences can be renewed in perpetuity at negligible cost and the associated rights, similar to land have an indefinite useful life. The estimated economic useful life reflects the Group's expectation of the period over which the Group will continuously recover the benefits from the licence.

Biological assets
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. The value of the stock is then determined based on the market value of each grading size category for the abalone. All selling costs are excluded from fair values.

Allowance for slow moving, damaged and obsolete inventory
Management made estimates of the selling price and the direct cost to sell on certain inventory items at year end by reviewing subsequent selling prices.

Normal taxation and deferred tax
Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The Group recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the Group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income were based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets recorded at the statement of financial position date could be impacted.

Subsidiaries consolidated when less than 50% interest is held
The Group consolidates subsidiaries with an effective interest of less than 50% when the Group has control and power over the investee; it is exposed to or has rights to variable returns from involvement with the investee; and it has the ability to use its power over the investee to affect the amount of the investor's returns.
The Group has consolidated entities in which it holds less than 50% where it has the power and ability to influence returns.

ACCOUNTING POLICIES (continued)

Investment in equity accounted investments
When the Group obtains significant influence of an investment previously held at fair value through profit and loss, the Group accounts for investments in associates at fair value in line with business combinations, which is deemed to be the initial cost. This deemed cost is adjusted for post acquisition changes in the Group's share of net assets of the associate, less any impairment losses. Gains or losses on deemed disposals of an investment previously held as an investment at fair value through profit and loss is accounted for directly in the profit or loss.

Significant judgements made by management that could have a significant effect on the carrying amounts recognised in the financial statements include Financial assets at ammortised cost
The Group assesses its trade receivables and loans and receivables for impairment at each statement of financial position date. Refer to note 8 and 14 for more details.

Entities in which the Group holds more than 20% of the voting rights, but does not have significant influence
The Group has no significant influence in entities holds more than 20% of the voting rights, but has no representation on the board of directors of the respective entities and does not participate in any financial or operating policy decision-making. The voting rights provide the Group with limited decision-making powers.
Consequently, the investments in the entities are been accounted for in accordance with IFRS 9 at fair value through profit for loss ("FVTPL")

Impairment testing
Assets are subject to regular impairment reviews as required. Impairments are measured as the difference between the cost (or amortised cost) of a particular asset and the recoverable amount which is the greater of the fair value less cost to sell and value-in-use of the asset. Impairments are recorded in the statement of comprehensive income in the period in which they impairment occur. The Group's policy in relation to impairment testing in respect of goodwill is detailed below.

The recoverable amount of the cash-generating units has been determined based on a value-in-use calculation.
Key assumptions applied to determine the recoverable amount of the cash generating units, using the value-in-use calculation relating to sales growth rates, working capital requirements and capital expenditure. Cashflow projections were based on historical information and financial budgets approved by senior management covering a five year period with the exception of the Biotechnology division where more than 5 years was used due to the delay in clinical trials which pushed the first year of revenue generation out to after 10 years in prior year and 12 years in the current year

The following assumptions were utilised:
Technology division
Pre-tax discount rates: 15.59% - 26%
Number of years: 5
Growth rate: 4.5%

Fishing and brands division
Pre-tax discount rates: 15.04% – 22.46% (2018: 15% - 23%)
Number years: 5 (2018: 5)
Growth rate: 4.5% (2018: 4.5%)

Events and tourism division
Pre-tax discount rates: 18.7% – 29.86% (2018: 19% - 30%)
Number years: 5 (2018:5)
Growth rate: 4.5% (2018: 4.5%)

Health and beauty division
Pre-tax discount rates: 15.84% – 30.25% (2018: 15% - 26%)
Number years: 5 (2018:5)
Growth rate: 4.5% (2018:4.5%)

ACCOUNTING POLICIES (continued)

Biotechnology division
Pre-tax discount rates: 15.5% – 29.86% (2018: 26% - 30%)
Number of years: 5 – 12 (2018 : 5 - 10 years)
Growth rate: 4.5% (2018 : 4.5%)

Investment in equity accounted investments
Losses from equity accounted investments in excess of the Group's interest are recognised only to the extent that the Group has incurred a legal or constructive obligation to make payments on behalf of the investments held in equity accounted investments.

Additionally an investment in an associate is recognised when the Group has the power to participate in the financial and operating policy decisions of the investee but is not controlled or joint controlled over those policies. If these and/ or other conditions stipulated in shareholder agreements are not met , the Group will not have significant influence and cannot apply equity accounting principles even if the holding interest is above 20%.

1.3 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is carried at cost, including transaction costs as intended by management to bring the assets into use, less accumulated depreciation and any impairment losses. Depreciation is calculated on the straight-line method at a rate considered appropriate to reduce the carrying value of an item over its useful life to its estimated residual value.
The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Broadcast mast	10 years
Buildings	5 – 40 years
Computer equipment	1-8 years
Computer software	2 – 5 years
Furniture and fixtures	2 – 20 years
Laboratory equipment	8 years
Land	Indefinite
Leasehold improvements	5 – 40 years
Motor vehicles	5 – 10 years
Office equipment	3 – 21 years
Plant and machinery	1 – 36 years
Studio equipment	5 years
Vessels	3 – 32 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.4 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.

Any 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.

ACCOUNTING POLICIES (continued)

1.5 INTANGIBLE ASSETS

Intangible assets which are separately acquired are initially recognised at cost, being their purchase prices after adding any directly attributable costs of preparing the assets to be capable of operating in the manner intended by management.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred. An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it;
- it will generate probable future economic benefits;
- there are available technical, financial and other resources to complete the development and to use or sell the asset; and
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets with a finite useful life are carried at cost less any accumulated amortisation and any impairment losses.

Intangible assets with an indefinite useful life are not amortised, but are reviewed on an annual basis for indications that continue to support an indefinite useful life assessment. Internally generated intangible assets are recognised for costs incurred in the development phase of an internal project.

Software development costs, which are generated internally, are initially measured at cost, being all directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by management, and are subsequently carried at cost after taking into account any accumulated amortisation and accumulated impairment losses, where applicable.

Costs incurred in the research phase are included in the calculation of profit or loss for the period in which they are incurred.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows.
The amortisation period, residual values and the amortisation method for intangible assets are reviewed at every year-end.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Biosimilar drug under development	20 years
Distribution rights	Indefinite
Fishing quotas and permits	4 - 10 years
Licences	20 years
Novel compounds	20 years
Patents and trademarks	4 - 15 years
Pharmaceutical dossiers	20 years
Radio licence	Indefinite
Software development	10 years
Customer contract	1 year
Brands	Indefinite
Trade names	10 years

ACCOUNTING POLICIES (continued)

1.6 FINANCIAL INSTRUMENTS

CLASSIFICATION

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 initially recognised when the Group becomes a party to the contractual provisions of the instrument

The Group's financial assets comprise:

- Loans receivable
- Trade and other receivables
- Cash and cash equivalents

The Group's financial liabilities comprise:-

- Borrowings and loans from related parties
- Trade and other payables
- Bank overdraft

The Group's financial assets and liabilities are measured at amortised cost.
The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the Group are presented below:

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 (ECL) 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.

ACCOUNTING POLICIES (continued)

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.

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.

ACCOUNTING POLICIES (continued)

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 forforward 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.

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
Borrowings and loans from related parties 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.

Interest expense, calculated on the effective interest method, is included in profit or loss in finance costs. Borrowings expose the group to liquidity risk and interest rate risk.

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
Trade and other payables 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.

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.

Cash and cash equivalents
Cash and cash equivalents consists of cash on hand and short term deposits which are initially measured at fair value. Given the short term nature, amortised cost approximates fair value.

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

ACCOUNTING POLICIES (continued)

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.

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

ACCOUNTING POLICIES (continued)

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

1.7 TAX

CURRENT TAX ASSETS AND LIABILITIES
The tax expense for the year comprises of current and deferred tax. Taxation is recognised in profit or loss.

The current income tax charge is calculated on the basis of tax laws that have been enacted or substantively enacted by the reporting date.

DEFERRED TAX ASSETS AND LIABILITIES
Deferred taxation is provided for at the tax rates that are expected to apply in the period in which the liability is settled of the asset realised, based on tax rates enacted or substantively enacted by the reporting date.

A full provision is made for all the temporary differences between the tax base of an asset or liability and its carrying amount.

Where the tax effects of temporary differences arising from computed tax losses give rise to a deferred tax asset, the asset is recognised only to the extent that future taxable profit will be probable against which the tax losses can be utilised.

1.8 LEASES

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

FINANCE LEASES – LESSEE
Items leased in terms of finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

ACCOUNTING POLICIES (continued)

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease. The lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate on the remaining balance of the liability.

OPERATING LEASES - LESSOR

Operating lease income is recognised as an income on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

OPERATING LEASES – LESSEE

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.Any contingents rents are expensed in the period they are incurred.

1.9 INVENTORIES

Inventories are measured at the lower of cost and net realisable value. Cost is determined on the first-in-first-out basis.

Finished goods and work in progress include labour costs and an appropriate portion of related fixed and variable overhead expenses based on the normal level of activity.

Obsolete, redundant and slow-moving items are identified on a regular basis and written down to their estimated net realisable value.

1.10 NON-CURRENT ASSETS HELD FOR SALE AND DISPOSAL GROUPS

Non-current assets and disposal groups are classified as held for sale or held for distribution when their carrying amount will be recovered principally through a sale transaction or distribution rather than through continuing use. Non-current assets and disposal groups are classified in this category only when the sale or distribution is considered to be highly probable.

Non-current assets (or disposal groups) held for sale (distribution to owners) are measured at the lower of their carrying amount and fair value less costs to sell.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale. These assets are carried at fair value less cost to sell.

1.11 IMPAIRMENT OF ASSETS

The Group and Company assess at each statement of financial position date whether there is any indication that an asset may be impaired. If any such indication exists, the Group and Company estimate the recoverable amount of the asset. 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 or not, 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 the annual 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

ACCOUNTING POLICIES (continued)

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.

Goodwill acquired in a business combination is, from the date of acquisition, allocated to each of the cash-generating units, or Groups of cash-generating units, that are expected to benefit from the synergies of the combination.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the units. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order:
- first, to reduce the carrying amount of any goodwill allocated to the cash-generating unit and
- then, to the other assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

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.

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.

1.12 SHARE CAPITAL AND EQUITY

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

If the Group reacquires its own equity instruments, the consideration paid, including any directly attributable incremental costs (net of income taxes) on those instruments are deducted from equity until the shares are cancelled or reissued. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Consideration paid or received shall be recognised directly in equity.

1.13 EMPLOYEE BENEFITS

DEFINED CONTRIBUTION PLANS

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the Group's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

OTHER 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 the statement of comprehensive income of the period in which the employee renders the service.

The Group recognises a liability and an expense for bonuses. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation. An accrual is maintained for the appropriate proportion of the expected bonuses which would become payable at the year-endFor defined benefit

ACCOUNTING POLICIES (continued)

plans the cost of providing the benefits is determined using the projected unit credit method.

1.14 PROVISIONS AND CONTINGENCIES

Provisions are recognised when:

- the Group has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation. The Group's provisions consist of:

Project risk and product warranties

In the course of conducting projects and were a probable outflow will incurr in the near future the Group raises the provision for such an expenditure.

Legal and Onerous contract

Due to the nature of the Group's business it is exposed to contracts which have to be met at all times therefore provisions have to be provided for.

Leave pay and bonuses

The Group provides for the leave and bonuses as per the employment contracts per the Group's policy.

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 55.

1.15 REVENUE

REVENUE FROM CONTRACTS WITH CUSTOMERS

1.15.1 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.

In the fishing and brands division 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.

The 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

1.15.2 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:

1. Identify the contract with the customer
2. Identify the performance obligations
3. Determine the transaction price

ACCOUNTING POLICIES (continued)

4. Allocating the transaction price to the performance obligations
5. Recognising revenue when the performance obligations are ratified

Revenue represents income arising in the course of ordinary activities which includes management fees, which are recognised on an accrual basis in accordance with the substance of the relevant agreements.

Revenue from management fees is recognised once the performance obligations have been met, generally when the service is rendered at a point in time

Revenue in the fishing and brands division comprises of:
Income arising during the course of its ordinary activities, being the catching, processing, marketing and distribution of pelagic, west coast rock lobster, south coast rock lobster, squid and hake. The fishing 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 at our aquaculture farming, as well as earns revenue through the sale of environmentally friendly fertiliser products.

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.

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

Revenue in the technology division comprises of:

Sale of hardware and software
Revenue from the sale of hardware,communication products or software is recognised when the hardware or software has been delivered to the customers' location and accepted by the customer. Warranties associated with hardware cannot be purchased separately and they serve as an assurance that the hardware complies with agreed-upon specifications, accordingly warranties are accounted for as provisions.

Some contracts with customers include the installation of hardware or software as a deliverable. In most cases, the installation is simple and completed in minimal time (typically installation is complete on the same day as delivery) and is not accounted for as a separate performance obligation.

In cases where the installation can only be completed over a significant period, the installation is accounted for as a separate performance obligation and recognised as described below. In this case, the transaction price is allocated to hardware or software sales based on cost plus expected margin and the balance of the price is allocated to installation services.

Installation and support services
In most cases the contracts for the provision of professional services and installation of hardware or software are comprised of specific milestones (performance obligations) or time and materials required by the customer. The customers obtain immediate use of hardware or software or the output of the service once the service has been completed.
Revenue from installation and support services is recognised over time in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. This is determined based on the actual labour hours spent relative to the total expected labour hours.

ACCOUNTING POLICIES (continued)

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.

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

1.16 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.

1.17 BORROWING COSTS

All other borrowing costs are recognised as an expense in the period in which they are incurred.

1.18 TRANSLATION OF FOREIGN CURRENCIES FOREIGN CURRENCY TRANSACTIONS

A foreign currency transaction is recorded, on initial recognition in rand, 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:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

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 annual financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in rand by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

ACCOUNTING POLICIES (continued)

1.19 SEGMENTAL ANALYSIS

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.

Business segments comprise of the following which is aggregated upon consolidation:

- Fishing and brands, being the Group's fishing interests;
- Technology, being the Group's various information technology interests;
- Events and tourism, being the Group's event management and travel agency interests;
- Health and beauty, being the Group's health-related manufacturing, distribution and wholesale;
- Biotechnology, being the Group's research and development in the biotechnology interests; and
- Corporate, being the Group's interest in its controlled and non-controlled investments.

1.20 EARNINGS PER SHARE

Earnings per share is calculated on the weighted average number of shares in issue, net of treasury shares, 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 01/2019 issued by SAICA.

2. NEW STANDARDS AND INTERPRETATIONS

2.1 STANDARDS AND INTERPRETATIONS EFFECTIVE AND ADOPTED IN THE CURRENT YEAR

In the current year, the Group has adopted the following standards and interpretations 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 first 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 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. There was no material impact from the transition 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.

NOTES TO THE FINANCIAL STATEMENTS

All previous Loans and receivables are now at amortised cost. There was no impact on other financial instruments

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.

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	Stage 2	Stage 3
	Credit risk has not increased significantly since initial recognition	Credit risk has increased significantly since initial recognition	Credit - impaired
Recognition of ECLs	12month 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 assess 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 Group 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

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 included in the financial statements due to the group adopting the above standards and interpretations.

2.2 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- ofuse 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:

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

The estimated impact is as follows:

Balance Sheet	
Increase in Right of Use Asset	R64 725 671
Increase in Lease liability	(R43 256 643)

Income statement	
Increase in depreciation	R13 536 853
Increase in finance costs	R7 771 396
Decrease in lease expense	(R23 536 712)

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.

3. PROPERTY, PLANT AND EQUIPMENT

	2019			2018		
GROUP	Cost R'000	Accumulated depreciation R'000	Carrying value R'000	Cost R'000	Accumulated depreciation R'000	Carrying value R'000
Broadcast mast	5 392	(2 192)	3 200	5 392	(1 653)	3 739
Buildings	113 810	(2 700)	111 110	47 330	(1 518)	45 812
Computer equipment	116 567	(48 776)	67 791	5 401	(3 771)	1 630
Computer software	1 795	(1 700)	95	348	(337)	11
Furniture and fixtures	29 801	(20 036)	9 765	3 856	(3 056)	800
Laboratory equipment	7 725	(7 273)	452	7 626	(6 499)	1 127
Land	5 284	-	5 284	3 470	-	3 470
Leasehold improvements	43 325	(28 393)	14 932	27 280	(20 535)	6 745
Motor vehicles	45 742	(23 590)	22 152	8 896	(5 298)	3 598
Office equipment	4 562	(2 991)	1 571	1 916	(1 428)	488
Plant and machinery	227 116	(122 598)	104 518	194 834	(103 383)	91 451
Studio and electronic equipment	3 144	(2 532)	612	3 144	(1 903)	1 241
Vessels	324 454	(144 760)	179 694	301 106	(136 989)	164 117
Total	928 717	(407 541)	521 176	610 599	(286 370)	324 229

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. PROPERTY, PLANT AND EQUIPMENT (continued)

Reconciliation of property, plant and equipment – Group – 2019

	Opening balance R'000	Additions R'000	Additions through business combinations R'000	Disposals R'000	Deemed disposal of subsidiary R'000	Transfers R'000	Depreciation R'000	Impairment loss R'000	Total R'000
Broadcast mast	3 739	-	-	-	-	-	(539)	-	3 200
Buildings	45 812	-	2 236	-	-	64 300	(838)	(400)	111 110
Computer equipment	1 630	24 711	66 346	(10 568)	(41)	-	(14 287)	-	67 791
Computer software	11	227	16	(10)	-	-	(149)	-	95
Furniture and fixtures	800	2 054	8 196	(20)	-	-	(1 265)	-	9 765
Laboratory equipment	1 127	-	51	-	-	-	(726)	-	452
Land	3 470	-	1 814	-	-	-	-	-	5 284
Leasehold improvements	6 745	8 347	2 153	-	-	-	(2 313)	-	14 932
Motor vehicles	3 598	2 677	23 192	(2 459)	-	-	(4 856)	-	22 152
Office equipment	488	791	638	-	-	-	(346)	-	1 571
Plant and machinery	91 451	81 450	2 428	(73)	-	(64 300)	(6 438)	-	104 518
Studio and equipment	1 241	-	-	-	-	-	(629)	-	612
Vessels	164 117	35 535	-	(1 739)	-	-	(18 219)	-	179 694
	324 229	**155 792**	**107 070**	**(14 869)**	**(41)**	**-**	**(50 605)**	**(400)**	**521 176**

Reconciliation of property, plant and equipment – Group – 2018

	Opening balance R'000	Additions R'000	Additions through business combinations R'000	Disposals R'000	Deemed disposal of subsidiary R'000	Transfers R'000	Depreciation R'000	Total R'000
Broadcast mast	4 279	-	-	-	-	-	(540)	3 739
Buildings	4 842	40 243	-	-	-	1 060	(333)	45 812
Computer equipment	2 518	1 692	-	(13)	(1 767)	-	(800)	1 630
Computer software	299	196	-	-	(180)	-	(304)	11
Furniture and fixtures	1 195	179	-	-	(341)	-	(233)	800
Laboratory equipment	1 857	-	-	-	-	-	(730)	1 127
Land	3 470	-	-	-	-	-	-	3 470
Leasehold improvements	8 201	589	107	-	(776)	-	(1 376)	6 745
Motor vehicles	3 539	429	1 753	-	(1 552)	-	(571)	3 598
Office equipment	260	211	250	-	(114)	-	(119)	488
Plant and machinery	45 190	48 677	3 059	(354)	(1 273)	(356)	(3 492)	91 451
Studio and equipment	2 902	7	-	-	(726)	-	(942)	1 241
Vessels	75 975	28 378	73 816	(175)	-	-	(13 877)	164 117
	154 527	**120 601**	**78 985**	**(542)**	**(6 729)**	**704**	**(23 317)**	**324 229**

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Impairment losses recognised during the year

The book value of the building was less than the municipal value hence an impairment loss of R400 000 was recognized during the year.

