AEEI™

AFRICAN EQUITY EMPOWERMENT INVESTMENTS LIMITED

2020 ANNUAL FINANCIAL REPORT

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FINANCIAL STATEMENTS

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AUDIT AND RISK COMMITTEE REPORT

1. MEMBERS OF THE AUDIT AND RISK COMMITTEE

The members of the audit and risk committee of the Group include:

Name	Qualification	Date of appointment/resignation
I Amod	National Diploma in civil engineering	23 January 2019 (appointed)
WJ Raubenheimer	BCom (Hons), CA(SA) and Diploma in Forensic Accounting	09 July 2020 (appointed)
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)	16 April 2020 (resigned)
G Colbie	BTech Cost and Management Accounting	30 August 2019
J Van Wyk	CA(SA), BAcc (Hons), Bcom, SAICA Independent Reviewer Certificate	09 July 2020 (resigned)

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 (Act.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.

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 three formal meetings during the 2020 financial year.

3. EXTERNAL AUDITOR

The audit and risk committee has nominated Crowe JHB, which is member of Crowe Global and THAWT Inc. as the independent auditor and Gary Kartsounis as the designated partner, who is a registered independent auditor, for appointment on the 2020 audit. The committee has reviewed the performance of the external auditor and confirmed that the external auditor, the partner and the firm, have complied with the Listings Requirements of the JSE ("JSE Listings Requirements").

The committee satisfied itself through enquiry that the external auditors are independent as defined by the Companies Act and as per the standards stipulated by the auditing profession. Requisite assurance was sought and provided by the Companies Act 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 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 as well as the scope.

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

During the year under review, the external auditors, BDO South Africa Inc., advised that they would not avail themselves for re-election at the AGM and that their resignation would be effective 30 April 2020. The Company went through a process of consultations with audit firms and Crowe JHB and THAWT Inc. were appointed as the Company's joint auditors effective 4 May 2020. The appointment of the auditors will be voted on by shareholders at the next AGM of the Company.

4. ANNUAL FINANCIAL STATEMENTS

Following the review of the annual financial statements and the 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 he 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 of directors of AEEI ("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

Mr Willem Raubenheimer

Chairman of the audit and risk committee

Cape Town

24 December 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 annual 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 31 August 2020, 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 annual financial statements are prepared in accordance with "IFRS" and is 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 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 is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Group is on identifying, assessing, managing and monitoring all known forms of risk across the Group. While operating risk cannot be fully eliminated, the Group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied upon 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 2021. 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 14.

The directors, whose names are stated below, hereby confirm that:

- the annual financial statements set out on pages 22 to 27, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;
- no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;
- internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the issuer; and

- the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function within the combined assurance model pursuant to principle 15 of the King Code. Where we are not satisfied, we have disclosed to the audit committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls and any fraud that involves directors, and have taken the necessary remedial action.

The consolidated financial statements set out on pages 22 to 128, which have been prepared on the going concern basis, were approved by the Board on 24 December 2020 and were signed on their behalf by:

Mrs. V Dzvova
Chief executive officer

Mr. JS Van Wyk
Chief financial officer

GROUP SECRETARY'S CERTIFICATION

In my capacity as the company secretary, I hereby confirm in terms of the Companies Act, that for the year ended 31 August 2020, AEEI Group has lodged with the Companies and Intellectual Property Commission ("CIPC"), all such returns and notices that are required of a public company in terms of the Companies Act, and that all such returns and notices are, to the best of my knowledge and belief, true, correct and up to date.

D Terblanche

Company Secretary

Cape Town

24 December 2020

INDEPENDENT AUDITOR'S REPORT

24 December 2020

Independent Auditor's Report

To the shareholders of African Equity Empowerment Investments Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of African Equity Empowerment Investments Limited and its subsidiaries ("the group") set out on pages 22 to 128, which comprise the consolidated statement of financial position as at 31 August 2020, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the 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 financial position of African Equity Empowerment Investments Limited as at 31 August 2020, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with 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 Consolidated Financial Statements* section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards).* We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OTHER MATTER

The consolidated financial statements of the Group for the year ended 31 August 2019, were audited by another auditor who expressed an unmodified opinion on those statements on 30 April 2020.

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.

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2">Valuation of goodwill and intangible assets with indefinite useful lives</td></tr>
<tr><td>In accordance with International Financial Reporting Standards, 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. Refer to note 1 (accounting policies) as well as note 5 (goodwill) and note 6 (intangible assets).

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.</td><td>Our audit procedures focused on evaluating and challenging the key assumptions applied by management's external valuation experts, who communicated directly with the auditor experts, 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; and
• Agreed the key financial inputs to the actual trial balance.

We have made use of auditors' 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 have also:
• Obtained an understanding on the field of expertise, as well as the nature timing and extent of procedures.
• Evaluated the capabilities, competence, and objectivity of the expert.
• Evaluated the adequacy of work performed by the expert.

We assessed whether disclosures made relating to the goodwill and intangible assets impairment were appropriate and applicable in accordance with International Financial Reporting Standards.</td></tr>
</table>

Key audit matter	How our audit addressed the key audit matter
Occurrence of related party transactions and completeness of related party disclosures	
There are significant and complex transactions between the company and its subsidiaries and other related entities. Significant audit effort was required for testing the completeness of related party disclosures, as well as the occurrence of related party transactions, as disclosed in Note 40 to the financial statements, resulting in this being regarded as a key audit matter.	Our procedures in assessing the occurrence of related party transactions, and the completeness of related party disclosure 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; • For related party transactions identified, we agreed the transactions to disclosure included in the related entities' financial statements or to the company's general ledger as applicable; • Obtained signed declarations of directors' interests in contracts; • Scanned the general ledger and bank statements for known related parties and: – Ensured that all material recorded entries were included in the related party disclosure in the financial statements; – Obtained an understanding of the transaction to determine whether it is within the scope of the entity's ordinary business; and – Agreed material transactions to supporting documents and board approvals where applicable. • For related party transactions recorded, we agreed the transactions on a judgemental sample basis to: – Supporting evidence – Resolutions passed – Minutes of meetings • Assessed a selection of related party transactions for compliance with the: – Memorandum of Incorporation – Companies Act – JSE Listing Requirements; and • Obtained management representations as to the occurrence and validity of related party transactions and completeness of related party disclosures. We assessed whether the related party disclosure was appropriate and applicable in terms of International Financial Reporting Standards.

Key audit matter	How our audit addressed the key audit matter
Application of IFRS 10 – Consolidated Financial Statements	
The financial statements of a parent and its subsidiaries must be presented as a single economic entity. IFRS 10 requires the parent entity to consolidate all entities over which it exercises control. The group has implemented a new consolidation process for the preparation of the consolidated financial statements in the current period. The number of subsidiaries as well as the significant contribution of these subsidiaries to financial position, financial performance and cash-flows of the group has led us to consider the consolidation process to be a key audit matter.	Our procedures in assessing consolidation process included, amongst others, the following: • Obtained an understanding of the new group consolidation process; • Reviewed the consolidation process to ensure that it is in compliance with IFRS 10; • Reviewed the consolidation model and compared the entities included in the model to the group structure; • Assessed the model for arithmetical accuracy; • For significant subsidiaries we: – confirmed control over subsidiaries; – confirmed group ownership percentage and thus confirmed non-controlling interest percentage; and – agreed subsidiary trial balances to the data entered into the model; • For the elimination and consolidation entries for the group (as captured in the consolidation model): – confirmed the entries to the subsidiary records; and – checked the arithmetical accuracy of the accumulation of entries; • For each component of the financial statements we performed procedures to ensure the appropriate disclosures were recorded and were in line with the results as prepared by the consolidation model; • Agreed the results of the consolidation model to the consolidated financial statements provided to us.

Key audit matter	How our audit addressed the key audit matter
Physical quantities of biological assets	
Biological assets comprise of live abalone and are held in various weight categories. It is impractical to count all the abalone on a given day, due to factors such as the delicate nature of the abalone and the quantity of abalone held at the farm. 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 is a key audit matter due to the significant contribution to the consolidated results of the group, as well as it requiring significant management judgement. The disclosures relating to biological assets are contained in note 1 (accounting policies) and note 13 (biological assets).	Our audit procedures performed included, among others: • We obtained an understanding of the information systems,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. • We attended the periodic grading on site, in order to observe the appropriateness of controls implemented in applying sampling methodologies, as well as to confirm the adherence to appropriate biological inventory processes. • The procedures followed in the periodic grading were compared to that of the prior year in order to determine consistency; • We agreed a sample of baskets counted on the day of observation to the inventory sheets and system report, to ensure reliance on the system inputs; and • We agreed a sample of actual abalone graded on the day of observation to the system predicted weights. This was performed to ensure reliance on the predicted weight and the system's accuracy of abalone growth prediction. We assessed the disclosures made for compliance with International Financial Reporting Standards.
Residual values of vessels	
The residual values of the vessels are reviewed annually by management. A management expert (the expert) is used to assist in the determination of residual values. In determining the residual value, management applies judgement in determining the estimated amount that the entity would currently obtain from the disposal of the asset, after deducting the estimated costs of disposal, if the asset was 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 (accounting policies) and note 3 (property, plant and equipment).	Our audit procedures performed included, among others. We obtained a copy of the expert's assessment of the residual values and performed the following: • Assessed the independence, experience and expertise of the expert; • Performed reasonability testing on the inputs and assumptions used by the expert, by comparing these to our industry knowledge, external sources and information gathered throughout the audit; • Inspected that the residual values calculated by the expert were within the predetermined range of market values. The exchange rates used were compared to observable forex rates; • The method applied by the expert was compared to that of the prior year in order to determine consistency; and • Obtained management representation to confirm that they have reviewed the residual values. We assessed the disclosures made for compliance with International Financial Reporting Standards.

Key audit matter	How our audit addressed the key audit matter
Valuation of unlisted shares	
Investment in unlisted investments are carried at fair value through profit or loss. The valuation of these investments are based on an entity discounted cash flow valuation method and other relevant methods. The use of a discounted cash flow valuation requires the estimation of a number of significant inputs, including the future expected cash flows and the weighted average cost of capital used to perform the discounting. In determining the fair value of the unlisted companies, which are not traded in an active market, valuation methods which require significant judgement and estimates are applied by management. These are in accordance with Level 3 inputs as per International Financial Reporting Standard 13 Fair Value Measurement (IFRS 13). The judgements are based on existing market conditions, determined at the end of each reporting period to determine the fair value of these financial instruments. Accordingly, the valuation of unlisted investments at fair value through profit or loss was considered to be a key audit matter, due to the significant contribution to results of the separate financial statements as well as the significance of the assumptions, estimates and the level of judgement involved. The disclosures relating to investment in unlisted shares are contained in note 1 (accounting policies) and notes 10, 32 and 48 (financial disclosures).	In assessing the fair value of the unlisted investments, we obtained an understanding of the overall control environment as well as the processes which have been implemented by management, including management's external valuation experts, and which have been overseen by the board of directors. Our audit procedures included an assessment of the reasonability of the forecast which was done by performing the following: • Tested the mathematical accuracy of the valuation models, by performing a recalculation of each valuation; • Assessed the budgeting process, and confirming reasonability of the forecasts; and • Obtained management representations with regard to the valuations. We have made use of auditors' 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 company; We have also: • Obtained an understanding on the field of expertise, as well as the nature timing and extent of procedures. • Evaluated the capabilities, competence, and objectivity of the expert. • Evaluated the adequacy of work performed by the expert. We have assessed management's external experts' qualifications, experience and expertise with respect to the valuation performed. We inspected the disclosures in the financial statements in relation to the valuation of unlisted investments for compliance with International Financial Reporting Standards.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the documents titled "African Equity Empowerment Investments Annual Financial Statements 2020", "African Equity Empowerment Investments Group Annual Financial Statements 2020" which includes the Directors' Report, the Audit Committee's Report and the Company Secretary's Certification as required by the Companies Act of South Africa, and in the document titled "African Equity Empowerment Investments Limited Integrated Report 2020". The other information does not include the consolidated financial statements and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE 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 company'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 company'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 company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Crowe JHB & Thawt Inc have been the joint auditors of African Equity Empowerment Investments Limited and its subsidiaries for the first time in the current year.

Crowe JHB

Crowe JHB
G Kartsounis
Partner
Registered Auditor

Sandown, Johannesburg, 2196
24 December 2020

Thawt inc

THAWT Incorporated
G C Gorgulho
Partner
Registered Auditor

Monte Vista, Cape Town, 7460
24 December 2020

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 2020.

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 as well as 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 JSE Listings Requirements. The accounting policies have been applied consistently compared to the prior period, except for IFRS 16 ("Leases"). Which became effective in the current year.

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 2016 (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 its 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

On 6 September 2020, AYO Technology Solutions Ltd ("AYO") withdrew its funds from the Cadiz Life Investment Enterprise Development Fund ("Cadiz"). The funds will be utilised by AYO as part of its entrepreneurship development expenditure into small- to medium-sized enterprises in the information, communication, and technology sector for B-BBEE compliance.

AYO withdrew R540 million from the Bank of China on 10 September 2020 and invested the funds with Numus Capital (Pty) Ltd ("Numus Capital"). Numus Capital is a niche stock broking and asset management firm. The funds with Numus Capital will be utilised to invest in the money market and on listed shares on the Johannesburg Stock Exchange. At the time of issue of the financial results, AYO had invested funds of R595 million with Numus Capital.

AYO withdrew R200m from the Bank of China on 8 October 2020, and R100m on 28 October 2020. The withdrawn funds were invested with Ninety One Fund Managers SA (RF) (Pty) Ltd ("Ninety One"). The funds with Ninety One will be utilised to invest in the money market. At the time of issue of the financial results, AYO had invested funds of R520m with Ninety One.

On 17 August 2020, AYO concluded a binding offer to acquire 100% of the issued share capital and outstanding shareholder claims in Kathea Communication Solutions (Pty) Ltd ("Kathea Communication") for an upfront consideration of R59.8m and an earn-out of R30m. Kathea Communication is a value-added distributor of voice, audio visual, video conferencing and workspace management products solutions and services and represents some of the top brands in the communication, collaboration, audio visual and workspace technology arenas.

The earn-out amount is to be paid in one instalment provided that Kathea Communications achieves minimum warranted earnings before interest, tax, depreciation and amortisation ("Warranted EBITDA") of R22m in the 2021 financial year. If Kathea Communications does not achieve the Warranted EBITDA, AYO will be entitled to claw back some or all the shortfall in the earn-out amount. As at reporting date it is estimated that AYO will pay a maximum of R30m for the earn-out.

The binding offer is subject to certain conditions precedent, the main ones being the successful completion of due diligence to the satisfaction of AYO, Competition Commission approval and the conclusion of a definitive sale of share agreement. At the time of issue of the financial results, AYO was still performing a due diligence process on Kathea Communication and the transaction had not yet been approved by the Competition Commission.

At the time of issue of the consolidated annual financial statements, AYO did not have sufficient information to provide the disclosures as required by IFRS 3 Business Combinations as the initial accounting for the transaction was incomplete due to conditional proceedings of the offer being finalised.

On 17 August 2020, the Group concluded a binding offer to acquire 60% of the issued share capital and outstanding shareholder claims in Disruptive Vision (Pty) Ltd (trading as Kathea Energy) ("Kathea Energy") for an upfront consideration of R25.2 million and an earn-out of R10.8 million. Kathea Energy is a value-added distributor of alternative energy solutions and represents some of the top brands in the alternative energy sector.

The earn-out amount is to be paid equally over a three-year period provided that Kathea Energy achieves a minimum warranted earnings before interest, tax, depreciation and amortisation ("Warranted EBITDA") of R13.5 million in the 2021 financial year, R14.8 million in the 2022 financial year and R16.3 million in the 2023 financial year. If Kathea Energy does not achieve the Warranted. EBITDA, AYO will be entitled to claw back some or all the shortfall in the earn-out amount in each respective financial year. As at reporting date it is estimated that AYO will pay a maximum of R10.8 million for the earn-out.

The binding offer is subject to certain conditions precedent, the main ones being the successful completion of due diligence to the satisfaction of AYO, competition commission approval and the conclusion of a definitive sale of share agreement. At the time of issue of the consolidated annual financial statements, AYO was still performing a due diligence process on Kathea Energy and the transaction had not yet been approved by the competition commission

Saab Grintek Defence (Pty) Ltd ("SGD") exercised its call option on the 25% plus 1 share ("Subject Shares") the Group held in SGD in line with agreements signed in 2015 when the Group acquired the investment in SGD. The Subject Shares were held, prior to their disposal, by Bowwood and Main no. 180 (Pty) Ltd ("Bowwood"), a 60% subsidiary of AEEI.

The disposal of the Subject Shares is a category 1 transaction in terms of the JSE Listings Requirements, requiring the issuance of a circular ("Circular") to AEEI shareholders calling for a general meeting of shareholders to obtain approval for such disposal

Due to the legally binding agreements entered into in 2015 not making provision for shareholder approval by AEEI, Bowwood had no option but to dispose of the Subject Shares as per the aforementioned agreements, notwithstanding that AEEI itself needs to obtain shareholder approval. A failure or refusal by Bowwood to do so would have exposed Bowwood to a substantial damages claim for breach of contract. The disposal of the Subject Shares has thus taken place and was concluded on 3 December 2020.

AEEI however, in terms of good corporate governance, will comply as far as possible, with the JSE Listings Requirements despite Bowwood disposing of the Subject shares prior to AEEI obtaining approval from its shareholders and in this regard is preparing the Circular.

Shareholders are advised that Premier Fishing SA (Pty) Ltd ("PFSA") and Laudeware (Pty) Ltd ("BEE SPV") ("The parties") have entered into a binding memorandum of understanding ("MOU") in terms of which *inter alia*, BEE SPV, a special purpose broad-based black economic empowerment company shall be introduced as a shareholder in PFSA, such that the black ownership of PFSA shall be increased from 69% to 78% post the introduction of BEE SPV ("BEE Transaction"). PFSA shall create and issue to BEE SPV a new class of share ("PFSA A Class Shares") with voting rights which rank *pari passu* with the ordinary shareholders of PFSA such that the PFSA A Class Shares issued to BEE SPV will, after their issue, constitute 30% of the total issued share capital of PFSA.

