AEEI™

AFRICAN EQUITY EMPOWERMENT INVESTMENTS LIMITED

CONSOLIDATED GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2021

FINANCIAL STATEMENTS

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

AUDIT AND RISK COMMITTEE REPORT

1. MEMBERS OF THE AUDIT AND RISK COMMITTEE

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

Name	Qualification	Date of appointment/resignation
I Amod	National Diploma in civil engineering	31 March 2021 (resigned)
Willem Raubenheimer	BCom (Hons), CA(SA) and Diploma in Forensic Accounting	9 July 2020 (appointed)
Gaamiem Colbie	BTech Cost and Management Accounting	30 August 2019 (appointed)
Bongikhaya Qama	Project Management, Finance for Non-financial Management Certificate, Customer Relation Certificate	21 May 2021 (appointed)
Stephen Nthite	BJuris, LLB, Admitted Attorney	31 August 2021 (appointed)

The committee is satisfied that the members thereof have the required knowledge and experience as set out in Section 94(5) of the Companies Act, 2008 (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 four formal meetings during the 2021 financial year.

3. EXTERNAL AUDITOR

The audit and risk committee has nominated joint auditors. The joint auditors are Crowe JHB, which is a member of Crowe Global and THAWT Inc. as the other independent auditor. Gary Kartsounis was appointed as the designated partner from Crowe JHB, who is the registered independent auditor, for the 2021 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.

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 of directors of AEEI ("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 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

23 December 2021

DIRECTORS' RESPONSIBILITIES AND APPROVAL

The Board 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 financial position, changes in equity results of its operations and cash flows for the period 31 August 2021, 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 Board 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 Board 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 requirements for the year to 31 August 2022. 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 21 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 21 to 133, which have been prepared on the going concern basis, were approved by the Board on 23 December 2021 and were signed on their behalf by:

Mrs. V Dzvova (CA)SA	**Mr. JS Van Wyk (CA)SA**
Chief executive officer	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 2021, 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

23 December 2021

INDEPENDENT AUDITOR'S REPORT

23 December 2021

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 21 to 133, which comprise the consolidated statement of financial position as at 31 August 2021, 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 2021, 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.

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.

Key audit matter	How our audit addressed the key audit matter
Valuation of goodwill and intangible assets	
The carrying value of goodwill as at 31 August 2021, amounted to approximately R190.4m and the carrying value of intangible assets with indefinite useful lives and intangible assets under development as at 31 August 2021 amounted to approximately R296.9m. Under IFRSs, the group is required to annually test goodwill and intangible assets with an indefinite useful life and intangible assets under development 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. We considered the valuation of goodwill and intangible assets with indefinite useful lives and intangible assets under development to be significant to the audit because of the materiality thereof to the Group's Consolidated Financial Statements and the sensitivity thereof to the various unobservable valuation inputs, uncertain future cash flows and assumptions that require considerable judgement. The disclosures relating to goodwill and intangible assets with indefinite useful lives are contained in note 1 (accounting policies) as well as notes 5 and 6.	In assessing the valuation of goodwill and intangible assets with indefinite useful lives, we: • Obtained an understanding of management's internal control process for determining the value-in-use of these assets; • Assessed the competence, capabilities and objectivity of the external valuer engaged by management We have made use of an auditors' valuation expert to: • Assess the appropriateness of the valuation techniques used; • Assess the arithmetical accuracy of the valuation models; • Evaluate the cash flow projections and the process by which they were developed; • Assess the reasonability and appropriateness of the key inputs (including discount rate, expected volatility and growth rate assumptions); • Perform a sensitivity analysis of the key assumptions in the model and use this to inform the key inputs assessment We assessed the capabilities, competence, and objectivity of the auditor expert and evaluated the adequacy of work performed by the expert.

Key audit matter	How our audit addressed the key audit matter
Occurrence of related party transactions and completeness of related party disclosure	
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.	In assessing the occurrence, and completeness of related party transactions and disclosures, we: • Obtained an understanding of management's internal control process for identifying, authorizing, and recording related party transactions. • Performed procedures to identify related parties • Performed procedures to agree identified related party transactions and balances to supporting evidence. • Performed procedures to agree identified related party transactions and balances to the relevant disclosures in the financial statements Evaluated the identified related party transactions and balances for compliance with laws and regulations.
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 implemented a new consolidation process for the preparation of the consolidated financial statements in the prior 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.	In assessing the consolidation, we: • Obtained an understanding of management's internal control process for performing the group consolidation • Performed procedures to ensure all controlled entities of the group are consolidated • Tested the consolidation model for arithmetical accuracy • Agreed inputs to the model to underlying accounting records • Evaluated the elimination and consolidation entries for the group • 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;

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 categorizing 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 15 (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.

Key audit matter	How our audit addressed the key audit matter
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 financial instruments	
The fair value of investments in unlisted financial instruments classified as "financial assets at fair value through profit or loss" as at 31 August 2021 amounted to approximately R274.3m. The fair value of financial liabilities classified as "financial liabilities at fair value through profit or loss" comprising contingent considerations as at 31 August 2021 amounted to approximately R24.2m. These financial instruments were measured based on unobservable inputs and are classified as "level 3 financial instruments". As these financial instruments are unlisted and not traded in an active market, management determined the fair values of these financial instruments by using applicable valuation techniques with the assistance from valuation experts. We considered the valuation of unlisted financial instruments to be significant to the audit because of the materiality thereof to the Group's Annual Financial Statements and the sensitivity thereof to the various unobservable valuation inputs, uncertain future cash flows and assumptions that require considerable judgement. The disclosures relating to investment in unlisted financial instruments are contained in note 1 (accounting policies) and notes 10 (financial disclosures) and 48 (fair value information).	In assessing the fair value of the unlisted financial instruments, we: • Obtained an understanding of management's internal control process for determining the fair values of these instruments; • Assessed the competence, capabilities, and objectivity of the external valuer engaged by management We have made use of an auditors' valuation expert to: • Assess the appropriateness of the valuation techniques used; • Assess the arithmetical accuracy of the valuation models; • Evaluate the cash flow projections and the process by which they were developed; • Assess the reasonability and appropriateness of the key inputs (including discount rate, expected volatility and growth rate assumptions); • Perform a sensitivity analysis of the key assumptions in the model and use this to inform the key inputs assessment We assessed the capabilities, competence, and objectivity of the auditor expert and evaluated the adequacy of work performed by the expert.

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 Financial Statements 2021", "African Equity Empowerment Investments Consolidated Group Financial Statements 2021" 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 2021". 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 for two years.

Crowe JHB

Crowe JHB
G Kartsounis
Partner
Registered Auditor
Sandown, Johannesburg, 2196
23 December 2021

Thawt inc

THAWT Incorporated
G C Gorgulho
Partner
Registered Auditor
Monte Vista, Cape Town, 7460
23 December 2021

DIRECTOR'S REPORT

The Board 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 2021.

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, 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 with some international partners.

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.

Full details of the financial position, results of operations and cash flows of the Group are set out in these consolidated annual financial statements.

3. CORPORATE GOVERNANCE

The Board 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 23 September 2021, AYO subscribed for 30% ordinary shares in Crealpha Proprietary Limited ("Crealpha") for a nominal amount. As part of the shareholders agreement AYO has also provided Crealpha with a R30 million working capital loan to enable the company's expansion. Crealpha is a cloud data services business that enables the Group to expand its service offering as part of the Group's go-to-market strategy.

On 1 October 2021, AYO subscribed for an additional 30 ordinary shares in 4Plus Technology Venture Fund Africa Proprietary Limited ("4Plus") for a subscription price of R24 million. AYO now holds a total of 28% of the ordinary shares in issue of 4Plus.

On 11 October 2021, AYO subscribed for 25% of ordinary shares in AOH Enterprises Proprietary Limited ("AOH") for a subscription price of R2 850 000. AOH Enterprises specialises in property technology and allows AYO to be a part of a rising disruptive technology.

On 1 November 2021, AYO concluded an asset for share agreement in which AYO disposed of its 100% shareholding in Puleng Technologies Proprietary Limited ("Puleng") for a consideration of R20 million in exchange for redeemable and cumulative preference shares of the purchaser of R20 million. Puleng is a cyber security company which focuses on the development of efficient Governance, Risk and Compliance (GRC) programmes and providing data centre infrastructure which effectively protects sensitive client data.

On 26 November 2021 the Group disposed of the licensing rights of the Naviga software systems to LML Shared Solutions (Pty) Ltd for a consideration of R22.3 million subject to certain conditions precedent being met. At the time of publication of these results these conditions precedent were not yet met.

From 1 November 2021, AEEI controls GCCT as AYO no longer has majority representation of directors.

A final dividend of 10 cents per share was approved by the Board in respect of the financial year ended 31 August 2021. The dividend is payable on 3 January 2022 to shareholders recorded in the register of the Company at close of business on 31 December 2021.

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 considers 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 may pass on the payment of dividends.

A final dividend of 10 cents per share (2020:20cents) was approved by the Board on 1 December 2021 in respect of the year ended 31 August 2021. The dividend payment date is 3 January 2022 to shareholders recorded in the register of the company at close of business on 31 December 2021. The total dividend for the year is 40 cents (2020: 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
V Dzvova	Chief executive officer	Executive	Appointed, 12 March 2020
JS Van Wyk	Chief financial officer	Executive	Appointed, 1 August 2020
I Amod	Other	Non-executive	Resigned, 31 March 2021
AB Amod	Other	Non-executive	Appointed, 12 November 2012
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
M Mdladlana	Other	Non-executive independent	Appointed, 27 August 2021
S Nthite	Other	Non-executive independent	Appointed, 26 August 2021

8. AUDITORS

Crowe JHB and Thawt Inc were re-appointed as joint auditors for the Company and its subsidiaries for 2021.

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 2022 financial year.

9. SECRETARY

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

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

10. LIQUIDITY AND SOLVENCY

The Board 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

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;
- Made the Board 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.

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.

The directors are aware of a reportable irregularity that was identified by the group's independent external auditors for the technology subsidiary and that it was reported to the independent regulatory board for auditors. At the date of publication of these consolidated annual financial statements, the reportable irregularity had been resolved and no longer exists at the technology subsidiary.

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 2021 financial year.