Pledged as security

The following assets have been encumbered as security for the secured long-term borrowings. Refer to note 19:

	2019 R'000	2018 R'000
Broadcast mast	3 200	3 739
Motor vehicles (subject to finance lease)	99	197
Studio and electronic equipment	-	1 241
Vessels	16 992	18 765
Motor vehicle	99	197

Changes in estimates

The Group reassesses the useful lives and residual values of items 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.

Details of properties

15 Mail Street, Epping, Cape Town and measures 463 m2 (Sectional title unit 753), Title Deed ST25977/2008.
Overstrand Municipality, Erf 1727 measuring 3.7 hectares, Title Deed T455052/2002.
Overstrand Municipality, Erf 3819 measuring 6 hectares, Title Deed T160/1938.

A register containing the information required by Regulation 25(3) of the Companies Regulations, 2011 is available for inspection at the registered office of the company.

Insurance

Comprehensive cover is taken out in relation to property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. GOODWILL

GROUP	2019 Cost R'000	2019 Accumulated impairment R'000	2019 Carrying value R'000	2018 Cost R'000	2018 Accumulated impairment R'000	2018 Carrying value R'000
Goodwill	**243 071**	**(23 978)**	**219 093**	100 259	(14 058)	86 201

Reconciliation of goodwill – Group – 2019

	Opening balance R'000	Additions through business combinations R'000	Impairment loss R'000	Total R'000
Goodwill	**86 201**	**142 812**	**(9 920)**	**219 093**

Reconciliation of goodwill – Group – 2018

	Opening balance R'000	Additions through business combinations R'000	Disposals through business divesture R'000	Impairment loss R'000	Total R'000
Goodwill	**82 940**	**51 964**	**(41 723)**	**(6 980)**	**86 201**

Goodwill acquired through business combinations have been allocated to individual cash-generating units (CGU) for impairment testing as follows:

	2019 R'000	2018 R'000
CGU per division		
Biotechnology	**-**	9 921
Events and tourism	**6 151**	6 151
Fishing and brands	**70 129**	70 129
Technology	**142 813**	-
	219 093	**86 201**

The Group performs an annual impairment test on goodwill based on respective CGU's. The recoverable amount of each of the CGU's 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 over a five-year period with the exception of the Biotechnology division where more than 5-years was used due to the delay in clinical trials which pushed the first year of revenue generation out to after 10-years in the prior year and 12 years in the current year. The cash flow projections over the five-year budget term are based on the assumption of the same expected gross margin and price inflation over the period.

Technology

During the current period, the Group acquired controlling shareholdings in Zaloserve (Pty) Ltd (through AYO), Main Street and GC2T. The Group also obtained control of AYO. Goodwill arising from the acquisitions which amounts to R96m has been disclosed in the note above.

NOTES TO THE FINANCIAL STATEMENTS (continued)

The remaining goodwill relates to the Group's interest in Health System Technologies (Pty) Ltd, the Software Tech Holdings (Pty) Ltd Group, Puleng Technologies (Pty) Ltd and Kalula Communications (Pty) Ltd. The Group performs an annual valuation for purposes of determining the fair value in its investments. The valuation method is the basis for valuing the goodwill which is allocated to Health System Technologies (Pty) Ltd, the Software Tech Holdings (Pty) Ltd Group, Puleng Technologies (Pty) Ltd and Kalula Communications (Pty) Ltd as cash generating units (CGU). There was no goodwill that arose from the step acquisition on AYO.

Fishing and Brands

On 9 May 2018, the Group acquired a 50.31% shareholding in Talhado fishing (Pty) Ltd ("Talhado") for a consideration of R89m. 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 (Pty) Ltd in the 2008 financial year. Premfresh Seafoods (Pty) Ltd is now 100% held by Premier Fishing SA (Pty) Ltd. The remainder of the goodwill balance relates to the acquisition of 100% shareholding in Sekunjalo Food and Fishing (Pty) Ltd and Sekfish Investments (Pty) Ltd. The accumulated impairment was as a result of goodwill arising from the acquisition of Premfresh Seafoods (Pty) Ltd being written down in full during the 2009 financial year.

Biotechnology

The value of the CGU to which the goodwill was allocated has been determined based on the value in use calculations using cash flow projections. The carrying value of one of the CGU's African Biotechnology and Medical Innovations was more than the recoverable amount and an impairment loss of R9 920 494 was recognised by the Group.

The carrying value of all the remaining CGU's has been calculated to be less than the recoverable amount and therefore no impairment has been recognised

The following significant assumptions were used when calculating recoverable amount:
Technology division
Pre-tax discount rates: 15.59% - 26%
Number of years: 5
Growth rate: 4.5%

Fishing and brands division
Pre-tax discount rates: 15.04% – 22.46%
Number years: 5
Growth rate: 4.5%

Events and tourism division
Pre-tax discount rates: 18.7% – 29.86%
Number years: 5
Growth rate: 4.5%

Biotechnology division
Pre-tax discount rates: 15.5% – 29.86%
Number of years: 5 – 12
Growth rate: 4.5%

Refer to note 49 for details of business combinations that occurred during the financial year.

NOTES TO THE FINANCIAL STATEMENTS (continued)

5. INTANGIBLE ASSETS

GROUP	2019 Cost R'000	2019 Accumulated amortisation and impairment R'000	2019 Carrying value R'000	2018 Cost R'000	2018 Accumulated amortisation and impairment R'000	2018 Carrying value R'000
Biosimilar drug under development	**156 595**	**(156 010)**	**585**	156 596	(79 936)	76 660
Customer contracts and lists	**76 034**	**(65 711)**	**10 323**	-	-	-
Distribution rights	**69 790**	**(12 390)**	**57 400**	34 921	-	34 921
Fishing quotas	**33 668**	**(14 618)**	**19 050**	33 668	(12 087)	21 581
Licences and technologies	**24 531**	**(14 814)**	**9 717**	20 074	(16 583)	3 491
Novel Compound	**135 107**	**-**	**135 107**	135 107	(40 781)	94 326
Brands	**29 857**	**-**	**29 857**	17 028	-	17 028
Patents and trademarks	**8 360**	**(136)**	**8 224**	4 906	(127)	4 779
Pharmaceutical dossiers	**30 741**	**(30 541)**	**200**	30 741	(15 370)	15 371
Radio licence	**8 867**	**-**	**8 867**	8 795	-	8 795
Software development	**14 788**	**(809)**	**13 979**	1 316	(415)	901
Total	**588 338**	**(295 030)**	**293 309**	**443 152**	**(165 299)**	**277 853**

Reconciliation of intangible assets - Group - 2019

	Opening balance R'000	Additions R'000	Additions through business combinations R'000	Disposals R'000	Revaluations R'000	Amortisation R'000	Impairment loss R'000	Total R'000
Biosimilar drug under development	76 660	-	-	-	-	-	(76 075)	585
Customer contracts and lists	-	-	76 034	-	-	(44 294)	(21 417)	10 323
Distribution rights	34 921	12 603	9 876	-	-	-	-	57 400
Fishing quotas	21 581	-	-		-	(2 531)	-	19 050
Licences and technologies	3 491	3 441	4 151	(94)	-	(1 272)	-	9 717
Novel compound	94 326	-	-	-	40 781	-	-	135 107
Brands	17 028		12 829					29 857
Patents and trademarks	4 779	33	4 157	-	-	(745)	-	8 224
Pharmaceutical dossiers	15 371	-	-	-	(15 171)	-	-	200
Radio licence	8 795	72	-	-	-	-	-	8 867
Software development	901	6 127	7 344	-	-	(393)	-	13 979
	277 853	**22 276**	**114 391**	**(94)**	**25 610**	**(49 235)**	**(97 492)**	**293 309**

NOTES TO THE FINANCIAL STATEMENTS (continued)

Reconciliation of intangible assets - Group - 2018

	Opening balance R'000	Additions R'000	Additions through business combinations R'000	Disposals R'000	Deemed disposal of subsidiary R'000	Amortisation R'000	Impairment loss R'000	Total R'000
Biosimilar drug under development	153 320	-	-	-	-	-	(76 660)	76 660
Distribution rights	44 797	5 058	-	-	(14 934)	-	-	34 921
Fishing quotas	31	900	23 225		-	(2 575)	-	21 581
Licences and technologies	5 085	996	-	-	(2 145)	(445)	-	3 491
Novel compound	135 124	-	-	(17)	-	-	(40 781)	94 326
Brands	-	-	17 028					17 028
Patents and trademarks	4 589	196	-	-	-	(6)	-	4 779
Pharmaceutical dossiers	32 151	-	-	-	(1 410)	-	(15 370)	15 371
Radio licence	8 795	-	-	-	-	-	-	8 795
Software development	135	929	15	(3)	(71)	(104)	-	901
	384 027	**8 079**	**40 268**	**(20)**	**(18 560)**	**(3 130)**	**(132 811)**	**277 853**

Other information

Software development consists of software systems which include the following:

- **Billing System**
  Based on the terms of the service contract to which the billing system relates, a notice period of one year is required to terminate the contract. The billing system has a residual value of R70 977 which willl be amortised when the service contract is terminated.

- **eCCR System**
  The eCCR system was internally developed with phase 1 completed in the prior year. The product went live on 1 March 2019. Phase 2A was completed on October 2017 and is in use. The team is now working on Phase 2B. Management has assessed that the ECCR system has a useful life of 3 years.

- **Health Benefit Protocol And Plan Management**
  The outcome of this project is the ability to share patient information and care paths between the health insurance agency and healthcare providers in an accurate and reliable manner which supports better patient outcomes through guided information capture and standards based data management and interoperability. This programme was available for use in May 2019 and has useful life 10 years.

- **Enterprise Consumer Price Index System (EMCI)**
  The EMCI is intended as the master, authoritative source of consumer identity and demographic data for healthcare providers in South Africa, and will issue a Unique Health Indentifier (UHI) which will be used as the standard to access/consolidate the patient's records across the private care settings, whilst cross-referencing to individual MRN's at source systems.

  There were no research and development expenses recognised as an expense in the current year.

Computer software and licenses

The licences relate to ServiceNow licences purchased during the reporting period, which is a service management software. These licences have a useful life of three years based on the licence agreement, which commenced on 1 July 2018.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Software development
The software is a program for ambulances in order to assess the availability of beds at hospitals. If there are no available beds in the hospital the patient will be taken to a hospital with an available bed. Costs of R 1 149 056 were capitalised to software development in relation to the ambulance software. Amortisation of the software will commence once the programme is available for use.

Software development in IT relates to 2 different programs currently being developed.

The first being the Health Information System Technology Refresh. This is a technology refresh and modernisation of the existing HealthSystem platform.The second is the Free Bed Enquiry system which allows ambulances to assess the availability of beds at hospitals.

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

The permits are in relation to the right to catch squid. The duration of the permit is up to 2020 when the right to catch expires. Permits have a useful life of 4 years in line with the expiry of the permit.

Biosimilar drug under development
Development costs were incurred for the improvement in the production process of erythropoietin under the brand name of Repotin. A biosimilar drug under development, granulocyte-colony stimulating factor technology (G-CSF), was acquired through business combination of Genius Biotherapeutics. This product is still under development and is not ready for pharmaceutical use, therefore not amortised. Amortisation will commence when the product is ready to be launched into the market, therefore tested for annually for impairment.

No development costs were incurred in developing an improved yield for the recombinant human erythropoietin production process during the financial year under review. Internally generated intangible assets were recognised through business combination of Genius Biotherapeutics in prior years which included the recombinant human erythropoietin and human “G-CSF”. This product is still under development and is not yet ready for use, therefore not amortised. Amortisation will commence when the product is ready to be launched into the market, therefore tested for annually for impairment (refer to note 28: impairments).

During the period under review these biosimilar drugs under development have been impaired as a result of the decrease in the recoverable amount below the carrying amount due to milestones from these drugs not being achieved in the current year.

Licences and technologies
The Group acquired the right to develop, manufacture and market a portfolio of biosimilar therapeutic proteins for global and local markets. This includes G-CSF technologies which do not have indefinite useful lives and the remaining period is 91 months.

This project has been evaluated and it was decided upon that this project it is not feasible to continue investing for two of the products. We are in negotiation with an international partner to bring in new technology for six products.

During the period under review these G-CSF technologies have been impaired as a result of the decrease in the recoverable amount below the carrying amount due to milestones not being achieved in the current year as mentioned above.

Novel compounds
Intangible assets that were internally generated and were acquired through the business combination of Genius Biotherapeutics in prior years include dendritic cell vaccines (DCV).

Funding in relation to the project is being discussed in order to attend to human safety trials which resulted in delays of milestones being achieved. This project has shown progress with the breast cancer treatment entering into Phase I human trials planned for early 2019, however it was met with many delays from a regulatory aspect for ethics as well as a new IP development which was required.

Pharmaceutical dossiers
Additionally, in the 2014 financial year, through the business combination of Genius Biotherapeutics a pharmaceutical dossier was acquired under the registered product Repotin. As the project milestones have not been met as reflected above, these dossiers have been fully impaired as they are not in the process of being used.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Patents and trademarks
In the 2016 financial year, the Group acquired a patent formulation in the health and beauty division amounting to R2 520 000 with the consideration being an equity interest in Sekunjalo Health and Medical Commodities (Pty) Ltd. This patent enables the business unit to be positioned as a global manufacturer and distributor from its principal.

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.

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

Radio licence
The radio licence is recorded as an asset for rights acquired under the licence agreement. Licences acquired in a business combination are recognised at fair value at acquisition date. The radio licence is carried at cost and are not subject to amortisation, as it is considered to have an indefinite useful life. Radio broadcasting licences are issued by the Independent Broadcasting Authority of South Africa (ICASA). The stations directly own the radio licence as awarded by ICASA. Due to restrictions under South African legislation these licences are not transferable. The carrying values of this licence is tested annually for impairment.

The licence is granted by ICASA for a period of 10 years and is renewable thereafter. There is no limit on the number of times the licence can be renewed. The cost to renew the broadcast licence is insignificant in relation to the economic benefits that are expected to arise from such licence. The licence operating agreement is expected to be renewed without any cost and therefore it does have an indefinite useful life.

Distribution and assignment rights
Distribution rights arose from the business combinations of Orleans Cosmetics (Pty) Ltd in our health and beauty division and Kalula Communications (Pty) Ltd in our technology division.

The distribution rights obtained in relation to the health and beauty division arises from four contracts with international suppliers, which provides the Group with the ability to be the sole distributor of these skincare and cosmetic products.

The technology division obtained the distribution right concluded between Computer Aided Telephony Systems Ltd (CATS) incorporated in Switzerland and Plantronics B.V. a private limited liability company incorporated in the Netherlands.

There is no limit on the number of times above distribution rights can be renewed and based on historical information no distribution rights have never been revoked. Additionally, the cost to renew the distribution rights are insignificant in relation to the economic benefits that are expected to arise from the assets and the distribution rights are expected to be renewed without any cost and therefore have an indefinite useful life.

Refer to note 30 for details on impairment tests and note 29 in relation to the fair value information.

Customer contracts and customer lists
Customer contracts and lists relates to customer relationships with Group companies stemming from ICT contracts and customer lists.

Intangible assets with indefinite useful lives or not yet in use
The brands, radio licence and distribution rights were fair valued at the date of acquisition of Talhado, Magic 828 (Pty) Ltd, Orleans Cosmetics (Pty) Ltd and Kalula Communications (Pty) Ltd resulting in the recognition of the intangible asset mentioned above.

Refer to note 29 for details on impairment tests and note 50 in relation to the fair value information.

NOTES TO THE FINANCIAL STATEMENTS (continued)

6. INVESTMENTS IN SUBSIDIARIES

Subsidiaries with material non-controlling

The following information is provided for subsidiaries with non-controlling interests which are material to the reporting company. The summarized financial information is provided prior to the inter-company eliminations.

Subsidiary	Country of incorporation	2019	2018
African Biotechnological and Medical Innovation Investments (Pty) Ltd	RSA	26%	26%
AYO Technology Solutions (Pty) Ltd	RSA	50,64%	-
Magic 828 (Pty) Ltd	RSA	40%	40%
Premier Fishing and Brands Ltd	RSA	44%	45%

The country of incorporation and the principle place of business are the same in all cases.