The BEE Transaction is being undertaken for purposes of:

- complying with section 2 (Objectives) of the MLRA and, in particular, section 2(j) thereof responding to the need to restructure the fishing industry to address historical imbalances and to achieve equity within all branches of the fishing industry; and
- increasing the black ownership of PFSA to 78% in order to secure Fishing Rights for Premier Fishing , in relation to the upcoming fishing rights allocation process ("FRAP").

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 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 20 cents per share was approved by the Board on 23 November 2020 in respect of the year ended 31 August 2020. The dividend payment date is 21 December 2020 to shareholders recorded in the register of the company at close of business on 18 December 2020. The total dividend for the year is 30 cents.

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	Resigned, 12 March 2020
V Dzvova	Chief executive officer	Executive	Appointed, 12 March 2020
C Ah Sing	Chief financial officer	Executive	Resigned, 31 July 2020
I Amod	Other	Non-executive	Appointed, 21 January 2019
AB Amod	Other	Non-executive	Appointed, 12 November 2012
Adv Dr NA Ramathlodi	Other	Non-executive Independent	Resigned, 16 April 2020
G Colbie	Other	Non-executive	Appointed, 30 August 2019
B Qama	Other	Non-executive Independent	Appointed, 2 July 2020
WJ Raubenheimer	Other	Non-executive Independent	Appointed, 9 July 2020
MG Mosia	Other	Non-executive Independent	Resigned, 16 April 2020
JS Van Wyk	Other	Executive	Appointed, 23 September 2019

8. AUDITORS

Crowe JHB and Thawt Inc were appointed as joint auditors for the Company and its subsidiaries for 2020.

At the AGM, shareholders will be requested to appoint Crowe JHB and Thawt Inc. as the independent external auditors of the Group and to confirm Gary Kartsounis as the designated lead audit partner for the 2021 financial year.

9. SECRETARY

The company secretary Mr D Terblanche remained in office.

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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

Damien Terblanche is the company secretary and is accountable to the Board.

During the year, the company secretary:

- Provided guidance to the directors in terms of their duties, responsibilities and powers as well as their responsibilities and liabilities under the Companies Act;
- The Board was made aware of changes to any relevant law affecting the Company;
- Prepared Board packs and recorded detailed minutes of meetings;
- Ensured that Board and committee meetings and the AGM of the Company were conducted in a proper and orderly manner;
- Disclosed the corporate actions, SENS announcements and directors' dealings in securities, and ensured compliance with the JSE Listings Requirements and the Companies Act.

11. COMPANY SECRETARY (continued)

The Board has considered the competence, qualifications and experience of the company secretary and is satisfied that they are appropriate. All directors have unlimited access to the services of the company secretary. The company secretary's appointment and removal is a matter for the whole Board.

The Board is satisfied that an arm's length relationship exists between the company secretary and the Company, as he is not a member of the Board, is not involved in the day-to-day operations of the Company and is not a prescribed officer.

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 page 2 and 3 of these financial statements.

13. BOARD EVALUATION OF THE AUDIT AND RISK COMMITTEE

The Board confirms that the audit and risk committee has 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 is compliant.

The committee confirms that it has complied with it's legal and regulatory responsibilities for the 2020 financial year.

14. DIRECTORS' INTERESTS IN SHARES

As at 31 August 2020, the directors of the Company held in aggregate, directly or indirectly, beneficially or non-beneficially, 822 250 (2019:14 969 706) shares in the Company, equivalent to 0.17% (2019: 2.76%) of the issued share capital. The individual interests of directors are as follows:

INTEREST IN SHARE CAPITAL 'B' CLASS ORDINARY SHARES LISTED

31 August 2020	Direct	Indirect beneficial	Indirect non-beneficial	Total shares	Total percentage
WJ Raubenheimer	50 000	–	562 250	612 250	0.13
I Amod	205 000	–	–	205 000	0.04
A Amod	5 000	–	–	5 000	0.00
Subtotal	260 000	–	562 250	822 250	0.17

31 August 2019	Direct	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	–	–	5 000	0.00
Subtotal	2 135 316	5 300 000	7 534 390	14 969 706	2.76

* *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.

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 17 October 2019, AYO Group completed the acquisition of a 100% shareholding of NSX Solutions Consulting (Pty) Ltd ("NSX") for a consideration of R500 000. A loan of R850 000 was extended to NSX. NSX is a company which provides cloud computing solutions.

On 21 February 2020, AYO acquired an additional 25% of shares in Kalula Communications (Pty) Ltd ("Kalula") for a consideration of R12m. AYO previously had a 51% shareholding in Kalula and now has 76% shareholding. Kalula is a company which sells headsets and video conferencing equipment.

On 1 May 2020, AYO subscribed for 20% of the issued share capital in Last Mile Logistics Africa (Pty) Ltd.

On 5 October 2019, AYO subscribed for 5% of the issued share capital in 4Plus Technology Venture Fund Africa (Pty) Ltd ("4 Plus") and on 16 December 2019, AYO subscribed for a further 7% of the issued share capital in 4 Plus. AYO previously held 10% in 4 Plus and as at 31 August 2020, has a total of 22% shareholding in 4 Plus. 4 Plus has interests in digital media, artificial intelligence, software development and telecommunications.

On 14 April 2020, AYO subscribed for 150 cumulative, redeemable, non-participating convertible preference shares of no-par value in Loot B2B (Pty) Ltd (previously known as K2018010234 (South Africa) (Pty) Ltd) for a consideration of R15m.

The On 9 April 2020, AYO subscribed for 1 500 cumulative, redeemable, non-participating convertible preference shares of no par value in 4Plus for consideration of R15m and on 4 May 2020, AYO subscribed for a further 1 500 cumulative, redeemable, non-participating convertible preference shares of no par value in 4Plus for consideration of R15m. At 31 August 2020, AYO holds 3 000 cumulative, redeemable, non-participating convertible preference shares of no par value in 4Plus.

18. INTERESTS IN SUBSIDIARIES, ASSOCIATES AND JOINT ARRANGEMENTS

The 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 2020 amounted to R55 041 176 (2019: R123 140 549).

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 16 April 2020 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; and
- the Company or its subsidiaries to repurchase Company shares.

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.

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 R4.3bn together with interest of 10.25% per annum accrued from 22 December 2017 to date of final payment. AYO has instructed its attorneys to oppose the action.

In the event that the PIC and GEPF are successful in their court application, management believes that they will be able to reconfigure the Company into a pure investment holding Company. AYO has several subsidiaries that have been in existence for more than 20 years, delivering both satisfactory trading performance and dividend income for AYO.

The State Information Technology Agency ("SITA") brought an application in the Eastern Cape high court for an order to interdict the Eastern Cape Department of Education ("ECDOE") from continuing with a contract that the ECDOE has with Sizwe Africa IT Group (Pty) Ltd ("Sizwe") for the supply and lease of tablets to matric learners in the Eastern Cape. The Eastern Cape high court granted the order for the interdict. The ECDOE, supported by Sizwe are appealing the ruling.

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 24 December 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 Group Financial Manager, Michelle Hunlun CA(SA) under the supervision of Group Chief Financial Officer, Jowayne Van Wyk CA(SA).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 AUGUST 2020

	Notes	2020 R'000	2019 R'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	3	**547 932**	521 176
Right of use assets	4	**84 828**	-
Goodwill	5	**181 772**	219 093
Intangible assets	6	**290 787**	293 309
Investment in associate	8	**866 367**	825 520
Investments in joint ventures	9	**18 963**	33
Other financial assets	10	**580 624**	544 180
Finance lease receivables	11	**25 189**	350
Deferred tax	12	**99 847**	97 874
		2 696 309	2 501 535
CURRENT ASSETS			
Biological assets	13	**84 436**	83 260
Inventories	14	**187 100**	222 929
Current tax receivable		**9 503**	13 287
Trade and other receivables	15	**807 807**	715 745
Other financial assets	10	**50 415**	38 886
Finance lease receivables	11	**18 135**	669
Operating lease asset	4	**-**	86
Cash and cash equivalents	16	**3 357 973**	3 877 914
		4 515 369	4 952 776
Total Assets		**7 211 679**	7 454 311
EQUITY AND LIABILITIES			
EQUITY			
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT			
Share capital	17	**402 240**	402 240
Reserves	18	**(28 909)**	7 776
Retained income		**2 826 314**	2 905 241
Equity attributable to equity holders of parent		**3 199 645**	3 315 257
Non-controlling interest		**2 969 841**	3 088 434
		6 169 486	6 403 691

	Notes	2020 R'000	2019 R'000
LIABILITIES			
NON-CURRENT LIABILITIES			
Other financial liabilities	19	**21 270**	71 105
Finance lease liabilities	4	**71 781**	2 853
Operating lease liability		**-**	245
Employee benefit obligation	20	**6 376**	6 665
Deferred income	24	**751**	11 244
Deferred tax	12	**181 874**	156 836
Contingent consideration liability	22	**5 097**	34 680
		287 148	283 628
CURRENT LIABILITIES			
Provisions	21	**61 617**	53 764
Trade and other payables	23	**584 527**	541 647
Other financial liabilities	19	**5 289**	55 194
Finance lease liabilities	4	**25 683**	12 683
Operating lease liability		**-**	31
Deferred income	24	**45 974**	17 286
Current tax payable		**13 874**	26 267
Dividend payable	49	**12 696**	8 406
Contingent consideration liability	22	**-**	10 297
Bank overdraft	16	**5 385**	41 417
		755 045	766 992
Total Liabilities		**1 042 193**	1 050 620
Total Equity and Liabilities		**7 211 679**	7 454 311
Net asset value per share		**1 256.46**	1 304.15

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 AUGUST 2020

	Notes	2020 R'000	2019 R'000
Revenue	25	**3 427 579**	2 377 368
Cost of sales	26	**(2 613 080)**	(1 652 055)
Gross profit		**814 499**	**725 313**
Other income	27	**154 385**	37 276
Operating expenses		**(949 992)**	(816 347)
Gain/(loss) on deemed disposal of subsidiary/(associate)	28	**-**	(2 480 713)
Net impairment changes and impairment reversals	29	**(89 560)**	(82 573)
Other operating gains/(losses)	31	**-**	(43 358)
Fair value adjustments	32	**(108 558)**	(14 513)
Investment revenue	34	**247 321**	257 578
Finance costs	35	**(31 759)**	(34 399)
Income from equity accounted investments	8 & 9	**74 819**	63 634
Profit/(loss) before taxation		**111 155**	**(2 388 102)**
Taxation	36	**(92 275)**	996 841
Profit/(loss) from operations		**18 880**	**(1 391 261)**
Other comprehensive income:			
Items that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		**(515)**	(254)
Other comprehensive income for the year net of taxation		**(515)**	**(254)**
Total comprehensive income/ (loss) for the year		**18 365**	**(1 391 515)**
Profit/(Loss) attributable to:			
Owners of the parent			
From continuing operations		**9 986**	(1 493 351)
Non-controlling interest:			
From continuing operations		**8 894**	102 090
Total comprehensive income/(loss) attributable to:			
Owners of the parent		**9 471**	(1 493 605)
Non-controlling interest		**8 894**	102 090
		18 365	**(1 391 515)**
Earnings per share			
Per share information			
Basic earnings per share (cents)	37	**1.93**	(304)
Diluted earnings per share (cents)	37	**1.93**	(304)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 AUGUST 2020

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 minoritles	-	-	-	-	-	-	(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				

Figures in Rand	Share capital R'000	Share premium R'000	Total share capital R'000	Foreign currency translation reserve R'000	Reserve for valuation of investments 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 2019	**30**	**402 210**	**402 240**	**(258)**	**-**	**8 034**	**7 776**	**2 905 241**	**3 315 257**	**3 088 434**	**6 403 691**
Loss for the year	-	-	-	-	-	-	-	9 986	9 986	8 894	18 880
Other comprehensive income	-	-	-	(515)	(36 170)	-	(36 685)	-	(36 685)	-	(36 685)
Total comprehensive Loss for the year	**-**	**-**	**-**	**(515)**	**(36 170)**	**-**	**(36 685)**	**9 986**	**(26 699)**	**8 894**	**(17 805)**
Change in accounting policy - IFRS 16	-	-	-	-	-	-	-	(1 743)	(1 743)	-	(1 743)
Acquisition of additional interest	-	-	-	-	-	-	-	8 601	8 601	(3 958)	4 643
Changes in ownership interest (additional shares acquired) - no change in control	-	-	-	-	-	-	-	(17 194)	(17 194)	(23 279)	(40 473)
Business combinations	-	-	-	-	-	-	-	-	-	-	-
Derecognition relating to sale of business	-	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	(78 578)	(78 578)	(100 251)	(178 829)
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(88 914)**	**(88 914)**	**(127 488)**	**(216 402)**
Balance at 31 August 2020	**30**	**402 210**	**402 240**	**(773)**	**(36 170)**	**8 034**	**(28 909)**	**2 826 313**	**3 199 644**	**2 969 841**	**6 169 485**
Notes	**17**	17	17	18	17	18	18				

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2020

	Notes	2020 R'000	2019 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		**3 335 517**	1 672 255
Cash paid to suppliers and employees		**(3 231 966)**	(1 672 948)
Cash generated/(utilised) from operations	38	**103 551**	(693)
Interest income		**209 096**	264 903
Dividend income		**10 106**	24 844
Finance costs		**(31 759)**	(32 786)
Tax (paid) received	39	**(91 352)**	(113 124)
Net cash from operating activities		**199 642**	**143 144**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	3	**(89 056)**	(155 791)
Sale of property, plant and equipment	3	**6 283**	14 869
Purchases of additional shares from minority interest		**(12 000)**	–
Purchase of other intangible assets	6	**(12 007)**	(20 632)
Sale of other intangible assets	6	**59**	94
Sale of business	28	**–**	1 203
Business combinations	47	**–**	3 330 183
Other loans advanced		**(70 747)**	
Purchase of financial assets		**(121 015)**	(358 442)
Sale of financial assets		**12 805**	1 038 207
Purchase of biological assets		**(990)**	(8 975)
Dividends received from associate		**–**	18 868
Funds in trust		**–**	(110 000)
Finance lease asset receipts		**6 447**	7 203
Net cash (to)/from investing activities		**(280 221)**	**3 756 786**
CASH FLOWS FROM FINANCING ACTIVITIES			
Reduction of share capital or buy back of shares		**(277)**	–
Repayment of other financial liabilities		**(134 056)**	(149 290)
Proceeds from other financial liabilities		**37**	774
Purchase of additional shares		**(1 750)**	(9 600)
Repayment of portion of contingent consideration liability		**(39 141)**	(3 205)
Lease payments		**(42 500)**	(11 970)
Repayment of borrowings		**(637)**	–
Dividends paid	52	**(78 578)**	(110 608)
Dividend paid to minorities		**(106 427)**	(106 470)
Net cash (to)/from financing activities		**(403 329)**	**(390 369)**
Total cash movement for the year		**(483 908)**	3 509 561
Cash at the beginning of the year		**3 836 496**	326 935
Total cash at end of the year	16	**3 352 588**	**3 836 496**

ACCOUNTING POLICIES

1. PRESENTATION OF CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

The annual financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the requirements of the Companies 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 16" Leases.

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.

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.

1. **PRESENTATION OF CONSOLIDATED ANNUAL FINANCIAL STATEMENTS** (continued)

1.1 **CONSOLIDATION** (continued)

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.

Non-controlling interests arising from a business combination, which are present ownership interests that 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.

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.

1. PRESENTATION OF CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

1.1 CONSOLIDATION (continued)

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.

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. PRESENTATION OF CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

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

Property, plant and equipment is recognised as an asset if and only if: it is probable that the future economic benefits associated with item flow to the entity; and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. The cost of property, plant and equipment comprises of any costs incurred to bring the asset to the location and condition necessary for it to operate as intended by management and costs to construct an item of property, plant and equipment.

Property, plant and equipment are carried at cost less accumulated depreciation and impairment. If plant and machinery is comprised of major components with different useful lives, these components are depreciated as separate items.

Improvements to leasehold buildings are capitalised and depreciated over the remaining period of the lease to their estimated residual values.

Plant and machinery, furniture and fittings, equipment and motor vehicles are depreciated on a straight-line basis over their expected useful lives to their estimated residual value. Leasehold buildings are depreciated on a straight-line basis over the shorter of their lease period and their expected useful lives to their estimated residual value.

Depreciation commences when the asset is available for use and ceases when the asset is derecognised.
The depreciation charge for each period is recognised in the statement of profit or loss. The estimated remaining useful lives, residual values and depreciation methods are reviewed at each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate on a prospective basis.

Land and buildings are recognised based on the revaluation model. Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

Financial assets at amortised cost

Financial assets are measured at amortised cost if they are held with an objective to collect contractual cash flows and the contractual cash flows represent solely payments of principal and interest on the amount outstanding. Financial assets classified as at amortised cost include loans receivable, trade and other receivables and cash and cash equivalents.

The Group considers both quantitative and qualitative information in assessing what is reasonable andsupportable, 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 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

1. **PRESENTATION OF CONSOLIDATED ANNUAL FINANCIAL STATEMENTS** (continued)

1.2 **SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY** (continued)

The following reasonable and forward-looking information have been taken into account, as part of the historical and forward-looking factors:

- Any forecasted significant changes to the Group's history and trading of financial assets;
- Forward-looking information such as the likelihood of impairment and economic conditions of the industry; and
- Macroeconomic factors.

Fair value estimation

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Discounted cash flows are used to determine fair value for the investments in subsidiary companies and contingent consideration liability. The use of discounted cash flow analysis requires the estimation of a number of significant components, including the future expected cash flows, and the weighted average cost of capital used to perform the discounting. Many of these factors may have a material impact on the valuation. Refer to note 42 Risk Management.

Terminal value growth rates

When calculating the terminal value, growth rates in excess of the current inflation rate are not utilised. Real growth beyond ten years is not likely, and even if likely, is difficult to forecast with any certainty. The growth rate used is 4.5%.

Terminal values

When calculating the terminal value, care is taken regarding the level of net capital investment assumed. This is assumed to be lower than during the specific forecast for high-growth companies. For mature, stable companies net capital investment during the specific forecast period and beyond is assumed to be the same.

Discount rates

Free cash flows are discounted at the Company's weighted average cost of capital (WACC), being the weighted cost of equity as determined using the capital asset pricing model (CAPM) and the weighted after-tax cost of debt and/or any other non-equity form of financing. The discount rates used are between 15% and 26%. Refer to note 42 Risk Management.