14. DIRECTORS' INTERESTS IN SHARES

As at 31 August 2021, the directors of the Company held in aggregate, directly or indirectly, beneficially or non-beneficially, 617 250 (2020:822 250) shares in the Company, equivalent to 0,13% (2020: 0.17%) of the issued share capital. The individual interests of directors are as follows:

INTEREST IN SHARE CAPITAL 'B' CLASS ORDINARY SHARES LISTED

As at 31 August 2021, the directors of the Company held in aggregate, directly or indirectly, beneficially or nonbeneficially, 617 250 (2020:822 250) shares in the Company, equivalent to 0.13% (2020: 0.17%) of the issued share capital. The individual interests of directors are as follows:

INTEREST IN SHARE CAPITAL 'B' CLASS ORDINARY SHARES LISTED

31 August 2021	Direct	Indirect beneficial	Indirect non-beneficial	Total shares	Total percentage
WJ Raubenheimer	50 000	–	562 250	612 250	0.13
A Amod	5 000	–	–	5 000	0.00
	55 000	–	562 250	617 250	0.13

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

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 16 March 2021, the Group completed the acquisition of a 100% equity interest in Kathea Communication Solutions Proprietary Limited ("Kathea Communications") for a consideration of R59.8 million and undiscounted contingent consideration of R30 million with an effective date of 1 March 2021. Kathea Communications 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. Kathea Communication was acquired in order to enhance the Group's unified communications segment.

18. INTERESTS IN SUBSIDIARIES, ASSOCIATES AND JOINT ARRANGEMENTS

The joint ventures, associates and subsidiaries are reflected in notes 7,8 and 9

19. BORROWING LIMITATIONS

In terms of the Memorandum of Incorporation of the Company, the Board may exercise all the powers of the Company to borrow money, as they consider appropriate. The unutilised borrowings as at 31 August 2021 amounted to R53m (2020: R55m).

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 25 February 2021 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 Board 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 R4.3 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 Company has since been reconfigured into an investment holding company and will continue to trade as such through the portfolio of investments it holds should the PIC and GEPF be successful in their application. AYO has some subsidiaries that have been in existence for more than 20 years, delivering both satisfactory trading performance and dividend income for AYO. These subsidiaries are expected to continue trading at an optimal level independent of the PIC funding.

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 Proprietary Limited ("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 R5 million, together with costs. 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.

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 23 December 2021. 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, Basson Van Eyssen, AGA(SA), Makaita Chikwavira, 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 2021

	Notes	2021 R'000	2020 R'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	3	**520 021**	547 932
Right of use assets	4	**151 960**	84 828
Goodwill	5	**190 438**	181 772
Intangible assets	6	**428 631**	290 787
Investment in associate	8	**896 566**	866 367
Investments in joint ventures	9	**43 502**	18 963
Other financial assets	10	**229 579**	580 624
Finance lease receivables	11	**22 854**	25 189
Deferred tax	12	**95 042**	99 847
Loans receivable	13	**47 142**	–
Loans to group companies	14	**236 835**	–
		2 862 570	2 696 309
CURRENT ASSETS			
Biological assets	15	**95 910**	84 436
Inventories	16	**189 347**	187 100
Current tax receivable		**16 488**	9 503
Trade and other receivables	17	**518 141**	807 807
Other financial assets	10	**189 052**	50 415
Finance lease receivables	11	**13 475**	18 135
Loan receivable	13	**161 167**	–
Cash and cash equivalents	18	**2 343 886**	3 357 973
		3 527 466	4 515 369
Assets held for sale IFRS 5	52	**59 790**	–
Total Assets		**6 449 826**	7 211 679
EQUITY AND LIABILITIES			
EQUITY			
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT			
Share capital	19	**402 240**	402 240
Reserves	20	**(20 647)**	(28 909)
Retained income		**2 449 424**	2 826 314
Equity attributable to equity holders of parent		**2 831 017**	3 199 645
Non-controlling interest		**2 582 706**	2 969 841
		5 413 723	6 169 486

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 AUGUST 2021

	Notes	2021 R'000	2020 R'000
LIABILITIES			
NON-CURRENT LIABILITIES			
Other financial liabilities	21	**48 233**	21 270
Finance lease liabilities	4	**131 583**	71 781
Employee benefit obligation	22	**5 476**	6 376
Deferred income	23	**–**	751
Deferred tax	12	**249 791**	181 874
Contingent consideration liability	24	**–**	5 097
		435 083	287 148
CURRENT LIABILITIES			
Provisions	25	**63 881**	61 617
Trade and other payables	26	**358 438**	584 527
Other financial liabilities	21	**3 107**	5 289
Finance lease liabilities	4	**37 295**	25 683
Deferred income	23	**33 252**	45 974
Current tax payable		**16 212**	13 874
Dividend payable	53	**40 947**	12696
Contingent consideration liability	24	**24 228**	–
Bank overdraft	18	**7**	5 385
		577 367	755 045
Liabilities held for sale	52	**23 653**	–
Total Liabilities		**1 036 103**	1 042 193
Total Equity and Liabilities		**6 449 826**	7 211 679

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 AUGUST 2021

	Notes	2021 R'000	2020 R'000
Revenue	27	**2 339 169**	3 427 579
Cost of sales	28	**(1 659 382)**	(2 613 080)
Gross profit		**679 787**	**814 499**
Other income	29	**85 486**	154 385
Operating expenses	30	**(1 043 264)**	(949 992)
Net impairment changes and impairment reversals	31	**(152 132)**	(89 560)
Fair value adjustments	32	**57 277**	(108 558)
Investment revenue	33	**162 420**	247 321
Finance costs	34	**(22 943)**	(31 759)
Income from equity accounted investments	8	**52 521**	74 819
(Loss)/profit before taxation		**(180 848)**	**111 155**
Taxation	36	**(84 506)**	(92 275)
(Loss)/profit from operations		**(265 354)**	**18 880**
Other comprehensive income:			
Items that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		**3 114**	(515)
Other comprehensive income for the year net of taxation		**3 114**	**(515)**
Total comprehensive (loss)/income for the year		**(262 241)**	**18 365**
Profit/(Loss) attributable to:			
Owners of the parent			
From continuing operations		**(133 128)**	9 986
Non-controlling interest:			
From continuing operations		**(132 227)**	8 894
Total comprehensive income/(loss) attributable to:			
Owners of the parent		**(130 014)**	9 471
Non-controlling interest		**(132 227)**	8 894
		(262 241)	**18 365**
Earnings per share			
Per share information			
Basic earnings per share (cents)	38	**(26.48)**	1.93
Diluted earnings per share (cents)	38	**(26.48)**	1.93

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 AUGUST 2021

Figures in Rand	Share capital	Share premium	Total share capital	Foreign currency translation reserve	Reserve for valuation of investments	Other NDR	Total reserves	Retained income	Total attributable to equity holders of the Group/Company	Non-controlling interest	Total equity interest
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	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**
Profit 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)
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 82 6313**	**3 199 645**	**2 969 841**	**6 169 485**
Notes	19	19	19	20	20	20	20				

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 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**
Loss for the year	-	-	-	-	-	-	-	(133 128)	(133 128)	(132 227)	(265 356)
Other comprehensive income	-	-	-	3 114	5 148	-	8 262	-	8 262	-	8 262
Total comprehensive Loss for the year	**-**	**-**	**-**	**3 114**	**5 148**	**8 034**	**8 262**	**(133 128)**	**(124 866)**	**(132 227)**	**(257 094)**
Movement in non-controlling interest - change in ownership	-	-	-	-	-	-	-	5 060	5 060	5 192	10 252
Changes in ownership interest	-	-	-	-	-	-	-	18	18	14	32
Dividends	-	-	-	-	-	-	-	(248 840)	(248 840)	(260 113)	(508 953)
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(243 762)**	**(243 762)**	**(254 907)**	**(498 669)**
Balance at 31 August 2021	**30**	**402 210**	**402 240**	**2 341**	**(31 022)**	**8 034**	**(20 647)**	**2 449 424**	**2 831 017**	**2 582 707**	**5 413 723**
Notes	**19**	19	19	20	20	20	20				

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2021

	Notes	2021 R'000	2020 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		**2 434 140**	3 335 517
Cash paid to suppliers and employees		**(2 684 782)**	(3 231 966)
Cash (utilised)/ generated/ from operations	39	**(250 642)**	103 551
Interest income		**131 492**	209 096
Dividend income		**14 244**	10 106
Finance costs		**(14 138)**	(31 759)
Tax (paid) received	37	**(78 816)**	(91 352)
Net cash from operating activities		**(197 860)**	**199 642**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	3	**(51 516)**	(89 056)
Sale of property, plant and equipment	3	**5 633**	6 283
Purchase of subsidiary	47	**(55 447)**	(12 000)
Purchase of other intangible assets	6	**(34 578)**	(12 007)
Sale of other intangible assets	6	**1 799**	59
Sale of investment at fair value		**150 000**	-
Purchase of investments at fair value		**(26 000)**	-
Loans advanced to shareholders		**(4 520)**	-
Loans advanced to related parties		**(94 150)**	-
Other loans advanced		**(117 388)**	(70 747)
Purchase of financial assets		**(110 518)**	(121 015)
Sale of financial assets		**16 378**	12 805
Purchase of biological assets		**-**	(990)
Funds withdrawn in trust		**295 521**	-
Funds advanced in trust		**(273 942)**	-
Finance lease asset receipts		**9 555**	6 447
Net cash (to)/from investing activities		**(289 173)**	**(280 221)**

	Notes	2021 R'000	2020 R'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Reduction of share capital or buy back of shares		–	(277)
Repayment of other financial liabilities		(10 482)	(134 056)
Proceeds from related parties		10 000	–
Proceeds from other financial liabilities		–	37
Purchase of additional shares		–	(1 750)
Repayment of portion of contingent consideration liability		(5 500)	(39 141)
Lease payments		(29 055)	(42 500)
Proceeds from loans with shareholders		2 237	–
Repayment of borrowings		(3 446)	–
Long service awards payments		(727)	–
Repayment of borrowings		–	(637)
Dividends paid	53	(243 550)	(78 578)
Dividend paid to minorities		(241 151)	(106 427)
Net cash (to)/from financing activities		**(521 674)**	**(403 329)**
Total cash movement for the year		(1 008 707)	(483 908)
Cash at the beginning of the year		3 352 588	3 836 496
Total cash at end of the year	18	**2 343 879**	**3 352 588**

1. PRESENTATION OF CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

The consolidated annual financial statements have been prepared on the going-concern basis in accordance with, and in compliance with IFRS, SAICA Financial Reporting Guides issued by the accounting practices committee, the Financial Reporting Pronouncements, the Financial Reporting Standards Council, the requirements of the Companies Act and the Listings Requirements of the JSE Limited.