2019

Summarised statement of financial position

	Non-current assets R'000	Current assets R'000	Total assets R'000	Non-current liabilities R'000	Current liabilities R'000	Total liabilities R'000	Carrying amount of non-controlling interest R'000
African Biotechnological and Medical Innovation Investments (Pty) Ltd	143 774	1 158	144 932	147 085	3 251	150 336	23 240
AYO Technology Solutions Ltd	653 462	4 476 137	5 129 599	63 042	595 683	658 725	134 392
Magic 828 (Pty) Ltd	8 079	9 915	17 994	-	50 179	50 179	(32 185)
Premier Fishing and Brands Ltd	608 667	419 142	1 027 809	127 158	86 643	213 801	48 007
Total	**1 413 982**	**4 906 352**	**6 320 334**	**337 285**	**735 756**	**1 073 041**	**173 454**

Non-controlling interest in all subsidiaries	2 863 725
Non-controlling interest per statement of financial position	3 088 434

The differences between the carrying amount of non-controlling interest and the non-controlling interest's proportionate share of the net assets of the subsidiary is represented by goodwill.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2018

Summarised statement of financial position

	Non-current assets R'000	Current assets R'000	Total assets R'000	Non-current liabilities R'000	Current liabilities R'000	Total liabilities R'000	Carrying amount of non-controlling interest R'000
African Biotechnological and Medical Innovation Investments (Pty) Ltd	187 731	6 889	194 620	151 701	4 666	156 367	23 518
Magic 828 (Pty) Ltd	8 267	7 304	15 571	-	37 059	37 059	9 080
Premier Fishing and Brands Ltd	509 625	599 460	1 109 085	116 134	130 515	246 649	708 685
Total	**705 623**	**613 653**	**1 319 276**	**267 835**	**172 240**	**440 075**	**741 283**

Non-controlling interest in all subsidiaries	14 075
Non-controlling interest per statement of financial position	755 358

2019

Summarised statement of profit or loss and other comprehensive income

	Revenue R'000	Profit / (loss) before tax R'000	Tax expense R'000	Profit (loss) R'000	Total compre-hensive income R'000	Profit / (loss) allocated to non-controlling interest R'000
African Biotechnological and Medical Innovation Investments (Pty) Ltd	514	(60 771)	29 641	(31 130)	(31 130)	(4 330)
AYO Technology Solutions Ltd	1 959 292	272 985	(91 186)	181 799	181 802	31 200
Magic 828 (Pty) Ltd	12 224	(10 089)	(92)	(10 181)		(6 096)
Premier Fishing and Brands Ltd	575 006	103 821	(30 828)	72 993	72 993	24 747
Total	**587 744**	**32 961**	**(1 279)**	**31 682**	**41 863**	**14 321**

Profit or loss attributable to non-controlling interest of other subsidiaries	87 769
Total profit allocated to non-controlling interest	102 090

NOTES TO THE FINANCIAL STATEMENTS (continued)

2018

Summarised statement of profit or loass and other comprehensive income

	Revenue R'000	Profit / (loss) before tax R'000	Tax expense R'000	Profit (loss) R'000	Total compre-hensive income R'000	Profit / (loss) allocated to non-controlling interest R'000
African Biotechnological and Medical Innovation Investments (Pty) Ltd	-	(170 687)	40 363	(130 324)	(130 324)	(6 750)
Magic 828 (Pty) Ltd	9 726	(8 345)	2 319	(6 026)	(6 026)	(3 850)
Premier Fishing and Brands Ltd	490 870	129 013	(33 672)	95 341	95 341	49 181
Total	**500 596**	**(50 019)**	**9 010**	**(41 009)**	**(41 009)**	**38 581**

Profit or loss attributable to non-controlling interest of other subsidiaries	76 749
Total profit allocated to non-controlling interest	115 330

2019

Summarised statement of cash flows

	Cash flow from operating activities R'000	Cash flow from investing activities R'000	Cash flow from financing activities R'000	Net increase / (decrease) in cash flow R'000
African Biotechnological and Medical Innovation Investments (Pty) Ltd	(2 321)	653	-	(1 667)
AYO Technology Solutions Ltd	88 943	(467 336)	(246 137)	(624 530)
Magic 828 (Pty) Ltd	(9 728)	(2 155)	12 384	401 422
Premier Fishing and Brands Ltd	90 030	(131 171)	(126)	(167 361)
	166 825	**(600 009)**	**(233 879)**	**(392 136)**

2018

Summarised statement of cash flows

	Cash flow from operating activities R'000	Cash flow from investing activities R'000	Cash flow from financing activities R'000	Net increase / (decrease) in cash flow R'000
African Biotechnological and Medical Innovation Investments (Pty) Ltd	(17 250)	17 961	-	711
Magic 828 (Pty) Ltd	(9 827)	(324)	10 590	538
Premier Fishing and Brands Ltd	62 272	(193 267)	(42 359)	(173 354)
	35 195	**(175 630)**	**(31 769)**	**(172 105)**

NOTES TO THE FINANCIAL STATEMENTS (continued)

7. INVESTMENTS IN ASSOCIATES

The following table lists all of the associates in the Group:

Group

Name of company	Held by	% ownership interest 2019	Carrying amount 2019	% ownership interest 2018	Carrying amount 2018
BT Communication Services South Africa (Pty) Ltd	Kilomix (Pty) Ltd	**30.00**	**825 520**	30.00	819 726
AYO Technology Solutions Ltd	AEEI Ltd	**-**	**-**	49.36	4 756 271
Total			**825 520**		**5 575 997**

The percentage ownership interest is equal to the percentage voting rights in all cases.

Material associates

The following associates are material to the Group:

2019

Name of company	Country of incorporation	Method	% Ownership interest 2019
BT Communication Services South Africa (Pty) Ltd	RSA	Equity	30

2018

Name of company	Country of incorporation	Method	% Ownership interest 2018
BT Communication Services South Africa (Pty) Ltd	RSA	Equity	30
AYO Technology Solutions Ltd	RSA	Equity	49.36

The country of incorporation is the same as the principal place of business for all associates. The percentage voting rights is equal to the percentage ownership for all associates.

On 24 August 2018, the board of directors of AYO was restructured to reflect a majority of independent non-executive directors, resulting in AEEI no longer unilaterally directing the relevant activities of the business from this date. Significant judgement has been applied in determining the classification of investments as associates rather than subsidiaries. We refer specifically to the investment in AYO, in which AEEI holds an interest of less than 50% of the voting rights, over which the Group may have de facto control. The directors concluded that AEEI does not control AYO as the operating and financial activities are directed by AYO's board of directors. AEEI has significant influence as all the criteria in terms of IAS 28 have been met in the prior year.

On 21 December 2018, the Group regained control over AYO, and consolidated AYO from this date. The change in control stemmed from AEEI's ability to direct the relevant activities as a result of the AYO board changes based on the IFRS 10 control assessment. AEEI's investment in AYO was previously classified as an associate and was accounted for using the equity method in accordance with IAS 28 Investment in associates.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Summarised financial information of associates

Summarised Statement of Profit or Loss and Other Comprehensive Income	BT Communication Services South Africa (Pty) Ltd R'000		AYO Technology Solutions Ltd R'000		Total R'000	
	2019	2018	2019	2018	2019	2018
Revenue	**1 155 632**	1 416 185	-	638 893	**1 155 632**	2 055 078
Other income and expenses	**(1 018 477)**	(1 138 527)	-	(442 898)	**(1 018 477)**	(1 581 425)
Profit before tax	**137 155**	277 658	-	195 495	**137 155**	473 653
Tax expense	**(38 592)**	(84 612)	-	(48 040)	**(38 592)**	(132 652)
Profit (loss) from continuing operations	**98 563**	193 046	-	147 955	**98 563**	341 001
Profit (loss) from discontinued operations	**-**	-	-	-	**-**	-
Other comprehensive income	**-**	-	-	-	**-**	-
Total comprehensive income	**98 563**	193 046	-	147 955	**98 563**	341 001
Dividends received from associate	**18 746**	18 746	-	-	**18 746**	18 746

Summarised Statement of Financial Position	BT Communication Services South Africa (Pty) Ltd R'000		AYO Technology Solutions Ltd R'000		Total R'000	
Assets	**2019**	2018	2019	2018	2019	2018
Non-current	**194 088**	208 403	-	72 781	**194 088**	281 184
Current	**770 474**	725 767	-	4 598 349	**770 474**	5 324 116
Total assets	**964 562**	934 170	-	4 671 130	**964 562**	5 605 300
Liabilities						
Non-current	**-**	-	-	575	**-**	575
Current	**156 869**	161 402	-	201 578	**156 869**	362 980
Total liabilities	**156 869**	161 402	-	202 153	**156 869**	363 555
Total net assets	**807 693**	772 768	-	4 468 977	**807 693**	5 241 745

Reconciliation of net assets to equity accounted investments in associates	BT Communication Services South Africa (Pty) Ltd R'000		AYO Technology Solutions Ltd R'000		Total R'000	
Profit for the year	**2019**	2018	2019	2018	2019	2018
Profit for the year	**24 661**	57 914	-	-	**24 661**	57 914
Portion of net assets	**800 858**	761 812	-	4 756 271	**800 858**	5 518 083
Carrying value of investment in associate	**825 519**	819 726	-	4 756 271	**825 519**	5 575 997
Deemed cost upon change in ownership	**819 727**	780 559	-	4 756 271	**819 727**	5 536 830
Share of profit	**24 660**	57 914	-	-	**24 660**	57 914
Dividends received from associate	**(18 868)**	(18 746)	-	-	**(18 868)**	(18 746)
Investment at end of period	**825 519**	819 729	-	4 756 271	**825 519**	5 575 988

The summarised information presented above reflects the financial statements of the associates after adjusting for differences in accounting policies between the Group and the associate.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Restrictions relating to associates

There are currently no restrictions relating to the associates.

8. JOINT ARRANGEMENTS

Joint operations

The following joint operations are material to the group:

Joint operation	Country of incorporation	% Ownership interest 2019	% Ownership interest 2018
Premier - BCP Hake	South Africa	48	48
Premier - Seacat	South Africa	50	50
Bloudam	South Africa	38	38

The Premier - BCP Hake Joint arrangement is a jointly controlled operation with Blue Continental Products (Pty) Ltd. The operation is engaged in the catching, processing and marketing of Premier Fishing SA (Pty) Ltd's hake fishing rights together with that of the joint operation partner.

The Premier - Seacat Joint arrangement is a jointly controlled operation with Seacat Fishing (Pty) Ltd. Premier Fishing SA (Pty) Ltd and Seacat Fishing (Pty) Ltd jointly own and operate a fishing vessel which catches and processes squid.

The Bloudam Joint arrangement is a jointly controlled operation in which Premier Fishing SA (Pty) Ltd owns a share in a fishing vessel with external quota holders. The fishing vessel catches WCRL on behalf of Premier Fishing SA (Pty) Ltd and the external quota holders.

NOTES TO THE FINANCIAL STATEMENTS (continued)

	2019 R'000	2018 R'000
Summary of Group's interest in joint operations		
Premier - BCP Hake Joint Venture		
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		
Propert,plant and equipment	86	-
Total non-current asset	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)
Total current liabilities	(6 830)	(12 788)
Net assets	18 305	12 732
Share of net assets	8 786	6 111
Premier – Seacat Joint Venture Operation		
Revenue	9 057	15 014
Cost of sales	(2 724)	(4 301)
Other operating income	13	5
Operating expenses	(4 154)	(5 197)
Interest income	124	120
Total comprehensive income	2 316	5 641
Share of total comprehensive income	1 158	2 821
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)
Total current liabilities	(711)	(895)
Net assets	2 316	5 641
Share of net assets	1 158	2 821
Bloudam Joint Venture Operation		
Revenue	-	-
Cost of sales	-	(25)
Operating expenses	(57)	(933)
Total comprehensive loss	(57)	(957)
Share of total comprehensive income	(22)	(364)

NOTES TO THE FINANCIAL STATEMENTS (continued)

Joint Ventures

The following table lists all of the joint ventures in the Group:

Group

Name of company	Held by	% ownership interest R'000	% ownership interest R'000	Carrying amount R'000	Carrying amount R'000
		2019	**2018**	**2019**	**2018**
Premier Select (Pty) Ltd	Premier Fishing SA (Pty) Ltd	**50.00**	50.00	**-**	-
Exaro HST Ltd	Health Systems Technologies (Pty) Ltd	**50.00**	-	**33**	-
Digital Health Africa (Pty) Ltd	Health Systems Technologies (Pty) Ltd	**50.00**	-	**-**	-
Tamlalor (Pty) Ltd	AYO Technology Solutions Limited	**50.00**	-	**-**	-
Contronics (Pty) Ltd	Afrinat (Pty) Ltd	**-**	50.00	**-**	-

Premier Select (Pty) Ltd is a joint venture in which Premier Fishing owns a 50% equity share and was incorporated and operates principally in South Africa. The investment in joint venture is measured using the equity method.

Exaro HST Limited is jointly controlled and operates principally in West Africa. The investment in the joint venture is measured using the equity method.

Digital Health Africa (Pty) Ltd is a jointly controlled entity and is not operational.

Tamlalor (Pty) Ltd is a jointly controlled entity which has been formed to invest in disruptive financial services technology as part of AYO's (go-to-market) strategy. Tamlalor is jointly managed by AYO, Bambelela and Vunani Capital.

Summarised financial information of joint ventures

2019

Summarised statement of comprehensive	Other operating income/ (expenses) R'000	Interest income/ (expenses) R'000	Profit (loss) from continuing operations R'000	Total comprehensive income R'000	Share of total comprehensive income R'000
Tamlalor (Pty) Ltd	(1 221)	(1 725)	(2 946)	(2 946)	(1 473)

Summarised statement of financial position

Assets	Non-current assets R'000	Other current assets R'000	Total current assets R'000	Total assets R'000
Tamlalor (Pty) Ltd	9 550	92 109	92 109	101 659

Liabilities	Non-current financial liabilities R'000	Total non-current liabilities R'000	Current financial liabilities* R'000	Total current liabilities R'000	Total liabilities R'000
Tamlalor (Pty) Ltd	105	105	4	4	109

*Current and non-current financial liabilities are expressed in the table above, excluding trade and other payables and provisions. Trade and other payables and provisions are included in non-current liabilities and other current liabilities.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Summarised statement of comprehensive income	Profit (loss) from continuing operations R'000	Total comprehensive income R'000
Exaro HST (Pty) Ltd	(343)	(343)
Premier Select (Pty) Ltd	(7)	(7)
	(350)	**(350)**

Summarised statement of financial position

Assets	Non-current assets R'000	Cash and cash equivalents R'000	Other current assets R'000	Total current assets R'000	Total assets R'000
Exaro HST (Pty) Ltd	908	20	-	20	928
Premier Select (Pty) Ltd	6	85	107	192	198
	914	**105**	**107**	**212**	**1 126**

Liabilities	Non-current financial liabilities R'000	Total non-current liabilities R'000	Current financial liabilities* R'000	Total current liabilities R'000	Total liabilities R'000
Exaro HST (Pty) Ltd	-	-	4 342	4 342	4 342
Premier Select (Pty) Ltd	722	722	45	45	767
	722	**722**	**4 387**	**4 387**	**5 109**

*Current and non-current financial liabilities are expressed in the table above, excluding trade and other payables and provisions. Trade and other payables and provisions are included in other non-current liabilities and other current liabilities.

Reconciliation of net assets to equity accounted investments in joint ventures	Total net assets R'000	Interest in joint venture at % ownership R'000	Accumulated unrecognised losses R'000	Investment in joint venture R'000
Exaro HST (Pty) Ltd	(3 414)	(1 707)	-	(1 707)
Premier Select (Pty) Ltd	-	(568)	(568)	(1 136)
Tamlalor (Pty) Ltd	(2 946)	(1 473)	-	(1 472)
	(6 360)	**(3 748)**	**(568)**	**(4 315)**

Summarised financial information of joint ventures

2018

Summarised statement of comprehensive	Profit (loss) from continuing operations R'000	Total comprehensive income R'000
Premier Select (Pty) Ltd	(7)	(7)

No information was disclosed for Exaro HST (Pty) Ltd in the 2018 year as it did not form part of the Group, it was held by an equity accounted associated.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Summarised statement of financial position

Assets	Non-current assets R'000	Cash and cash equivalents R'000	Other current assets R'000	Total current assets R'000	Total assets R'000
Premier Select (Pty) Ltd	6	85	107	192	198

Liabilities	Non-current financial liabilities R'000	Total non-current liabilities R'000	Current financial liabilities R'000	Total current liabilities R'000	Total assets R'000
Premier Select (Pty) Ltd	722	722	45	45	767

**Current and non-current financial liabilities are expressed in the table above, excluding trade and other payables and provisions. Trade and other payables and provisions are included in non-current liabilities and other current liabilities.*

Reconciliation of net assets to equity-accounted investments in joint ventures	Interest in joint venture at % ownership R'000	Accumulated unrecognised losses R'000	Investment in joint venture at % ownership R'000
Premier Select (Pty) Ltd	(568)	(568)	(1 136)

Unrecognised losses

The Group has not recognised its share of the losses of Exaro HST Proprietary Limited and Tamlalor Proprietary Limited as the Group has no obligation for any losses of the joint ventures as the Group does not fund nor have any funding commitments for them.

NOTES TO THE FINANCIAL STATEMENTS (continued)

9.1 OTHER LOANS RECEIVABLES

	2019 R'000	2018 R'000
Non-interest-bearing loans	-	15 026

The above loans are unsecured and are repayable on demand. The effect of discounting is insignificant for the year under review.

	2019 R'000	2018 R'000
Non-interest bearing loans	-	15 026
Impairment of loans	-	(135)
	-	14 891
Non-current assets	-	11 808
Current assets	-	3 083
	-	14 891

Credit quality of other loan receivables

The credit quality of loans receivable that are neither past due nor impaired can be assessed by reference to historical information about counterparty default rates. No defaults have occurred in the past. Credit quality is considered to be high for interest-bearing loans and low for non-interest-bearing loans.

Fair value of other loan receivables

The carrying value of the loans approximates fair value as market-related interest rates are charged on outstanding amounts. Non-interest-bearing loans have been impaired to the recoverable amount which approximates the fair value of the amounts receivable.

	2019 R'000	2018 R'000
Breakdown of non-interest-bearing loans		
Sekunjalo Investment Holdings (Pty) Ltd	-	9 524
Bloudam	-	910
Outside quota holders	-	1 652
Other	-	2 940
	-	15 026
Reconciliation of provision for impairment of other loans receivable		
Opening balance	-	7 581
Net impairment and write offs	-	(7 446)
	-	135

Loan receivables are impaired to the extent to which recoverability of the asset over a five-year period cannot be demonstrated to the satisfaction of the directors of the Group.