Risk-free rate

The risk-free rate utilised is the yield on ten-year government bonds. These yields were obtained from the financial press at the time of preparing the valuations. Where no ten-year SA bonds are in issue, the nearest long-term SA bond rate should be used. The risk-free rate used is 7.57%.

Beta

The equally weighted average of the relevant industry betas are used. The betas are calculated over a five-year period (where possible). This is assumed to provide a fair estimate of the Group's recent market price. The beta used for the Company was in the range of 0.32 and 1.4. Refer to note 42 Risk Management.

Specific risk premium

A specific risk premium enterprise value was utilised in all valuations. The specific risk premium used was in the range of 1% and 4%.

Value of equity

The value of equity will be equal to the free cash flow value of the entity, less the carrying values (at the valuation date) of debt and any other form of financing, plus cash on hand (per the financial position) which is in excess of normal working capital requirements

1. **PRESENTATION OF CONSOLIDATED ANNUAL FINANCIAL STATEMENTS** (continued)

1.2 **SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY** (continued)

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.

Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the annual financial statements and the corresponding tax bases used in the computation of taxable profit.

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

1. PRESENTATION OF CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

1.2 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY (continued)

Tax expenses

The total of current and deferred taxes is recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or a business combination.

The current tax charge is the expected tax payable on the taxable income for the period. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date. Current tax assets and liabilities are offset only if there is a legally enforceable right to set off the recognised amounts; and the Group intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

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.

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.

Entities in which the Group holds more than 20% of the voting rights, but does not have significant influence

The Group has significant influence in entities which it 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 9 years.

1. PRESENTATION OF CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

1.2 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY (continued)

The following assumptions were utilised:

Fishing and brands division
Pre-tax discount rates: 14.7%
Number of years: 6.8
Growth rate: 4.8%

Technology division
Pre-tax discount rates: 18%
Number years: 5.2
Growth rate: 4.1%

Events and tourism division
Pre-tax discount rates: 22.2%
Number years: 5
Growth rate: 4.2%

Health and beauty division
Pre-tax discount rates: 18.5%
Number years: 5
Growth rate: 4.6%

Biotechnology division
Pre-tax discount rates: 25.2%
Number of years: 9
Growth rate: 4.5%

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

1. PRESENTATION OF CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

1.3 PROPERTY, PLANT AND EQUIPMENT (continued)

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 Finance leases

Amounts due from lessees are recognised from commencement date at an amount equal to the Group net investment in the lease. They are presented as lease receivables on the statement of financial position.

The interest rate implicit in the lease is used to measure the net investment in the lease. If the interest rate implicit in a sublease cannot be readily determined for a sublease, then the discount rate used for the head lease (adjusted for any initial direct costs associated with the sublease) is used to measure the net investment in the sublease. The interest rate implicit in the lease is defined in a manner which causes the initial direct costs to be included in the initial measurement of the net investment in the lease.

Lease payments included in the measurement of the net investment in the lease comprise the following:

- Fixed lease payments, including in-substance fixed payments, less any lease incentives payable.
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date.
- The amount expected to be receivable by the Group from the lessee, a party related to the lessee or a third party unrelated to the Group under residual value guarantees (to the extent of third parties, this amount is only included if the party is financially capable of discharging the obligations under the guarantee).

The exercise price of purchase options, if the lessee is reasonably certain to exercise the option.

Penalties for early termination of a lease, if the lease term reflects the exercise of an option to terminate the lease.

The Group recognises finance income over the lease term, based on a pattern that reflects a constant periodic rate of return on the net investment in the lease. Finance income recognised on finance leases is included in investment income in profit or loss. The group applies the impairment provisions of IFRS 9 to lease receivables. Refer to the accounting policy for trade and other receivables as lease receivables are impaired on a consistent basis with that accounting policy.

1.5 Capital redemption reserve

When a subsidiary has a share-buy-back the Group treats it as a capital redemption reserve. Other reserves relate to exchange differences on translating foreign operations.

1.6 Employee benefit obligation

Retirement benefits

The Group provides retirement benefits to its full-time employees, primarily by means of monthly contributions to defined contribution provident funds. The Group's contributions to retirement funds are recognised as an expense in the period in which employees render the related service.

Employee leave entitlement

The accrual is made for the estimated liability to the employees for annual leave up to the reporting date. The accrual is made for accumulated leave on the cost-to-company basis.

Bonus plans

The Group recognised a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

1.7 Deferred income

Payments which have been received in advance from customers represent an obligation to transfer future goods and/or services and are presented as deferred income in the statement of financial position.

1.8 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.

1.9 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

1. PRESENTATION OF CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

1.9 Intangible assets (continued)

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	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

1.10 Financial instruments

Classification

Financial instruments held by the group are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

Initial recognition

On initial recognition, financial assets are classified as financial assets measured at amortised cost or FVTPL. The classification is determined based on the objectives of the business model within which the financial asset is held and the characteristics of its contractual cash flows.

Financial assets are initially recognised at fair value. Trade receivables that are not subject to significant financing components are initially measured at the relevant transaction prices.

Financial assets at fair value through profit or loss

Financial assets are measured at FVTPL at initial recognition if they are acquired principally for the purpose of selling in the short term, if it forms part of a portfolio of financial assets in which there is evidence of short-term profit making, or, if it is designated in this category to eliminate or significantly reduce an accounting mismatch that would otherwise arise.

1. **PRESENTATION OF CONSOLIDATED ANNUAL FINANCIAL STATEMENTS** (continued)

1.10 **Financial instruments** (continued)

For the Group, all financial assets not classified as at amortised cost or at fair value through other comprehensive income are measured at fair value through profit or loss.

Initial recognition

On initial recognition, financial assets are classified as financial assets measured at amortised cost or Fair value through profit or loss ("FVTPL"). The classification is determined based on the objectives of the business model within which the financial asset is held and the characteristics of its contractual cash flow.

Financial assets are initially recognised at fair value. Trade receivables that are not subject to significant financing components are initially measured at the relevant transaction prices.

Financial assets at amortised cost

Financial assets are measured at amortised cost if they are held with an objective to collect contractual cash flows and the contractual cash and the contractual cash flows represent solely payments of the principal and interest on the amounts outstanding

Financial assets at fair value through profit or loss

Financial assets are measured at FVTPL at initial recognition if they are acquired principally for the purpose of selling in the short term, if it forms part of a portfolio of financial assets in which there is evidence of short-term profit making, or, if it is designated in this category to eliminate or significantly reduce an accounting mismatch that would otherwise arise.

For the Group, all financial assets not classified as at amortised cost are measured at fair value through profit or loss.

Subsequent measurement

Financial assets measured at amortised cost are subsequently measured using the effective interest method, reduced by relevant impairment allowances. Interest income and impairment losses on amortised cost financial assets are recognised in profit or loss. Changes in the fair value of financial assets at FVTPL are recognised in profit or loss.

The Group derecognises financial assets when the rights to receive cash flows from the financial assets have expired or where they have been transferred and the Group has also transferred substantially all risks and rewards of ownership.

Financial assets are presented as non-current assets, except for those with maturities within 12 months from the statement of financial position date, which are classified as current assets.

Impairment of financial assets

The Group recognises expected credit allowances (ECL) on financial assets measured at amortised cost. The Group assesses, on a forward-looking basis, the ECL associated with these financial assets and makes use of provision matrices relevant to its various operations in establishing impairment allowances. The Group applies the IFRS 9 simplified approach to measure the expected credit losses which uses a lifetime expected loss allowance for Trade receivable. The Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses.

Financial assets at fair value through profit or loss

For the Group, all financial assets not classified as at amortised cost or at fair value through other comprehensive income are measured at fair value through profit or loss.

1.11 Leases

The Group assesses whether a contract is, or contains a lease, at the inception of the contract.

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is "identified", which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the Group has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

Group as lessee

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the Group is a lessee, except for short-term leases of 12 months or less, or leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense (note 34) on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated to each lease component on the basis of the relative stand-alone prices of the lease components and the aggregate stand-alone price of the non-lease components (where non-lease components exist).

However as an exception to the preceding paragraph, the group has elected not to separate the non-lease components for leases of land and buildings. Details of leasing arrangements where the Group is a lessee are presented in note 4 Leases (Group as lessee).

Group as Lessor

The Group's accounting policy under IFRS 16 has not changed from the comparative period. As a lessor the Group classifies its leases as either operating or finance leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset, and classified as an operating lease if it does not.

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed lease payments, including in-substance fixed payments, less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the group under residual value guarantees;
- the exercise price of purchase options, if the group is reasonably certain to exercise the option;
- lease payments in an optional renewal period if the group is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease, if the lease term reflects the exercise of an option to terminate the lease.

1. **PRESENTATION OF CONSOLIDATED ANNUAL FINANCIAL STATEMENTS** (continued)

1.11 **Leases** (continued)

Variable lease payments that do not depend on an index or a rate are not included in the measurement of the lease liability (or right-of-use assets). The related payments are recognised as an expense in the period incurred and are included in operating expenses.

The lease liability is presented as a separate line item on the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in finance costs (note 36).

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognised in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Right-of-use assets

Lease payments included in the measurement of the lease liability comprise the following:

- the initial amount of the corresponding lease liability;
- any lease payments made at or before the commencement date;
- any initial direct costs incurred;
- any estimated costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, when the group incurs an obligation to do so, unless these costs are incurred to produce inventories; and
- less any lease incentives received.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. However, if a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Depreciation starts at the commencement date of a lease. For right-of-use assets which are depreciated over their useful lives, the useful lives are presented in the following table:

ITEM	DEPRECIATION METHOD	AVERAGE USEFUL LIFE
Buildings	Straight line	Over the period of the lease agreements
Plant and machinery	Straight line	Over the period of the lease agreements
Motor vehicles	Straight line	Over the period of the lease agreements

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.

Each part of a right-of-use asset with a cost that is significant in relation to the total cost of the asset is depreciated separately.

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

1. **PRESENTATION OF CONSOLIDATED ANNUAL FINANCIAL STATEMENTS** (continued)

1.11 **Leases** (continued)

The Group applies the impairment provisions of IFRS 9 to lease receivables. Refer to the accounting policy for trade and other receivables as lease receivables are impaired on a consistent basis with that accounting policy.

1.9 leases (comparatives under IAS 17)

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 - lessor

The Group recognises finance lease receivables in the statement of financial position.

Finance income is recognised based on a pattern reflecting a constant periodic rate of return on the group's net investment in the finance lease.

Finance leases – lessee

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.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease. If the interest rate implicit in a sublease cannot be readily determined for a sublease, then the discount rate used for the head lease (adjusted for any initial direct costs associated with the sublease) is used to measure the net investment in the sublease. The interest rate implicit in the lease is defined in a manner which causes the initial direct costs to be included in the initial measurement of the net investment 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. Income for leases is disclosed under revenue in profit or loss.

Operating leases – lessee

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

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

- The initial amount of the corresponding lease liability;
- Any lease payments made at or before the commencement date;
- Any initial direct cost incurred;
- Any estimated costs to dismantle and remove the underlying assets or to restore the underlying asset or the site on which it is located, when the group incurs an obligation to do so, unless these costs are incurred to produce inventories; and
- Less any lease incentives received.

1. PRESENTATION OF CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

1.12 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.

1.13 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.

1.14 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 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.

1. PRESENTATION OF CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

1.14 Impairment of assets (continued)

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.

1.15 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.

1.16 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-end. For defined benefit plans the cost of providing the benefits is determined using the projected unit credit method.

1. **PRESENTATION OF CONSOLIDATED ANNUAL FINANCIAL STATEMENTS** (continued)

1.17 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 occur in the near future the Group raises the provision for such an expenditure.

Legal and onerous contracts
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 such onerus contracts. An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The cost of fulfilling a contract comprises the costs that relate directly to the contract.

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.

1.18 Revenue

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

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.

1. PRESENTATION OF CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

1.18 Revenue (continued)

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.

Revenue in the health comprises from the sale of goods and is recognised at a point in time when ownership and control of the goods are transferred to the customer

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.

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.

1. PRESENTATION OF CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

1.18 Revenue (continued)

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.

1.19 Cost of sales

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The related cost of providing services recognised as revenue in the current period is included in cost of sales.

1.20 Borrowing costs

All borrowing costs are recognised as an expense in the period in which they are incurred. Borrowing costs that relates to the qualifying assets is capitalised against the cost.

1.21 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.

1. **PRESENTATION OF CONSOLIDATED ANNUAL FINANCIAL STATEMENTS** (continued)

1.22 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 part of 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 are 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.

The Group's business units are segmented based on the products or services they deliver. Our corporate segment consist mainly of strategic investments.

1.23 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.

Diluted earrings per share

Diluted earnings per share is determined on the average number of shares based on profit to ordinary shareholders net of once-off events.

NOTES TO THE FINANCIAL STATEMENTS

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 16 – Leases

IFRS 16 sets out the requirements for the recognition, measurement, presentation and disclosure of leases. IFRS 16 replaces IAS 17 Leases along with three interpretations which are IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The Group adopted IFRS 16 Leases retrospectively from 1 September 2019 but did not restate comparatives as permitted under the modified transition approach in the standard. The cumulative effects of the adjustments arising from the new leasing rules have been recognised in the opening retained income on 1 September 2019.

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which were previously classified as operating leases under the principles of IAS 17 excluding low-value leases or those leases with a remaining lease term of less than 12 months. For leases previously classified as finance lease, the right-of-use asset and lease liability were measured on the date of initial application as the same amounts as under IAS 17 at 1 September 2019.

Impact on transition

	2020 R'000
Lease liability	
Operating lease liabilities as at 31 August 2019 before discounting	19 875
Discounted using the incremental borrowing rate of 10.83%	17 236
Reconciliation items	
Finance lease obligation reclassified to lease liability	108 849
Short-term leases recognised to income statement	(1 523)
	124 562

Right-of-use asset

The associated right-of-use assets for motor vehicles and property was measured on a modified retrospective basis. The right-of-use assets was measured at an amount equal to the lease liability.

The impact of the change in the accounting policy on the statement of financial position on 1 September 2019 was an increase in right-of-use assets of R124m, increase in lease liabilities of R124m and an increase in retained earnings of R0.8m and an increase on deferred tax of R0.2m.

2. NEW STANDARDS AND INTERPRETATIONS (continued)

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

Practical expedients applied on adoption of IFRS 16

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- The use of a single discount rate to a portfolio of leases with reasonably similar characteristics.
- The use of hindsight in determining the lease term for agreements with options to extend or terminate the lease.
- The accounting for leases with a remaining lease term of less than 12 months as at 1 September 2019 as short-term leases.
- The initial direct cost was excluded in the measurement of the right-of-use asset at 1 September 2019.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

Low-value assets comprise mostly of IT equipment.

Impact for the period

The Group recognised right-of-use asset of R84 million and lease liability of R96 million at 31 August 2020. Included in the statement of comprehensive income is depreciation of R28,8 million and interest expense of R3,0 million.

2.2 Standards and interpretations not yet effective

Standards and interpretations applicable to the Group for the year ending 31 August 2021:

IFRS 7 Financial instruments disclosures

The amendment clarifies the requirements for hedge accounting to support the provision of useful financial information during the period of uncertainty caused by the phasing out of interest-rate benchmark such as interbank offered rates on hedge accounting.

IFRS 9 Financial instruments

The amendment clarifies the requirements for hedge accounting to support the provision of useful financial information during the period of uncertainty caused by the phasing out of interest-rate benchmark such as interbank offered rates on hedge accounting.

The amendments to IFRS 9, IAS 39, IFRS 7 and IFRS 16 amend requirements relating to changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities, hedge accounting and disclosures. The effective date of the amendment for the Group ifor financial years beginning 1 September 2021. The Group is in the process of assessing the impact of the amendment.

IAS 1 Presentation of financial statements

The amendments clarify and align the definition of material and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS standards

IAS 8 Accounting policies, changes in accounting estimates and errors

The amendments clarify and align the definition of material and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS standards.

IFRS 16 COVID-19-Related Rent Concessions

The amendment clarifies the accounting of Covid-19-related rent concessions by lessees.

3. PROPERTY, PLANT AND EQUIPMENT

GROUP	2020 Cost R'000	2020 Accumulated depreciation R'000	2020 Carrying value R'000	2019 Cost R'000	2019 Accumulated depreciation R'000	2019 Carrying value R'000
Broadcast mast	5 392	(2 731)	2 661	5 392	(2 192)	3 200
Buildings	137 996	(4 291)	133 705	113 810	(2 700)	111 110
Computer equipment	127 558	(59 570)	67 988	116 567	(48 776)	67 791
Computer software	1 853	(1 796)	57	1 795	(1 700)	95
Furniture and fixtures	30 678	(22 049)	8 629	29 801	(20 036)	9 765
Laboratory equipment	7 690	(7 690)	–	7 725	(7 273)	452
Land	4 373	–	4 373	5 284	–	5 284
Leasehold improvements	44 978	(31 862)	13 116	43 325	(28 393)	14 932
Motor vehicles	41 563	(29 019)	12 544	45 742	(23 590)	22 152
Office equipment	5 684	(3 656)	2 028	4 562	(2 991)	1 571
Plant and machinery	239 449	(124 913)	114 536	227 116	(122 598)	104 518
Studio and electronic equipment	3 144	(3 116)	28	3 144	(2 532)	612
Vessels	350 424	(162 157)	188 267	324 454	(144 760)	179 694
Total	**1 000 783**	**(452 850)**	**547 932**	928 717	(407 541)	521 176

3. PROPERTY, PLANT AND EQUIPMENT (continued)

Reconciliation of property, plant and equipment – Group – 2020

	Opening balance R'000	Additions R'000	Additions through business combinations R'000	Disposals R'000	Classified as held for sale R'000	Deemed disposal of subsidiary R'000	Transfers R'000	Depreciation R'000	Impairment loss R'000	Total R'000
Broadcast mast	3 200	–	–	–	–	–	–	(539)	–	2 661
Buildings	111 110	888	–	–	–	–	23 298	(1 591)	–	133 705
Computer equipment	67 791	20 962	35	(10 006)	–	–	–	(10 794)	–	67 988
Computer software	95	58	–	–	–	–	–	(97)	–	57
Furniture and fixtures	9 765	1 239	–	(363)	–	–	–	(2 013)	–	8 629
Laboratory equipment	452	–	–	(35)	–	–	–	(417)	–	–
Land	5 284	–	–	(911)	–	–	–	–	–	4 373
Leasehold improvements	14 932	2 563	–	(910)	–	–	–	(3 469)	–	13 116
Motor vehicles	22 152	1 402	–	(5 512)	–	–	–	(5 429)	(69)	12 544
Office equipment	1 571	1 136	–	(14)	–	–	–	(665)	–	2 028
Plant and machinery	104 518	36 576	–	–	–	–	(23 298)	(2 315)	(945)	114 536
Studio and equipment	612	–	–	–	–	–	–	(584)	–	28
Vessels	179 694	26 005	–	(36)	–	–	–	(17 396)	–	188 267
	521 176	90 829	35	(17 786)	–	–	–	(45 309)	(1 014)	547 932

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)	–	(14287)	–	67 791
Computer software	11	227	16	(10)	–	–	(149)	–	95
Furniture and fixtures	800	2 054	8 196	(20)	–	-	(1265)	–	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

* *Plant and machinery include assets under construction which are subsequently transferred to buildings.*

Pledged as security

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

	2020 R'000	2019 R'000
Broadcast mast	**2 661**	3 200
Motor vehicles (subject to finance lease)	**112**	99
Vessels	**22 967**	16 992

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.