The consolidated annual financial statements have been prepared on the historical-cost basis, except where otherwise stated and incorporate the principle accounting policies set out below.

The presentation currency of the consolidated annual financial statements is South African Rand, except when stated otherwise.

These accounting policies are consistent with that of the prior year.

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.

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.

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

1.1 **Consolidation** (continued)

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.

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.

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.

1. PRESENTATION OF CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

1.1 Consolidation (continued)

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

Joint arrangements

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

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

Joint ventures

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

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

Joint operations

The Group recognises the following in relation to its interests in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

1.2 Significant judgements and sources of estimation uncertainty

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

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

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

1.2 **Significant judgements and sources of estimation uncertainty** (continued)

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 and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the 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

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.

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 9.69%.

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.

1. PRESENTATION OF CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

1.2 Significant judgements and sources of estimation uncertainty (continued)

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% to 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.

Intangible assets - useful lives and amortisation 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 for current and prior periods is to the extent unpaid recognized as a liability if the amount already paid in respect for current and prior periods exceeds the amount due for those periods the excess is recognized 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 not 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.

1. PRESENTATION OF CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

1.2 Significant judgements and sources of estimation uncertainty (continued)

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.

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.

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

The Group has no significant influence in entities 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: 19.56%
Number of years: 6.6
Growth rate: 4.5%

Technology division
Pre-tax discount rates: 19.72%
Number years: 5.1
Growth rate: 4.5%

Events and tourism division
Pre-tax discount rates: 27%
Number years: 5
Growth rate: 3.5%

Health and beauty division
Pre-tax discount rates: 16.58%
Number years: 5
Growth rate: 4.5%

Biotechnology division
Pre-tax discount rates: 20%
Number of years: 22
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
Buildings	5 – 50 years
Customer contracts and lists	1 – 6 years
Computer equipment	1 – 8 years
Computer software	2 – 5 years
Furniture and fixtures	2 – 20 years
Laboratory equipment	8 years
Land	Indefinite
Leasehold improvements	5 – 40 years
Motor vehicles	5 – 10 years
Office equipment	3– 21 years
Plant and machinery	1 – 36 years
Studio equipment	5 years
Vessels	3 – 32 years

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

1. PRESENTATION OF CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

1.3 Property, plant and equipment (continued)

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. 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 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. PRESENTATION OF CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

1.6 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.

1.7 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.

1.8 Intangible assets

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

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

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

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

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

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

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

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows.

The amortisation period, residual values and the amortisation method for intangible assets are reviewed at every year-end.

1. PRESENTATION OF CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

1.8 Intangible assets (continued)

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	Indefinite
Distribution rights	Indefinite
Fishing quotas and permits	3 – 5 years
Licences	20 years
Novel compounds	Indefinite
Patents and trademarks	Indefinite
Pharmaceutical dossiers	Indefinite
Radio licence	Indefinite
Software development	1 – 10 years
Customer contracts and lists	1 – 6 years
Brands	Indefinite
Trade names	10 years

1.9 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.

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.

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

1.9 **Financial instruments** (continued)

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.

1.10 **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 30) 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.

1. PRESENTATION OF CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

1.10 Leases (continued)

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).

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.

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 34).

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.

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.

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.

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

1.10 **Leases** (continued)

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.

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

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.

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.

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

1.10 **Leases** (continued)

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.

1.11 **Inventories**

Inventories are measured at the lower of cost and cost is determined using the weighted average method.

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.

1.12 **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.

1.13 **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.

1. PRESENTATION OF CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

1.13 Impairment (continued)

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.

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.

1.14 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.

1.15 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.

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

1.15 **Provisions and contingencies** (continued)

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:

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 onerous 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 54.

1.16 **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.

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.

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

1.16 **Revenue** (continued)

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

Managed services

Managed services are mainly comprised of provision of managed information, communication and technology, cloud and in-house maintenance services. The Company provides a specified service over a specified period. The specified service would comprise a single series of services that are transferred to the customer over the agreed period.

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.

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. PRESENTATION OF CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

1.17 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.

1.18 Cash and cash equivalents

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

1.19 Equity settled share -based payment

The grant date fair value of equity-settled share-based payment arrangements granted is recognised as an expense, with a corresponding increase in equity. The grant date fair value of the share-based payment is determined using the discounted cash flow valuation technique.

1.20 Other income

Interest revenue comprises of interest earned on bank accounts and interest earned on loans receivable. Interest revenue is recognised, in profit or loss, using the effective interest rate method.

Dividend income from other investments other than investment from subsidiaries and commission income are recognised when the Company's rights to receive payment are established.

1.21 Finance income and finance cost

Interest income comprises of interest earned on bank accounts and loans to Group companies. Interest income is recognised in profit and loss using the effective interest method. Finance costs are recognised in profit and loss in the period in which they are incurred.

1.22 Post-employment medical cost

The Group has an obligation to pay the medical aid cost of retired employees. The entitlement of these benefits was based on the employees remaining in service up to retirement age and the completion of a minimum service period.

The present value of the liability incurred is calculated based on remaining contributions to the medical aid fund. The difference between the present value of the liability and the carrying amount in the previous financial year less the actual cash contributions is recognised in profit and loss.

Contributions to the medical aid fund increases annually, based on current market trends.

1.23 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.

1. PRESENTATION OF CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

1.23 Translation of foreign currencies foreign currency transaction (continued)

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.

1.24 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. PRESENTATION OF CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

1.25 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 01/2021 issued by SAICA.

Diluted earnings 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.

2. NEW STANDARDS AND INTERPRETATIONS

2.1 Standards and interpretations effective and adopted in the current year

The Group adopted the following new, revised and amendments to standards applicable during the current financial year, which did not have a material impact on the financial statements as follows:

Amendments to References to Conceptual Framework in IFRS Standards

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.

The amendment did not have a material impact on the Group.

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.

The amendment did not have a material impact on the Group.

IFRS 9 Financial instrument

The amendments clarify the requirements for hedge accounting to support the provision of useful financial information during the period of uncertainty carried by the phasing out of interest rate benchmarks such as interbank offered rates on hedge accounting.

The amendment did not have a material impact on the Group.

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 benchmarks such as interbank offered rates on hedge accounting.

The amendment did not have a material impact on the Group.

IFRS 3 Business combinations

Annual Improvements 2015 – 2017 Cycle: Clarification that when an entity obtains control of a business that is a joint operation, it is required to

remeasure previously held interests in that business.

Definition of Business: The amendments confirm that a business must include inputs and a process, and clarify that: (1) the process must be substantive; and (2) the inputs and process must together significantly contribute to creating outputs. The amendments also narrow the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs; and add a test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets.

AYO Technology Solutions Limited acquired 100% of Kathea Communication Solutions Proprietary Limited, therefore meeting the business definition per IFRS 3.

2. NEW STANDARDS AND INTERPRETATIONS (continued)

2.2 Standards and interpretations not yet effective

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

IFRS 3 Business combinations

Reference to the Conceptual Framework:

The amendment updates a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

The effective date of the amendment for the Group is for financial years commencing on 1 September 2022.

The Group is in the process of assessing the impact of the amendments.

IFRS 9 Financial instruments

Interest Rate Benchmark Reform Phase 2:The amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 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 amendments to IFRS 9 enable a company to apply a practical expedient to account for a change in the contractual cash flows that are required by IBOR reform by updating the effective interest rate to reflect any change

arising from the reform.

The amendments to IFRS 9 enable (and require) companies to continue hedge accounting in circumstances when changes to hedged items and hedging instruments arise as a result of changes required by the IBOR reform, by requiring companies to amend their hedging relationships to reflect: designating an alternative benchmark rate as the hedged risk; or changing the description of the hedged item, including the designated portion, or of the hedging instrument.

The effective date of the amendment for the Group is for financial years commencing on 1 September 2021.

The Group is in the process of assessing the impact of the amendment.

IAS 1 Presentation of financial statements

Narrow-scope amendments to IAS 1 to clarify how to classify debt and other liabilities as current or non-current. The amendment is effective for the Group, for the financial year commencing 1 September 2023.

The amendments require companies to disclose their material accounting policy information rather than their significant accounting policies, with additional guidance added to the Standard to explain how an entity can identify material accounting policy information with examples of when accounting policy information is likely to be material. The amendment is effective for the Group, for the financial year commencing 1 September 2023.

The Group is in the process of assessing the impact of the amendments.

2. NEW STANDARDS AND INTERPRETATIONS (continued)

2.2 Standards and interpretations not yet effective (continued)

IAS 8 Accounting policies, changes in accounting estimates and errors

The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates, by replacing the definition of a change in accounting estimates with a new definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The requirements for recognising the effect of change in accounting prospectively remain unchanged. The amendment is effective for the Group, for the financial year commencing 1 September 2023.

IAS 16 Property, Plant and Equipment

The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss. The amendment is effective for the Group, for the financial year commencing 1 September 2022.

The Group is in the process of assessing the impact of the amendment.

IAS 37 Provisions, Contingent liabilities and contingent assets

The amendments specify which costs should be included in an entity's assessment of whether a contract will be loss-making.

The amendment is effective for the Group, for the financial year commencing 1 September 2022.

The Group is in the process of assessing the impact of the amendment.

IAS 39 Financial instruments: recognition and measurement

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 is for financial years beginning 1 September 2021.

The Group is in the process of assessing the impact of the amendment.

COVID-19 – Related Rent Concessions - Amendment to IFRS 16

The COVID-19 pandemic has resulted in an amendment to IFRS 16 Leases. Lessees may elect not to assess whether a rent concession that meets the conditions in paragraph 46B is a lease modification. If this election is applied, then any change in lease payments must be accounted for in the same way as a change would be accounted for it were not a lease modification.

This practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if: the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; any reduction in lease payment affects only payments originally due on or before 30 June 2022 and there is no substantive change to other terms and conditions of the lease.

The effective date of the amendment is for years beginning on or after 1 September 2021.

The impact of the amendment is not material.