NOTES TO THE FINANCIAL STATEMENTS (continued)

9.2 OTHER FINANCIAL ASSETS

	2019 R'000	2018 R'000
At fair value through profit or loss - designated	**36 113**	36 113
Investments in unlisted public companies The balance relates to African Legend, no movement in the current year		
Investments in unlisted private companies:		
SAAB Grintek Defence (Pty) Ltd A fair value movement of R4.9m was recognised during the year as a result of a decrease in the value	**175 300**	181 051
Cadiz life Investment Enterprise Development Fund The fund is an innovative new investment whereby corporate clients can earn the required Enterprise development points in terms of the DTI scorecard and at the same time earn real returns from the once off investment . The investment matures 31 July 2023	**9 200**	-
Investment in Bambelela (Pty) Ltd On 16 September 2018, AYO concluded the acquisition of a 32% shareholding in Bambelela Capital (Pty) Ltd("Bambelela"). Bambelela holds a 49% shareholding in Vunani Limited a diversified financial services groups	**16 182**	-
Other Investments in unlisted private companies The amounts relate to minor investments through business combinations of the Technology division.	**2 661**	540
Investments in listed public companies A fair value movement of R4m relating to the Sygnia was recognised in the current year. Prior year amounts included the Pioneer Foods Investment which has been derecognised in current year.	**22 847**	202 201
Investment in 4 Plus (Pty) Ltd On 2 April 2019,AYO subscribed for 10% of the issued share capital in 4 Plus Technology Venture Fund Africa (Pty) Ltd ("4 plus").4 Plus has interest in digital media,artificial intelligence, software development and telecommunications. The carrying value of the investment in 4 Plus has been impaired by an amount of R70 million based on an experts valuation.	**5 587**	-
Investment in Vunani (Pty) Ltd The amounts relate to the Investment in Vunani for the repurchase of shares.	**1 107**	-
Nessa Capital Fund Funds held with Nesa Capital through its Enterprise Development Fund which provides growth and expansionary capital to SMMEs. The amount presented is at its fair value	**188**	-
	269 185	**419 905**

NOTES TO THE FINANCIAL STATEMENTS (continued)

	2019 R'000	2018 R'000
Loans and receivables		
Cumulative preference shares -Vunani On 28 September 2018, AYO subscribed for 261 343 070 cumulative, redeemable,non-participating convertible class C preference shares of no par value in Bambelela for consideration of R145 million.	150 996	-
Tamlalor (Pty) Ltd The loan is unsecured bears interest at prime and repayable on 1 March 2024.	103 026	-
Supplier Development Loans The loans are interest free and repayment is as follow: - R5,5m payement within 12 months; - The balance within 3-5 years.	24 462	-
Cortex Logic (Pty) Ltd The loan is unsecured, has no fixed repayment terms and bears interest at a rate of prime plus 5%.	11 432	-
Volt Business Solutions (Pty) Ltd The loan is unsecured, has no fixed repayment terms and bears interest at a rate of prime plus 3%.The loan is to be converted into equity subject to certain conditions being met.	11 534	-
Sizwe Connect (Pty) Ltd Investment The loan is unsecured, bears no interest and is repayable in 6 equal installments of R0.32m commencing 28 February 2021	1 933	-
Ikeganya Support Services (Pty) Ltd The loan with balance is unsecured, bears no interest and is repayable over two equal instalments of R0.99m commencing 30 June 2019.	1 983	-
Uhula ICT (Pty) Ltd The loan with balance is unsecured, bears no interest and is repayable within the next 12 months	1 700	-
Other loans receivable	6 815	-
	313 881	-
Total other financial assets	583 066	419 905
Non-current assets		
Fair value through profit and loss designated	268 078	419 905
Loans and receivables	276 102	-
	544 180	419 905
Current assets		
Designated as at FV through profit (loss) (FV through income)	1 107	-
Loans and receivables	37 779	-
	38 886	3 083

NOTES TO THE FINANCIAL STATEMENTS (continued)

Fair value information
The Group has not reclassified any financial assets from amortised cost to fair value, or from fair value to cost or amortised cost during the current or prior year.

Financial assets at fair value through profit or loss are recognised at fair value, which is therefore equal to their carrying amounts. The fair value of the listed investments is based on the quoted market price as at 31 August 2019.

Refer to note 50 for detail on assumptions and methods used to determine fair values for unlisted investments.

Expected credit loss for both loans to group and loan receivables
Loans receivable inherently exposes the group to credit risk, being the risk that the group will incur financial loss if counterparties fail to make payments as they fall due.

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.

Stage 1 Performing	**2019 R'000**	2018 R'000
Loans receivable	**210 854**	-
	210 854	-

Stage 2 Under Performing		
Loans receivable	**108 351**	-
Lifetime expected credit loss	**(5 324)**	
Net carrying amount	**103 026**	-
Total Carrying amoint for loans receivable	**206 053**	

Stage 3 Non - Performing		
Loans receivable	**-**	-
	-	-

Reconciliation of cash flows
The cash flow effect of other financial assets are as follows:

Purchase of financial assets	**(358 442)**	(85 056)
Sale of financial assets	**1 038 207**	-
Non-cash amounts included in other financial assets	**(96 699)**	90 675
Non- cash interest capitalised and dividends received	**-**	-
	583 066	5 619

Expected credit loss for both loans to group and loan receivables
Loans receivable inherently exposes the group to credit risk, being the risk that the Group will incur financial loss if counterparties fail to make payments as they fall due.

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. FINANCE LEASE RECEIVABLES

Gross investment in the lease due	2019 R'000	2018 R'000
- within one year	892	-
- in second to fifth year inclusive	439	-
	1 331	-
Present value of minimum lease payments receivable	1 331	-
less: allowance for uncollectable minimum lease payments	(312)	-
	1 019	-

Present value of minimum lease payments due	2019 R'000	2018 R'000
- within one year	669	-
- in second to fifth year inclusive	350	-
	1 019	-
Non-current assets	350	-
Current assets	669	-
	1 019	-

The finance lease arrangements are for equipment, which includes laptops, printers, tables and CCTV equipment.

The average lease terms are 3 - 5 years and the average effective lending rate was 22%.

NOTES TO THE FINANCIAL STATEMENTS (continued)

11. DEFERRED TAX

	2019 R'000	2018 R'000
Deferred tax liability		
Accelerated capital allowances on property, plant and equipment	**(70 070)**	(57 422)
Shipping allowance	**(53 834)**	(45 543)
Prepaid expenses	**(731)**	(1 526)
Fair value adjustments on other financial assets	**(18 561)**	(47 443)
Fair value adjustments on biological assets	**(26 105)**	(19 046)
Operating lease	**(12)**	(34)
Fair value adjustments on investments in associates	**-**	(1 065 404)
Intangible assets acquired through business combinations	**(9 089)**	(64 200)
Total deferred tax liability	**(178 392)**	(1 300 618)
Deferred tax assets to be set off against deferred tax liability	**21 566**	22 361
Total deferred tax liability	**(156 836)**	**(1 278 257)**
Deferred tax asset		
Provisions	**17 917**	5 830
Fair value adjustment on investmets	**43 242**	-
Fair value adjustment on derivatives	**17 108**	-
Income received in advance	**8 888**	1 105
Allowance for credit losses	**1 935**	-
Operating lease	**315**	94
Contingent consideration	**643**	-
Finance lease liabilities	**3 792**	-
Deferred tax balance from temporary differences other than unused tax losses	**93 839**	7 029
Tax losses available for set off against future taxable income	**25 601**	24 490
Total deferred tax asset	**119 441**	**31 519**
Deferred tax liability to be set off against deferred tax asset	**(21 566)**	**(22 361)**
Total deferred tax asset	**97 874**	**9 158**

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	**(156 836)**	(1 278 257)
Deferred tax asset	**97 874**	9 158
Total net deferred tax liability	**(58 961)**	**(1 269 099)**

NOTES TO THE FINANCIAL STATEMENTS (continued)

Reconciliation of deferred tax asset / (liability)

	2019 R'000	2018 R'000
At beginning of year	**(1 269 099)**	(193 468)
Accelerated capital allowances on property, plant and equipment	**(12 648)**	(35 501)
Fair value adjustments on other financial assets	**15 745**	(8 564)
Fair value adjustments on associate	**1 077 746**	(1 065 405)
Fair value adjustments on investments	**44 019**	-
Fair value adjustments on derivatives	**17 108**	-
Intangible asset through business combinations	**55 111**	42 226
Tax losses available for set off against future taxable income	**(6 936)**	2 836
Allowance for credit loss	**1 935**	-
Contingent consideration	**643**	-
Finance lease liabilities	**3 792**	-
Fair value adjustment on investments	**44 019**	-
Operating lease liability	**243**	108
Prepaid expenses	**795**	(10)
Provisions	**12 086**	(1 668)
Shipping allowance	**(8 291)**	(5 892)
Fair value adjustments on biological assets	**(7 059)**	(3 836)
Income received in advance	**7 783**	266
Prior period under provision	**-**	(191)
Tax losses available for set off against future taxable income	**1 111**	-
	(21 897)	**(1 269 099)**

12. BIOLOGICAL ASSETS

Group 2019	Opening balances R'000	Purchases R'000	Sales R'000	Transfers to inventory R'000	Changes in fair value, births and deaths R'000	Total R'000
Abalone	68 021	8 975	(26 903)	(2 494)	35 661	83 260

Group 2018	Opening balances R'000	Purchases R'000	Sales R'000	Transfers to inventory R'000	Changes in fair value, births and deaths R'000	Total R'000
Abalone	54 323	520	(22 330)	-	35 508	68 021

Non Financial Information

Quantities of each biological asset

	2019	2018
Abalone - kgs	**161 216**	144 736

Methods and assumptions used in determining fair value

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 during transportation and the USD foreign currency spot rate. Refer to note 48 for fair value information.

NOTES TO THE FINANCIAL STATEMENTS (continued)

13. INVENTORIES

	2019 R'000	2018 R'000
Raw materials	9 578	11 918
Work in progress	117 648	554
Finished goods	94 625	37 158
Consumables	4 961	7 297
Other inventories for sale	398	51
	227 210	56 978
Inventories (write-downs)	(4 281)	-
	222 929	**56 978**

R4 280 747 of inventory was written off in the current financial year (2018: R-). The write off was done to ensure inventory was written down to its net realisable value.

14. EMPLOYEE BENEFIT OBLIGATION

Long-term employee benefit plan

The Group rewards employees with long service by remunerating them with a lump sum after a specific number of service years.

Employees receive a bonus of 50% of their monthly pensionable salary after 10 years service, 75% after 15 years service and 125% after 25 years of service. Simeka Consultants and Actuaries calculated the value of the employer's liability towards qualifying employees at 31 August 2019.

The movement in the long- term employee benefit obligation is as follows:

	2019 R'000	2018 R'000
Additions arising from business combination	**(5 770)**	-
Benefits paid	**35**	-
Net expenses recognised in profit or loss	**(930)**	-
	(6 665)	**-**

Key assumptions used

Principle assumptions used on last valuation on 31 August 2019 .

Discount rates used	**9.26** %
Inflation rate	**6.08** %
Future salary increases*	**7.08** %
Real rate (approximate)#	**2.18** %

*The above salary increases exclude merit increases which are between 0.5% and 5.5% depending on the age group of the current employees.

The difference between the discount rate and the future salary increase implies an approximate real return without merit increases.

Retirement

A normal retirement age of 63 was assumed for employees. No provision was made for retirement before or after the normal retirement age.

NOTES TO THE FINANCIAL STATEMENTS (continued)

15. TRADE AND OTHER RECEIVABLES

	2019 R'000	2018 R'000
Financial Instruments:		
Trade receivables	**458 859**	107 033
Amounts receivable from related parties	**8 359**	-
Amounts due from quota holders	**14 338**	-
Provision for expected credit loss	**(11 540)**	(3 371)
Funds held in trust	**101 378**	-
Deposits	**34 395**	8 314
Accrued and sundry Income	**37 585**	24 833
Claims	**408**	462
Employee costs in advance	**766**	2 159
Non financial instruments		
Value added tax	**18 720**	17 649
Prepayments	**33 652**	5 617
Sundry customers	**18 825**	1 461
	715 745	**164 157**

Categorisation of trade and other recivables

Trade and other receivables are categorised as follows in accordance with IFRS 9: Financial Instruments:		
At amortised cost	**608 979**	139 430
Non - financial instruments	**106 766**	24 727
	715 745	**164 157**

Funds held in trust

Due to uncertainty of going concern of a related party who has prepaid, management raised a provision of R9 041 000 against the prepayment.

Trade and other receivables pledged as security

The Group's maximum exposure to credit risk at the reporting rate is the carrying value of trade receivables.

Expected credit loss allowance

The group applies the IFRS 9 simplified model of recognising lifetime expected credit losses for all trade receivables. The Group measures the lifetime expected credit loss allowance for trade receivables by applying a provision matrix as permitted by IFRS 9 and presented below. Trade receivables are categorised based on specific characteristics, for example geographical area and business type. The provision matrices have been developed by making use of judgement and past default experience of debtors but also incorporate forward-looking information such as the likelihood of default by the debtor and general economic conditions of the industry as at the reporting date. Macroeconomic factors affecting customer's ability to settle the amounts outstanding include the ongoing energy crisis in South Africa, the GDP in South Africa and various other factors. The estimation techniques have been applied for the first time in the current financial period as a result of the adoption of IFRS 9. Trade receivables were previously impaired only when there was objective evidence that the asset was impaired. The impairment was calculated as the difference between the carrying amount and the present value of the expected future cash flows.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Group

	Gross amount R'000	Expected credit loss rate R'000	Lifetime expected credit loss R'000	Carrying amount R'000
Current	257 923	2,69%	(6 935)	250 988
Past due 30 to 60 days	96 133	2,03%	(1 951)	94 182
Past due 60 to 90 days	31 151	2,68%	(836)	30 315
Past due 90 days and older	73 652	2,47%	(1 818)	71 834
	458 859		**(11 540)**	**447 319**

Total gross amount of trade receivables	458 859
Total allowance for credit losses	(11 540)
	447 319

The expected credit loss allowance for trade receivables as at 31 August 2019 was determined as follows:

Reconciliation of expected credit loss

	2019 R'000	2018 R'000
Loss allowance as at 1 September calculated under IAS 39	**3 371**	15 625
Amounts restated through opening retained income on adoption of IFRS 9	**-**	-
Net provision for impairment	**-**	(4 168)
Loss allowance as at 1 September calculated under IFRS 9	**6 708**	3 370
Deemed disposal of subsidiary	**1 461**	(11 456)
	11 540	**3 371**

Trade and other receivables currency denominated

The carrying amount of trade and other receivables are denominated in the following currencies:

Rand	**631 017**	118 912
US Dollar	**28 610**	17 929
Euro	**3 633**	27 316

The Group does not hold any collateral as security.

Sundry customers primarily comprise of fair value of trade and other receivables. The fair value of trade and other receivables approximates ther carrying value due to their short term nature.

16. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

Cash on hand	**248**	110
Bank balances	**3 877 666**	362 608
Bank overdraft	**(41 417)**	(35 783)
	3 836 496	**326 935**
Current assets	**3 877 914**	362 718
Current liabilities	**(41 417)**	(35 783)
	3 836 496	**326 935**

The bank overdrafts in the Group are secured by:

ABSA Bank Ltd

African Equity Empowerment Investments Ltd has a R10 000 000 primary lending facility with ABSA Bank Ltd and is secured with unlimited cross-suretyship between African Equity Empowerment Investments Ltd, Health System Technologies (Pty) Ltd and Premier Fishing SA (Pty) Ltd supported by cession of loan accounts.

NOTES TO THE FINANCIAL STATEMENTS (continued)

The following facilities are also held with ABSA Bank Ltd:
Financial guarantees to the value of R2 000 000
Term Loan to the value of R15 333 000
Credit cards to the value of R350 000

The following facilities are being held by AYO with ABSA Bank Ltd:
- Primary lending to the value of R5 000 000
- Term loan to the value of R5 800 000
- Credit card to the value of R202 000
- Forward exchange contract (nominal value) to the value of R10 000 000
- Foreign exchange settlement to the value of R5 000 000

Security currently held by the bank:
Unlimited guarantee signed by Premier Fishing SA (Pty) Ltd, supported by cession of loan accounts.
Unlimited guarantee signed by AYO Technology Solution Limited (previously known as Sekunjalo Health Care Limited), supported by cession of accounts.
Limited guarantee signed for R5 700 000 by the Health System Technologies (Pty) Ltd.

Investec Bank Ltd
African Equity Empowerment Investments Ltd has a revolving credit facility of R34.1m secured as follows:

Covenants
Net Asset Value must be greater or equal to R500m (five hundred million rand).
Borrower Market Capitalisation must be greater or equal to R1bn (one billion rand)
Security
African Equity Empowerment Investments Ltd cedes, all of its rights, title and interest in and to 2,687,869 shares in Sygnia Limited in favour of Investec Bank Ltd.

Prior to year-end AYO provided an unlimited guarantee for AEEI's revolving credit facility with Investec Bank Ltd of R34m.

Subsequent to year-end this facility has been converted to a term loan.

First Rand Bank Ltd
The Group has the following facilities with First National Bank
Overdraft facilities to the value of R4.5m

Forward Exchange Contracts to the value of R5m
The above facilities with FNB are secured by: Cession of debtors.