In the prior 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 prior year and future 14 years of R 3.1 million.

3. PROPERTY, PLANT AND EQUIPMENT (continued)

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.

Insurance

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

4. LEASES (GROUP AS LESSEE)

Details pertaining to leasing arrangements, where the group is lessee are presented below:

Net carrying amounts of right-of-use assets

There were no right-of-use of assets derecognised during the year.

The carrying amounts of right-of-use assets are as follows:

	2020 R'000	2019 R'000
Buildings	79 723	–
Plant and machinery	42	–
Motor vehicles	5 063	–
	84 828	–
Finance lease liabilities		
The maturity analysis of lease liabilities is as follows:		
Within one year	25 683	–
Two to five years	71 781	–
	97 464	–
Non-current liabilities	71 781	2 853
Current liabilities	25 683	12 683
	97 464	15 536

Comparative information for lease liabilities under IAS 17

The information presented for lease liabilities for the comparative period has been prepared on the basis of IAS 17, and therefore only represents the liability as at that date for finance leases and not for operating leases. In addition to the information presented in the table above, IAS 17 required an entity to present a reconciliation of the present value of lease payments for finance leases. This information is presented in the table which follows:

	2020 R'000	2019 R'000
Present value of minimum lease payments due		
– within one year	–	12 683
– in second to fifth year inclusive	–	2 853
	–	15 536

4. LEASES (GROUP AS LESSEE) (continued)

	2020 R'000
Details pertaining to leasing arrangements where the group is the lessee are presented below:	
Net carrying amount of right-of-use assets subject to lease agreements	84 828
The net carrying amounts of right-of-use assets are broken down as follows:	
Initial recognition	133 935
Reclassification of existing finance leases under IFRS 16	650
Additions to right-of-use assets	3 482
Disposals	(845)
Depreciation recognised on right-of-use assets	
Depreciation recognised includes depreciation which has been expensed in the total depreciation charge in profit or loss as well as depreciation which has been capitalised to the cost of other assets.	(52 394)
	84 828
Other amounts recognised in profit and loss	
Expenses relating to short term leases	(3 285)
Interest expense on lease liabilities	(12 453)

5. GOODWILL

	2020			2019		
GROUP	Cost R'000	Accumulated impairment R'000	Carrying value R'000	Cost R'000	Accumulated impairment R'000	Carrying value R'000
Goodwill	206 395	(24 623)	181 772	243 071	(23 978)	219 093

Reconciliation of goodwill – Group – 2020

	Opening balance R'000	*Adjustment R'000	Impairment loss R'000	Total R'000
Goodwill	219 093	(36 676)	(645)	181 772

Reconciliation of goodwill – Group – 2019

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

* *Adjustment in current year relates to a reduction which occurred as a result of NCI allocation arising from shareholder loans.*

5. GOODWILL (continued)

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

	2020 R'000	2019 R'000
CGU per division		
Biotechnology	–	–
Events and tourism	**6 151**	6 151
Fishing and brands	**70 129**	70 129
Technology	**105 492**	142 813
	181 773	219 093

The group performs an annual impairment test on goodwill based on respective CGUs. The recoverable amount for each of the CGUs to which goodwill is allocated has been determined based on a value in use calculation which uses cash flow projections on financial forecasts approved by the Board of directors over a five-year period with the exception of the Biotechnology division where more than five years was used due to the delay in clinical trials which pushed the first year of revenue generation out to after 12 years. 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

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).

In the prior year, the carrying value of one of the CGUs in Software Tech Holdings Group was more than the recoverable amount and an impairment loss of R1 320 000 was recognised in the Group.

In the current year, there was goodwill of R644 862 recognised on the acquisition of NSX Solutions Consulting (Pty) Ltd (''NSX''). The goodwill of R644 862 was subsequently impaired as the carrying value was more than the recoverable amount of the CGU.

During the prior 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 R96 million has been disclosed in the note above.

Fishing and brands

On 9 May 2018, the Group acquired a 50.31% shareholding in Talhado for a consideration of R89 million. Talhado was acquired for its squid fishing rights, brand, processing facilities, and in order to enhance the Group's footprint in the squid sector. Goodwill arising from the acquisition has been disclosed in the note above. Goodwill recognised on the acquisition relates to the expected growth and cost synergies which cannot be separately recognised as an intangible asset. This goodwill has been allocated to the Group's squid segment and is not expected to be tax deductible. There were no business combinations during the current year nor any adjustments in the current year in relation to the acquisition of Talhado.

5. **GOODWILL** (continued)

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. 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. In prior year, 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 in the Group.

Events

The value of the CGU to which goodwill was allocated has been determined based on the value in use calculation using cash flows projections.

The following significant assumptions were used when calculating recoverable amount:
Events and tourism division

Pre-tax discount rates: 22%

Number years: 9

Growth rate: 4.2%

Biotechnology division

Pre-tax discount rates: 25.2%

Number of years: 12

Growth rate: 4.5%

Technology	Pre-tax discount rate %	Number of forecasted years	Growth rate
Puleng technologies (Pty) Ltd	16.01	5	4.13
Health Systems Technologies (Pty) Ltd	18.60	5	4.5
Kalula Communications (Pty) Ltd	15.45	5	4.3
Zaloserve (Pty) Ltd	16.63	5	4.13
Mainstreet 1653 (Pty) Ltd	18.21	5	3.2
Software Tech Holdings and subsidiaries	22.85	5	4.13

Fishing and brands division	Pre-tax discount rate %	Number of forecasted years	Growth rate
Abalone division	12.68	5	4.5
Fishing division	12.05	5	4.5

6. INTANGIBLE ASSETS

GROUP	2020 Cost R'000	2020 Accumulated amortisation and impairment R'000	2020 Carrying value R'000	2019 Cost R'000	2019 Accumulated amortisation and impairment R'000	2019 Carrying value R'000
Biosimilar drug under development	**156 595**	**(156 010)**	**585**	156 595	(156 010)	585
Customer contracts and lists	**90 403**	**(70 132)**	**20 271**	76 034	(65 711)	10 323
Distribution rights	**70 903**	**(12 390)**	**58 513**	69 790	(12 390)	57 400
Software development	**16 543**	**(14 618)**	**1 925**	33 668	(14 618)	19 050
Licences and technologies	**30 385**	**(20 146)**	**10 239**	24 531	(14 814)	9 717
Novel Compound	**135 107**	**–**	**135 107**	135 107	–	135 107
Brands	**31 601**	**(1744)**	**29 857**	29 857	–	29 857
Patents and trademarks	**8 447**	**(896)**	**7 551**	8 360	(136)	8 224
Pharmaceutical dossiers	**30 741**	**(30 541)**	**200**	30 741	(30 541)	200
Radio licence	**8 847**	**(9)**	**8 838**	8 867	–	8 867
Software development	**18 624**	**(923)**	**17 701**	14 788	(809)	13 979
Total	**598 194**	**(307 409)**	**290 787**	**588 338**	**(295 030)**	**293 309**

6. **INTANGIBLE ASSETS** (continued)

Reconciliation of intangible assets – Group – 2020

	Opening balance R'000	Additions R'000	Additions through business combinations R'000	Disposals R'000	Foreign exchange gains/ (losses) R'000	Reclassifications R'000	Amortisation R'000	Impairment loss R'000	Total R'000
Biosimilar drug under development	585	–	–	–	–	–	–	–	585
Customer contracts and lists	10 323	–	14 369	–	–	–	(4 421)	–	20 271
Distribution rights	57 400	–	–	–	1 113	–	–	–	58 513
Fishing quotas	19 050	–	–	–	–	(17 125)	–	–	1 925
Licences and technologies	9 717	5 730	48	(59)	–	135	(1 809)	(3 523)	10 239
Novel compound	135 107	–	–	–	–	–	–	–	135 107
Brands	29 857	1 744	–	–	–	–	–	(1 744)	29 857
Patents and trademarks	8 224	135	–	–	–	(48)	(760)	–	7 551
Pharmaceutical dossiers	200	–	–	–	–	–	–	–	200
Radio licence	8 867	–	–	–	–	(20)	(9)	–	8 838
Software development	13 979	4 398	–	–	–	(254)	(422)	–	17 701
	293 309	12 007	14 417	(59)	1 113	(17 312)	(7 421)	(5 267)	290 787

6. INTANGIBLE ASSETS (continued)

Reconciliation of intangible assets – Group – 2019

	Opening balance R'000	Additions R'000	Additions through business combinations R'000	Disposals R'000	Reclassifications 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)**	**_**	**(49 235)**	**(71 882)**	**293 309**

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 granulocyte-colony stimulating factor (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 29: 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.

6. INTANGIBLE ASSETS (continued)

Customer Lists

Customer lists were acquired through a business combination in the prior year. Customer lists relates to customer relationships with Zaloserve and Main Street.

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.

Fishing quota

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

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 79 months.

This project has been evaluated and it was decided upon that this project is not feasible to continue investing for two 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).

Brands

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

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 in the fishing division 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 four to 15 years.

6. **INTANGIBLE ASSETS** (continued)

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.

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.

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 will be amortised when the service contract is terminated.

Electronic Continuity of Care Record System("eCCR") System

The eCCR system was internally developed with phase 1 completed in the 2018 financial year. The product went live on 1 March 2019. Phase 2A which began in October 2016 was completed on October 2017 and is now in use. Phase 2B was completed in October 2019. Management has assessed that the eCCR system has a useful life of three years.

Free bed system enquiry

The free bed inquiry system allows ambulances to access the availability of beds at hospitals. The development of this system was completed and implemented in May 2020. Management has assessed the useful life of the intangible to be 10 years.

The above software systems have been internally developed by the healthcare segment.

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

6. INTANGIBLE ASSETS (continued)

Computer software and licences

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.

Health Information System Technology Refresh

This is a technology refresh and modernisation of the existing HealthSystem platform.

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 Fishing (Pty) Ltd, 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 48 in relation to the fair value information.

7. INVESTMENTS IN SUBSIDIARIES

Subsidiaries with material non-controlling interests

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	2020	2019
		Minority interest holding	
African Biotechnological and Medical Innovation Investments (Pty) Ltd	RSA	**26%**	26%
AYO Technology Solutions (Pty) Ltd*	RSA	**51%**	51%
Magic 828 (Pty) Ltd	RSA	**40%**	40%
Premier Fishing and Brands Ltd	RSA	**44%**	44%

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

* *The control stems from AEEI's ability to direct the relevant activities of AYO as a result of the AYO board composition based on the IFRS 10 control assessment*

7. INVESTMENTS IN SUBSIDIARIES (continued)

2020

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	139 008	2 521	141 529	152 806	2 334	155 140	27 586
AYO Technology Solutions Ltd	805 533	4 183 370	4 988 903	30 903	661 908	692 811	118 640
Magic 828 (Pty) Ltd	11 112	1 267	12 379	50 518	1 025	51 544	(19 017)
Premier Fishing and Brands Ltd	690 388	338 205	1 028 593	180 286	74 257	254 543	43 493
Total	1 646 041	4 525 363	6 171 404	414 513	739 525	1 154 038	170 702
							2 969 839
Non-controlling interest in all subsidiaries							2 969 839
Non-controlling interest per statement of financial position							

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.

7. INVESTMENTS IN SUBSIDIARIES (continued)

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

2020

Summarised statement of profit or loss and other comprehensive income

R'000	Revenue R'000	Profit/(loss) before tax R'000	Tax expense R'000	Profit/(loss) R'000	Total com-pre-hensive income R'000	Profit/(loss) allocated to non-controlling interest R'000
African Biotechnological and Medical Innovation Investments (Pty) Ltd	–	(8 176)	–	(8 176)	–	(3 642)
AYO Technology Solutions Ltd	2 885 214	103 626	(70 846)	32 780	(834)	11 437
Magic 828 (Pty) Ltd	5 163	(9 906)	2 926	(6 979)	–	(3 838)
Premier Fishing and Brands Ltd	448 677	17 430	(11 045)	6 385	–	2 385
Total	**3 339 054**	**102 974**	**(78 965)**	**24 010**	**(834)**	**6 342**
Profit or loss attributable to non-controlling interest of other subsidiaries						**8 894**
Total profit allocated to non-controlling interest						**16 851**

7. **INVESTMENTS IN SUBSIDIARIES** (continued)

2019

Summarised statement of profit or loss and other comprehensive income

R'000	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	(91186)	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	2 547 036	305 946	92 465	213 484	223 665	45 521
Profit or loss attributable to non-controlling interest of other subsidiaries						87 769
Total profit allocated to non-controlling interest						102 090

2020

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	Dividend paid to non-controlling interest R'000
African Biotechnological and Medical Innovation Investments (Pty) Ltd	1 485	371	–	1 856	–
AYO Technology Solutions Ltd	27 390	(272 782)	(305 824)	(457 362)	(2 722)
Magic 828 (Pty) Ltd	(8 752)	(357)	8 190	(919)	–
Premier Fishing and Brands Ltd	44 113	(64 664)	(54 766)	(75 317)	(32 899)
	64 236	(337 432)	(352 400)	(531 742)	(35 621)

7. INVESTMENTS IN SUBSIDIARIES (continued)

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)

8. INVESTMENT IN ASSOCIATE

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

	% ownership interest 2020	Carrying amount 2020	% ownership interest 2019	Carrying amount 2019
BT Communication Services	**30%**	**866 367**	30.00%	825 520

The percentage ownership interest is equal to the percentage voting rights.

Material associates

The following associates are material to the Group:

2020

	Country of incorporation	Method	% Ownership interest 2020
BT Communication Services South Africa (Pty) Ltd	RSA	Equity	30

2019

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

The country of incorporation is the same as the principal place of business.

8. INVESTMENTS IN ASSOCIATES (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	
	2020	2019
Revenue	**1 284 402**	1 155 632
Other income and expenses	**(984 201)**	(1 018 477)
Profit before tax	**300 201**	137 155
Tax expense	**(74 226)**	(38 592)
Profit from continuing operations	**225 975**	98 563
Total comprehensive income	**239 375**	98 563
Dividends received from associate	**13 400**	18 746

Summarised Statement of Financial Position	BT Communication Services South Africa (Pty) Ltd R'000	
Assets	**2020**	2019
Non-current	**489 830**	194 088
Current	**909 937**	770 474
Total assets	**1399 767**	964 562
Liabilities		
Non-current	**254 895**	–
Current	**155 231**	156 869
Total liabilities	**410 126**	156 869
Total net assets	**989 641**	807 693

8. INVESTMENTS IN ASSOCIATES (continued)

Reconciliation of net assets to equity accounted investments in associates	BT Communication Services South Africa (Pty) Ltd R'000	
	2020	2019
Profit for the year	**54 247**	24 661
Portion of net assets	**812 120**	800 858
Carrying value of investment in associate	**866 367**	825 519
Deemed cost upon change in ownership	**825 520**	819 727
Share of profit	**54 247**	24 660
Dividends received from associate	**(13 400)**	(18 868)
Investment at end of period	**866 367**	825 519

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.

Restrictions relating to associates

There are currently no restrictions relating to the associate.

9. JOINT ARRANGEMENTS

Joint operations

The following joint operations are material to the group:

Joint operation	Country of incorporation	% Ownership interest 2020	% Ownership interest 2019
Premier – BCP Hake	RSA	**48**	48
Premier – Seacat	RSA	**50**	50
Bloudam	RSA	**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.

9. JOINT ARRANGEMENTS (continued)

Joint operations (continued)

	2020 R'000	2019 R'000
Summary of Group's interest in joint operations		
Premier – BCP Hake Joint Venture		
Revenue	44 964	74 008
Cost of sales	(29 768)	(42 052)
Other operating income	44	2 686
Operating expenses	(11 786)	(3 854)
Interest Income	475	1 051
Total Comprehensive Income	4 438	31 839
Share of total comprehensive income	2 130	15 283
Non-current assets		
Property, plant and equipment	6 127	86
Total non-current asset	6 127	86
Current Assets		
Inventories	812	617
Trade and other receivables	763	8 989
Cash and cash equivalents	7 633	15 443
Total current assets	9 208	25 049
Current liabilities		
Trade and other payables	(7 592)	(6 830)
Total current liabilities	(7 592)	(6 830)
Net assets	7 743	18 305
Share of net assets	3 717	8 786
Premier – Seacat Joint Venture Operation		
Revenue	3 506	9 057
Cost of sales	(1 158)	(2 724)
Other operating income	–	13
Operating expenses	(1 796)	(4 154)
Interest income	37	124
Total comprehensive income	589	2 316
Share of total comprehensive income	294	1 158
Current assets		
Inventories	396	135
Trade and other receivables	384	1 336
Cash and cash equivalents	386	1 556
Total current assets	1 166	3 027

9. JOINT ARRANGEMENTS (continued)

Joint operations (continued)

	2020 R'000	2019 R'000
Current liabilities		
Trade and other payables	**(708)**	(711)
Total current liabilities	**(708)**	(711)
Net assets	**458**	2316
Share of net assets	**229**	1158
Bloudam Joint Venture Operation		
Revenue	**–**	–
Cost of sales	**–**	–
Operating expenses	**–**	(57)
Total comprehensive loss	**–**	(57)
Share of total comprehensive income	**–**	(22)
Current assets		
Other financial assets	**2 520**	2486
Total current assets	**2 520**	2486
Current liabilities		
Other financial liabilities	**(2 520)**	(2531)
Trade and other payables	**–**	(12)
Total current liabilities	**(2 520)**	(2543)

Joint ventures

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

Group

Name of company	Held by	% ownership interest	% ownership interest	Carrying amount R'000	Carrying amount R'000
		2020	2019	**2020**	2019
Premier Select (Pty) Ltd	Premier Fishing SA (Pty) Ltd	**50.00**	50.00	**–**	–
Exaro HST Ltd	Health Systems Technologies (Pty) Ltd	**50.00**	50.00	**–**	33
Digital Health Africa (Pty) Ltd	Health Systems Technologies (Pty) Ltd	**50.00**	50.00	**–**	–
Vunani Fintech Fund (Pty) Ltd	AYO Technology Solutions Limited	**50.00**	50.00	**18 963**	–

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.