2. NEW STANDARDS AND INTERPRETATIONS (continued)

2.2 Standards and interpretations not yet effective (continued)

Onerous Contracts – Cost of Fulfilling a Contract: Amendments to IAS 37

The amendment defined the costs that are included in the cost of fulfilling a contract when determining the amount recognised as an onerous contract. It specifies that the cost of fulfilling a contract comprises the costs that relate directly to the contract. These are both the incremental costs of fulfilling the contract as well as an allocation of other costs that relate directly to fulfilling contracts (for example depreciation allocation).

The effective date of the company is for years beginning on or after 01 September 2022.

The group expects to adopt the amendment for the first time in the 2023 annual financial statements.

It is unlikely that the amendment will have a material impact on the group's annual financial statements.

Deferred Tax related to Assets and Liabilities arising

from a Single Transaction: Amendments to IAS 12 Income Taxes

The amendment clarifies how a company accounts for income tax, including deferred tax, which represents tax payable or recoverable in the future. In specified circumstances, companies are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. The aim of the amendments is to reduce diversity in the reporting of deferred tax on leases and decommissioning obligations, by clarifying when the exemption from recognising deferred tax would apply to the initial recognition of such items.

The effective date of the company is for years beginning on or after 01 September 2023.

The Group is in the process of assessing the impact of the amendment.

Annual Improvements to IFRS Standards 2018–

2020

The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognise a financial liability.

The effective date of the company is for years beginning on or after 1 September 2022.

The Group is in the process of assessing the impact of the amendment.

IFRS 7 Financial

Instruments:

Disclosures

Interest Rate Benchmark Reform Phase 2: The amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 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 amendment to IFRS 7 requires a company to make additional disclosures in its financial statements so that investors can better understand the effects of IBOR reform on that company.

The effective date of the company is for years beginning on or after 1 September 2021.

The Group is in the process of assessing the impact of the amendment.

2. NEW STANDARDS AND INTERPRETATIONS (continued)

2.2 Standards and interpretations not yet effective (continued)

IFRS 16 Leases

Interest Rate Benchmark Reform Phase 2: The amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 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 amendment to IFRS 16 enables a company to apply a practical expedient to account for a lease modification required by the IBOR reform.

The effective date of the company is for years beginning on or after 1 September 2021.

The Group is in the process of assessing the impact of the amendment.

3. PROPERTY, PLANT AND EQUIPMENT

	2021			2020		
GROUP	Cost R'000	Accumulated depreciation R'000	Carrying value R'000	Cost R'000	Accumulated depreciation R'000	Carrying value R'000
Broadcast mast	5 392	(3 270)	2 122	5 392	(2 731)	2 661
Buildings	138 070	(6 275)	131 795	137 996	(4 291)	133 705
Computer equipment	85 432	(54 547)	30 885	127 558	(59 570)	67 988
Computer software	1 162	(957)	205	1 853	(1 796)	57
Furniture and fixtures	23 558	(15 611)	7 947	30 678	(22 049)	8 629
Laboratory equipment	5 171	(5 159)	12	7 690	(7 690)	–
Land	4 373	–	4 373	4 373	–	4 373
Leasehold improvements	34 788	(21 271)	13 517	44 978	(31 862)	13 116
Motor vehicles	24 774	(14 019)	10 755	41 563	(29 019)	12 544
Office equipment	6 770	(4 681)	2 089	5 684	(3 656)	2 028
Plant and machinery	238 479	(114 610)	123 869	239 449	(124 913)	114 536
Studio and electronic equipment	3 144	(3 140)	4	3 144	(3 116)	28
Vessels	367 939	(175 491)	192 448	350 424	(162 157)	188 267
Total	939 052	(419 031)	520 021	1 000 783	(452 850)	547 932

3. PROPERTY, PLANT AND EQUIPMENT (continued)

Reconciliation of property, plant and equipment – Group – 2021

	Opening balance R'000	Additions R'000	Additions through business combinations R'000	Disposals R'000	Transfers R'000	Depreciation R'000	Impairment loss R'000	Total R'000
Broadcast mast	2 661	–	–	–	–	(539)	–	2 122
Buildings	133 705	–	–	–	2 774	(4 684)	–	131 795
Computer equipment	67 988	4 473	404	(2 962)	4 536	(17 298)	(26 257)	30 884
Computer software	57	250	–	–	–	(102)	–	205
Furniture and fixtures	8 629	1 066	251	(267)	–	(1 732)	–	7 947
Laboratory equipment	–	14	–	–	–	(2)	–	12
Land	4 373	–	–	–	–	–	–	4 373
Leasehold improvements	13 116	2 944	36	(387)	–	(2 191)	–	13 518
Motor vehicles	12 544	19 996	–	(17 706)	–	(4 079)	–	10 755
Office equipment	2 028	1 302	–	(88)	25	(1178)	–	2 089
Plant and machinery	114 536	16 830	–	(44)	(2 774)	(4 679)	–	123 869
Studio and equipment	28	–	–	–	–	(24)	–	4
Vessels	188 267	17 691	–	(176)	–	(13 334)	–	192 448
	547 932	64 566	691	(21 630)	4 561	(49 842)	(26 257)	520 021

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	Transfers R'000	Depreciation R'000	Impairment loss R'000	Total R'000
Broadcast mast	3 200	–	–	–	–	(539)	–	2 661
Buildings	111 110	888	–	–	23298	(1591)	–	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)	–	(45309)	(1 014)	547 932

* *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:

	2021 R'000	2020 R'000
Broadcast mast	**2 122**	2 661
Motor vehicles (subject to finance lease)	**–**	112
Vessels	**–**	22 967

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 reporting period, the Group reassessed the residual values of some of its vessels. The impact of the change was a reduction in the annual depreciation charge for the prior year and R3.1 million for the next 14 years.

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:

Reconciliation of Right-of-use assets – 2021

	Plant and equipment R'000	Buildings R'000	Motor vehicles R'000	Total R'000
Opening balance	42	79 723	5 063	84 828
Business combination	–	2 451	–	2 451
Effect of modification of lease term	–	6 096	–	6 096
Additions – new leases entered into	–	108 280	4 365	112 645
Transferred to held for sale	–	–	–	–
Disposals	–	(7 637)	(208)	(7 845)
Depreciation	(42)	(42 268)	(3 905)	(46 215)
Balance at 31 August 2021	–	146 645	5 315	151 960

Reconciliation of Right-of-use assets – 2020

	Plant and equipment R'000	Buildings R'000	Motor vehicles R'000	Total R'000
IFRS 16 – Initial recognition 1 September 2019	64	111 924	11 863	123 851
Reclassification of existing finance leases under IFRS 16	–	650	–	650
Additions – new leases entered into	–	2 981	501	3 482
Disposal of subsidiary	–	(845)	–	(845)
Depreciation	(22)	(34 987)	(7 301)	(42 310)
Balance at 31 August 2020	**42**	**79 723**	**5 063**	**84 828**

The Group leases various office buildings, motor vehicles and equipment. The lease contracts have an average period of two to ten years.

The Group's lease agreements do not have any purchase options.

	2021 R'000	2020 R'000
Finance lease liabilities		
The maturity analysis of lease liabilities is as follows:		
Within one year	**37 295**	25 683
Two to five years	**121 298**	71 781
More than 5 years	**28 695**	–
Less: Future finance charges	**(18 410)**	–
	168 878	**97 464**
Non-current liabilities	**131 583**	71 781
Current liabilities	**37 295**	25 683
	168 878	**97 464**
Other amounts recognised in profit and loss		
Expenses relating to short term leases	**823**	3 285
Interest expense on lease liabilities	**13 644**	12 453

5. GOODWILL

GROUP	2021 Cost R'000	2021 Accumulated impairment R'000	2021 Carrying value R'000	2020 Cost R'000	2020 Accumulated impairment R'000	2020 Carrying value R'000
Goodwill	**239 438**	**(49 000)**	**190 438**	206 395	(24 623)	181 772

Reconciliation of goodwill – Group – 2021

	Opening balance R'000	Impairment loss R'000	Additions through business combinations R'000	Reclass to non-current asset held for sale R'000	Total R'000
Goodwill	**181 772**	**(24 377)**	**35 715**	**(2 672)**	**190 438**

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**

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

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

	2021 R'000	2020 R'000
CGU per division		
Events and tourism	**1 376**	6 151
Fishing and brands	**70 129**	70 129
Technology	**118 932**	105 492
	190 438	181 772

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

The Group performs an annual valuation for purposes of determining the fair value of its investments. The valuation is the basis for valuing the goodwill which is allocated to Health System Technologies Proprietary Limited, the Software Tech Holdings Proprietary Limited Group, Kalula Communications Proprietary Limited, Kathea Communication Solutions Proprietary Limited, Zaloserve Proprietary Limited and Main Street 1653 Proprietary Limited as CGUs.

5. **GOODWILL** (continued)

In the prior year, there was a goodwill of R644 862 recognised on the acquisition of NSX Solutions Consulting Proprietary Limited ("NSX"). The goodwill of R644 862 was subsequently impaired as the carrying value was more than the recoverable amount of the CGU. NSX lost all of its customer contracts as it was not able to continue with normal operations due to the national lockdown and as a result the Goodwill recognised on the acquisition of NSX was impaired.

In the current year, goodwill of R48 666 384 was recognised for the acquisition of Kathea Communications.

On 23 August 2021, management made the decision to dispose of Puleng Technologies Proprietary Limited and the CGU has been classified as non-current asset held for sale. Goodwill of R2.7 million and the impairment of Goodwill of R19.6 million relating to Puleng has been reclassified to non-current assets held for sale.

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

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 recognised on the acquisition relates to the expected growth and cost synergies which cannot be separately recognised as an intangible asset. This goodwill has been allocated to the Group's squid segment and is not expected to be tax deductible. There were no business combinations during the current year nor any adjustments in the current year in relation to the acquisition of Talhado.