Bank guarantees
Unlimited suretyship by the non-controlling shareholders of Puleng Technologies (Pty) Ltd.
Sizwe Africa IT Group (Pty) Ltd has the following facilities with the First National Bank.
Overdraft facility on current business account of R75m.
Security as follows:
Debtors book of Sizwe Africa IT Group (Pty) Ltd.
Debtors book of Mantella Trading 634 (Pty) Ltd.
Mustek Limited of R30m

NOTES TO THE FINANCIAL STATEMENTS (continued)

Nedbank Ltd
The Group has the following facilities with Nedbank Ltd: Overdraft facility to the value of R7m
Vehicle-and-asset finance facility to the value of R0.59m
The above facilities are secured as follows:
Limited surety signed by A. S. Brown to the value of R8m
Limited surety signed by Communications Products (Pty) Ltd to the value of R5.3m
Limited surety signed by Biton Music Productions (Pty) Ltd to the value of R7.5m

Standard Bank Ltd
The Group has a Standard Bank of South Africa Ltd overdraft facility of R0.4m and a VISA credit card of R0.1m secured as follows:

Suretyship/Cession Loan dd 25/10/07, restricted to R0.2m by LOA Burt
Suretyship/Cession Loan dd 25/10/07, restricted to R0.1m by LOA Burt
Suretyship/Cession Loan dd 28/08/08, restricted to R0.2m by LOA Burt
Unrestricted Pledge of Call deposit account
Suretyship and cession of loans restricted to R0.4m by SE Burt

Sasfin
The Group has a vehicle and asset facility with Sasfin of R0.08m.

The bank overdrafts in the Group are secured by:
Unlimited guarantee by African Equity Empowerment Investments Ltd 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:

— Southern Star - R2.2m
— Portia 1 - R5.8m
— Ebhayi - R5.4m
— Southern Fighter - R2.1m
— Southern Knight - R1.6m
— Southern Horizon - R1.85m
- First Maritime Bond over vessel Mizpah – R1.9m
- Second Maritime Bond over vessel Mizpah – R.6.1m
- First Maritime Bond over vessel Lubbetjie – R1.2m
-- Second Maritime Bond over vessel Lubbetjie of R4.4m

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 R5m over all movable assets.

NOTES TO THE FINANCIAL STATEMENTS (continued)

General Notarial Bond BN19849/2013 for R10m over all stock and movable assets.
Marine bond for R5m over Motorship Silver Taurus Official Number 49605.
Marine bond for R5m over Motorship Silver Dorado Official Number 49701.
Marine bond for R4m over Motorship Silver Champion Official Number 40401.
Marine bond for R5.75m over Motorship Silver Eagle Official Number 40904
First Marine bond for R7.2m and Second Marine bond for R4.4m over Motorship Silver Arrow Official Number 41003
Cession of debtors and customer foreign currency accounts.
Limited suretyship for R10m 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 R5.5m over Motorship Silver Laguna,
- Marine Bond for R6.1m Motorship Maverick,
- Marine Bond for R4.75m Motorship Zingela,
- Marine Bond for R4m Motorship Lazarus

Cession of loan account in Dazzalle Traders Proprietary Limited, limited to R9.5m.
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)
The Group holds a guarantee for R 1 351 424 serving as collateral in relation to the agreement for the purchase of the broadcast mast and studio equipment.
Financial covenants applicable to the entity are as follows:
Interest cover ratio
Leverage ratio
Guarantor contribution test

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short-term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates. Cash and cash equivalents are held with reputable banking service providers. Absa Bank Ltd provides the majority of banking services used by the Group and it is rated AA+ and A-1+ in the long term and shortterm respectively.

Credit rating

	2019 R'000	2018 R'000
Absa Bank Ltd Baa3	2 908 274	347 636
Nedbank Ltd Baa3	16 073	3 326
Standard Bank Ltd BB+	93 858	1 952
First National Bank Ltd BB+	51 196	5 020
Investec AA+	234 206	(31 172)
Albaraka Bank BB	28 958	-
HSBC - A2	761	-
Bank of China bb	501 213	-
Other	1 708	-
	3 836 247	**326 762**

Exposure to currency risk

	2019 R'000	2018 R'000
USD	680 305	-
Mauritian Rupee	130 583	-

NOTES TO THE FINANCIAL STATEMENTS (continued)

17. SHARE CAPITAL

Authorised

	2019 R'000	2018 R'000
10 000 000 Ordinary shares of no par value (unlisted)	**100**	100
1 000 000 000 'B' class ordinary shares of no par value	**20**	20
518 660 516 unissued ordinary shares are under the control of the directors in terms of a resolution of members passed at the last annual general meeting. This authority remains in force until the next annual general meeting.	**-**	-
Upon a poll, in determining the total votes in the Company, each "B" ordinary no par value share shall be deemed to entitle the holder thereof to one vote and each "A" ordinary no par value Share shall be deemed to entitle the holder thereof to 500 votes.		
	120	**120**
Issued		
491 022 434 (2018: 491 339 434) "B" class ordinary shares	**30**	30
Share premium	**403 147**	403 147
Shares repurchased	**(937)**	-
Total share premium	**402 210**	**-**
	402 240	**403 177**

During the financial year, and as approved at the AGM relating to general share repurchase, the Company bought back 317 000 shares representing 0.06% of the total shares in issue prior to the repurchase. The shares were purchased at an average price of R2.95 per share for a total cash consideration of R 936 887.

The issued number of shares in issue are 491 022 434 (2018: 491 339 434).

18. RESERVES

A capital redemption reserve fund arose when a subsidiary had a share buy-back in the prior years. Other reserves relate to exchange differences on translating foreign operations.

	2019 R'000	2018 R'000
Capital redemption reserve fund	**8 034**	8 034
Foreign translation reserve	**(258)**	-
	7 776	**8 034**

19. OTHER FINANCIAL LIABILITIES

At fair value through profit (loss)

	2019 R'000	2018 R'000
Amount payable to previous shareholders of Puleng	**38 500**	-
AYO entered into an agreement to purchase the remaining 43% of Puleng from the minority NCI shareholders for a consideration of R38.5m		
Other financial liabilities	**797**	-
These relate to amounts payable by HST for the Computer Aided Telephony System. The amounts are unsecured and have no fixed repayments terms.		
	39 297	**-**

NOTES TO THE FINANCIAL STATEMENTS (continued)

Held at amortised cost

	2019 R'000	2018 R'000
ABSA Bank Ltd – Term loan	**10 833**	27 147
The interest rate charged on the loan at 31 August 2019 is 10.14% (2018 10.33%) The loan is repayable in monthly instalments of R203 333. The loan is secured by a guarantee from Premier Fishing SA and AYO.		
ABSA Bank Ltd – Project Finance	**3 863**	
Investec Bank Ltd	**51 209**	173 769
213 019 redeemable cumulative preference shares in Bowwood and Main No 180. (Pty) Ltd. Preference dividend rate is 80% of the prime overdraft rate. The B preference shares to Pioneer Foods were disposed of during the year.		
RVB Distributors and Orleans Distributors	**955**	6 690
The loan bears interest at prime overdraft rate of 10% and repayable over tranches in May 2018 and May 2019.		
RAC Investment Holdings (Pty) Ltd	**16 843**	12 790
The loans are unsecured, bear interest at prime rates and have no fixed repayment terms.		
Other borrowings	**3 299**	5 478
Other borrowings are unsecured, bear interest at rates agreed between parties, have no fixed repayment terms and consists of loans to directors and other entities. Included in the amount is a liability in relation to medical aid costs of retired employees. This is calculated taking into account the current medical aid contribution, the life expectancy of the employees and a discount rate of 6% to calculate the present value of the obligation.		
	87 002	**225 874**
	126 299	**225 874**
Non-current liabilities		
Fair value through profit or loss	**797**	-
Non-current portion of financial liabilities	**70 308**	208 392
	71 105	**208 392**
Current liabilities		
Fair value through profit or loss	**38 500**	-
Current portion of financial liabilities	**16 694**	18 328
	55 194	**18 328**
Secured	**65 905**	207 607
Unsecured	**60 394**	19 113

NOTES TO THE FINANCIAL STATEMENTS (continued)

	126 299	**226 720**

The following represents the carrying value of the security for those borrowings:

	2019 R'000	2018 R'000
Property, plant and equipment	-	23 801
Biological assets	68 021	68 021
Trade and other receivables	673 504	121 678
Floating rates	-	33 838
Fixed rates	-	173 769
Interest free	-	8 144
Weighted average effective interest rate (%)	-	13

Reconciliation of financial liabilities at fair value through profit or loss measured at level 3

Reconciliation of cash flows

Repayment of other financial liablities	(149 290)	(80 573)
Proceeds from other financial liabilities	774	20 492
Finance costs and other	-	(6 053)
Movement	**(148 516)**	**(66 134)**

At 31 August 2019, the carrying amount of borrowings approximates their fair value. Non-current interest-free borrowings approximate the amounts demandable. The effect of discounting is immaterial.

There were no loan defaults during the year, nor in the prior year. Funding in relation to preference shares reflected above are ring fenced.

20. FINANCE LEASE LIABILITIES

Minimum lease payments due

- within one year	14 449	-
- in second to fifth year inclusive	3 462	-
	17 911	-
less: future finance charges	(2 375)	-
Present value of minimum lease payments	**15 536**	**-**
Present value of minimum lease payments due		
- within one year	12 683	-
- in second to fifth year inclusive	2 853	-
	15 536	-
Non-current liabilities	2 853	-
Current liabilities	12 683	-
	15 536	-

The finance lease arrangements relate to vehicles leased by Kalula, SGT and Sizwe.The average lease term is two to five years and the average effective borrowing rate is between 11% - 24%.

Interest rates are linked to prime bank overdraft interest rate at the contract date. All leases have fixed repayments and no arrangements have been entered into for contingent rent.

The carrying amounts of assets subject to finance leases have been included in note 3 - Property, plant and

NOTES TO THE FINANCIAL STATEMENTS (continued)

equipment.

Defaults and breaches

There have been no defaults or breaches during the year under review.

21. PROVISIONS

Reconciliation of provisions - Group - 2019

	Opening balance R'000	Additions R'000	Utilised during the year R'000	Reversed during the year R'000	Business Combination R'000	Total R'000
Provision for VAT	2 405	204	-	-	-	2 609
Onerous contracts	-	5 680	-	-	-	5 680
Maintainence provision	624	-	-	-	-	624
Provision for leave pay	3 292	3 440	(2 461)	-	-	4 271
Provision for salary bonuses	7 786	43 907	(41 143)	263	12 183	22 996
Product warranties	-	4 058	(96)	(220)	-	3 742
Provisions for prepayments		9 041				9 041
Other provisions	13 285	1 744	(10 228)	-	-	4 801
	27 392	**68 074**	**(53 928)**	**43**	**12 183**	**53 764**

Reconciliation of provisions - Group - 2018

	Opening balance R'000	Additions R'000	Utilised during the year R'000	Reversed during the year R'000	Total R'000
Provision for facilitation fees	4 952	-	(4 952)	-	-
Provision for VAT	2 405	-	-	-	2 405
Provision for maintenance	1 249	-	(625)	-	624
Provision for leave pay	6 495	-	(3 203)	-	3 292
Provision for salary bonuses	9 498	7 786	(9 498)	-	7 786
Product warranties	473	-	-	(473)	-
Other provisions	3 381	13 285	-	(3 381)	13 285
	28 453	**21 071**	**(18 278)**	**(3 854)**	**27 392**

Product warranties are provisions relating to the acquisition of investments where there are contingent payments based on profit targets.

The provision for the VAT relates to an ongoing VAT dispute with South African Revenue Services for an amount that may potentially be paid at an unknown time.

Employee benefits in the form of annual leave entitlements are provided for when they accrue to employees with reference to services rendered up to reporting date and the Group's leave policy. The above provisions represent management's best estimate of the Group's liability 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 provision represents management's best estimate of the Group's liabilities based on prior experience.

Other provisions mainly comprise municipal electricity, rates and levies relates to expenses incurred by the Group for electricity usage, rates and taxes. The actual bill was not yet received as at year end therefore management estimated the amount of the provision based on estimated usage and charge rates from the previous month. The provision represents management's best estimate of the Group's liability on expected cash flows as at 31 August 2019.

NOTES TO THE FINANCIAL STATEMENTS (continued)

22. CONTINGENT CONSIDERATION LIABILITY

	2019 R'000	2018 R'000
Contingent consideration arrangements entered into		
Puleng Technologies (Pty) Ltd	4 256	-
Zaloserve (Pty) Ltd	10 476	-
SGT Solutions (Pty) Ltd	29 883	-
Settlements	(4 460)	-
Fair value adjustments	4 822	-
Closing balance	44 977	-

The contingent consideration arrangement for Zaloserve requires AYO to pay the former owners of Zaloserve for achieving certain earnout targets for the 2019, 2020 and 2021 financial years, up to a maximum undiscounted amount of R5.5m for each financial year.

The contingent consideration arrangement for SGT Solutions requires AYO and AEEI to pay the former owners of SGT for achieving certain earn-out targets for the 2020 and 2021 financial years, up to a maximum undiscounted amount of R20m for each financial year.

The fair value of the contingent consideration arrangements was calculated as the present value of the future expected cash flows. The calculation was based on the assumption that the earn-out targets will be met based on the best available forecast information at acquisition date and were discounted at the weighted average cost of capital of the relevant subsidiary.

	2019 R'000	2018 R'000
Non-current liability	34 680	-
Current liability	10 297	-
Total	44 977	**-**

23. TRADE AND OTHER PAYABLES

	2019 R'000	2018 R'000
Trade payables	380 068	50 715
Amounts due to related parties	6 816	68
Amounts received in advance	4 621	4 425
Value added tax	6 719	2 912
Accrued expenses	111 881	12 588
Deferred income	354	178
Other payables	31 188	35 107
	541 647	105 993

Fair value of trade and other payables

The fair value of trade and other payables approximates their carrying amounts due to its short-term nature.

** Other payables consist of amounts owing to the South African Revenue Service and sundry creditors*

NOTES TO THE FINANCIAL STATEMENTS (continued)

24. DEFERRED INCOME

The Group generates deferred revenue on future warranties and maintenance contracts where upfront payment has been received. The deferred revenue is released to the income statement in line with the costs incurred over the period of the contract.

	2019 R'000	2018 R'000
Non-current liabilities	11 244	-
Current liabilities	17 286	-
	28 530	**-**
Reconciliation		
Additions acquired through business combination	30 354	-
Additions	5 412	-
Reversals through profit and loss	(7 236)	-
	28 530	**-**

25. REVENUE

	2019 R'000	2018 R'000
Revenue from contracts with customers		
Sale of goods	1 256 991	573 437
Rendering of services	1 095 533	95 819
	-	
	2 352 524	**669 256**
Revenue other than from contracts with customers		
Interest received (trading)	**-**	-
Dividends received (trading)	**24 844**	31 435
	24 844	31 435
	2 377 368	**700 691**

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 segment.
The Group has assessed that the disaggregation of revenue by Group 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Sale of goods

	2019 R'000	2018 R'000
Sale of goods	**1 256 991**	573 442
Rendering of services		
Administration and management fees received	**380**	5 447
Fees earned	**264 284**	24 236
Commissions received	**24 530**	1 993
Services revenue	**798 520**	59 101
Other revenue from rendering of services	**7 817**	5 037
	1 095 533	**95 814**
Total revenue from contracts with customers	**2 352 524**	**669 256**
Timing of revenue recognition		
At a point in time		
Technology	**642 346**	573 437
Fishing and Brands	**563 179**	95 819
Health and Beauty	**42 220**	-
Events and Tourism	**79 918**	-
Corporate	**14 236**	-
	1 341 899	**669 256**
Over time		
IT	**999 820**	-
Fishing	**10 805**	-
	1 010 625	-
Total revenue from contracts with customers	**2 352 524**	**669 256**

26. COST OF SALES

	2019 R'000	2018 R'000
Revenue other than from contracts with customers		
Sale of goods	**866 922**	235 545
Rendering of services	**532 963**	111 154
Discount received	**(250)**	-
Other		
Employee costs - salaried staff and other costs	**166 179**	63 493
Depreciation and impairment	**22 638**	-
Manufacturing expenses	**63 603**	-
	1 652 055	**410 192**

27. OTHER INCOME

	2019 R'000	2018 R'000
Administration and management fees received	**9 913**	4 173
Insurance revenue	**7 298**	-
Royalties received	**1 162**	-
Bad debts recovered	**950**	4
Recoveries	**5 065**	1 187
Tenant installation allowance	**2 356**	-
Other income	**924**	3 227
Profit on exchange differences	**9 608**	2 876
	37 276	**11 467**

** Other income mostly consist of insurance proceeds in Premier as well as a tenant installation allowance.*

NOTES TO THE FINANCIAL STATEMENTS (continued)

28. GAIN ON DISPOSAL/DEEMED DISPOSAL OF SUBSIDIARY

2019

Disposal of Acacia Cloud Solutions Proprietary Limited

On 30 June 2019, Afrozaar Proprietary Limited disposed of its interest in Acacia Cloud Solutions Proprietary Limited for a consideration of R 1 203 125. The net assets of Acacia Cloud Solutions Proprietary Limited were as stated below on the date of disposal.

2018

Disposal of World Wide Creative Proprietary Limited

On 31 August 2018 Software Tech Holdings Proprietary Limited Group disposed 75% of its interest in World Wide Creative Proprietary Limited for a consideration of R90.The net assets of World Wide Creative Proprietary Limited were as stated below on the date of disposal.

Deemed disposal of subsidiary / associate

After the AYO listing date, 21 December 2017, AEEI had the ability to control the relevant activities of AYO based on its representation on the AYO board up to 21 February 2018, where after discussions were held with the shareholders of AYO to restructure the board to comprise majority independent non-executive directors from this date. AEEI management therefore accounted for the deemed disposal as at 21 February 2018 as the Company no longer had the ability to unilaterally direct the relevant activities over AYO. However, the above facts and events were not conclusive as a result of the delay in the board being restructured and a final deemed disposal date of 24 August 2018 was considered as the loss of control date when the board of directors was reconstituted.

On 24 August 2018, the AYO investment became an associate as the Group relinquished control over AYO and was equity accounted from this date when all the criteria in relation to significant influence under IAS 28 have been met.

On 21 December 2018, the Group regained control over AYO, and consolidated AYO from this date. The change in control stemmed from AEEI's ability to direct the relevant activities as a result of the AYO board changes based on the IFRS 10 control assessment. AEEI's investment in AYO was previously classified as an associate and was accounted for using the equity method in accordance with IAS 28 Investment in associates.