9. JOINT ARRANGEMENTS (continued)

Exaro HST Limited is jointly controlled and operates principally in West Africa and is currently not operational. The investment in the joint venture is measured using the equity method. The investment amount was impaired in the current year.

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

Vunani Fintech Fund (Pty) Ltd previously known as 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. Vunani Fintech Fund is jointly managed by AYO, Bambelela and Vunani Capital.

Summarised financial information of joint ventures

2020

Summarised statement of comprehensive	Revenue R'000	Depreciation and amortisation R'000	Interest income R'000	Interest expense R'000	Tax expense R'000	Profit/(loss) from continuing operations R'000	Total comprehensive income R'000	Share of total comprehensive income R'000
Premier Select (Pty) Ltd	–	–	–	(1)	–	(1)	(1)	–
Vunani Fintech Fund (Pty) Ltd	62 586	(3 044)	2 062	(9 659)	(14 019)	37 926	37 926	18 963

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	–	1	107	107	108
Vunani Fintech Fund (Pty) Ltd	160 213	3 076	6	3 082	163 295

Liabilities	Non-current financial liabilities R'000	Other non-current liabilities R'000	Total non-curent liabilities R'000	Current financial liabilities R'000	Total current liabilities R'000	Total liabilities R'000
Premier Select (Pty) Ltd	–	722	722	45	45	767
Vunani Fintech Fund (Pty) Ltd	114 294	14 019	128 313	274	274	128 587

*Trade and other payables and provisions are included in other non-current liabilities and other current liabilities.

9. JOINT ARRANGEMENTS (continued)

The summarised information presented above reflects the full financial statements and results of the joint venture Group.

Reconciliation of net assets to equity accounted investments in joint ventures	Total net assets R'000	Interest in joint venture at % ownership %	Accumulated unrecognized losses R'000	Investment in joint venture R'000
Exaro HST (Pty) Ltd	–	–	–	–
Premier Select (Pty) Ltd	–	–	–	–
Vunani Fintech Fund (Pty) Ltd	34 708	50	–	17 354
Digital Health Africa (Pty) Ltd	-	-	-	-

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.*

9. JOINT ARRANGEMENTS (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	1126

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 unrecognized 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)

Unrecognised losses

The Group has not recognised its share of the losses of Exaro HST (Pty) Ltd and Tamlalor (Pty) Ltd 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.

10. OTHER FINANCIAL ASSETS

	2020 R'000	2019 R'000
At fair value through profit or loss – designated		
The balance relates to an investment in African Legend Investments (Pty) Ltd. A fair value loss of R26.2m was recognised in the current year.	**9 841**	36 113
Investments in unlisted private companies:		
SAAB Grintek Defence (Pty) Ltd	**150 000**	175 300
The company holds a 25% interest in Saab Grintek Defence (Pty) Ltd. This investment is not accounted for as an associate as the company does not have significant influence as stipulated in the shareholders agreement. The directors were appointed to serve in an advisory capacity and they provide guidance to their foreign counterparts about how business operates in South Africa. The directors are not involved in the day-to-day operational activities or decision relating to this investment. This investment was disposed on 31 December 2020. Refer to note 51events after reporting period.		
Cadiz life Investment Enterprise Development Fund	**9 702**	9 200
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 on 31 July 2023. AYO withdrew funds of R8.7 million from Cadiz on 6 September 2020.		
Investment in Bambelela (Pty) Ltd	**31 139**	16 182
On 28 September 2018, 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 Limited, a diversified financial services group		
Investment in Sure Holdings (Pty) Ltd	**864**	2 661
The amount relates to a minor investment in the Events division		
Investments in listed public companies	**38 974**	22 847
A fair value gain of R16m relating to the investment in Sygnia was recognised in the current year. Prior year amounts included the Pioneer Foods Investment which has been derecognised in current year.		
Investment in 4 Plus (Pty) Ltd	**31 782**	5 587
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. On 5 October 2019 AYO subscribed for a further 5% of the issued share capital in 4 Plus and on 16 December 2019 for a further 8%. The carrying value of the investment in 4 Plus has been impaired by an amount of R70 million based on an experts valuation.		
Investment in Vunani (Pty) Ltd	**1 487**	1 107
The amounts relate to the Investment in Vunani for the repurchase of shares.		

10. OTHER FINANCIAL ASSETS (continued)

	2020 R'000	2019 R'000
Nessa Capital Fund Funds held with Nesa Capital through its Enterprise Development Fund which provides growth and expansionary capital to SMMEs. The amount presented was at fair value. This amount was held by a subsidiary Mantella Trading 634 (Pty) Ltd which was disposed in the current financial year.	–	188
	273 789	269 185

	2020 R'000	2019 R'000
Loans and receivables		
Cumulative preference shares – Bambelela Capital (Pty) Ltd 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 R145 million. AYO has the right to convert the preference shares into ordinary shares equal to the redemption amount of redemption date. Interest is accrued at variable prime rate multiplied by adjustment rate at 72%.	**160 933**	150 996
Vunani Fintech Fund (Pty) Ltd (formerly Tamlalor (Pty) Ltd) The loan is unsecured, bears interest at prime and is repayable on 28 March 2024. AYO has subordinated, for the benefit of other creditors, so much of their claim against Vunani Fintech fund as would enable Vunani Fintech Fund's total assets to exceed total liabilities.	**114 294**	103 026
Supplier Development Loans The loans are interest free and unsecured	**26 202**	24 462
Cortex Logic (Pty) Ltd 1267011432 The loan is unsecured, bears interest at prime plus 2%. R5m of the balance is repayable on 30 November 2020 with the remaining balance on 29 February 2021.	**12 670**	11 432
Volt Business Solutions (Pty) Ltd The loan is unsecured and bears interest at a rate of prime plus 2%. 50% of the loan is repayable on 1 January2022 and the remaining balance is due on 1 January 2024. This loan was impaired in full in the current year.	–	11 534
Sizwe Connect (Pty) Ltd Investment The loan was unsecured, bore no interest and was repayable in six equal instalments of R321 973 commencing 28 February 2021. This loan was settled in full in the current year.	–	1 933
Ikeganya Support Services (Pty) Ltd The loan with balance was unsecured, bore no interest and was repayable over two equal instalments of R991 556 commencing 30 June 2019.	–	1 983
Cumulative preference shares – 4Plus Technology Venture Fund Africa (Pty) Ltd ("4Plus")	**31 478**	–

10. OTHER FINANCIAL ASSETS (continued)

	2020 R'000	2019 R'000
On 9 April 2020, AYO subscribed for 1 500 cumulative, redeemable, non-participating convertible preference shares of no par value in 4Plus for consideration of R15 million and on 4 May 2020, AYO subscribed for a further 1 500 cumulative, redeemable, non-participating convertible preference shares of no par value in 4Plus for consideration of R15 million. At 31 August 2020, AYO holds 3 000 cumulative, redeemable, non-participating convertible preference shares of no par value in 4Plus. The preference shares are redeemable on 9 April 2027 and 4 May 2027 respectively. AYO has the right to convert the preference shares into ordinary shares equal to the redemption amount of redemption date. Interest is accrued at prime rate plus 2%.		
Mantella Trading 634 (Pty) Ltd The loan is unsecured, interest free and has no fixed repayment dates	**2 507**	–
Breakage fee receivable AYO paid a breakage fee of R1.25m and R0.25m in terms of the offer to purchase agreement with the shareholders of Kathea Communications and Kathea Energy. The breakage fee together with any interest accrued shall be deducted from the purchase consideration in the event that a definitive sale of shares agreement is entered into between AYO and the shareholders of Kathea Communications and Kathea Energy and becomes unconditional in all respects. If the definitive sale of shares agreement is not entered for any reason whatsoever except as a result of AYO not negotiating in good faith, the breakage fee together with any interest accrued is repayable to AYO. At 31 August 2020, the definitive sale of shares agreement was not concluded yet, therefore the breakage fee has been recognised as a receivable.	**1 500**	–
Uhula ICT (Pty) Ltd The loan with balance is unsecured, bears no interest and is repayable within the next 12 months	**1 700**	1 700
Other loans receivable	**5 965**	6 815
	357 249	313 881
Total other financial assets	**631 038**	583 066
Non-current assets		
Fair value through profit and loss designated	**263 601**	268 078
Loans and receivables	**317 024**	276 102
	580 625	544 180
Current assets		
Designated as at FV through profit (loss) (FV through income)	**10 188**	1 107
Loans and receivables	**40 225**	37 779
	50 413	38 886

10. OTHER FINANCIAL ASSETS (continued)

Fair values of loans and receivables

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.

The general approach is for loans receivables and other financial assets to be measured at amortised cost.

The Group considers a financial asset in default when contractual payment are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Loans receivables includes borrowings to entities that are non-related to AEEI company, it also includes redeemable cumulative preference shares. The loans are unsecured with the exception of loan to Last Mile Logistics Africa (Pty) Ltd, Last Mile loan is secured by trade debtors, loans receivables and bank accounts of Last Mile. In the current year, AYO advanced a loan of R25.4 million to Last Mile. The loan bears interest at prime rate and is repayable on 31 May 2023. The loan was fully impaired due to doubt over the recoverability of the loan as a result of the entity's poor performance. All the other loans receivables measured at amortised cost are considered to have low credit risk, and the expected loss allowance is based on the 12 months expected credit loss. The loans receivables did not default of any payments, the entities financial performance is adequate which resulted in significantly low probability of default, no ECL was recognised

Loans to related party companies

The loans are advanced to the related party companies for capital investment or working capital needs. The risk of default is based on the success of the related party companies trading. Significant portion of the loans are secured by assets of the related company.

Vunani Fintech Fund's credit risk significantly improved in the current year, which resulted in a low credit risk since initial recognition. The loss allowance of R1.6 million recognised in the prior period was reversed as an impairment recovery in the current financial year.

Expected credit loss for both loans to group and loan receivables

Stage 1 Performing	2020 R'000	2019 R'000
Loans receivable	**357 249**	210 854

10. OTHER FINANCIAL ASSETS (continued)

	2020 R'000	2019 R'000
Stage 1 Performing		
	357 249	210 854
Stage 2 Under-Performing		
Loans receivable	**54 954**	108 351
Lifetime expected credit loss	**(54 954)**	(5 324)
Net carrying amount	**–**	103 026
Total Carrying amount for loans receivable	**–**	206 053
Stage 3 Non-Performing		
Loans receivable	**3 716**	
Loss allowance	**(3716)**	–
	–	–
Purchase of financial assets	**(107 985)**	(358 442)
Sale of financial assets	**–**	1 038 207
Non-cash amounts included in other financial assets	**739 023**	(96 699)
	631 038	583 066

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.

11. FINANCE LEASE RECEIVABLES

Gross investment in the lease due	2020 R'000	2019 R'000
Gross investments in lease due	**52 404**	1331
– within one year	**23 104**	892
– in second to fifth year inclusive	**29 300**	439
	(9 080)	(312)
	43 324	1 019

Present value of minimum lease payments due	2020 R'000	2019 R'000
– within one year	**18 135**	669
– in second to fifth year inclusive	**25 189**	350
	43 324	1 019
Non-current assets	**25 189**	350
Current assets	**18 135**	669
	43 324	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%.

Finance leases for current year are now being accounted for in terms of IFRS 16. Refer to note 4 Right of Use Assets.

12. DEFERRED TAX

	2020 R'000	2019 R'000
Deferred tax liability		
Accelerated capital allowances on property, plant and equipment	**(83 408)**	(70 070)
Shipping allowance	**(58 141)**	(53 834)
Prepaid expenses	**(2 971)**	(731)
Fair value adjustments on other financial assets	**(23 642)**	(18 561)
Fair value adjustments on biological assets	**–**	(26 105)
Operating lease	**–**	(12)
Allowance for credit loss	**(15 398)**	–
Intangible assets	**(16 489)**	–
Right-of-use asset	**(19 972)**	–
Intangible assets acquired through business combinations		(9 089)
Total deferred tax liability	**(220 021)**	(178 392)
Deferred tax assets to be set off against deferred tax liability	**38 147**	21 566
Total deferred tax liability	**(181 874)**	(156 836)

12. DEFERRED TAX (continued)

Deferred tax asset

	2020 R'000	2019 R'000
Provisions	**24 431**	17 917
Fair value adjustment on investments	**–**	43 242
Fair value adjustment on derivatives	**–**	17 108
Income received in advance	**5 774**	8 888
Allowance for credit losses	**2 038**	1 935
Operating lease	**–**	315
Contingent consideration	**–**	643
Finance lease liabilities	**90**	3 792
Fair value adjustments on other financial assets	**38 196**	–
Deferred tax balance from temporary differences other than unused tax losses	**–**	93 839
Lease liabilities	**6 956**	–
Tax losses available for set off against future taxable income	**60 509**	25 601
Total deferred tax asset	**137 994**	119 441
Deferred tax liability to be set off against deferred tax asset	**(38 147)**	(21 566)
Total deferred tax asset	**99 847**	97 874

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:

	2020 R'000	2019 R'000
Deferred tax liability	**(181 874)**	(156 836)
Deferred tax asset	**99 847**	97 874
Total net deferred tax liability	**(82 027)**	(58 961)

Reconciliation of deferred tax asset/(liability)

	2020 R'000	2019 R'000
At beginning of year	**(58 961)**	(1 269 099)
Accelerated capital allowances on property, plant and equipment	**(13 338)**	(12 648)
Fair value adjustments on other financial assets	**33 116**	15 745
Fair value adjustments on associate	**–**	1 077 746
Fair value adjustments on investments	**(43 242)**	44 035
Fair value adjustments on derivatives	**(17 108)**	17 108
Intangible asset through business combinations	**–**	55 111
Right-of-use-asset	**(19 972)**	-
Allowance for credit loss	**(15 295)**	1 935
Contingent consideration	**(643)**	643
Finance lease liabilities	**3 254**	3 792
Operating lease liability	**(303)**	243
Prepaid expenses	**(2 240)**	795
Provisions	**6 514**	12 086
Shipping allowance	**(4 307)**	(8 291)
Fair value adjustments on biological assets	**26 105**	(7 059)
Income received in advance	**(3 114)**	7 786
Intangible asset	**(7 401)**	–
Tax losses available for set off against future taxable income	**34 908**	1 111
	(82 027)	(58 961)

13. BIOLOGICAL ASSETS

Group 2020	Opening balances R'000	Additions R'000	Disposals R'000	Transfers to inventory R'000	Changes in fair value, births and deaths R'000	Total R'000
Abalone	83 260	990	(19 563)		19 749	84 436

Group 2019	Opening balances R'000	Additions R'000	Disposals 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

Non Financial Information

Quantities of biological asset

	2020	2019
Abalone – kgs	**229 264**	161 216

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.

14. INVENTORIES

	2020 R'000	2019 R'000
Raw materials	**13 061**	9 578
Work in progress	**104 626**	117 648
Finished goods	**70 033**	94 625
Consumables	**10 424**	4 961
Other inventories for sale	**815**	398
	198 959	227 210
Inventories (write-downs)	**(11 858)**	(4 281)
	187 101	222 929

R11 858 436 of inventory was written off in the current financial year (2019: R4 280 747). The write off was done to ensure that the inventory was carried at its net realisable value.

15. TRADE AND OTHER RECEIVABLES

	2020 R'000	2019 R'000
Financial Instruments:		
Trade receivables	**543 697**	458 859
Amounts receivable from related parties	**71 262**	8 359
Amounts due from quota holders	**10 773**	14 338
Provision for expected credit loss	**(20 552)**	(11 540)
Funds held in trust	**111 863**	110 336
Deposits	**22 608**	34 395
Accrued and sundry Income	**29 320**	33 548
Claims	**284**	408
Employee costs in advance	**-**	766
Non financial instruments		
VAT	**9 495**	18 720
Refundable taxes	**746**	-
Prepayments	**31 419**	33 652
Sundry customers	**5 932**	22 945
Provision against prepayments	**(9 041)**	(9 041)
	807 806	715 745

Trade and other receivables are categorised as follows in accordance with IFRS 9:		
Financial Instruments:		
At amortised cost	**783 354**	649 469
Non-financial instruments	**24 452**	66 276
	807 806	715 745

Funds held in trust

These are monies held in a trust fund to be utilised for the ongoing legal matters.

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.

Provision against prepayment

Due to the uncertainty of the going concern and business operations of a related party who was prepaid to provide a service, management raised a provision against the prepayment.

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 customers' ability to settle the amounts outstanding include the Covid-19 pandemic, the GDP in South Africa, inflation rate and growth rate. The estimation techniques were applied for the first time in the prior financial year, as a result of the adoption of IFRS9.

15. TRADE AND OTHER RECEIVABLES (continued)

Group

	Gross amount R'000	Expected credit loss rate R'000	Lifetime expected credit loss R'000	Carrying amount R'000
Current	322 784	0.55%	(1 986)	320 798
Past due 30 to 60 days	72 044	1.96%	(1 412)	70 632
Past due 60 to 90 days	34 296	3.20%	(1 097)	33 199
Past due 90 days and older	114 573	14.04%	(16 057)	98 516
	543 697		**(20 552)**	**523 145**

Total gross amount of trade receivables	543 697
Total allowance for credit losses	(20 552)
	523 145

The expected credit loss allowance for trade receivables as at 31 August 2020 was determined as follows:

Reconciliation of expected credit loss

	2020 R'000	2019 R'000
Loss allowance as at 1 September	**(11 541)**	3 371
Provision raised on new trade receivables	**(9 011)**	–
Loss allowance as at 1 September calculated under IFRS 9	**–**	6 708
Deemed disposal of subsidiary	**–**	1 461
	(20 552)	**11 540**

Trade and other receivables currency denominated

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

Rand	**783 654**	631 017
US Dollar	**46 240**	28 610
Euro	**38 751**	3 633

The Group does not hold any collateral as security.