The existing goodwill arose from the acquisition of an additional 50% shareholding in the 2007 financial year and the acquisition of 100% shareholding in Marine Growers (Pty) Ltd in the 2008 financial year. 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 years, 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%

5. GOODWILL (continued)

Technology	Pre-tax discount rate %	Number of forecasted years	Growth rate
Puleng technologies (Pty) Ltd	20.08	0	4.5
Health Systems Technologies (Pty) Ltd	21.65	5	4.5
Kalula Communications (Pty) Ltd	17.85	5	4.5
Zaloserve (Pty) Ltd	17.68	6	4.5
Mainstreet 1653 (Pty) Ltd	18.9	5	4.5
Software Tech Holdings and subsidiaries	23.33	5	4.5
Kathea Communication (Pty) Ltd	18.53	5	4.5

Fishing and brands division	Pre-tax discount rate %	Number of forecasted years	Growth rate
Abalone division	17.30	5	4.5
Fishing division	16.65	5	4.5

6. INTANGIBLE ASSETS

GROUP	2021 Cost R'000	2021 Accu-mulated amorti-sation and impairment R'000	2021 Carrying value R'000	2020 Cost R'000	2020 Accu-mulated amorti- sa-tion and impairment R'000	2020 Carrying value R'000
Biosimilar drug under development	153 320	(152 735)	585	156 595	(156 010)	585
Customer contracts and lists	87 062	(5 009)	82 053	90 403	(70 132)	20 271
Distribution rights	106 096	(7 484)	98 612	70 903	(12 390)	58 513
Fishing quotas	33 985	(33 985)	–	16 543	(14 618)	1 925
Licences and technologies	61 664	(29 612)	32 052	30 385	(20 146)	10 239
Novel Compound	135 107	–	135 107	135 107	–	135 107
Brands	48 305	(3524)	44 781	31 601	(1 744)	29 857
Patents and trademarks	14 711	(5890)	8 821	8 447	(896)	7 551
Pharmaceutical dossiers	30 741	(30 541)	200	30 741	(30 541)	200
Radio licence	8 824	(29)	8 795	8 847	(9)	8 838
Software development	35 750	(18125)	17 625	18 624	(923)	17 701
Total	715 565	(286 934)	428 631	**598 194**	**(307 409)**	**290 787**

6. **INTANGIBLE ASSETS** (continued)

Reconciliation of intangible assets – Group – 2021

	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	20 271	–	–	–	–	64 252	(2 469)	–	82 054
Distribution rights	58 513	–	50 162	–	(1 973)	–	(8 090)	–	98 612
Fishing quotas	1 925	–	–	–	–	–	(1 925)	–	–
Licences and technologies	10 239	29 993	–	(1 777)	–	–	(6 411)	–	32 044
Novel compound	135 107	–	–	–	–	–	–	–	135 107
Brands	29 857	3 074	11 850	–	–	–	–	–	44 781
Patents and trademarks	7 551	2 035	–	–	–	–	(790)	–	8 796
Pharmaceutical dossiers	200	–	–	–	–	–	–	–	200
Radio licence	8 838	–	–	–	–	–	(29)	–	8 809
Software development	17 701	2 605	–	(1 336)	–	–	(1 327)	–	17 643
	290 787	37 707	62 012	(3 113)	(1 973)	64 252	(21 041)	–	428 631

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)**	**1113**	**(17 312)**	**(7 421)**	**(5 267)**	**290 787**

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 Bioclones Proprietary Limited. 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 annually for impairment.

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.

6. INTANGIBLE ASSETS (continued)

Distribution and assignment rights

The distribution rights arose from the business combinations for Kalula Communications Proprietary Limited ("Kalula") and Kathea Communications. An additional distributorship right was acquired in the 2019 financial year by AYO International Holdings Proprietary Limited ("AIH"). This distribution rights regulates the purchase of Plantronics products by AIH for resale by the Group.

There is no limit on the number of times the above distribution rights can be renewed and based on historical information no distribution rights have been revoked. Additionally, the distribution rights are expected to be renewed without any cost and therefore have an indefinite useful life. This intangible asset has an indefinite useful life and was allocated to the Kalula and Kathea Communications CGU. Management assessed the recoverable amount of the intangible asset at reporting date, which exceeded the carrying value by using forecast cash flows. The recoverable amount is sensitive to the extrapolated growth rates, future cash flow projections and discount rates used for the value-in-use calculation in order to calculate the recoverable amount of the asset. Such assumptions are relevant to goodwill as well as intangible assets such as distribution and assignment rights which have indefinite useful lives.

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 91 months.

Novel compounds

Dendretic cell therapeutic vaccine is a cellular immunotherapy that was acquired through the business combination of Bioclones Proprietary Limited. This project is in development and is not ready for pharmaceutical use, therefore not amortised. Amortisation will commence when the product is ready for launch into the market. The novel compounds were tested for impairment.

Brands

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

In the technology division these intangible assets were acquired through business combination. The acquired brands relate to the underlying companies distinct service offerings apart from other similar offerors.
In assessing the brand the Group has taken into account the key components which include brand identity, brand loyalty and brand awareness and therefore ascribing a monetary value to the brand. This intangible asset has been assessed to have an indefinite useful life based on the lack of legal, contractual or economic factors that would limit its useful life and was allocated to the Zaloserve Proprietary Limited ("Zaloserve") and Kathea Communications CGU. Management assessed the recoverable amount of the intangible asset at reporting date, which exceeded the carrying value by using forecast cash flows. The recoverable amount is sensitive to the extrapolated growth rates, future cash flow projections and discount rates used for the value-in-use calculation in order to calculate the recoverable amount of the asset. Such assumptions are relevant to goodwill as well as intangible assets such as brands which have indefinite useful lives.

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 10 years.

6. **INTANGIBLE ASSETS** (continued)

Pharmaceutical dossiers

Through the business combination of Bioclones Proprietary Limited a pharmaceutical dossier was acquired under the registered product Repotin.

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 completed and implemented in October 2019. Management has reassessed the useful life of the intangible asset and have now determined it to be 10 years. In the prior year the useful life was assessed to be three years. The adjustment to amortisation has been made prospectively.

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 HBPPM system is a software that enables the sharing of 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 a useful life of 10 years.

Enterprise Consumer Price Index System (EMCI)

The EMCI system 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 Identifier (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 MRNs at source systems. Further development – phase 2 is being done on EMCI. Implementation date is planned for June 2022.

6. INTANGIBLE ASSETS (continued)

Licences

Licenses are comprised of a Service Now licence and Finnivo reporting license. Service Now is a service management software which was purchased in the 2018 financial year to service a major customer of AYO. The contract with the major customer was cancelled in the prior financial year as the Group did not expect to receive any future economic benefits from the Service Now licence and a balance of R0.5 million relating to the Service Now license was therefore fully impaired. Finnivo reporting license is a financial management reporting tool.

Computer software

Computer Software is comprised of the Naviga system which is a content management and engagement platform. Management has assessed the useful life of the intangible asset to be 3 years.

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	2021	2020
		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	**35%**	40%
Premier Fishing and Brands Ltd	RSA	**44%**	44%

The country of incorporation and the principal 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)

2021

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	139 014	153	139 167	153 024	581	153 605	19 241
AYO Technology Solutions Ltd	990 573	3 176 223	4 166 796	116 102	486 704	602 806	125 651
Magic 828 (Pty) Ltd	7 889	918	8 807	62 880	2 285	65 165	–
Premier Fishing and Brands Ltd	688 931	310 338	999 269	164 293	74 397	238 690	56 725
Total	1 826 407	3 487 632	5 314 039	496 299	563 967	1 060 266	201 617
Non-controlling interest in all subsidiaries	–	–	–	–	–	–	2 582 706

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.

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
Profit or loss attributable to non-controlling interest of other subsidiaries	–	–	–	–	–	–	2 969 839

7. INVESTMENTS IN SUBSIDIARIES (continued)

2021

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	–	(865)	39	(826)	(826)	(357)
AYO Technology Solutions Ltd	1 699 492	(200 524)	(57 579)	(258 103)	(254 327)	1 043
Magic 828 (Pty) Ltd	3 566	(6 303)	(7 999)	(14 302)	(14 302)	–
Premier Fishing and Brands Ltd	575 115	17 587	(14 237)	3 350	3 350	13 199
Total	**2 278 173**	**(190 105)**	**(79 776)**	**(269 881)**	**(266 105)**	**13 885**
Profit or loss attributable to non-controlling interest of other subsidiaries						(132 227)

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 compre-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)	2926	(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)

2021

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	**(1 638)**	**(102)**	**(202)**	**(1 941)**	**–**
AYO Technology Solutions Ltd	**(232 913)**	**(354 684)**	**(470 429)**	**(1 058 026)**	**(3 732)**
Magic 828 (Pty) Ltd	**(4 901)**	**(990)**	**5 924**	**34**	**–**
Premier Fishing and Brands Ltd	**39 369**	**(23 310)**	**(16 915)**	**(856)**	**(13 000)**

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)

Details of control over subsidiaries has been disclosed in note 44.

8. INVESTMENT IN ASSOCIATE

	% ownership interest 2021	Carrying amount 2021	% ownership interest 2020	Carrying amount 2020
BT Communication Services	**30%**	**896 566**	30.00%	866 367

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

8. INVESTMENTS IN ASSOCIATES (continued)

2021

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

2020

	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.

Summarised financial information of associates

Summarised Statement of Profit or Loss and Other Comprehensive Income	BT Communication Services South Africa (Pty) Ltd R'000	
	2021	2020
Revenue	**968 070**	1 284 402
Other income and expenses	**(827 442)**	(984 201)
Profit before tax	**140 628**	300 201
Tax expense	**(44 769)**	(74 226)
Profit from continuing operations	**95 859**	225 975
Total comprehensive income	**103 659**	239 375
Dividends received from associate	**7 800**	13 400

Summarised Statement of Financial Position	BT Communication Services South Africa (Pty) Ltd R'000	
Assets	**2021**	2020
Non-current	**439 267**	489 830
Current	**967 083**	909 937
Total assets	**1 406 350**	1 399 767
Liabilities		
Non-current	**232 916**	254 895
Current	**113 714**	155 231
Total liabilities	**346 630**	410 126
Total net assets	**1 059 720**	989 641

8. INVESTMENTS IN ASSOCIATES (continued)

Reconciliation of net assets to equity accounted investments in associates	BT Communication Services South Africa (Pty) Ltd R'000	
	2021	2020
Profit for the year	**28 758**	54 247
Portion of net assets	**867 808**	812 120
Carrying value of investment in associate	**896 566**	866 367
Deemed cost upon change in ownership	**875 608**	825 520
Share of profit	**28 758**	54 247
Dividends received from associate	**(7 800)**	(13 400)
Investment at end of period	**896 566**	866 367

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 2021	% Ownership interest 2020
Premier – BCP Hake	RSA	**48**	48
Premier – Seacat	RSA	**50**	50
Bloudam	RSA	**-**	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 West Coast Rock Lobster on behalf of Premier Fishing SA (Pty) Ltd and the external quota holders. The Bloudam Joint operation was dissolved during the year under review.