Carrying value of assets disposed	2019 R'000	2018 R'000
Property, plant and equipment	(96 864)	(7 170)
Intangible assets	(107 526)	(17 742)
Investment in joint venture	(33)	(33)
Deferred tax assets / liabilities	2 439	(80 000)
Goodwill	(105 704)	(33 562)
Inventories	(107 563)	(12 378)
Trade and other receivables	(317 258)	(195 259)
Other financial assets	(1 072 534)	(11 908)
Finance lease payable	17 488	
Other loans	(9 236)	
Trade and other payables	349 518	138 466
Current tax	7 553	(80)
Tax assets / liabilities	41	37 438
Other financial liabilties	4 878	2 094
Cash	(3 375 649)	(4 303 642)
Deferred tax	-	(5 833)
Operating lease liability	-	19
Other liability	180 617	
Deferred income	26 439	
Provisions	13 809	14 759
Bank overdrafts	531	
Total net assets derecognised	**(4 589 095)**	**(4 474 831)**

NOTES TO THE FINANCIAL STATEMENTS (continued)

	2019 R'000	2018 R'000
Ammended as follows	-	-
Non-controlling interest	2 323 918	5 767 589
Fair value of previously held interest	2 265 177	
(Loss)/gain on deemed disposal of subsidiary/associate	**(2 480 713)**	**(6 049 029)**

29. NET IMPAIRMENT AND REVERSALS

	2019 R'000	2018 R'000
Material impairment losses (recognised) reversed		
Other financial assets and receivables Other assets relate to impairments within AYO Group relating to trade and other receivables and group related companies	(511)	-
Reversals relating to the recoverability of Cape Media and NPC loans. Other loans receivable Current year impairment reversal relates to previous amount impaired being recovered and written off during the current year, which resulted in the reversal of impairment of the Health Care assets and the loan with Cape Media Corporation has been written off during the current period under review upon their shares being purchased by RAC Investment Holdings (Pty) Ltd.	-	(528)
	(511)	**(528)**
Significant goodwill or significant intangible assets with indefinite useful lives		
Goodwill	(9 921)	(6 979)
Intangible asset with indefinite useful life	(72 141)	(132 812)

Goodwill

The Group performs an annual impairment test on goodwill based on cash-generating units (CGU).

The recoverable amount for each of the CGUs to which goodwill is allocated has been determined based on the value in use using the discounted cash flow method. Goodwill has been allocated to each CGU as indicated in note 4. During the current period under review the intangible assets of the Biotechnology division has been impaired resulting in the CGU for Biotechnology division's goodwill having to be impaired.

The following are the principal assumptions that were used to calculate the recoverable amounts for each CGU, based on previous experience.

Management's key assumptions include stable profit margins, based on past experience in the market with reference to cash flow assumptions. The Group's management believes that this is the best available input for the purposes of forecasting the cash flows.

Refer to note 4 for the allocation of the cash generating units goodwill is allocated to, which was specifically assessed per individual CGU for impairment.

Intangible asset with indefinite useful life

The Group performs an annual impairment test on intanglble assets based on cash-generating units (CGU).

The recoverable amount for each of the CGUs to which intangible- assets are allocated has been determined based on the value in use using the discounted cash flow method as indicated in the accounting policies. During the current period under review the intangible assets of the Biotechnology division has been impaired also resulting in the CGU for Biotechnology division's goodwill having to be impaired.

Management's key assumptions include stable profit margins, based on past experience in the market with reference to cash flow assumptions. The Group's management believes that this is the best available input for the purposes of forecasting the cash flows.

NOTES TO THE FINANCIAL STATEMENTS (continued)

	2019 R'000	2018 R'000
Technology division Pre-tax discount rates: 15.59% - 26% Number of years: 5 Growth rate: 4.5%		
Fishing and brands division Pre-tax discount rates: 15.01% - 22.79% Number of years: 5 Growth rate: 4.5%		
Events and tourism division Pre-tax discount rates: 19.31% - 30.19% Number of years: 5 Growth rate 4.5%		
Health and beauty division Pre-tax discount rates: 16.11%-30.25% Number of years: 5 Growth rate: 4.5%		
Biotechnology division Pre-tax discount rates: 29.63% Number of years 5-10 Growth rate 4.5%		
	(82 062)	**(139 791)**
Total impairment losses (recognised) reversed	**(82 573)**	**(140 319)**

30. DISPOSAL OF OTHER FINANCIAL ASSETS AND SALE OF BUSINESS

On 26 February 2019, the AEEI Board of directors accepted the non-binding offer by Pioneer Foods Group Ltd to repurchase 1 589 998 Pioneer Foods shares in Pioneer Foods Ltd and 1 598 998 Quantum Foods Ltd's shares in Quantum Foods Holding Limited for the purchase consideration of R78.19 and R3.30 per share respectively.
The proceeds were used to redeem all outstanding liabilities in respect of the A preference shares and B preference shares as well as settle all outstanding dividends on the later shares. Refer to other financial liability note 19.

The financial impact on AEEI is the net proceeds received from the disposal of the Pioneer Foods and Quantam Food shares, before any tax liability, amounts to R17m on the effective date, being 15 March 2019 and 27 May 2019 respectively.

Gain on sale of business	**(1 345)**	1 985

The gain on disposal represents the disposal of business in the technology division. Current year amounts relate to World Wide Creative (Pty) Ltd and Emergent Energy (Pty) Ltd.

31. OTHER OPERATING GAINS / (LOSSES)

Gain on bargain purchase	-	952
Financial assets designated as at fair value through profit or loss	**43 358**	
	45 358	**952**

In the prior year, the gain related to the prior warranties for the acquisition of Orleans.

32. FAIR VALUE ADJUSTMENTS

Breakdown of fair value adjustments		
Listed shares	**(14 513)**	(33 098)
Unlisted shares	**-**	27 684
	(14 513)	(5 414)

NOTES TO THE FINANCIAL STATEMENTS (continued)

33. PROFIT BEFORE TAX

Profit/(loss) before tax for the year is stated after charging (crediting) the following, amongst others:

Employee costs

	2019 R'000	2018 R'000
Salaries, wages, bonuses and other benefits	547 117	161 243
Total employee costs	**547 117**	**161 243**
Less: Employee costs included in cost of merchandise sold and inventories	(166 180)	(63 495)
Total employee costs expensed	**380 937**	**97 748**

34. INVESTMENT INCOME

Interest income
From investments in financial assets:

Bank and other cash	251 098	32 447
Trade and other receivables	3	-
Other interest	6 477	974
Total investment income	**257 578**	**33 421**

35. FINANCE COSTS

Group companies	1 551	-
Shareholders	981	848
		743
Financial liabilities	12 157	21 241
Bank charges	14 989	7 823
Late payment of tax	872	125
Debtors financing cost	2 869	
Other interest paid	980	59
Total finance costs	**34 399**	**30 839**

36. TAXATION

Major components of the tax (income) expense
Current

Local income tax - current period	107 854	33 298
Local income tax - recognised in current tax for prior periods	655	536
Dividends tax	66	
	108 575	33 834

NOTES TO THE FINANCIAL STATEMENTS (continued)

Deferred

	2019 R'000	2018 R'000
Originating and reversing temporary differences	**(1 108 972)**	1 028 955
Changes in tax rate	**(51)**	-
Arising from previously unrecognised tax loss / tax credit / temporary difference	**177**	-
Leave pay	**79**	-
Provisions	**2 825**	-
Leases	**7**	-
Wear and tear	**790**	-
Benefit of unrecognised tax loss	**409**	-
Other	**168**	-
Total	**1 105 416**	**1 028 955**

Reconciliation of the tax expense

Reconciliation between applicable tax rate and average effective tax rate.

Applicable tax rate	**0.28**	0.28
Effect on associate profit or loss	**0.01**	(0.96)
value adjustments	**-**	0.02
Investment revenue	**-**	(0.52)
Net impairments	**-**	2.20
Legal fees	**(0.01)**	0.08
Donation and social corporate investment	**0.00**	0.05
Consulting fees	**0.01**	0.10
Deemed disposal subsidiaries	**(0.82)**	(11.30)
Fines and charges	**0.00**	0.01
Interest - SARS	**(0.01)**	-
Learnerships	**0.14**	-
Caital gains	**(0.01)**	-
Dividends	**0.02**	-
Amount per income tax note	**(41.73)**	**17.68**

NOTES TO THE FINANCIAL STATEMENTS (continued)

37. EARNINGS PER SHARE

Basic earnings per share

		2019 Gross R'000	2019 Net R'000	2018 Gross R'000	2018 Net R'000
Earnings attributable to ordinary equity holders of the parent entity	IAS 33	-	1 493 605		4 908 218
Discontinued operations		-	-		83 846
Net earnings		-	1 493 605		4 992 064
Earnings attributable to ordinary equity holders of the parent		-	1 493 605		4 992 064
Reversal of impairment of intangible assets	IAS 38	80 265	52 022	132 812	95 624
Gain on disposal of associate	IAS 28	-	-	(1 491)	(1 491)
(Gain)/ loss on disposal of subsidiary		1 345	1 345	1 985	1 985
(Loss) / gain on deemed disposal of associate	IFRS 10	2 480 713	2 480 713	(6 049 029)	(4 983 624)
Deferred tax effect on deemed disposal of associate	IAS12		555 769		
Gain on bargain purchase	IFRS 10	-	-	(952)	(952)
Loss on disposals of property, plant and equipment.	IAS 16	1 303	938	4 918	3 541
Impairment of goodwill	IFRS 3	9 920	9 920	11 937	11 937
Headline earnings		-	495 565	-	119 085
Continued operations		-	495 565	-	34 745
Discontinued operations		-	-	-	84 340
Weighted average number of shares ('000)			491 178		491 339
Fully diluted weighted average number of shares (R'000)			491 178		491 339
Basic earnings and diluted earnings per share(cents)		-	304,09	-	1 016,01
Continuing operations		-	304,09	-	998.95
Discontinued operations		-	-	-	17.06
Headlines earnings and diluted earnings per share (cents)		-	100,89	-	24,24
Continuing operations		-	100,89	-	7,07
Discontinued operations		-	-	-	17,17

NOTES TO THE FINANCIAL STATEMENTS (continued)

38. CASH GENERATED FROM/(USED IN) OPERATIONS

	2019 R'000	2018 R'000
(Loss)/profit before taxation	**(2 388 102)**	6 010 650
Adjustments for:		
Depreciation and amortisation	**99 200**	25 517
Losses on disposals of assets	**46 739**	266
Gains on foreign exchange	**(931)**	(420)
Income from equity accounted investments	**(63 634)**	(57 914)
Dividend income	**(24 844)**	(31 434)
Interest income	**(257 579)**	(33 421)
Finance costs	**34 399**	31 217
Fair value losses pertaining to loss on deemed disposal and financial assets	**14 513**	5 414
Other operating gains / losses	**43 358**	
Gain on bargain purchase in a business combination	**-**	(952)
Impairment losses and reversals	**83 596**	140 319
Movements in operating lease assets and accruals	**63**	(1 268)
Movements in provisions	**(4 305)**	3 962
(Gain)/loss on disposal of business and subsidiary	**2 480 713**	1 491
Loss on disposal of subsidiary	**-**	(1 985)
Deemed disposal of subsidiary	**-**	(6 049 029)
Profit before tax of discontinued operation	**-**	208 671
Share-based payment transaction	**-**	11 808
Inventories	**8 099**	20 640
Trade and other receivables	**(61 487)**	(133 532)
Prepayments	**-**	1 659
Biological assets	**(8 758)**	(13 569)
Trade and other payables	**(3 825)**	36 173
Deferred income	**2 091**	-
	(693)	**174 263**

39. TAX (PAID) REFUNDED

	2019 R'000	2018 R'000
Balance at beginning of the year	**(19 801)**	(30 915)
Current tax for the year recognised in profit or loss	**(108 575)**	(68 067)
Adjustment in respect of businesses sold and acquired during the year	**6 755**	2 094
including exchange rate movements	**8 497**	19 801
Balance at end of the year	**(113 124)**	**(77 087)**

40. RELATED PARTIES

Relationships

Holding company	Sekunjalo Investment Holdings (Pty) Ltd
Subsidiaries	Refer to note 44, 45 and 46
Joint arrangements	Refer to note 7
Associates	Refer to note 6
Associate of close family member of key management (common controlled entity)	Cape Sunset Villas
	Sekunjalo Development Foundation
	The Surve Family Foundation
	Independent Newspapers Foundation
	African News Agency (Pty) Ltd
	Independent News and Media (Pty) Ltd
	Sekunjalo Capital Pty Ltd
	3 Laws Capital (Pty) Ltd

NOTES TO THE FINANCIAL STATEMENTS (continued)

Members of key management personnel:

Key management personnel include the members of the Board, members of the Group, executive committee, business executives and managers. Non-executive directors are included in the definition of key management personnel as well as any close family members of such persons and any entity over which key management exercise control, joint control or significant influence.

Related Party Balances	2019 R'000	2018 R'000
Loans		
Bloudam Joint Venture	**2 147**	1 635
Premier Seacat Joint Venture	**1 891**	2 053
Key Management	**1 258**	110
Digital Health Africa (Pty) Ltd	**168**	168
Tamlalor (Pty) Ltd	**103 027**	-
Sekunjalo Investment Holdings (Pty) Ltd	**11 706**	10 199
Trade Receivables/Payables		
Key Management	**108**	-
4 Plus Technology Venture Fund Africa (Pty) Ltd	**529**	-
African News Agency (Pty) Ltd	**(175)**	-
African News Agency (Pty) Ltd	**39**	18
ANA Publishing	**(1)**	7
AYO Technology Solutions Ltd	**-**	4
BCP Hake Joint Venture	**6 028**	5 527
BT Communications Services South Africa Proprietary Limited	**27 360**	37 158
Cape Sunset Villas CC	**(718)**	(333)
Independent Newspapers And Media (Pty) Ltd	**4 504**	2
Independent Newspapers And Media (Pty) Ltd	**(6 931)**	-
Independent Newspapers (Pty) Ltd	**929**	1 054
Independent Newspapers (Pty) Ltd	**(133)**	(120)
Independent Online Property	**2**	112
Insights Publishing (Pty) Ltd	**-**	32
Premier Seacat Joint Venture	**-**	11
Sekunjalo Investment Holdings (Pty) Ltd	**(6)**	(6)
Sekunjalo Investments Holdings (Pty) Ltd	**1 327**	21
Related Party Transactions		
Independent News And Media (Pty) Ltd	**-**	244
Other Income/Expenses		
3 Laws Capital (Pty) Ltd	**6 242**	1 263
African News Agency Pictures (Pty) Ltd	**28**	-
AYO Technology Solutions Ltd	**-**	(64 903)
BCP Hake Joint Venture	**397**	766
BT Communications Services South Africa	**302 914**	37 633
Independent News And Media (Pty) Ltd	**3 175**	-
Insights Publishing (Pty) Ltd	**(17)**	-

NOTES TO THE FINANCIAL STATEMENTS (continued)

Premier Seacat Joint Venture	**439**	495
Sekunjalo Properties (Pty) Ltd	**950**	-
Interest		
AYO Technology Solutions Ltd	**-**	766
3 Laws Capital (Pty) Ltd	**7 977**	18 827
Key Management	**4**	1
Sekunjalo Investment Holdings (Pty) Ltd	**1 036**	793
Tamlalor (Pty) Ltd	**4 605**	-
Other Transactions With Related Parties		
Sekunjalo Investment Holdings	**-21**	(768)
African News Agency (Pty) Ltd	**(16 153)**	-
African News Agency (Pty) Ltd	**215**	178
ANA Publishing (Pty) Ltd	**153**	68
Cape Sunset Villas CC	**-708**	(625)
Independent News And Media (Pty) Ltd	**(15 206)**	-
Independent News And Media (Pty) Ltd	**3 192**	29
Independent Newspapers (Pty) Ltd	**3 569**	859
Independent Newspapers (Pty) Ltd	**(1 397)**	(334)
Independent Newspapers And Media	**(5 178)**	(15 331)
Independent Newspapers And Media	**298**	4 757
Independent Online Property Joint Venture	**21**	24
Sagarmatha Technologies (Pty) Ltd	**-**	(1)
Sekpharma (Pty) Ltd	**1**	4
Sekunjalo Development Foundation	**(36)**	(155)
Sekunjalo Investment Holdings	**(2 674)**	(2 020)

Related party balances

Loan accounts - Owing (to) by related parties

	2019 R'000	2018 R'000
Sekunjalo Investment Holdings (Pty) Ltd	**11 706**	10 199
Amounts included in trade receivabales (payables) regarding related parties		
Independent Newspapers (Pty) Ltd	**(133)**	(120)
Sekunjalo Investment Holdings (Pty) Ltd	**(6)**	(6)
Independent Newspapers (Pty) Ltd	**4**	6
Sekunjalo investments holdings (Pty) Ltd	**45**	20
Independent news and media (Pty) Ltd	**4 145**	-
Sekunjalo investments holdings (Pty) Ltd	**1 281**	-
African News Agency (Pty) Ltd	**(175)**	-
Independent News and Media (Pty) Ltd	**(6 931)**	-
Independent Newspapers (Pty) Ltd	**710**	833
African News Agency (Pty) Ltd	**39**	18
ANA Publishing	**(1)**	7
Cape Sunset Villas CC	**(718)**	(333)

NOTES TO THE FINANCIAL STATEMENTS (continued)

Independent Newspapers and Media (Pty) Ltd	**359**	2
Independent online property	**2**	112
Sekunjalo investments holdings (Pty) Ltd	**1**	1
AYO Technology Solutions Ltd	**-**	4
Related party transactions		
Interest paid to / (received from) related parties		
Sekinvestment holdings (Pty) Ltd	**1 036**	793
Other transactions with related parties		
Sekunjalo Investment Holdings	**(21)**	(768)
Sekunjalo Investment Holdings	**-**	(884)
Independent Newspapers (Pty) Ltd	**394**	859
Independent Newspapers (Pty) Ltd	**(238)**	(334)
Sekunjalo Development Foundation	**(36)**	(155)
Sekunjalo Investment Holdings	**(1 136)**	(543)
Independent Newspapers and Media	**(4 934)**	(11 509)
Sekunjalo Investment Holdings	**(1 538)**	-
African News Agency (Pty) Ltd	**(10 771)**	-
African News Agency (Pty) Ltd	**(5 376)**	-
Independent News and Media (Pty) Ltd	**(15 134)**	-
Independent Newspapers (Pty) Ltd	**3 175**	-
Independent News and Media (Pty) Ltd	**3 175**	-
Independent Newspapers (Pty) Ltd	**(904)**	-
African News Agency (Pty) Ltd	**(6)**	-
Independent News and Media (Pty) Ltd	**(72)**	-
Independent Newspapers (Pty) Ltd	**(255)**	-
Independent Newspapers and Media	**-**	4 423
Independent Newspapers and Media	**(244)**	(3 822)
Independent Online Property Joint Venture	**21**	24
Sekpharma (Pty) Ltd	**1**	4
Independent News and Media (Pty) Ltd	**17**	29
African News Agency (Pty) Ltd	**215**	178
Sagarmatha Technologies (Pty) Ltd	**-**	(1)
ANA Publishing (Pty) Ltd	**39**	67
Independent Newspapers and Media	**298**	334
ANA Publishing (Pty) Ltd	**114**	1
Cape Sunset Villas CC	**(708)**	(625)

41. DIRECTORS' EMOLUMENTS

Executive

2019

	Emoluments R'000	Bonus R'000	Provident fund R'000	Expense Allowance R'000	Total R'000
K Abdulla	3 845	3 274	521	76	7 716
C Ah Sing	1 470	334	199	22	2 025
CF Hendricks	446	257	89	9	801
AM Salie	802	491	108	14	1 415
	6 563	**4 356**	**917**	**121**	**11 957**

NOTES TO THE FINANCIAL STATEMENTS (continued)

2018

	Emoluments R'000	Bonus R'000	Provident fund R'000	Expense Allowance R'000	Total R'000
K Abdulla	3 209	2 400	391	60	6 060
C Ah Sing	1 210	245	171	18	1 644
CF Hendricks	899	412	189	17	1 517
AM Salie	1 687	814	218	28	2 747
	7 005	**3 871**	**969**	**123**	**11 968**

Service contracts

Non-executive

2019

	Directors' fees R'000	Directors' fees for services as directors' of subsidiaries R'000	Total R'000
Reverend Dr VC Mehana	265	186	451
JM Gaomab	95	-	95
AB Amod	212	957	1 169
I Amod	-	1 187	1 187
Adv Dr NA Ramathlodi	227	400	627
	799	**2 730**	**3 529**

2018

	Directors' fees R'000	Directors' fees for services as directors' of subsidiaries R'000	Total R'000
Reverend Dr VC Mehana	425	-	425
S Young	364	-	364
JM Gaomab	212	-	212
AB Amod	852	-	852
Adv Dr NA Ramathlodi	106	-	106

**Reverend Dr VC Mehana's remuneration reflects his time served on the Board from 1 September 2018 to 14 March 2019.

Mr TT Hove and Ms Z Barends waived their non-executive fees for their time served on the Board, from 1 September 2018 to 18 January 2019.