The fair value of trade and other receivables approximates their carrying value due to their short term nature.

16. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

	2020 R'000	2019 R'000
Cash on hand	**255**	248
Bank balances	**3 357 718**	3 877 666
Bank overdraft	**(5 385)**	(41 417)
	3 352 588	3 836 496
Current assets	**3 357 973**	3 877 914
Current liabilities	**(5 385)**	(41 417)
	3 352 588	3 836 496

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.

The following facilities are also held with ABSA Bank Ltd:

Term Loan to the value of R833 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 R212 000

Forward exchange contract (nominal value) to the value of R10 200 000

Foreign exchange settlement to the value of R5 500 000

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 Solutions 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.

First National Bank Ltd ("FNB")

Puleng Technologies (Pty) Ltd has the following facilities with FNB:

Forward Exchange Contracts to the value of R5m

The above facilities with FNB are secured by:

Cession of debtors. The current year debtors balance is R29.9m

Sizwe Africa IT Group (Pty) Ltd ("Sizwe") has the following facilities with FNB:

Sizwe has provided the following securities to FNB:

Debtors book of Sizwe. The current year debtors balance is R295m

Unrestricted cross surety provided by Sizwe

AYO has provided a guarantee of R60m to Sizwe

16. TRADE AND OTHER RECEIVABLES (continued)

Nedbank Ltd

The Group has the following facilities with Nedbank Ltd: Overdraft facility to the value of R7m

Overdraft facility to the value of R7m

A medium term loan facility of R0.3m

Vehicle-and-asset finance facility to the value of R0.3m

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

A first, second and third covering mortgage bonds over erf 14290 Somerset West by Biton Music Productions (Pty) Ltd, reflected as a mortgagor, and Nedbank, reflected as mortgagee of R3 million, R4 million and R500 000 respectively

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 R0.036m.

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 (Pty) Ltd, supported by cession of loan accounts; and

Unlimited guarantee by Marine Growers (Pty) Ltd 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 – R6.1m

– First Maritime Bond over vessel Lubbetjie – R1.2m

16. **CASH AND CASH EQUIVALENTS** (continued)

– Second Maritime Bond over vessel Lubbetjie of R4.4m

– First Continuing Covering Mortage Bond Number B28343/2008 R10m over Erf 11 St Helena Bay held under Deed of Transfer Number T46847/2002

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.

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 (Pty) Ltd, excluding cession of loan account.

Limited suretyship by Dazzalle Traders (Pty) Ltd, 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 (Pty) Ltd, 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) (Pty) Ltd policy number B0518M091146 over the hull.

Cession of insurance policy issued by Lloyd's (Arthur J Gallagher International)

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 short-term respectively.

16. CASH AND CASH EQUIVALENTS (continued)

Credit rating

	2020 R'000	2019 R'000
Absa Bank Ltd Baa3	**1 460 267**	2 908 274
Nedbank Ltd Baa3	**80 722**	16 073
Standard Bank Ltd BB+	**102 264**	93 858
First National Bank Ltd BB+	**130 826**	51 196
Investec AA+	**220 367**	234 206
Albaraka Bank BB	**2 383**	28 958
HSBC - A2	**–**	761
Bank of China bb	**1 355 382**	501 213
Other	**122**	1 708
	3 352 333	3 836 247

Exposure to currency risk

	2020 R'000	2019 R'000
USD	**202 322**	130 583

17. SHARE CAPITAL

Authorised

	2020 R'000	2019 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 (2019: 491 022 434) "B" class ordinary shares	**30**	30
Share premium	**403 147**	403 147
Shares repurchased	**(937)**	(937)
Total share premium	**402 210**	402 210
	402 240	402 240

During the 2019 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 (2019: 491 022 434).

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.

	2020 R'000	2019 R'000
Capital redemption reserve fund	**8 034**	8 034
Foreign translation reserve	**(773)**	(258)
Change in ownership reserve	**(36 170)**	–
	(28 909)	7 776

19. OTHER FINANCIAL LIABILITIES

At fair value through profit (loss)

	2020	2019
Amount payable to previous shareholders of Puleng AYO entered into an agreement to purchase the remaining 43% of Puleng from the minority NCI shareholders for a consideration of R38.5m	**–**	38 500
Other financial liabilities These relate to amounts payable by HST for the Computer Aided Telephony System. The amounts are unsecured and have no fixed repayments terms.	**887**	797
	887	39 297

Held at amortised cost

	2020 R'000	2019 R'000
ABSA Bank Ltd – Term loan The interest rate charged on the loan at 31 August 2020 is 10% (2019 10.14%) The loan is repayable in monthly instalments of R203 333. The loan is secured by a guarantee from Premier Fishing SA and AYO.	**833**	10 833
ABSA Bank Ltd - Revolving Loan The interest rate charged on the loan at 31 August 2020 is 7.00%. The loan is repayable in monthly instalments of R34 046. The loan was used in the purchase of Marine Growers (Pty) Ltd by Premier Fishing SA (Pty) Ltd	**439**	-
ABSA Bank Ltd – Project Finance The interest rate charged on the loan at 31 August 2020 is 7.025% (2019: 10.142%). The loan is repayable in monthly instalments of R203 333 ending on 31 March 2021. African Equity Empowerment Investments Limited has provided a limited guarantee for the loan to Absa Bank Limited	**1 996**	3 863
Investec Bank Ltd 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.	**-**	51 209
RVB Distributors and Orleans Distributors The loan bears interest at prime overdraft rate of 10% and repayable over tranches in May 2018 and May 2019.	**1 064**	955

19. OTHER FINANCIAL LIABILITIES (continued)

	2020 R'000	2019 R'000
RAC Investment Holdings (Pty) Ltd	**19 658**	16 843
Other borrowings	**1 680**	3 299
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
	25 670	126 299
Non-current liabilities		
Fair value through profit or loss	**887**	797
Amortised cost	**20 382**	70 308
	21 269	71 105
Current liabilities		
Fair value through profit or loss	**–**	38 500
Amortised cost	**5 288**	16 694
	5 288	55 194
Secured	**833**	65 905
Unsecured	**25 724**	60 394
	26 557	126 299

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

	2020 R'000	2019 R'000
Property, plant and equipment		–
Biological assets	**84 436**	68 021
Trade and other receivables	**783 354**	673 504

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

Reconciliation of cash flows		
Repayment of other financial liabilities	**(134 056)**	(149 290)
Proceeds from other financial liabilities	**37**	774
Movement	**(134 019)**	(148 516)

At 31 August 2020, 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.

20. EMPLOYEE BENEFIT OBLIGATION

Long-term employee benefit plan

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

Employees in both companies receive a bonus of 50% of their monthly pensionable salary after 10 years service, 75% after 15 years service, 100% after 20 years service ,125% plus R5 000 after 25 years of service, 150% after 30 years of service, 175% after 35 years of service and 200% after 40 years of service. Simeka Consultants and Actuaries calculated the value of the employer's liability towards qualifying employees as at 31 August 2020.

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

	2020 R'000	2019 R'000
Opening balance	(6 665)	
Additions arising from business combination	–	(5 770)
Fair value of plan assets	–	35
Net actuarial loss not recognised	–	(930)
Benefits paid	277	–
Net expenses recognised in profit or loss	12	–
	(6 376)	(6 665)
Key assumptions - SGT		
Principle assumptions used on last valuation on 31 August 2020.		
Discount rates used	8.77	9.26
Inflation rate	4.66	6.08
Future salary increases*	5.66	7.08
Real rate (approximate)#	3.11	2.18
Key assumptions - GCCT		
Principle assumptions used on last valuation on 31 August 2020		
Discount rates used	8.85%	9.02%
Inflation rate	5.14%	5.34%
Future salary increases*	6.14%	7.08%
Real rate (approximate)#	2.71%	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.

21. PROVISIONS

Reconciliation of provisions – Group – 2020

	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	2 609	–	(1 928)	–	–	681
Onerous contracts	5 680	9 595	–	(1 049)	–	14 226
Maintenance provision	624	–	(624)	–	–	–
Provision for leave pay	4 271	21 780	(2 445)	(760)	(486)	22 360
Provision for salary bonuses	22 996	29 826	(36 889)	–	–	15 933
Product warranties	3 742	3 829	(222)	(712)	–	6 637
Provisions for prepayments	9 041	–	(9 041)	–	–	–
Other provisions	4 801	344	(3 366)	–	–	1 779
	53 764	65 374	(54 515)	(2 521)	(486)	61 616

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
Maintenance 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

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.

A provision for onerous contract has been recognised by SGT Solutions for estimated costs to complete the remaining work on SAPs Eastern Cape Cetra project.

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

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.

21. PROVISIONS (continued)

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 2020.

22. CONTINGENT CONSIDERATION LIABILITY

	2020 R'000	2019 R'000
Contingent consideration arrangements entered into		
Opening balance	**44 977**	–
Puleng Technologies (Pty) Ltd	**–**	4 256
Zaloserve (Pty) Ltd	**–**	10 476
SGT Solutions (Pty) Ltd	**–**	29 883
Settlements	**(36 169)**	(4 460)
Fair value adjustments	**1 237**	4 822
Amount due for payment	**(4 948)**	-
Closing balance	**5 097**	44 977

The contingent consideration arrangement for Zaloserve required 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 required Main Street 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 undiscounted amount of R20 million for each financial year. On 28 February 2020, Main Street concluded an agreement with the previous shareholder of SGT Solutions to settle the contingent considerations agreement for an amount of R33,5 million.

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.

	2020 R'000	2019 R'000
Non-current liability	**-**	34 680
Current liability	**5 097**	10 297
Total	**5 097**	44 977

23. TRADE AND OTHER PAYABLES

	2020 R'000	2019 R'000
Trade payables	**278 724**	380 068
Amounts due to related parties	**61**	6 816
Amounts received in advance	**7 633**	4 621
Value added tax	**26 059**	6 719
Accrued expenses	**197 136**	111 881
Deferred income	**46 846**	354
Other payables*	**28 068**	31 188
	584 527	541 647

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*

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.

	2020 R'000	2019 R'000
Non-current liabilities	**751**	11 244
Current liabilities	**45 975**	17 286
	46 726	28 530
Reconciliation		
Opening balance	**28 530**	–
Additions acquired through business combination	**–**	30 354
Additions	**86 676**	5 412
Reversals through profit and loss	**(68 480)**	(7 236)
	46 726	28 530

25. REVENUE

	2020 R'000	2019 R'000
Revenue from contracts with customers		
Sale of goods	**1 776 625**	1 256 991
Rendering of services	**1 640 849**	1 095 533
	3 417 473	2 352 524
Revenue other than from contracts with customers		
Dividends received	**10 106**	24 844
	3 427 579	2 377 368

25. REVENUE (continued)

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. Refer to note 43 for the segmental reports.

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.

Sale of goods

	2020 R'000	2019 R'000
Sale of goods	**1 776 624**	1 256 991
Rendering of services		
Administration and management fees received	**384**	380
Fees earned	**453 287**	264 284
Commissions received	**19 988**	24 530
Services revenue	**1 166 830**	798 520
Other revenue from rendering of services	**360**	7 817
	1 640 849	1 095 533
Total revenue from contracts with customers	**3 417 473**	2 352 524
Timing of revenue recognition		
At a point in time		
Technology	**1 606 574**	760 387
Fishing and Brands	**422 994**	563 179
Health and Beauty	**45 412**	42 220
Events and Tourism	**33 898**	79 918
Corporate	**17 937**	14 236
	2 126 815	1 459 940
Over time		
Technology and Brands	**1 278 640**	881 779
Fishing	**12 018**	10 805
	1 290 658	892 584
Total revenue from contracts with customers	**3 417 473**	2 352 524

26. COST OF SALES

	2020 R'000	2019 R'000
Sale of goods	**1 469 498**	866 922
Rendering of services	**871 433**	532 963
Discount received	**(181)**	(250)
Manufactured goods:		
Employee costs - salaried staff and other costs	**197 312**	166 179
Depreciation and impairment	**22 141**	22 638
Manufacturing expenses	**52 877**	63 603
	2 613 080	1 652 055

27. OTHER INCOME

	2020 R'000	2019 R'000
Administration and management fees received	**2 197**	9 913
Fees earned	**3 148**	–
Insurance revenue	**63 772**	7 298
Royalties received	**501**	1 162
Bad debts recovered	**2 038**	950
Recoveries	**7 487**	5 065
Overhead recoveries*	**62 232**	–
Tenant installation allowance	**–**	2 356
Other income	**3 406**	924
Profit on exchange differences	**9 604**	9 608
	154 385	37 276

* *The income relates to compensation received from the cancellation of a contract with a major customer within the AYO Group.*

28. GAIN ON DISPOSAL/DEEMED DISPOSAL OF SUBSIDIARY

Disposal of Acacia Cloud Solutions (Pty) Ltd

On 30 June 2019, Afrozaar (Pty) Ltd disposed of its interest in Acacia Cloud Solutions (Pty) Ltd for a consideration of R 1 203 125. The net assets of Acacia Cloud Solutions (Pty) Ltd 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.

28. GAIN ON DISPOSAL/DEEMED DISPOSAL OF SUBSIDIARY (continued)

Carrying value of assets disposed	2020 R'000	2019 R'000
Property, plant and equipment	–	(96 864)
Intangible assets	–	(107 526)
Investment in joint venture	–	(33)
Deferred tax assets/liabilities	–	2 439
Goodwill	–	(105 704)
Inventories	–	(107 563)
Trade and other receivables	–	(317 258)
Other financial assets	–	(1 072 534)
Finance lease payable	–	17 488
Other loans	–	(9 236)
Trade and other payables	–	349 518
Current tax	–	7 553
Tax assets/liabilities	–	41
Other financial liabilities	–	4 878
Cash	–	(3 375 649)
Deferred tax	–	–
Operating lease liability	–	–
Other liability	–	180 617
Deferred income	–	26 439
Provisions	–	13 809
Bank overdrafts	–	531
Total net assets derecognised	–	(4 589 095)
Amended as follows		–
Non-controlling interest	–	2 323 918
Fair value of previously held interest	–	2 265 177
(Loss)/gain on deemed disposal of subsidiary/associate	–	(2 480 713)

29. NET IMPAIRMENT AND REVERSALS

	2020 R'000	2019 R'000
Material impairment losses (recognised) reversed		
Other financial assets and receivables	**(85 392)**	(511)
Other assets relate to impairments within AYO Group relating to trade and other receivables and group related companies		
	(85 392)	**(511)**
Significant goodwill or significant intangible assets with indefinite useful lives		
Goodwill	**(645)**	(9 921)
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	**(3 523)**	(72 141)
The Group performs an annual impairment test on intangible 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.		
Technology division		
Pre-tax discount rates: 18%		
Number of years: 5.2		
Growth rate: 4.1%		

29. NET IMPAIRMENT AND REVERSALS (continued)

	2020 R'000	2019 R'000
Fishing and brands division		
Pre-tax discount rates: 14.7%		
Number of years: 6.8		
Growth rate: 4.8%		
Events and tourism division		
Pre-tax discount rates: 22%		
Number of years: 5		
Growth rate 4.2%		
Health and beauty division		
Pre-tax discount rates: 18.5%		
Number of years: 5		
Growth rate: 4.6%		
Biotechnology division		
Pre-tax discount rates: 25.2%		
Number of years: 5		
Growth rate 4.5%		
	(4 168)	(82 062)
Total impairment losses (recognised)	**(89 560)**	(82 573)

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.

	2020 R'000	2019 R'000
Gain on sale of business	-	(1 345)

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

31. OTHER OPERATING GAINS/(LOSSES)

	2020 R'000	2019 R'000
Financial assets designated as at fair value through profit or loss	-	43 358
	-	45 358

32. FAIR VALUE ADJUSTMENTS (PROFIT AND LOSS)

Breakdown of fair value adjustments.

	2020 R'000	2019 R'000
Listed shares	**(16 508)**	(14 513)
Financial assets designated at fair value through profit or loss	**125 066**	–
	108 558	(14 513)

33. PROFIT BEFORE TAX

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

	2020 R'000	2019 R'000
Employee costs		
Salaries, wages, bonuses and other benefits	**746 975**	548 017
Total employee costs	**746 975**	548 017
Less: Employee costs included in cost of merchandise sold and inventories	**(197 313)**	(166 879)
Total employee costs expensed	**549 662**	381 138

34. INVESTMENT INCOME

	2020 R'000	2019 R'000
Interest income		
From investments in financial assets:		
Bank and other cash	**229 288**	251 098
Loans receivables at amortised cost	**16 068**	–
Trade and other receivables	**27**	3
Contract assets	**19**	–
Other interest	**1 919**	6 477
Total investment income	**247 321**	257 578

35. FINANCE COSTS

	2020 R'000	2019 R'000
Group companies	**–**	1 551
Shareholders	**104**	981
Financial liabilities	**3 768**	12 157
Lease finance costs	**11 070**	–
Bank charges	**5 071**	14 989
Late payment of tax	**1 868**	872
Debtors financing cost	**7 246**	2 869
Other interest paid	**2 632**	980
Total finance costs	**31 759**	34 399

36. TAXATION

Major components of the tax (income) expense

Current

	2 020 R'000	2 019 R'000
Local income tax – current period	**81 835**	107 854
Local income tax – recognised in current tax for prior periods	**(598)**	655
Dividends tax	**–**	66
Foreign normal taxation	**371**	–
	81 608	108 575
Deferred		
Fair value adjustments	**(5 044)**	(1 108 972)
Changes in tax rate	**–**	(51)
Arising from previously unrecognised tax loss/tax credit/temporary difference	**–**	177
Leave pay and bonus provision	**–**	79
Provisions	**7 082**	2 825
Leases	**(20 567)**	7
Wear and tear	**(16 533)**	790
Benefit of unrecognised tax loss	**5 950**	409
Income received in advance	**11 538**	–
Healthcare benefits	**(154)**	–
Prepayments	**390**	–
Right of use assets	**18 701**	–
Biological assets	**3 838**	–
Shipping allowance	**4 307**	–
Intangible assets	**(2 102)**	–
Allowance for credit losses	**2 744**	–
Other	**517**	168
Total	**10 667**	1 105 416

36. TAXATION (continued)

Reconciliation of the tax expense

Reconciliation between applicable tax rate and average effective tax rate.