9. JOINT ARRANGEMENTS (continued)

Joint operations (continued)

	2021 R'000	2020 R'000
Summary of Group's interest in joint operations		
Premier – BCP Hake Joint Venture		
Revenue	**68 853**	44 964
Cost of sales	**(38 107)**	(29 768)
Other operating income	**378**	44
Operating expenses	**(15 344)**	(11 786)
Interest Income	**460**	475
Total Comprehensive Income	**16 240**	4 438
Share of total comprehensive income	**7 795**	2 130
Non-current assets		
Property, plant and equipment	**–**	6 127
Total non-current asset	**–**	6 127
Current Assets		
Inventories	**1 060**	812
Trade and other receivables	**9 420**	763
Cash and cash equivalents	**14 750**	7 633
Total current assets	**25 230**	9 208
Current liabilities		
Trade and other payables	**(10 914)**	(7 592)
Total current liabilities	**(10 914)**	(7 592)
Net assets	**14 316**	7 743
Share of net assets	**6 872**	3 717
Premier – Seacat Joint Venture Operation		
Revenue	**6 971**	3 506
Cost of sales	**(2 927)**	(1 158)
Other operating income	**242**	–
Operating expenses	**(1 266)**	(1 796)
Interest income	**14**	37
Total comprehensive income	**3 034**	589
Share of total comprehensive income	**1 517**	294
Current assets		
Inventories	**255**	396
Trade and other receivables	**2 672**	384
Cash and cash equivalents	**1 335**	386
Total current assets	**4 262**	1 166
Current liabilities		
Trade and other payables	**(701)**	(708)
Loans payable	**(527)**	
Total current liabilities	**(1 228)**	(708)
Net assets	**3 034**	458
Share of net assets	**1 517**	229

9. JOINT ARRANGEMENTS (continued)

Joint operations (continued)

	2021 R'000	2020 R'000
Bloudam Joint Venture Operation		
Current assets		
Other financial assets	–	2 520
Total current assets	–	2 520
Current liabilities		
Other financial liabilities	–	(2 520)
Trade and other payables	–	–
Total current liabilities	–	(2 520)

Joint ventures

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

Group

Name of company	Held by	% ownership interest 2021	% ownership interest 2020	Carrying amount 2021 R'000	Carrying amount 2020 R'000
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	–	–
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	43 502	18 963

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

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 prior year.

Digital Health Africa (Pty) Ltd is a jointly controlled entity and is not operational. The investment amount was impaired in the prior year.

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.

Restrictions relating to joint ventures

There are currently no restrictions relating to the joint ventures.

9. **JOINT ARRANGEMENTS** (continued)

Joint ventures (continued)

Profit from equity accounted investments

R24.5 million (2020: profit of R18.9 million) of profit from equity accounted investment relating to Joint ventures is included in the Group statement of profit or loss.

Summarised financial information of joint ventures

2021

Summarised statement of comprehensive income	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	80 600	(3 285)	267	(12 522)	(15 981)	49 079	49 079	24 540

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	108	108
Vunani Fintech Fund (Pty) Ltd	329 747	462	–	462	330 209

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	215 965	30 000	245 965	456	456	246 421

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
Premier Select (Pty) Ltd	(658)	(329)	(329)	–
Vunani Fintech Fund (Pty) Ltd	83 788	41 894	–	41 894
	83 130	41 565	(329)	41 894

9. **JOINT ARRANGEMENTS** (continued)

Joint ventures (continued)

Summarised financial information of joint ventures

2020

Summarised statement of comprehensive income	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	108	108
Vunani Fintech Fund (Pty) Ltd	160 213	3 076	6	3 082	163 295

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	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

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

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	108	(329)	(329)	(1 136)
Vunani Fintech Fund (Pty) Ltd	(2 946)	(1 473)	–	(1 472)
	(6 252)	(3 509)	(329)	(4 315)

9. **JOINT ARRANGEMENTS** (continued)

Joint ventures (continued)

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**

	2021 R'000	2020 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 R2.5m was recognised in the current year.	**12 325**	9 841
SAAB Grintek Defence (Pty) Ltd The company held a 25% interest in Saab Grintek Defence (Pty) Ltd. This investment was not accounted for as an associate as the company did not have significant influence as stipulated in the shareholders agreement. The directors were appointed to serve in an advisory capacity and they provided guidance to their foreign counterparts about how business operates in South Africa. The directors were not involved in the day-to-day operational activities or decision relating to this investment. This investment was disposed on 31 December 2020.	**–**	150 000
Cadiz life Investment Enterprise Development Fund The fund is an innovative new investment whereby corporate clients can earn the required Enterprise development points in terms of the DTI scorecard and at the same time earn real returns from the once off investment. AYO withdrew funds of R8.7 million from Cadiz on 6 September 2020.	**1 005**	9 702
Vunani Securities Proprietary Limited ("Vunani Securities") AYO invested funds of R113.7 million in the stock market through Vunani securities. Fair value gains of R3.2 millions were recognised on the portfolio for the year ended 31 August 2021.	**116 983**	–
Foreign exchange contracts	**802**	70
Investment in Bambelela (Pty) Ltd	**91 408**	31 139
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 The amount relates to a minor investment in the Events division	**682**	864
Investments in Sygnia A fair value gain of R9.6m relating to the investment in Sygnia was recognised in the current year.	**48 650**	38 974

10. OTHER FINANCIAL ASSETS (continued)

	2021 R'000	2020 R'000
Numus Capital (Pty) Ltd Numus is a boutique asset management company. AYO invested funds of R18 million in the stock market through Numus. Fair value losses of R1.6 million were recognised on the portfolio for the year ended 31 August 2021.	**17 411**	–
Louisyahna Creations Proprietary Limited ("Louisyahna") On 4 July 2021, AYO subscribed for 20% of the issued share capital in Louisyahna. Louisyahna is a company which operates in property technology.	**2 000**	–
Investment in 4 Plus (Pty) Ltd	**19 818**	31 782
On 2 April 2019, AYO subscribed for 9.3% of the issued share capital in 4Plus. 4Plus 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 4Plus and on 16 December 2019 for a further 8% of the issued share capital in 4Plus. On the 18 December 2020 AYO subscribed for a further 2% of the issued share capital in 4Plus. As at 31 August 2021, AYO has a total shareholding of 24% in 4Plus.		
Last Mile Logistics Africa Proprietary Limited (LMLA) On 1 May 2020, AYO subscribed for 20% of the issued share capital in Last Mile. Last Mile is a company with interests in the logistics sector.	**11 915**	–
Investment in Vunani (Pty) Ltd The amounts relate to the Investment in Vunani for the repurchase of shares.	**–**	1 487
	322 999	273 789

10. OTHER FINANCIAL ASSETS (continued)

	2021 R'000	2020 R'000
Loans and receivables		
Cumulative preference shares – Bambelela Capital Proprietary Limited ("Bambelela") In December 2018, AYO subscribed for 500 000 cumulative, redeemable, non-participating convertible class C preference shares of no par value in Bambelela for a consideration of R145 million. The preference shares are redeemable on 31 March 2022. 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
Vunani Fintech Fund (Pty) Ltd (formerly Tamlalor (Pty) Ltd). Loan 1 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
Vunani Fintech Fund (Pty) Ltd (formerly Tamlalor (Pty) Ltd). Loan 2 The loan is unsecured, bears interest at the prime plus 2%. R35 million of the loan is repayable on 14 October 2025, R15 million is repayable on 19 April 2026 and R39.2 million is repayable on 1 June 2026.	–	–
Premier Seacat Joint Venture The loan is unsecured, bears no interest and has no fixed terms of repayment.	**2 864**	–
Supplier Development Loans The loans are interest free and unsecured The loans were provided as part of the Group's enterprise supplier development process. The loans are interest free and receivable as follows: – R1 000 000 by no later than 31 August 2021 Repayment terms on the outstanding balance has been extended to no later than 31 August 2022	**3 098**	26 202
Cortex Logic (Pty) Ltd 1267011432 The loan is unsecured, bears interest at the prime rate plus 2%. R5 million of the balance was repayable on 30 November 2020 with the remaining balance payable on 28 February 2021. The repayments were not received and the loan has been fully impaired in the current year. The loan has been handed over to the attorneys for recovery proceedings.	–	12 670
Volt Africa Proprietary Limited The loan is unsecured and bears interest at a rate of prime plus 2%. The loan is repayable on 31 August 2022.	**7 314**	–
Cumulative preference shares – 4Plus Technology Venture Fund Africa Proprietary Limited ("4Plus")	**37 399**	31 478

10. OTHER FINANCIAL ASSETS (continued)

	2021 R'000	2020 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,redeem able, non-participating convertible preference shares of no par value in 4Plus for consideration of R15 million. At 31 August 2021, AYO holds 1 500 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	**4 021**	2 507
Breakage fee receivable	**250**	1 500
AYO paid a breakage fee of R1 250 000 and R250 000 respectively, 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 2021, the definitive sale of shares agreement for Kathea Communications was concluded and the fee was repaid. The definitive sale of share agreement for Kathea Energy was not yet concluded, therefore the breakage fee has been recognised as a receivable.		
Uhula ICT (Pty) Ltd The loan balance is unsecured, bears no interest and is repayable within the next 12 months	**1 700**	1 700
Other loans receivable	**38 986**	5 965
	95 632	357 249
Total other financial assets	**418 631**	631 038
Non-current assets		
Fair value through profit and loss designated	**188 902**	263 601
Loans and receivables	**40 677**	317 024
	229 579	580 625
Current assets		
Designated as at FV through profit (loss) (FV through income)	**134 097**	10 188
Loans and receivables	**54 955**	40 225
	189 052	50 413

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.

Expected credit loss for other loans receivable, loans to related party companies and the other financial assets

The general approach is used for other loans receivables, loans to related party companies and other financial assets measured at amortised cost.

Stages definitions

Stage 1 – The counter party is making contractual payments within the stipulated period. No default has occurred in the past.

Stage 2 – The counter party is making contractual payments but has defaulted on some payments in the past.