Mr Amod waived his non-executive fees for the time he served on the AEEI Board from 21 January 2019 to 31 August 2019. He serves on AYO Board from 21 January 2019 as a non-executive director and received consulting fees for the services rendered to a group subsidiary.

Mr G Colbie and Ms MG Mosia waived their non-executive fees.

42. RISK MANAGEMENT

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 to reduce the cost of capital.

The capital structure of the group consists of debt, which includes the borrowings (excluding derivative financial liabilities) disclosed in note 19 cash and cash equivalents disclosed in note 16, and equity as disclosed in the consolidated 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 sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio.

NOTES TO THE FINANCIAL STATEMENTS (continued)

The Group manages its capital requirements by assessing shortfalls between reported and required capital levels on a regular basis. Adjustments to current capital levels are made in light of changes in economic conditions and risk characteristics of the Group's activities.

Financial risk management

The Group's activities expose it to several financial risks. The Group has trade receivables, cash and cash equivalents, investments and loans receivable which give rise to credit risk and interest rate risk. The Group has trade payables, financial lease liabilities, bank overdraft, financial guarantees and contingent consideration liabilities give rise to liquidity risk and interest rate risk. The Group also has trade receivables and trade payables 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 ensuring that there are enough available cash resources and obtaining credit facilities from banks to ensure that the Group has adequate cash to settle its commitments when they become due.

The Group has undrawn overdraft facilities with ABSA, FNB, Nedbank and Sasfin. Refer to cash and cash equivalent note disclosure (note 16) for further breakdown of all the undrawn facilities.

The Group's overdraft facilities are renewable on a yearly basis at various dates during the calendar year

Maturity profiles

The table below summarises the maturity profile of the financial liabilities of the Group. The amounts disclosed are the remaining undiscounted contractual cash outflows and therefore differ with the carrying amounts or fair value.

Group

At 31 August 2019	Up to 1 year R'000	2 to 5 years R'000	Total R'000
Bank overdraft	41 417	-	41 417
Trade and other payables	550 681	-	550 681
Other financial liabilities	55 194	71 105	126 298
Fiinance lease liability	2 853	12 683	15 563

At 31 August 2018	Up to 1 year R'000	2 to 5 years R'000	Total R'000
Bank overdraft	35 783	-	35 783
Trade and other payables	105 993	-	105 993
Other financial liabilities	18 328	208 392	226 720

AYO has provided an unlimited guarantee for AEEI's revolving credit facility held with Investec Bank Limited ("Investec"). At 31 August 2019 the amount owing by AEEI to ABSA on the overdraft facility was R9,4million (2018: R3,5 million). At 31 August 2019 the amount owing by AEEI to Investec on the revolving credit facility was R30.9 million (2018: R32 million).

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) and inflation on biological assets.

The following policies and procedures are in place to mitigate the Company's exposure to market risk:

NOTES TO THE FINANCIAL STATEMENTS (continued)

A Group market risk policy sets out the assessment and determination of what constitutes market risk for the Group. Continuous monitoring takes place to ensure that appropriate assets are held where the liabilities are dependent upon the performance of specific portfolios of assets and that a suitable match of assets exists for all non-linked liabilities. Limits are applied in respect of the exposure to asset classes and individual counters.

Compliance with the policy is monitored and exposures and breaches are reported.

Risk from biological assets

The Group is exposed to financial risks arising from diseases that may affect the abalone. Sufficient insurance cover is taken out to minimise any losses in the event of the above occurring.

Interest rate risk

Interest rate risk is the risk that the value or 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 has no significant concentration of interest rate risk and therefore has not hedged against changes in the prime rate.

At 31 August 2019, if interest rates had been 0.1% higher/lower with all other variables held constant, post-tax profit for the year would have been R3 052 000 (2018: R3 354 000) lower/higher.

The following table shows the impact on the Group's profit after tax if the interest rates were 0.1% higher or lower as at the reporting date:

	2019 R'000	2018 R'000
Increase of 0.1%	**2 231**	3 343
Decrease of 0.1%	**(2231)**	(3 354)

Inflation

The current assumed level of future expense growth rate of 4.5%, after adjusting for internal and external factors, is based on the Reserve Bank's long-term inflation target of between 3% and 6%.

Foreign exchange risk

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to

the US dollar and the Euro. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations

The Group does not hedge foreign exchange fluctuations.

At 31 August 2019, if the currency had been 10% higher or lower against the US dollar with all other variables held constant, post-tax profit for the year would have been R4 881 000 (2018:R1 564 288) higher or lower, mainly as a result of foreign exchange gains/losses on translation of US dollar-denominated trade receivables, financial assets at fair value through profit or loss.

Profit is more sensitive to movement in rand/US dollar exchange rates in 2019 than 2018 because of the increased amount of US dollar-denominated sales.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Foreign currency exposure at the statement of financial position date

	2019 R'000	2018 R'000
Current assets		
Trade debtors, USD	678	1 504
Trade debtors, EUR	-	2 528
Cash and cash equivalents,USD	680 305	1 114
Cash and cash equivalents, (Rupees)Rs	130 583	10
Liabilities		
Trade payables USD	529	17 176
Trade payables EUR	223	-

Exchange rates used for conversion of foreign items were:

USD	15.17
GBP	18.45
Euro	16.68

The Group reviews its foreign currency exposure, including commitments on an ongoing basis.

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

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 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.

Generally, the Group does not require collateral or other securities for trade receivables.

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.

The Group assesses the trading performance of counterparties 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.

Impairment of financial assets

The Group has the following financial assets that are subject to expected credit loss model:

Trade receivables-refer to note 15

Loans receivables- refer to note 9

Cash and cash equivalent- the identified impairment is immaterial

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2019

43. GROUP SEGMENTAL REPORT – 2019 SEGMENTAL INFORMATION LOOK AT SEGMENTAL IN SEPARATE DISCLOSURE

	Fishing and brands R'000	Tech-nology R'000	Tele-communi-cations R'000	Combined technology and tele-communi-cation R'000	Health and beauty R'000	Biotech-nology R'000	Events and tourism R'000	Corporate R'000	Group R'000
Revenue	575 007	1 663 465	-	1 663 465	42 311	-	103 363	249 484	2 633 630
External sales	573 986	1 640 903	-	1 640 903	42 219	-	79 718	40 542	2 377 368
Intergroup sales	1 021	22 562	-	22 562	92	-	23 645	208 942	256 262
Segment results:									
Profit/(loss) before tax	101 257	123 839	-	123 839	1 057	(67 771)	(42 341)	(2 504 143)	(2 388 104)
Included in the segment results:									
Net (impairments)/impairment reversals and write offs	-	(21 529)	-	(21 529)	-	(60 644)	-	(400)	(82 573)
Depreciation and amortisation	(10 761)	(59 027)	-	(59 027)	(211)	(2 163)	(163)	(1 376)	(73 701)
Fair value adjustments	-	(43 358)	-	(43 358)	-	-	38	(14 551)	(57 871)
Loss on deemed disposal of associate	-	-	-	-	-	-	-	(2 480 713)	(2 480 713)
Non-current assets	515 203	675 047	-	675 047	40 131	163 683	15 396	1 092 075	2 501 535
Current assets	417 467	4 481 802	-	4 481 802	20 546	1 131	7 829	24 002	4 952 776
Non-current liabilities	133 579	56 238	-	56 239	9 504	-	-	84 306	283 627
Current liabilities	80 592	596 238		596 238	7 520	3 240	16 652	62 752	766 992
Profits/(loss) from associates		38 970	24 664	63 634					63 634
Capital expenditure	126 372	24 573	-	24 573	36		81	591	151 654

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2019

Group segmental report – 2018

	Fishing and brands R'000	Tech-nology R'000	Tele-communi-cations R'000	Combined technology and tele-communi-cation R'000	Health and beauty R'000	Biotech-nology R'000	Events and tourism R'000	Corporate R'000	Food R'000	Combined corporate and Strategic invest-ments R'000	Group R'000
Revenue	490 870	-	-	-	46 961	-	123 716	110 625	6 661	117 286	778 833
External sales	490 859	-	-	-	46 961	-	121 576	34 634	6 661	41 295	700 691
Intergroup sales	11	-	-	-	-	-	2 140	75 991	-	75 991	78 142
Segment results:											
Profit/(loss) before tax	92 588	-	57 905	57 905	4 777	(153 285)	(6 321)	6 052 154	(37 168)	6 014 986	6 010 650
Discontinued operations	-	159 533	-	159 533	-	-	-	-	-	-	159 533
Included in the segment results:											
Net (impairments)/ impairment reversals and write offs	-	-	-	-	(3)	(139 791)	-	(525)	-	(525)	(140 319)
Depreciation and amortisation	(14 685)	-	-	-	(198)	(2 226)	(211)	(2 658)	-	(2 658)	(19 978)
Gain on bargain purchase	-	-	-	-	-	-	-	-	-	-	-
Gain on disposal of subsidiaries/business	-	-	-	-	-	-	-	6 049 029	-	6 049 029	6 049 029
Fair value adjustments	-	-	-	-	-	-	-	28 357	(33 771)	(5 414)	(5 414)
Non-current assets	434 949	-	819 726	819 726	40 598	204 322	11 228	5 019 005	175 323	5 194 328	6 705 151
Current assets	614 575	-	20	20	19 775	(1 530)	17 611	6 568	106	6 674	657 125
Non-current liabilities	130 802	-	-	-	10 479	55 111	2 854	1 158 102	129 514	1 287 616	1 486 862
Current liabilities	147 744	-	24	24	8 595	746	11 393	41 863	-	41 863	210 365
Profit from associates	-	-	57 914	57 914	-	-	-	-	-	-	57 914
Capital expenditure	116 400	-	-	-	-	-	70	224	-	224	116 694

Notes

The events and tourism division excludes Magic 828 (Pty) Ltd (Magic828), as the company was managed under the corporate office for the financial year under review. During the year, management assessed the above segments' profits/losses using profit before tax as a result of the Group moving towards becoming an investment entity whereby both subsidiaries and equity accounted investments are being assessed.

NOTES TO THE FINANCIAL STATEMENTS (continued)

44. INFORMATION ON JOINT ARRANGEMENTS

The Premier – BCP Hake Joint Venture is a jointly controlled operation with Blue Continental Products (Pty) Ltd. The operation is engaged in the catching, processing and marketing of Premier Fishing SA (Pty) Ltd'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 (Pty) Ltd. Premier Fishing SA (Pty) Ltd and Seacat Fishing (Pty) Ltd 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 (Pty) Ltd owns a share in a fishing vessel with external quota holders. The fishing vessel catches west coast rock lobster on behalf of Premier Fishing SA (Pty) Ltd and the external quota holders.

Premier Select (Pty) Ltd is a joint venture in which Premier Fishing owns a 50% equity share and was incorporated and operates principally in South Africa. The investment in joint venture is measured using the equity method.

Exaro HST Limited is jointly controlled and operates principally in West Africa. The investment in the joint venture is measured using the equity method.

Digital Health Africa (Pty) Ltd is a jointly controlled entity and is not operational.

Tamlalor (Pty) Ltd is a jointly controlled entity which has been formed to invest in disruptive financial services technology as part of AYO's (go-to-market) strategy. Tamlalor is jointly managed by AYO, Bambelela and Vunani Capital. AYO provided the venture with a loan of R100m for the Fintech Fund and the full details of the loan are provided on note 8.

45. INVESTMENTS IN ASSOCIATES

2019

Name of associate	Date of acquisition	Effective % held	Nature of business
BT Communication Services South Africa (Pty) Ltd	27 November 2016	30.00	Telecommunications

2018

Name of associate	Date of acquisition	Effective % held	Nature of business
BT Communication Services South Africa (Pty) Ltd	27 November 2016	30.00	Telecommunications
AYO Technologies Solutions Ltd	24 August 2018	49.36	Information Technology

BT Communication Services South Africa (Pty) Ltd is a company incorporated and operates in South Africa. The investment in associate is measured using the equity method. The summarised information presented above reflects the financial statements of the associates.

NOTES TO THE FINANCIAL STATEMENTS (continued)

46. INFORMATION ON SUBSIDIARIES

	Effective % held	Effective % held	Nature of business
4 Plus Technology Vnture Fund Africa (Pty) Ltd	100	49.36	Information technology
Acacia Cloud Solutions (Pty) Ltd	100	49.36	Information technology
AEEI Asset Managements (Pty) Ltd	100	100	Dormant
AEEI Corporate Finance (Pty) Ltd	100	100	Financial advisory
AEEI Financial Services (Pty) Ltd	100	100	Dormant
AEEI Health and Biotherapeutics (Pty) Ltd	100	100	Dormant
AEEI Investments (Pty) Ltd	100	100	Dormant
AEEI Marine and Fishing (Pty) Ltd	100	100	Dormant
AEEI Properties (Pty) Ltd	100	100	Properties
AEEI Strategic Investments (Pty) Ltd	100	100	Dormant
AEEI Technology Solutions Ltd	100	100	Dormant
African Biotechnological and Medical Innovations Investments (Pty) Ltd	100	100	Biotechnology investments
Afrinat (Pty) Ltd (previously known as Wynberg Pharmaceuticals (Pty) Ltd)	100	100	Health
AYO Technology Solutions Ltd	49.36	49.36	IT investment
Bioclones (Pty) Ltd	100	100	Biotechnology investments
Bowwood and Main No. 180 (Pty) Ltd	60	60	Investment holding
Business Venture Investment No 1581 (Pty) Ltd	100	100	Investments in food
Events and Tourism (Pty) Ltd	100	100	Events
Kilomax (Pty) Ltd	100	100	Investment in telecommunication
Magic 828 (Pty) Ltd	60	60	Radio Station
Mainstreet 1653(Pty) Ltd	60	80	Investent holding
Opispex (Pty) Ltd	65	65	Leasing of broadcast and studio equipment
Orleans Cosmetics (Pty) Ltd	90	90	Health and beauty
Sekunjalo Empowerment Fund (Pty) Ltd	100	100	Empowerment initiatives
Sekunjalo Enterprise Development (Pty) Ltd	100	100	Enterprise development initiatives
Software Tech Holdings (Pty) Ltd (previously Saratoga Software (Pty) Ltd)	42,59	21,02	Information technology
South Atlantic Jazz Festival (Pty) Ltd	100	100	Media
Tripos Travel (Pty) Ltd	100	100	Travel
Tsharanang Media (Pty) Ltd	100	100	Dormant
Zaloserve (Pty) Ltd	55	30,25	Information technology

NOTES TO THE FINANCIAL STATEMENTS (continued)

47. FINANCIAL ASSETS BY CATEGORY

Financial assets exposed to credit risk at period end were as follows:

	2019 R'000	2018 R'000
Other financial assets	**583 066**	431 713
Trade and other receivables	**715 745**	164 157
Finance lease receivables	**1 019**	
Cash and cash equivalents	**3 877 914**	362 718

The accounting policies for financial instruments have been applied to the line items below:

Group - 2019

	At amortised cost R'000	Fair value through profit or loss - designated R'000	Total R'000
Trade and other receivables	715 145	-	715 145
Other financial assets	611	582 455	583 066
Cash and cash equivalents	3 877 914	-	3 877 914
	4 593 670	**582 455**	**5 176 125**

Group - 2018

	At amortised cost R'000	Fair value through profit or loss - designated R'000	Total R'000
Other financial assets	419 905	-	419 905
Trade and other receivables	164 157	-	164 157
Cash and cash equivalents	362 718	-	362 718
Other loans receivable	11 808	-	11 808
	538 683	**419 905**	**958 588**

	At amortised cost R'000	Total R'000
Other financial liabilities	87 799	87 799
Trade and other payables	541 647	541 647
Bank overdraft	41 417	41 417
	670 863	**670 863**

Group - 2018

	At amortised cost R'000	Total R'000
Other financial liabilities	226 720	226 720
Trade and other payables	105 993	105 993
Bank overdraft	35 783	35 783
	368 496	**368 496**

NOTES TO THE FINANCIAL STATEMENTS (continued)

48. COMMITMENTS

Authorised capital expenditure already contracted for but not provided for

	2019 R'000	2018 R'000
Authorised by directors and not yet contracted for	**40 000**	101 757

This committed expenditure relates to the abalone farm expansion and will be financed by available finance resources

Operating leases - as lessee (expense)

Smoothed lease payments due

	2019 R'000	2018 R'000
- within one year	**14 303**	995
- in second to fifth year inclusive	**49 407**	2 170
- later than five years	**33 783**	-
	97 494	**3 165**

Minimum lease payments due

Minimum lease payments due

	2019 R'000	2018 R'000
- within one year	**11 579**	1 045
- in second to fifth year inclusive	**46 655**	2 522
- later than five years	**41 714**	-

The fishing and brands division rents all its premises from V&A Waterfront and the Department of Public Works in terms of operating leases. One lease agreement with V& A Waterfront is at South Arm No3 South Arm Road and exists for a period of 10 years beginning 1 March 2019. The other agreement is for Waterway House and is for a period of five years commencing 1 September 2018. The lease contract with the Departments of Public Works is for a period of nine years and 11 months.