	2 020 R'000	2 019 R'000
Applicable tax rate	28.00%	28.00%
Effect on associate profit or loss	(190.05%)	1.00%
Fair value adjustments	39.66%	–
Interest income exempt from tax	(8.94%)	–
Interest expense on lease liabilities	1.29%	–
Prior year DT misstatement	63.98%	–
Tax losses utilised	(1.24%)	–
Prior period over provision of deferred tax	(10.42%)	–
Prior period error	1.05%	–
Expected credit loss	1.02%	–
Listing fees	0.06%	–
Depreciation - right-of-use asset	20.31%	–
Permanent differences	39.50%	–
Extra deferred tax in relation to acquisition of Thalado	15.72%	–
Lease payments lease liabilities	(24.42%)	–
Net impairments	84.35%	–
Legal fees	9.12%	(0.01%)
Donation and social corporate investment	1.10%	–
Consulting fees	9.79%	1.00%
Deemed disposal subsidiaries	–	(0.82%)
Fines and charges	7.05%	–
Interest – SARS	2.96%	(0.01%)
Learnerships	3.47%	14.00%
Foreign exchange differences	(0.44%)	
Dividends	–	2.00%
Amount per income tax note	**92.91%**	(41.7%)

37. EARNINGS PER SHARE

Basic earnings per share

		2020 Gross R'000	2020 Net R'000	2019 Gross R'000	2019 Net R'000
Earnings attributable to ordinary equity holders of the parent entity	IAS 33	–	9 471	–	1 493 605
Net earnings		–	9 471	–	**1 493 605**
Earnings attributable to ordinary equity holders of the parent		–	9 471	–	1 493 605
Reversal of impairment of intangible assets	IAS 38	3 523	2 537	80 265	52 022
Gain on disposal of associate	IAS 28	–	–	–	–
(Gain)/loss on disposal of subsidiary		–	6 627	1 345	1 345
(Loss)/gain on deemed disposal of associate	IFRS 10	–	–	2 480 713	2 480 713
Deferred tax effect on deemed disposal of associate	IAS 12	–	–	–	555 769
Loss on disposals of property, plant and equipment.	IAS 16	2 044	1 472	1 303	938
Impairment of goodwill	IFRS 3	–	645	9 920	9 920
Headline earnings		–	–	–	495 565
Continued operations		_	4 554	–	495 565
Weighted average number of shares ('000)		–	491 022	–	491 178
Fully diluted weighted average number of shares (R'000)		–	491 022	–	491 178
Basic earnings and diluted earnings per share(cents)		–	1.93	–	304,09
Continuing operations		–	1.93	–	304,09
Headlines earnings and diluted earnings per share (cents)		–	0.94	–	100,89
Continuing operations		–	0.94	–	100,89

38. CASH GENERATED FROM/(USED IN) OPERATIONS

	2020 R'000	2019 R'000
Profit/(loss) before taxation	**111 155**	(2 388 102)
Adjustments for:		
Depreciation and amortisation	**116 113**	99 200
Losses on disposals of assets	**(7 140)**	46 739
Gains on foreign exchange	**(6 640)**	(931)
Income from equity accounted investments	**(74 818)**	(63 634)
Dividend income	**(10 106)**	(24 844)
Interest income	**(248 418)**	(257 579)
Finance costs	**31 759**	34 399
Fair value losses pertaining to loss on deemed disposal and financial assets	**95 840**	14 513
Other operating gains/losses	**–**	43 358
Impairment losses and reversals	**89 560**	83 596
Movements in operating lease assets and accruals	**(190)**	63
Movements in provisions	**7 851**	(4 305)
(Gain)/loss on disposal of business and subsidiary	**–**	2 480 713
Loss on disposal of subsidiary	**(199)**	–
Inventories	**35 829**	8 099
Trade and other receivables	**(92 062)**	(61 487)
Biological assets	**–**	(8 758)
Trade and other payables	**32 530**	(3 825)
Dividend payable	**4 290**	–
Deferred income	**18 196**	2 091
	103 550	(693)

39. TAX (PAID) REFUNDED

	2020 R'000	2019 R'000
Balance at beginning of the year	**(8 497)**	(19 801)
Current tax for the year recognised in profit or loss	**(81 608)**	(108 575)
Adjustment in respect of businesses sold and acquired during the year including exchange rate movements	**3**	6 755
Opening balance adjustment	**(5 621)**	–
Balance at end of the year	**4 371**	8 497
	(91 352)	(113 124)

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
	ANA Publishing (Pty) Ltd
	Independent Online Property Joint Venture (Pty) Ltd
	Sagarmatha Technologies Ltd
	Blank Page Publishing (Pty) Ltd
	African News Agency Pictures Pty) Ltd
	Vunani Corporate Finance (Pty) Ltd
	3 Laws Capital (Pty) Ltd
	Biton Music Productions (Pty) Ltd
	KimCo Trust
	Prodirect Investments 112 (Pty) Ltd
	Sekunjalo Health and Commodities (Pty) Ltd
	Sekunjalo Technologies Group (Pty) Ltd
	Imagine Awards
	Sekpharma (Pty) Ltd

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.

40. RELATED PARTIES (continued)

	2020 R'000	2019 R'000
Loan accounts (owing to)/by related parties		
Bloudam Joint Venture	**2 521**	2 147
Premier Seacat Joint Venture	**2 479**	1 891
Key management	**-**	1 258
Digital Health Africa (Pty) Ltd	**168**	168
Vunani Fintech Fund (Pty) Ltd (Previously Tamlalor (Pty) Ltd)	**114 294**	103 027
Sekunjalo Investments Holdings (Pty) Ltd	**13 341**	11 706
Sekunjalo Investments Holdings (Pty) Ltd	**120**	120
Sekpharma	**196**	-
Accumulated Impairment on loans receivable from related parties		
Vunani Fintech Fund (Pty) Ltd (Previously Tamlalor (Pty) Ltd)	**-**	(1 608)
Digital Health Africa (Pty) Ltd	**(168)**	-
Trade Receivables/(Payables)		
Independent Newspapers (Pty) Ltd	**17**	4
Independent Newspapers (Pty) Ltd	**174**	710
Independent Newspapers and Media (Pty) Ltd	**359**	359
Key management	**-**	108
African News Agency (Pty) Ltd	**10 700**	10 489
ANA Publishing	**-**	1
BCP Hake Joint Venture	**7 042**	6 028
BT Communications Services South Africa (Pty) Ltd	**(3 664)**	(27 360)
Cape Sunset Villas CC	**-**	(718)
Independent Newspapers and Media (Pty) Ltd	**5 571**	3 651
Independent Newspapers and Media (Pty) Ltd	**3 570**	(6 931)
Independent Newspapers (Pty) Ltd	**-**	(133)
Independent Online Property	**88**	2
Sekunjalo Investment Holdings (Pty) Ltd	**(6)**	(6)
Sekunjalo Investment Holdings (Pty) Ltd	**1 991**	2 608
Sekpharma (Pty) Ltd	**92**	-
Sekunjalo Investment Holdings (Pty) Ltd	**-**	1 026
Independent News (Pty) Ltd	**9 041**	9 041
Sagamatha	**430**	1 346
Sekunjalo Investments Holdings (Pty) Ltd	**890**	-
Sizwe Africa IT Group (Pty) Ltd	**(381)**	-
BT Communications Services South Africa (Pty) Ltd	**(42 989)**	-
Sekpharma (Pty) Ltd	**3**	3

40. RELATED PARTIES (continued)

	2020 R'000	2019 R'000
Accumulated impairment on other receivables from related parties		
Independent News and Media (Pty) Ltd	**(7 853)**	–
Sekunjalo Investments Holdings (Pty) Ltd	**(1 930)**	–
Independent News and Media (Pty) Ltd	**(9 041)**	(9 041)
Other (Income)/Expenses		
3 Laws Capital (Pty) Ltd	**–**	(6 242)
African News Agency Pictures (Pty) Ltd	**–**	28
BCP Hake Joint Venture	**(397)**	(397)
BT Communications Services South Africa	**275 882**	302 914
Insights Publishing (Pty) Ltd	**–**	(17)
Premier Seacat Joint Venture	**(214)**	(439)
BT Communications Services South Africa (Pty) Ltd	**37 397**	1 633
Sagarmatha Technology Limited	**–**	(1 099)
Blank Page Publishing (Pty) Ltd	**–**	(325)
African News Agency (Pty) Ltd	**–**	9 307
Independent Newspapers (Pty) Ltd	**7 583**	13 955
Prodirect Investments 112 (Pty) Ltd	**(3 377)**	(1 705)
Independent Newspapers (Pty) Ltd	**(493)**	(15 134)
Prodirect Investments 112 (Pty) Ltd	**(28)**	(14)
Loot Online (Pty) Ltd	**(10)**	–
Sekpharma	**(626)**	–
Sekunjalo Investment Holdings (Pty) Ltd	**1 930**	–
Interest received from/paid to related party		
3 Laws Capital (Pty) Ltd	**–**	(7 977)
Key Management	**–**	4
Sekunjalo Investment Holdings (Pty) Ltd	**–**	1 036
Vunani Fintech Fund (Pty) Ltd (Previously Tamlalor (Pty) Ltd)	**(9 659)**	(4 605)
Other Transactions With Related Parties		
Biton Music Productions (Pty) Ltd	**(925)**	–
African News Agency (Pty) Ltd	**–**	215
ANA Publishing (Pty) Ltd	**390**	153
Cape Sunset Villas CC	**905**	708
Independent News and Media (Pty) Ltd	**(3 105)**	(3 175)
Independent Newspapers and Media	**–**	298
Independent Online Property Joint Venture	**–**	21
Sagmartha (Pty) Ltd	**–**	1

40. RELATED PARTIES (continued)

	2020 R'000	2019 R'000
Vunani Corporate Finance (Pty) Ltd	–	(9 888)
Imagine Awards (Surve Philanthropies)	–	(413)
Sekunjalo Edu Jazz awards	–	(3)
Sekunjalo Investment Holdings (Pty) Ltd	**(26)**	(1 136)
Independent Newspapers and Media (Pty) Ltd	**(2 770)**	(4 934)
Sekunjalo Investment Holdings (Pty) Ltd	**(2 671)**	(1 538)
African News Agency (Pty) Ltd	**(1 334)**	(5 376)
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	–	(244)
Independent News and Media (Pty) Ltd	**11**	17
ANA Publishing (Pty) Ltd	–	39
ANA Publishing (Pty) Ltd	–	114

41. DIRECTORS' EMOLUMENTS

Executive

2020

	Emoluments R'000	Bonus R'000	Provident fund R'000	Expense Allowance R'000	Total R'000
K Abdulla	3 990	4 000	373	55	8 418
C Ah Sing	1 438	500	186	17	2 141
JS Van Wyk	113	–	7	1	121
VC Dzvova	619	–	113	2	734
	6 160	4 500	679	75	11 414

* *Mr K Abdulla's remuneration only reflects his time served on all Boards from 1 September 2019 to 31 August 2020*

** *Ms C Ah Sing's remuneration only reflects her time served on the Board from 1 September 2019 to 31 July 2020*

*** *Mrs V Dzvova's remuneration only reflects her time served on the Board from 12 March 2020 to 31 August 2020*

**** *Mr J van Wyk's remuneration only reflects his time served on the Board from 1 to 31 August 2020*

41. DIRECTORS' EMOLUMENTS (continued)

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

Service contracts

Non-executive

2020

	Directors' fees R'000	Directors' fees for services as directors' of subsidiaries R'000	Total R'000
WJ Raubenheimer	33	–	33
B Qama	32	–	32
I Amod	207	–	207
AB Amod	207	–	207
Adv Dr NA Ramathlodi	252	–	252
J van Wyk	176	–	176
	907	**–**	**907**

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

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 served 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 16 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.

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.

Credit risk

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

Trade receivables are comprised of a widespread customer base. Before any new customer is approved for credit,management requests a thorough credit check to be performed by an external credit 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. Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

42. RISK MANAGEMENT (continued)

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 10

Cash and cash equivalent – the identified impairment is immaterial

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 2020	Up to 1 year R'000	2 to 5 years R'000	Total R'000
Bank overdraft	5 385	–	5 385
Trade and other payables	584 527	–	584 527
Other financial liabilities	5 289	21 270	26 559
Finance lease liability	25 683	71 781	97 464

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	126 299
Finance lease liability	2 853	12 683	15 536

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:

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.

42. RISK MANAGEMENT (continued)

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 2020, 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 175 000 (2019: R3 052 000) 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:

	2020 R'000	2019 R'000
Increase of 0.1%	**3 175**	2 231
Decrease of 0.1%	**(3 175)**	(2 231)

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 2020, 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 R3 441 258 (2019:R4 881 000) 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.

42. RISK MANAGEMENT (continued)

	2020 R'000	2019 R'000
Current assets		
Trade debtors, USD	**46 240**	678
Trade debtors, EUR	**38 751**	–
Cash and cash equivalents,USD	**202 322**	680 305
Cash and cash equivalents, (Rupees)Rs	**8 039 515**	130 583
Liabilities		
Trade payables USD	**16 821**	529
Trade payables EUR	**14 112**	223
Exchange rates used for conversion of foreign items were:		
USD	**16.57**	15.17
GBP	**22.13**	18.45
Euro	**19.75**	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 the expected credit loss model:

Trade receivables-refer to note 16

Loans receivables- refer to note 10

Cash and cash equivalent- the identified impairment is immaterial

43. GROUP SEGMENTAL REPORT

	Fishing and brands R'000	Technology R'000	Telecommunications R'000	Combined technology and telecommunication R'000	Health and beauty R'000	Biotechnology R'000	Events and tourism R'000	Corporate R'000	Group R'000
Revenue	494 417	2 928 093	–	2 928 093	45 412	–	37 783	28 200	3 533 905
External revenue	447 403	2 885 214	–	2 885 214	45 412	–	33 907	15 643	3 427 579
Internal revenue	47 014	42 878	–	42 878	–	–	3 876	12 557	106 325
Segment results:									
Profit/(loss) before tax	345	115 143	–	115 143	452	(6 578)	(5 366)	7 159	111 155
Included in the segment results:									
Net (impairments)/impairment reversals and write offs	–	(86 866)	–	(86 866)	1	(2 694)	(441)	–	(89 560)
Depreciation and amortisation	(25 745)	(60 706)	–	(60 706)	(198)	(2 442)	(171)	(1 589)	(90 851)
Fair value adjustments	–	(72 340)	–	(72 340)			(777)	(35 441)	(108 558)
Non-current assets	519 584	872 541	–	872 541	30 395	174 727	5 716	208 016	1 810 980
Investment in associate								866 367	866 367
Investment in joint venture		18 963		18 963					18 963
Current assets	334 820	4 114 418	–	4 114 418	23 940	2 529	11 658	28 004	4 515 369
Non-current liabilities	117 170	136 093	–	136 093	757	15 905	(21)	17 244	287 148
Current liabilities	73 789	644 613	–	644 613	8 576	2 334	11 129	14 604	755 045
Profits/(loss) from associates	–	20 571	–	20 571	–	–	–	54 247	74 819
Capital expenditure	(65 000)	(23 000)	–	(23 000)	(141)	–	(6)	(320)	(88 466)

43. GROUP SEGMENTAL REPORT (continued)

Information on geographical regions

The operations of the Group are domiciled in South Africa. A total of 2% (2019: 3%) of external revenue is attributable to foreign sales mainly to the Far East, United States of America 3% (2019: 5%) and Europe 8% (2019: 12%).