Stage 3 – The counter party has not made any contractual payments and has defaulted on contractual obligation

Other Loans receivable:

Other loans receivable includes borrowings to entities that are non-related to the Group. It also includes redeemable cumulative preference shares. The loans are unsecured with the exception of the loans to Last Mile Logistics Africa Proprietary Limited ("Last Mile") and LML Shared Solutions Proprietary Limited. All the other loans receivables measured at amortised cost are considered to have low credit risk as the counter parties have not defaulted on any payments and have good financial performance, and the expected loss allowance is based on the 12 months expected credit loss. Forecasting was done in relation to each entity's peers and these yielded a positive outlook.

The other 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. Some of the loans receivable had a significant increase on the credit risk which resulted in expected credit losses being recognised by the Group. Comparable companies and their betas were used in the forecasting of the entities performance.

The market related risk premium and debt to equity ratio were used in forecasting company performance as well as terminal growth rate between 3.5% and 4.5% were used in the sensitivity analysis.

The below loans receivable were impaired due to significant doubt on the recoverability of the debt.

Last Mile

In the prior year, AYO advanced a loan of R25.4 million to Last Mile which was fully impaired due to doubt over the recoverability of the loan as a result of the entity's poor performance in the prior year. In the current year there were loan advances of R72 million to Last Mile of which R45.2 million was impaired after taking into account the projected cash flows of the entity.

10. OTHER FINANCIAL ASSETS (continued)

Cortex

No loan repayments were received on this loan and the loan was handed over to attorneys for recovery procedures. The full loan balance of R13.2 million was impaired in the current financial year.

Futuretell Proprietary Limited ("Futuretell")

A loan balance of R3.7 million with Futuretell was fully impaired in the 2019 financial year due to doubt of recoverability of the loan as a result of the entity's poor performance. This loan has been handed over to the lawyers for recovery procedures.

LMLS

There is an impairment of R10 million due to doubt over recoverability of the loan.

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.

On 14 April 2020, AYO subscribed for 150 cumulative, redeemable, non-participating convertible preference shares of no par value in Loot B2B Proprietary Limited ("Loot B2B") for a consideration of R15 million. On 28 April 2021, Ayo subscribed for a further 100 cumulative, redeemable, non-participating convertible preference shares of no par value in Loot B2B for a consideration of R10 million. The preference shares are redeemable on 14 April 2027. 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%.

The preference share loan was fully impaired in the prior year due to doubt over recoverability of the loan as result of the entity's poor performance.

The outstanding balance as at 31 August 2021 on this loan was R12.2 million. The preference shares loan was fully impaired in the prior year. The outstanding balance on the loan at 31 August 2020 was R15.9 million.

The loss allowance as at 31 August 2021 and 31 August 2020 was determined as follows:

	Stage 1 Performing		Stage 2 Under-performing		Stage 3 Non-performing		Total	
	2021	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Gross amount	**489 334**	404 521	**158 160**	54 954	**16 960**	3 716	**664 454**	463 191
Other loans receivable	**217 296**	205 081	**129 898**	54 786	**16 960**	3 716	**364 154**	263 583
Loans to related party companies	**260 794**	186 063	**28 262**	168	**–**	–	**289 056**	186 231
Other financial assets	**11 244**	13 377	**–**	–	**–**	–	**11 244**	13 377
Expected credit loss rate	**0%**	0%	**61%**	100%	**100%**	100%		
Lifetime expected credit loss	**–**	–	**(122 439)**	(54 954)	**(16 960)**	(3 716)	**(139 399)**	(58 670)
Carrying value of loans with expected credit losses	**489 334**	404 521	**35 721**	–	**–**	–	**525 055**	404 521

10. OTHER FINANCIAL ASSETS (continued)

The Group calculates the impairment allowance for expected credit losses ("ECLs") on each receivable separately for loan receivables by assessing the probability of default depending on the expected future performance of the debtor. In assessing the expected future performance of the debtor, the expected economic growth rate in South Africa as well as the inflation rate, are taken into account.

A significant increase in credit risk occurs when the group considers the risk of default occurring to have increased based on the specific facts and circumstances of debtors, but a default event has not yet occurred.

The Group may also consider a financial asset to be credit impaired, even if not 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.

11. FINANCE LEASE RECEIVABLES

	2021 R'000	2020 R'000
Gross investments in lease due	**40374**	52 404
– within one year	**22 786**	23 104
– in second to fifth year inclusive	**17 588**	29 300
Less: Unearned finance income	**(4 045)**	(9 080)
	36 329	43 324
Present value of minimum lease payments due		
– within one year	**13 475**	18 135
– in second to fifth year inclusive	**22 854**	25 189
	36 329	43 324
Non-current assets	**22 854**	25 189
Current assets	**13 475**	18 135
	36 329	43 324

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.

There has been no expected credit loss recognised in the current and prior year as the counterparties have shown good history of payments, have not defaulted on any of the contractual payments and are not expected to default in the future.

12. DEFERRED TAX

	2021 R'000	2020 R'000
Deferred tax liability		
Accelerated capital allowances on property, plant and equipment	**(72 691)**	(83 408)
Shipping allowance	**(62 792)**	(58 141)
Prepaid expenses	**(1 050)**	(2 971)
Fair value adjustments on other financial assets	**(51 112)**	(23 642)
Allowance for credit loss	**–**	(15 398)
Intangible assets	**(33 307)**	(16 489)
Right-of-use asset	**(55 192)**	(19 972)
Total deferred tax liability	**(276 144)**	(220 021)
Deferred tax assets to be set off against deferred tax liability	**26 353**	38 147
Total deferred tax liability	**(249 791)**	(181 874)

12. **DEFERRED TAX** (continued)

Deferred tax asset

	2021 R'000	2020 R'000
Provisions	**26 213**	24 431
Fair value adjustment on investments	**18 807**	–
Income received in advance	**3 289**	5 774
Allowance for credit losses	**3 919**	2 038
Prepaid expense	**76**	–
Finance lease liabilities	**57 603**	90
Fair value adjustments on other financial assets	**–**	38 196
Deferred tax balance from temporary differences other than unused tax losses	**543**	–
Lease liabilities	**–**	6 956
Tax losses available for set off against future taxable income	**10 945**	60 509
Total deferred tax asset	**121 395**	137 994
Deferred tax liability to be set off against deferred tax asset	**(26 353)**	(38 147)
Total deferred tax asset	**95 042**	99 847

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:

	2021 R'000	2020 R'000
Deferred tax liability	**(249 791)**	(181 874)
Deferred tax asset	**95 042**	99 847
Total net deferred tax liability	**(154 749)**	(82 027)

Reconciliation of deferred tax asset/(liability)

	2021 R'000	2020 R'000
At beginning of year	**(82 027)**	(58 961)
Accelerated capital allowances on property, plant and equipment	**10 717**	(13 338)
Fair value adjustments on other financial assets	**(65 666)**	33 116
Fair value adjustments on investments	**18 807**	(43 242)
Fair value adjustments on derivatives	**–**	(17 108)
Right-of-use-asset	**(35 220)**	(19 972)
Allowance for credit loss	**17 822**	(15 295)
Contingent consideration	**–**	(643)
Finance lease liabilities	**50 557**	3 254
Operating lease liability	**–**	(303)
Prepaid expenses	**1 997**	(2 240)
Provisions	**1 782**	6 514
Shipping allowance	**(4 651)**	(4 307)
Fair value adjustments on biological assets	**–**	26 105
Income received in advance	**(2 485)**	(3 114)
Intangible asset	**(16 818)**	(7 401)
Tax losses available for set off against future taxable income	**(49 564)**	34 908
	(154 749)	(82 027)

13. LOANS RECEIVABLE

	2021 R'000	2020 R'000
Last Mile Logistics Africa Proprietary Limited ("Last Mile") The loan is secured by trade debtors, bank accounts and loans receivable of Last Mile. Interest is charged at the prime rate. The loan is repayable on 30 November 2023.	28 406	–
LML Shared Solutions Proprietary Limited ("LMLS") – Loan 1 The loan bears interest at the prime rate and is repayable on 31 July 2024. The loan is secured by motor vehicles with a book value of R18 million.	17 996	–
Louisyahna Creations Proprietary Limited ("Louisyahna") The loan is unsecured and bears no interest. It is repayable over 48 months monthly payments of R15 420, which end on 1 August 2025.	740	–
Cumulative preference shares – Bambelela Capital Proprietary Limited ("Bambelela") In December 2018, AYO subscribed for 500 000 cumulative, redeemable, non-participating convertible class C preference shares of no par value in Bambelela for a consideration of R145 million. The preference shares are redeemable on 31 March 2022. 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%.	161 162	–
Other	5	–
	208 309	–
Split between non-current and current portions:		
Non-current assets	47 142	–
Current assets	161 167	–
Total	208 309	–

Refer to note 10 for the detail on the estimated credit losses (ECL).

14. LOANS TO GROUP COMPANIES

	2021 R'000	2020 R'000
Zaloserve Management Proprietary Limited ("ZM") The loan bears interest at prime rate and is repayable from distributions received by ZM from its shareholding in Zaloserve. The loan is secured by a pledge and cession of shares by ZM.	15 584	–
Vunani Fintech Fund (Pty) Ltd (formerly Tamlalor (Pty) Ltd). Loan 1 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.	122 556	–
Vunani Fintech Fund (Pty) Ltd (formerly Tamlalor (Pty) Ltd). Loan 2 The loan is unsecured, bears interest at the prime plus 2%. R35 million of the loan is repayable on 14 October 2025, R15 million is repayable on 19 April 2026 and R39.2 million is repayable on 1 June 2026.	93 409	–
Isakhiwo Group International Proprietary Limited The loan bears interest at the prime rate and is repayable from distributions received by the shareholder from time to time.	5 286	–
	236 835	–
Split between non-current and current portions:		
Non-current assets	236 835	–
Current assets	–	–
Total	236 835	–

The carrying amount of loans to related parties is considered to be a reasonable approximation of the fair value as interest is charged at market rates.

Refer to note 10 for the detail on the estimated credit losses (ECL).

15. 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. Fair value is determined based on the market prices of abalone of similar size and age.

Point of sale costs includes all costs that would be incurred in order to get the abalone to the customer.