The operating lease payments of technology dvision represent rentals payable by the company for certain of its office properties. Leases are negotiated for an average term of seven years and rentals are fixed for an average of three years. No contingent rent is payable.

NOTES TO THE FINANCIAL STATEMENTS (continued)

49. BUSINESS COMBINATIONS

AYO Technology Solutions Ltd

On 21 December 2018, the Group regained control over AYO as defined by IFRS 10, and subsequently consolidated AYO from the date of control. The change in control stemmed from AEEI's ability to direct the relevant activities of AYO as a result of the AYO board changes on 21 December 2018 based on the IFRS 10 control assessment. AEEI's investment in AYO was previously classified as an associate.

The fair values of the identifiable assets and liabilities are shown below:

Fair value of assets acquired and liabilities assumed

	2019 R'000	2018 R'000
Property, plant and equipment	96 864	-
Goodwill	105 704	-
Intangible Assets	107 526	-
Investments in joint ventures	33	-
Other financial assets	1 072 534	-
Other loans	9 236	
Finance lease receivables	8 155	-
Deferred tax	-	-
Inventories	107 563	-
Trade and other receivables	317 258	-
Current tax receivable	677	-
Cash and cash equivalents	3 375 649	-
Other financial liabilities	(237 577)	-
Provisions	(13 809)	-
Trade and other payables	(349 518)	-
Current tax payable	(8 230)	-
Bank overdraft	(531)	-
Total identifiable net assets	**4 591 534**	-
Non-controlling interest	(2 325 153)	-
Fair value of previously held interest	(2 266 381)	-
Net cash (outflow)/inflow on acquisition date	**3 375 118**	
Cash consideration paid	-	
Cash acquired	3 375 118	

Non-controlling interest

Non-controlling interest, which is a present ownership interest, and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation, is measured at the present ownership interests proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair values.

Acquisition date fair value of consideration paid

No consideration was issued as this was a deemed acquisition.

Equity issued as part of consideration paid

No equity was issued as this was a deemed disposal acquisition.

Contingent consideration arrangements

There were no contingent consideration arrangements as this was a deemed acquisition.

Receivables acquired

The fair value of the acquired trade receivables was presented at fair value after assessing the non collectable portion at acquisition date.

Acquisition related costs

There were no acquisition related costs or consideration paid as this was a deemed acquisition.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Gain/ (loss) on acquisition

A loss of R 2 480 713 was recognised on the deemed disposal. The loss has been included in the loss on deemed disposal of associates in the statement of profit or loss and other comprehensive income.

AYO Technology Solutions

Revenue of R 1 623 815 450 and profit before tax of R123 840 have been included in the Group's results since the date of acquisition.

Global Command and Control Technologies (Pty) Ltd

On 13 December 2018, the Group acquired an effective 88% shareholding in Global Command and Control Technologies Proprietary Limited (GC2T) and gained control over the company as per IFRS 10 assessment.

GC2T is a leading technology provider for enabled awareness solutions across the comercial, security and military domains for the last 20 years. Solutions include asset and force tracking across the globe (land, air or maritime) intergrated situational awareness pictures to support managers,leaders and commanders to make informed and timeous decisions; constructive simulation technolgy to do planning, optimisation andrehearsal from ground level to mission Headquarters, Operation centers and War Rooms.

Fair value of assets acquired and liabilities assumed

	2019 R'000
Property, plant and equipment	7 155
Intangible assets	1 744
Inventories	16 166
Trade and other receivables	12 717
Other financial liabilities	(3 012)
Trade and other payables	(9 957)
Total identifable net assets	24 813
Non-controlling interest	(3 016)
Goodwill	1 271
Total	23 070
Consideration paid	23 070
Cash	23 070
Net cash (outflow)/inflow on acquisition date	(23 070)
Cash consideration paid	(23 070)

Non-controlling interest

Non-controlling interest, which is a present ownership interest, and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation, is measured at the present ownership interests proportionate share of the acquiree's identifiable net assets. There are no other components of non-controlling interests.

Revenue and profit or loss of Global Command and Control Technologies (Pty) Ltd

Revenue of R 25 354 745 and profit of R 6 323 418 have been included in the Group's results since the date of acquisition.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Mainstreet 1653 (Pty) Ltd

On 9 February 2019, the Group concluded the acquisition of an effective 80% equity interest in SGT Solutions Proprietary Limited ("SGT Solutions") via a special purpose vehicle Mainstreet 1653 Proprietary Limited ("Mainstreet") that in turn holds the entire equity interest in SGT Solutions Proprietary Limited. Although AYO only has a 40% equity interest and AEEI 60% it has been determined that AYO controls Mainstreet, in terms of IFRS 10 Business Combinations. SGT Solutions is a turnkey solutions integrator specialising in the design, supply, deployment, commissioning and maintenance of multi - technology telecommunication systems for mobile broadband and converged solutions, through partnerships with its customers and technology providers. SGT Solutions specialises in integrated, leading-edge and comprehensive solutions across the entire spectrum of telecommunications. SGT Solutions has been operating in South Africa for the past 14 years.

Fair value of assets acquired and liabilities assumed

	2019 R'000
Property, plant and equipment	3 075
Intangible assets	7 098
Deferred tax	18 018
Inventories	50 321
Trade and other receivables	51 225
Current tax receivable	765
Cash and cash equivalents	38 135
Other financial liabilities	(3 814)
Provisions	(15 530)
Trade and other payables	(81 517)
Total identifiable net assets	67 776
Non-controlling interest	(13 729)
Goodwill	35 836
Total	89 883
Consideration paid	89 883
Cash	60 000
Present value of contingent consideration	29 883
Net cash (outflow)/inflow on acquisition date	(21 865)
Cash consideration paid	(60 000)
Cash acquired	38 135

Non-controlling interest

Non-controlling interest, which is a present ownership interest, and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation, is measured at the present ownership interests proportionate share of the acquiree's identifiable net assets. There are no other components of non-controlling interests.

Contingent consideration arrangements

The contingent consideration arrangement for SGT Solutions requires AYO and AEEI to pay the former owners of SGT Solutions for achieving certain earn-out targets for the 2020 and 2021 financial years, up to a maximum

NOTES TO THE FINANCIAL STATEMENTS (continued)

undiscounted amount of R20 million for each financial year.

The fair value of the contingent consideration arrangements was calculated as the present value of the future expected cash flows. The calculation was based on the assumption that the earn-out targets will be met based on the best available forecast information at acquisition date and were discounted at the weighted average cost of capital of the relevant subsidiary.

Receivables acquired

The fair value of the acquired trade receivables was presented at fair value after assessing the non collectable portion at acquisition date.

Revenue and profit or loss of Mainstreet 1653 Proprietary Limited

Revenue of R219 517 234 and profit of R19 545 688 have been included in the Group results since date of acquisition.

Group revenue and profit (loss) for full year

Had Mainstreet been consolidated from 1 September 2018 the revenue and profit after tax would have been R477 149 299 and R28 474 430 respectively.

50. FAIR VALUE INFORMATION

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 either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

The following table shows the carrying amounts and fair values of financial assets and non-financial assets measured at fair value, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Assets and Liabilities	Valuation Method R'000	Fair Value hierachy level R'000	2019 R'000	2018 R'000
Listed Investments		1	**22 847**	202 201
Unlisted Investments	Discounted cash flow	3	**246 338**	217 164
Financial instrument				
Financial assets				
Abalone	Fair value less cost to sell	3	**83 260**	68 021
Intangible assets acquired through business combinations	Discounted cash flow	3	**114 391**	40 268
Financial liabilities				
Contingent consideration liability	Discounted cash flow	3	**(44 977)**	-
Other financial liabilities	Discounted cash flow	3	**(39 297)**	
			382 562	**527 654**

The fair value adjustments are recognised directly in profit or loss.

The fair value of investments and contingent consideration liabilities is calculated using discounted cash flow. Key inputs used in measuring fair value of investments include projected financial forecasts, terminal growth rate and discount rate. Key inputs used in measuring fair value of contingent consideration liabilities include current forecasts of the extent to which management believe performance criteria will be met, discount rates reflecting the time value of money and contractually specified earn-out payments.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Levels of fair value measurements

Level 1

Recurring fair value measurements

Assets	Note(s)	2019 R'000	2018 R'000
Financial assets designated at fair value through profit (loss)	8		
Investment in listed public companies		22 847	202 201

Level 3

Recurring fair value measurements

Biological assets		
Abalone	83 260	68 021
Intangible assets acquired through business combinations		
Patents and trademarks	4 157	-
Licences and computer software	4 151	-
Software Development	7 344	17 028
Brands	12 829	15
Customer contracts and lists	76 034	-
Distribution rights	9 876	
Total intangible assets	114 391	17 043

	Note(s)	2019 R'000	2018 R'000
Financial assets designated at fair value through profit (loss)	8		
Listed shares		22 847	202 201
Investments in unlisted private companies		210 225	181 591
Investments in unlisted public companies		36 113	36 113
Total financial assets designated at fair value through profit (loss)		269 185	419 905
Other			
Loans and receivables		313 881	-
Liabilities			
Financial liabilities at fair value through profit (loss)	18		
Other financial liabilities		39 297	226 720
Contingent consideration liability		44 977	-
Total financial liabilities at fair value through profit (loss)		84 274	226 720

NOTES TO THE FINANCIAL STATEMENTS (continued)

Transfers of assets and liabilities within levels of the fair value hierarchy

Reconciliation of assets and liabilities measured at level 3

	Note(s)	Opening balance R'000	Gains (losses) recognised in profit (loss) R'000	Purchases R'000	Disposals R'000	Closing balance R'000
Group - 2019						
Assets						
Biological assets						
Biological assets		68 021	33 167	8 975	(26 903)	83 260
Intangible assets						
Licences and technologies		-	-	4 151	-	4 151
Brands		-	-	12 829	-	12 829
Software development		-	-	7 344	-	7 344
Customer lists		-	-	76 034	-	76 034
Patents and trademarks				4 157		4 157
Distribution rights				9 876		9 876
Total intangible assets		**-**	**-**	**114 391**	**-**	**114 391**
Financial assets designated at fair value through profit (loss)	8					
Listed shares		202 201	(4 034)	-	(175 320)	22 847
Investments in unlisted private companies		181 591	(4 915)	-	33 549	210 225
Investments in unlisted public		36 113	-	-	-	36 113
Total financial assets designated at fair value through profit (loss)		**419 905**	**(8 949)**	**-**	**(141 771)**	**269 185**
Other						
Loans and receivables		-	-	313 881	-	313 881

NOTES TO THE FINANCIAL STATEMENTS (continued)

Liabilities

	Note(s)	Opening balance R'000	Gains (losses) recognised in profit (loss) R'000	Purchases R'000	Disposals R'000	Closing balance R'000
Financial liabilities at fair value through profit (loss)	18					
Other financial liabilities		226 720	-	38 500	(225 923)	39 297
Contingent consideration liability		-	-	44 977	-	44 977
Total financial liabilities at fair value through profit (loss)		**226 720**	**-**	**83 477**	**(225 923)**	**84 274**

Group - 2018
Assets

	Note(s)	Opening balance R'000	Gains (losses) recognised in profit (loss) R'000	Purchases R'000	Disposals R'000	Closing balance R'000
Biological assets						
Abalone		54 323	35 508	520	(22 330)	68 021
Financial assets designated at fair value through profit (loss)	8					
Investments in unlisted public companies		164 995	16 803	540	(747)	181 591
Investments in listed public companies		25 231	10 882	-	-	36 113
Total financial assets designated at fair value through profit (loss)		**190 226**	**27 685**	**540**	**(747)**	**217 704**
Total		**244 549**	**63 193**	**1 060**	**(23 077)**	**285 725**

Financial Instruments measured at cost for which a fair value is disclosed

Financial assets that are not measured at fair value, namely trade and other receivables, cash and cash equivalents and loans receivable are categorised as loans and receivables. It has been concluded that the carrying amounts of these assets approximate their fair values. Refer to notes 10, 15 and 16.

Financial liabilities that are not measured at fair value, namely trade and other payables and other financial liabilities are categorised as other financial liabilities. It has been concluded that the carrying amount of these liabilities approximate their fair values. Refer to notes 20 and 24.

Information about valuation techniques and inputs used to derive level 3 fair values

The valuation method in other financial assets is determined by using the discounted cash flow technique. A capital asset pricing model is used in which the present value of the expected cash flows of the investment are determined.
The expected cash flows are determined by considering the current and planned operational activities of each investment.

Significant Assumptions	2019 R'000	2018 R'000
Weighted average cost of capital	**10% - 22.81%**	9.5%
Target debt/equity ratio	**0 - 70%**	65%
Beta	**1.2 - 1.23**	1.3%
Specific risk premium	**1% - 2%**	1%
Terminal growth rate	**2%**	2%

NOTES TO THE FINANCIAL STATEMENTS (continued)

The potential effect of using reasonably possible alternative assumptions in the valuation, based on a change in the most significant input while holding all other variables constant, will result in the following changes in fair values.

	Change %	2019 R'000	2018 R'000
Cost of debt	1%	**2 210**	12 013
Beta	0.1%	**786**	5 791
Weighted average cost of capital	1%	**4 311**	25 060
Specific risk premium	1%	**1 636**	9 094
Target debt/equity ratio	10%	**(5 914)**	39 454
Terminal growth rate	1%	**(4 846)**	14 304

Valuation processes applied by the Group

The fair values are performed by the Group's corporate finance department and operations team, on a quarterly basis. The corporate finance department reports to the Group's Chief Investment Officer (CIO). The valuation reports are discussed with the Audit committee in accordance with the Group's reporting policies.

51. DIVIDEND PAYABLE

A final dividend of 6 cents per share was approved by the Board of directors in respect of financial year ended 31 August 2019. The dividend is payable on 3 February 2020 to shareholders recorded in the register of the Company at close of business on 31 January 2020.

52. GOING CONCERN

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.

53. EVENTS AFTER THE REPORTING DATE

On 13 September 2019, the AEEI Group via its subsidiary AYO, acquired an additional 43% shareholding in Puleng Technologies (Pty) Ltd from the minority shareholders for a purchase consideration of R38.5 million and increased its effective holding to 100%.

The AYO Board of directors approved the binding offer on 17 October 2019 to acquire 100% of the ordinary share capital of NSX Experts (Pty) Ltd ("NSX") for a consideration of R850 000. NSX provides cloud computing solutions which complements the offerings of the technology division.

AEEI via its subsidiary AYO, concluded a binding offer to acquire 55% of the share capital of VOX Spectrum Limited ("VOX") for a purchase consideration of R9m on 1 November 2019. VOX is a multinational company, which offers a suite of services for a broad range of voice, data, video and wireless infrastructure for clients worldwide.

A final dividend of 6 cents per share was approved by the Board of directors in respect of the financial year ended 31 August 2019. The dividend is payable on 3 February 2020 to shareholders recorded in the register of the Company at close of business on 31 January 2020.

The directors are not aware of any other material event which occurred after the reporting date and up to the date of this report that would require any adjustments to the consolidated annual financial statements.

NOTES TO THE FINANCIAL STATEMENTS (continued)

54. DIVIDENDS PAID

Significant Assumptions	2019 R'000	2018 R'000
Balance at beginning of the year	(900)	-
Dividends	(113 022)	(43 238)
Balance at end of the year	8 406	900
	(105 516)	(42 338)

Dividends are distributed out of capital reserves.

55. CONTINGENCIES

Within the technology division, AYO and a significant customer concluded an ICT Master Service Agreement in May 2018 whereby AYO would render to the significant customer a host of ICT services effective 1 April 2018 for an indefinite period as long as the services are provided under the agreement. On 1 October 2019, this significant customer gave AYO six months' notice purporting to terminate this agreement. AYO disputes this significant customer's right to cancel the agreement. By virtue of the dispute, AYO has invoked the arbitration provisions under the agreement and anticipates the matter being arbitrated in the first quarter of 2020.

On 31 May 2019 AYO received a summons issued by the Public Investment Corporation ("PIC") and Government Employees Pension Fund ("GEPF"). The

summons seeks a declaration that the subscription agreement entered into by the PIC with AYO be declared unlawful and set aside and that AYO be

ordered to pay the PIC R4.3 billion together with interest of 10.25% per annum accrued from 22 December 2017 to date of final payment.

The Group, through AYO has instructed its attorneys to oppose the action.

No provision has been raised in respect of this matter as it has not yet been heard before the courts.

In the event that the PIC and GEPF are successful in their court application, management foresees no going concern issue as AYO has several subsidiaries that have been in existence for more than 20 years, delivering both satisfactory trading performance and dividend income for the Group. These underlying subsidiaries are expected to continue trading at an optimal level independent of the PIC funding.

There is a pending defamation claim by Magda Wierzycka against AYO and seven others in the Western Cape High Court. The Group is contesting the claim.

No provision has been raised in respect of this matter as it has not yet been heard before the courts.

NOTES TO THE FINANCIAL STATEMENTS (continued)

WWW.AEEI.CO.ZA