Group segmental report – 2019

	Fishing and brands R'000	Technology R'000	Telecommunications R'000	Combined technology and telecommunication R'000	Health and beauty R'000	Biotechnology 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 revenue	573 986	1 640 903	–	1 640 903	42 219	–	79 718	40 542	2 377 368
Internal revenue	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)	(2 504 144)	(2 388 102)
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	675 014	–	675 014	40 131	163 683	15 396	266 555	1 675 982
Investment in associate	–	–	–	–	–	–	–	825 520	825 520
Investment in joint venture	–	33	–	33	–	–	–	–	33
Current assets	417 467	4 481 802	–	4 481 802	20 546	1 131	7 829	24 000	4 952 776
Non-current liabilities	133 579	56 238	–	56 239	9 504	–	–	84 306	283 628
Current liabilities	82 933	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	151 653

44. INFORMATION ON SUBSIDIARIES

	Effective % held	Effective % held	Nature of business
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
Atlantic Fishing Enterprises (Pty) Ltd	100	100	Fishing
AYO Technology Solutions Ltd	49.36	49.36	IT investment
AYO International Holdings (Pty) Ltd	49.36	49.36	Technology
Bioclones (Pty) Ltd	74	74	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
Chapmans Peak Fisheries (Pty) Ltd	100	100	Fishing
AEEI Events and Tourism (Pty) Ltd	100	100	Events
Global Command and Control Technologies(Pty) Ltd	76	-	Technology
Integrated Bioworks (Pty) Ltd	100	100	Biotechnology investments
John Overstone Ltd	100	100	Dormant company
John Quality (Pty) Ltd	100	100	Dormant company
Kalula Communications (Pty) Ltd	76	25.17	Communications
Kilomax (Pty) Ltd	100	100	Investment in telecommunication
Kuttlefish (SA) (Pty) Ltd	100	100	Dormant company
Magic 828 (Pty) Ltd	60	60	Radio Station
Mainstreet 1653 (Pty) Ltd	60	80	Investment holding
Marine Growers (Pty) Ltd	100	100	
Opispex (Pty) Ltd	65	65	Leasing of broadcast and studio equipment
Orleans Cosmetics (Pty) Ltd	90	90	Health and beauty
Puleng Technologies (Pty) Ltd	49.36	28.14	Fishing
Premier Fishing and Brands Ltd	56.23	55	Fishing
Premier Fishing (SA) (Pty) Ltd	100	100	Fishing
Premfresh Seafood (Pty) Ltd	100	100	Fishing
Sekunjalo Empowerment Fund (Pty) Ltd	100	100	Empowerment initiatives

44. INFORMATION ON SUBSIDIARIES (continued)

	Effective % held	Effective % held	Nature of business
Sekunjalo Enterprise Development (Pty) Ltd	100	100	Enterprise development initiatives
Sekunjalo Medical Services (Pty) Ltd	49.36	49.36	IT Investment
Software Tech Holdings (Pty) Ltd (previously Saratoga Software (Pty) Ltd)	42.59	21.02	Information technology
Software Tech Holdings (Pty) Ltd	21.02	21.02	Information technology
South Atlantic Jazz Festival (Pty) Ltd	100	100	Media
Tripos Travel (Pty) Ltd	100	100	Travel
Tshwaranang Media (Pty) Ltd	100	100	Dormant
Zaloserve (Pty) Ltd	55	30.25	Information technology

45. FINANCIAL ASSETS BY CATEGORY

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

	2020 R'000	2019 R'000
Other financial assets	**631 039**	583 066
Trade and other receivables	**783 354**	649 469
Finance lease receivables	**43 324**	1019
Cash and cash equivalents	**3 357 973**	3 877 914

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

Group – 2020

	At amortised cost R'000	Fair value through profit or loss - designated R'000	Total R'000
Trade and other receivables	783 354	–	783 354
Other financial assets	357 249	273 789	631 038
Cash and cash equivalents	3 357 973	–	3 357 973
	4 489 576	273 789	4 772 365

45. FINANCIAL ASSETS BY CATEGORY (continued)

Group – 2019

	At amortised cost R'000	Fair value through profit or loss - designated R'000	Total R'000
Other financial assets	611	582 455	583 066
Trade and other receivables	649 469	–	649 469
Cash and cash equivalents	3 877 914	–	3 877 914
	4 527 994	582 445	5 110 449

Financial liabilities by category Group – 2020

	At amortised cost R'000	Total R'000
Other financial liabilities	25 679	25 679
Trade and other payables	558 468	558 468
Bank overdraft	5 385	5 385
	589 532	589 532

Group – 2019

	At amortised cost R'000	Total R'000
Other financial liabilities	87 799	87 799
Trade and other payables	534 928	534 928
Bank overdraft	41 417	41 417
	664 144	664 144

46. COMMITMENTS

Authorised capital expenditure already contracted for but not provided for

	2020 R'000	2019 R'000
Authorised by directors and not yet contracted for	**20 000**	40 000
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		
– within one year	–	14 303
– in second to fifth year inclusive	–	49 407
– later than five years	–	33 783
	–	97 494
Minimum lease payments due		
Minimum lease payments due		
– within one year	**3 204**	11 579
– in second to fifth year inclusive	–	46 655
– 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 division 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.

47. BUSINESS COMBINATIONS

NSX Solutions Consulting (Pty) Ltd ("NSX")

AYO completed the acquisition of a 100% shareholding in NSX Solutions Consulting (Pty) Ltd ("NSX") on 17 October 2019 for a consideration of R500 000. A loan of R850 000 was extended to NSX. NSX is a company which provides cloud computing solutions.

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

Fair value of assets acquired and liabilities assumed

	2020 R'000	2019 R'000
Property, plant and equipment	35	–
Intangible Assets	48	–
Loans receivable	119	–
Trade and other receivables	30	–
Value added tax receivable	2	–
Current tax receivable	3	–
Cash and cash equivalents	313	–
Deferred income	(29)	–
Loans payable	(347)	–
Trade and other payables	(319)	–
Total identifiable net assets	(145)	–
Goodwill	645	–
Net cash (outflow)/inflow on acquisition date	500	–
Acquisition date fair value of consideration paid		
Cash consideration paid		
Cash acquired	313	
Cash	(500)	–
Net cash outflow	(187)	

Goodwill

Goodwill recognised on acquisition relates to the expected synergies and economies of scale expected from combining the operations of the entities which cannot be separately recognised as an intangible asset.

Impact of the acquisitions on the Group results

Revenue of R 626 000 and loss after tax of R197 000 have been included in the Group's results since the date of acquisition.

48. 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 hierarchy level R'000	2020 R'000	2019 R'000
Listed Investments		1	**38 974**	22 847
Unlisted Investments				
SGD	Discounted cash flow	3	**150 000**	175 300
African Legend	Discounted cash flow	3	**9 841**	36 113
Cadiz	Investor statement	2	**9 702**	9 200
Bambelela	Percentage of net asset value	3	**31 139**	16 182
Other	Percentage of net asset value	3	**864**	2 661
4Plus	Discounted cash flow	3	**31 782**	5 587
Vunani	Discounted cash flow	3	**1 487**	1 107
Nessa	Investor statement	2	**-**	0 188
Financial instrument				
Financial assets				
Abalone	Fair value less cost to sell	3	**84 436**	83 260
Non-financial instruments				
Intangible assets acquired through business combinations				
Brands	Percentage of net asset value	3	**-**	12 829
Customer list	Percentage of net asset value	3	**-**	76 034
Other	Discounted cash flow	3	**-**	25 528
Financial liabilities				
Contingent consideration liability	Discounted cash flow	3	**5 097**	(44 977)
Other financial liabilities	Discounted cash flow	3	**887**	(39 297)
			364 210	382 562

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

48. FAIR VALUE INFORMATION (continued)

The fair value of Level 3 investments and contingent consideration liabilities is calculated using discounted cash flow. Key inputs used in measuring fair value of these investments include projected financial forecasts, terminal growth rate and discount rate. Key inputs used in measuring fair value of contingent consideration liabilities include current forecast 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. Level 2 investments' fair value is determined using the investor's statement approach.

Levels of fair value measurements

Level 1

Recurring fair value measurements

Assets	Note(s)	2020 R'000	2019 R'000
Financial assets designated at fair value through profit (loss)	10		
Investment in listed public companies		**38 974**	22 847

Level 3

Recurring fair value measurements

Biological assets			
Abalone		**84 436**	83 260
Intangible assets acquired through business combinations			
Patents and trademarks		-	4 157
Licences and computer software		-	4 151
Software Development		-	7 344
Brands		-	12 829
Customer contracts and lists		-	76 034
Distribution rights		-	9 876
Total intangible assets		-	114 391

	Note(s)	2020 R'000	2019 R'000
Financial assets designated at fair value through profit (loss)	10		
Listed shares		-	22 847
Investments in unlisted private companies		**190 841**	200 837
Investments in unlisted public companies		**9 841**	36 113
Total financial assets designated at fair value through profit (loss)		**233 330**	259 797
Other			
Loans and receivables		**357 248**	313 881
Liabilities			
Financial liabilities at fair value through profit (loss)	19		
Other financial liabilities		**887**	39 297
Contingent consideration liability		**5 097**	44 977
Total financial liabilities at fair value through profit (loss)		**5 984**	84 274

48. FAIR VALUE INFORMATION (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	Transfers out of level 3 to IAS 38 Cost Model R'000	Closing balance R'000
Group – 2020							
Assets							
Biological assets							
Abalone		83 260	19 749	990	(19 563)	–	84 436
Non-financial assets							
Intangible assets							
Fishing quotas		4 157	–	–	–	(4 157)	–
Licences and technologies		4 151	–	–	–	(4 151)	–
Brands, patents and trademarks		7 344	–	–	–	(7 344)	–
Software development		12 829	–	–	–	(12 829)	–
Customer lists		76 034	–	–	–	(76 034)	–
Shopping malls		9 876	–	–	–	(9 876)	–
Total intangible assets		**114 391**	**–**	**–**	**–**	**(114 391)**	–
Financial assets designated at fair value through profit (loss)	10						
Listed shares		23 954	16 508	–	–	–	40 462
Investments in unlisted private companies		209 118	(98 794)	113 353	(188)	–	223 489
Investments in unlisted public companies		36 113	(26 272)	–	–	–	9 841
Total financial assets designated at fair value through profit (loss)		269 185	(108 558)	113 353	(188)	–	273 792
Other							
Loans and receivables		313 881	–	43 367	–	–	357 248

48. FAIR VALUE INFORMATION (continued)

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	Transfers out of level 3 R'000	Closing balance R'000
Liabilities							
Financial liabilities at fair value through profit (loss)	19						
Other financial liabilities		39 297	–	(38 410)	–	–	887
Contingent consideration liability		44 977	1 237	(36 169)	–	(4 948)	5 097
Total financial liabilities at fair value through profit (loss)		**84 274**	**1 237**	**(74 579)**	**–**	**(4 948)**	**5 984**
Group – 2019							
Assets							
Biological assets							
Abalone		68 021	33 167	8 975	(26 903)	–	83 260
Non-financial assets							
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)	10						
Listed shares		202 201	(4 034)	–	(174 213)	–	23 954
Investments in unlisted private companies		181 591	4 661	–	22 866	–	209 118
Investments in unlisted public companies		36 113	–	–	–	–	36 113
Total financial assets designated at fair value through profit (loss)		419 905	627	–	(151 347)	–	269 185
Other							
Loans and receivables		–	–	313 881	–	–	313 881
Liabilities							
Financial liabilities at fair value through profit (loss)							
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)**	**–**	**84 724**

48. FAIR VALUE INFORMATION (continued)

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. Gains and losses recognised in profit or loss are included in Other income on the Statement of Comprehensive Income, except for gains and losses on financial assets and liabilities which have been included in fair value adjustments.

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

Other financial assets

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. Other assets and liabilities approach.

The key unobservable inputs, together with the weighted average range of probabilities, are as follows:

Significant Assumptions	2020	2019
Weighted average cost of capital	**14.7% – 25.2%**	10% – 22.81%
Target debt/equity ratio	**0 - 54.5%**	0 – 70%
Beta	**0.65 – 1.2**	1.2 – 1.23
Specific risk premium	**1.7% – 6.3%**	1% – 2%
Terminal growth rate	**2%**	2%

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.

	2020 R'000	2019 R'000
Cost of debt	**1 008**	2 210
Beta	**144**	786
Weighted average cost of capital	**3 600**	4 311
Specific risk premium	**2 304**	1 636
Target debt/equity ratio	**(3 312)**	(5 914)
Terminal growth rate	**(3 750)**	(4 846)

Valuation processes applied by the Group

The fair values are performed by the Group's corporate finance department and independent external valuators, 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.

49. DIVIDEND PAYABLE

A final dividend of 20 cents per share was approved by the Board of directors in respect of financial year ended 31 August 2020. The dividend is payable on 21 December 2020 to shareholders recorded in the register of the Company at close of business on 18 December 2020.

50. GOING CONCERN

Following the recent COVID-19 virus pandemic, certain financial pressures will be placed onto certain divisions within the Group. After reviewing the updated cash flow forecasts and cost cutting measures implemented by the divisions, the directors believe that the Group still 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. Some of the measures that have been implemented to mitigate the risks arising from this *force majeure* event and to enable the Group to remain sustainable include:

- reduction of staff and management salaries;
- suspension of provident and pension fund contributions;
- reduction of stock purchases;
- negotiations with suppliers for extended credit terms ranging for up to six months;
- temporary deferral or reductions in lease payments; and
- other costs reductions.

The directors are not aware of any new material changes, except for the COVID-19 pandemic that may economically 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.

51. EVENTS AFTER THE REPORTING PERIOD

On 6 September 2020, AYO Technology Solutions Ltd ("AYO") withdrew its funds from the Cadiz Life Investment Enterprise Development Fund ("Cadiz"). The funds will be utilised by AYO as part of its entrepreneurship development expenditure into small- to medium-sized enterprises in the information, communication, and technology sector for B-BBEE compliance.

AYO withdrew R540 million from the Bank of China on 10 September 2020 and invested the funds with Numus Capital (Pty) Ltd ("Numus Capital"). Numus Capital is a niche stock broking and asset management firm. The funds with Numus Capital will be utilised to invest in the money market and on listed shares on the Johannesburg Stock Exchange. At the time of issue of the financial results, AYO had invested funds of R595 million with Numus Capital.

AYO withdrew R200m from the Bank of China on 8 October 2020, and R100m on 28 October 2020. The withdrawn funds were invested with Ninety One Fund Managers SA (RF) (Pty) Ltd ("Ninety One"). The funds with Ninety One will be utilised to invest in the money market. At the time of issue of the financial results, AYO had invested funds of R520m with Ninety One.

On 17 August 2020, AYO concluded a binding offer to acquire 100% of the issued share capital and outstanding shareholder claims in Kathea Communication Solutions (Pty) Ltd ("Kathea Communication") for an upfront consideration of R59.8m and an earn-out of R30m. Kathea Communication is a value-added distributor of voice, audio visual, video conferencing and workspace management products solutions and services and represents some of the top brands in the communication, collaboration, audio visual and workspace technology arenas.

51. EVENTS AFTER THE REPORTING PERIOD (continued)

The earn-out amount is to be paid in one instalment provided that Kathea Communications achieves minimum warranted earnings before interest, tax, depreciation and amortisation ("Warranted EBITDA") of R22m in the 2021 financial year. If Kathea Communications does not achieve the Warranted EBITDA, AYO will be entitled to claw back some or all the shortfall in the earn-out amount. As at reporting date it is estimated that AYO will pay a maximum of R30m for the earn-out.

The binding offer is subject to certain conditions precedent, the main ones being the successful completion of due diligence to the satisfaction of AYO, Competition Commission approval and the conclusion of a definitive sale of share agreement. At the time of issue of the financial results, AYO was still performing a due diligence process on Kathea Communication and the transaction had not yet been approved by the Competition Commission.

At the time of issue of the consolidated annual financial statements, AYO did not have sufficient information to provide the disclosures as required by IFRS 3 Business Combinations as the initial accounting for the transaction was incomplete due to conditional proceedings of the offer being finalised.

On 17 August 2020, the Group concluded a binding offer to acquire 60% of the issued share capital and outstanding shareholder claims in Disruptive Vision (Pty) Ltd (trading as Kathea Energy) ("Kathea Energy") for an upfront consideration of R25.2 million and an earn-out of R10.8 million. Kathea Energy is a value-added distributor of alternative energy solutions and represents some of the top brands in the alternative energy sector.

The earn-out amount is to be paid equally over a three-year period provided that Kathea Energy achieves a minimum warranted earnings before interest, tax, depreciation and amortisation ("Warranted EBITDA") of R13.5 million in the 2021 financial year, R14.8 million in the 2022 financial year and R16.3 million in the 2023 financial year. If Kathea Energy does not achieve the Warranted. EBITDA, AYO will be entitled to claw back some or all the shortfall in the earn-out amount in each respective financial year. As at reporting date it is estimated that AYO will pay a maximum of R10.8 million for the earn-out.

The binding offer is subject to certain conditions precedent, the main ones being the successful completion of due diligence to the satisfaction of AYO, competition commission approval and the conclusion of a definitive sale of share agreement. At the time of issue of the consolidated annual financial statements, AYO was still performing a due diligence process on Kathea Energy and the transaction had not yet been approved by the competition commission

Saab Grintek Defence (Pty) Ltd ("SGD") exercised its call option on the 25% plus 1 share ("Subject Shares") the Group held in SGD in line with agreements signed in 2015 when the Group acquired the investment in SGD. The Subject Shares were held, prior to their disposal, by Bowwood and Main no. 180 (Pty) Ltd ("Bowwood"), a 60% subsidiary of AEEI.

The disposal of the Subject Shares is a category 1 transaction in terms of the JSE Listings Requirements, requiring the issuance of a circular ("Circular") to AEEI shareholders calling for a general meeting of shareholders to obtain approval for such disposal

Due to the legally binding agreements entered into in 2015 not making provision for shareholder approval by AEEI, Bowwood had no option but to dispose of the Subject Shares as per the aforementioned agreements, notwithstanding that AEEI itself needs to obtain shareholder approval. A failure or refusal by Bowwood to do so would have exposed Bowwood to a substantial damages claim for breach of contract. The disposal of the Subject Shares has thus taken place and was concluded on 3 December 2020.

AEEI however, in terms of good corporate governance, will comply as far as possible, with the JSE Listings Requirements despite Bowwood disposing of the Subject shares prior to AEEI obtaining approval from its shareholders and in this regard is preparing the Circular.

51. EVENTS AFTER THE REPORTING PERIOD (continued)

Shareholders are advised that Premier Fishing SA (Pty) Ltd ("PFSA") and Laudeware (Pty) Ltd ("BEE SPV") ("The parties") have entered into a binding memorandum of understanding ("MOU") in terms of which *inter alia*, BEE SPV, a special purpose broad-based black economic empowerment company shall be introduced as a shareholder in PFSA, such that the black ownership of PFSA shall be increased from 69% to 78% post the introduction of BEE SPV ("BEE Transaction"). PFSA shall create and issue to BEE SPV a new class of share ("PFSA A Class Shares") with voting rights which rank *pari passu* with the ordinary shareholders of PFSA such that the PFSA A Class Shares issued to BEE SPV will, after their issue, constitute 30% of the total issued share capital of PFSA.

The BEE Transaction is being undertaken for purposes of:

- complying with section 2 (Objectives) of the MLRA and, in particular, section 2(j) thereof responding to the need to restructure the fishing industry to address historical imbalances and to achieve equity within all branches of the fishing industry; and
- increasing the black ownership of PFSA to 78% in order to secure Fishing Rights for Premier Fishing, in relation to the upcoming fishing rights allocation process ("FRAP").

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.

52. DIVIDENDS PAID

	2020 R'000	2019 R'000
Balance at beginning of the year	**(8 406)**	(900)
Dividends declared	**(78 578)**	(113 022)
Balance at end of the year	**12 696**	8 406
	74 288	(105 516)

Dividends are distributed out of capital reserves.

53. CONTINGENCIES

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. AYO has instructed its attorneys to oppose the action.

The State Information Technology Agency ("SITA") brought an application in the Eastern Cape high court for an order to interdict the Eastern Cape Department of Education ("ECDOE") from continuing with a contract that the ECDOE has with the Sizwe for the supply and lease of tablets to matric learners in the Eastern Cape. The Eastern Cape high court granted the order for the interdict. The ECDOE, supported by Sizwe are appealing the ruling.

There is a pending defamation claim by Magda Wierzycka against AYO and seven others in the Western Cape High Court. The claim is for the amount of R3m. AYO is contesting the claim. No provision has been made in respect of this matter as it has not yet been heard before the courts.