15. BIOLOGICAL ASSETS (continued)

Group 2021	Opening balances R'000	Additions R'000	Disposals R'000	Changes in fair value, births and deaths R'000	Total R'000
Abalone	84 436	–	(14 610)	26 084	95 910

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

Non Financial Information

Quantities of biological asset

	2021	2020
Abalone – kgs	**260 484**	229 264

Methods and assumptions used in determining fair value

Biological assets consist of abalone cultivated at an aquaculture farm and are measured at their fair value less estimated point-of-sale costs. Fair value is determined based on the market prices of abalone of similar size and age.

Point of sale costs includes all costs that would be incurred in order to get the abalone to the customer.

16. INVENTORIES

	2021 R'000	2020 R'000
Raw materials	**12 732**	13 061
Work in progress	**82 275**	104 626
Finished goods	**94 278**	70 033
Consumables	**7 604**	10 424
Merchandise	**397**	–
Inventories in transit	**427**	815
	197 713	198 959
Inventories (write-downs)	**(8 366)**	(11 858)
	189 347	187 101

17. TRADE AND OTHER RECEIVABLES

	2021 R'000	2020 R'000
Financial Instruments:		
Trade receivables	**382 104**	543 697
Amounts receivable from related parties	**445**	71 262
Amounts due from quota holders	**2 376**	10 773
Impairment loss allowance	**(18 614)**	(20 552)
Funds held in trust	**27 773**	111 863
Deposits	**26 335**	22 608
Accrued and sundry Income	**21 072**	29 320
Claims	**–**	284
Employee costs in advance	**523**	–
Non financial instruments		
VAT	**24 778**	9 495
Refundable taxes	**–**	746
Prepayments	**29 067**	31 419
Sundry customers	**31 323**	5 932
Provision against prepayments	**(9 041)**	(9 041)
	518 141	807 806

Trade and other receivables are categorised as follows in accordance with IFRS 9:		
Financial Instruments:		
At amortised cost	**472 909**	783 354
Non-financial instruments	**45 232**	24 452
	518 141	807 806

Accrued income and sundry customers

Accrued income relates to income recognised in the Group, the majority being interest accrued on the money market account; dividend income and revenue earned but not yet invoiced. Sundry customers relates to accrued income for work done at or near the reporting date but not yet invoiced in the current financial year. These were subsequently invoiced after the reporting date and recognised as trade receivables.

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.

17. **TRADE AND OTHER RECEIVABLES** (continued)

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.

Group

	Gross amount R'000	Expected credit loss rate %	Lifetime expected credit loss R'000	Carrying amount R'000
Current	176 918	0.36%	(644)	176 274
Past due 30 to 60 days	60 715	2.34%	(1 419)	59 296
Past due 60 to 90 days	34 376	2.57%	(885)	33 491
Past due 90 days and older	123 580	12.68%	(15 666)	107 914
	395 589		**(18 614)**	**376 975**
Total gross amount of trade receivables	395 589	–	–	–
Total allowance for credit losses	(18 614)	–	–	–
	376 975	**–**	**–**	**–**

The expected credit loss allowance for trade receivables as at 31 August 2021 was determined as follows:

Reconciliation of expected credit loss

	2021 R'000	2020 R'000
Loss allowance as at 1 September	**(20 552)**	(11 541)
Provision raised on new trade receivables	**1 938**	(9 011)
	(18 614)	**(20 552)**

Trade and other receivables currency denominated

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

Rand	**472 909**	783 654
US Dollar	**20 552**	46 240
Euro	**–**	38 751
Pound	**25**	–

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.

18. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

	2021 R'000	2020 R'000
Cash on hand	**193**	255
Bank balances	**2 343 693**	3 357 718
Bank overdraft	**(7)**	(5 385)
	2 343 879	3 352 588
Current assets	**2 343 886**	3 357 973
Current liabilities	**(7)**	(5 385)
	2 343 879	3 352 588

The bank overdrafts in the Group are secured by:

Nedbank Ltd

The Group has the following facilities with Nedbank Ltd

Overdraft facility to the value of R7m

A medium term loan facility which was settled during the year.

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

The bank overdrafts in the Group are secured by:

Cession of debtors and USD customer foreign currency accounts;

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.

18. CASH AND CASH EQUIVALENTS (continued)

Security for the prior year

First Maritime Bond registered over the following vessels:

	R'000
Southern Star	2.2
Portia 1	5.8
Ebhayi	5.4
Southern Fighter	2.1
Southern Knight	1.6
Southern Horizon	1.85
First Maritime Bond over vessel Mizpah	1.9
Second Maritime Bond over vessel Mizpah	6.1
First Maritime Bond over vessel Lubbetjie	1.2
Second Maritime Bond over vessel Lubbetjie	4.4

General Notarial Bond BN69433/2002 for R5m over all 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)

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.

18. CASH AND CASH EQUIVALENTS (continued)

Credit rating

	2021 R'000	2020 R'000
Absa Bank Ltd Baa3	–	1 460 267
Nedbank Ltd Baa3	233 048	80 722
Standard Bank Ltd BB+	1 177 862	102 264
First National Bank Ltd BB+	51 544	130 826
Investec AA+	–	220 367
Albaraka Bank BB	12 803	2 383
HSBC - A2	744	–
Bank of China bb	–	1 355 382
Sasfin Bank Limited BBB+	66	–
Grindrod Bank Ltd Baa3	10 017	–
Bidvest Bank Limited A+	929	–
Ninety One Fund Managers SA (RF) Proprietary Limited – Baa3	853 782	–
AfrAsia Bank Limited BB+	2 892	–
Other	192	122
	2 343 879	3 352 333

Exposure to currency risk

	2021 R'000	2020 R'000
USD	35 105	202 322

19. SHARE CAPITAL

Authorised

	2021 R'000	2020 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		
Ordinary	(807)	(807)
Ordinary Type A	807	807
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

The issued number of shares in issue are 491 022 434 (2020: 491 022 434).

20. 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.

Translation of foreign operations reserve arose when an exchange loss arose on translation of the foreign investments held by the Software Tech Holdings Group and AYO Technology Solutions Limited. The exchange loss was recognised in the statement of comprehensive income with the contra recognised directly in equity.

	2021 R'000	2020 R'000
Capital redemption reserve fund	**8 034**	8 034
Foreign translation reserve	**2 341**	(773)
Change in ownership reserve*	**(31 022)**	(36 170)
	(20 647)	(28 909)

* *Change in ownership relates to the selling of 5.5% shares in Zaloserve (Pty Ltd*

21. OTHER FINANCIAL LIABILITIES

At fair value through profit (loss)

	2021 R'000	2020 R'000
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.	**2 136**	887
	2 136	887

21. OTHER FINANCIAL LIABILITIES (continued)

Held at amortised cost

	2021 R'000	2020 R'000
ABSA Bank Ltd – Term loan The loan was repaid in the current year. The interest rate charged on the loan at 31 August 2021 is 10% (2020 10%) The loan was repayable in monthly instalments of R203 333. The loan was secured by a guarantee from Premier Fishing SA and AYO.	–	833
ABSA Bank Ltd - Revolving Loan The interest rate charged on the loan at 31 August 2020 is 7.00%. The loan balance was settled in full during the financial year.	–	439
ABSA Bank Ltd – Project Finance The interest rate charged on the loan is 7.00% (2020: 7.025%). The loan balance was settled in full during the financial year. African Equity Empowerment Investments Limited has provided a limited guarantee for the loan to Absa Bank Limited	–	1 996
RVB Distributors and Don Kourie Distributors The loan is unsecured, interest free, and has no fixed terms of repayment.	**1 064**	1 064
RAC Investment Holdings (Pty) Ltd The loan is unsecured, interest free, and has no fixed terms of repayment.	**21 884**	19 658
Other borrowings 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.	**1 553**	1 680
Other	**24 703**	–
	49 224	25 670
Non-current liabilities		
Fair value through profit or loss	**2 136**	887
Amortised cost	**46 097**	20 382
	48 233	21 269
Current liabilities		
Amortised cost	**3 107**	5 288
	3 107	5 288
Secured	–	833
Unsecured	**49 224**	25 724
	49 224	26 557

22. 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 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 2021.

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

	2021 R'000	2020 R'000
Opening balance	**(6 375)**	(6 665)
Benefits paid	**727**	277
Net expenses recognised in profit or loss	**172**	12
	(5 476)	(6 376)
Key assumptions - SGT		
Principle assumptions used on last valuation on 31 August 2021.		
Discount rates used	**8.51%**	8.77%
Inflation rate	**5.29%**	4.66%
Future salary increases*	**6.29%**	5.66%
Real rate (approximate)#	**2.09%**	3.11%
Key assumptions - GCCT		
Principle assumptions used on last valuation on 31 August 2021		
Discount rates used	**8.15%**	8.85%
Inflation rate	**5.17%**	5.14%
Future salary increases*	**6.17%**	6.14%
Real rate (approximate)#	**1.98%**	2.71%

* *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.

23. 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.

	2021 R'000	2020 R'000
Non-current liabilities	–	751
Current liabilities	33 252	45 975
	33 252	46 726
Reconciliation		
Opening balance	46 726	28 530
Additions through business combination	992	–
Additions	40 795	86 676
Other	1 914	–
Revenue recognised on delivery of goods or services previously paid for	(57 175)	(68 480)
	33 252	46 726

24. CONTINGENT CONSIDERATION LIABILITY

	2021 R'000	2020 R'000
Contingent consideration arrangements entered into		
Opening balance	5 097	44 977
Kathea Communications	24 228	–
Settlements	–	(36 169)
Fair value adjustments	(4 544)	1 237
Amount due for payment	(553)	(4 948)
Closing balance	24 228	5 097

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 Zaloserve ended during the current financial year. The earn-out target for the 2021 financial year was not achieved by Zaloserve and a fair value gain of R4.5 million was recognised in the statement of profit or loss in relation to the Zaloserve contingent consideration arrangement. The contingent consideration liability was written off in full in the current year.

The contingent consideration arrangement for Kathea Communications requires Ayo to pay the former owners of Kathea Communications an advanced earn-out amount of R15 million on 15 November 2021 and an additional amount of R15 million for achieving certain earn-out targets for the 2022 in the 2023 financial year of Kathea Communications.

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.

25. PROVISIONS

Reconciliation of provisions – Group – 2021

	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	681	–	–	(679)	–	2
Onerous contracts	14 226	1 738	(6 046)	(6 273)	–	3 645
Provision for leave pay	22 360	8 220	(6 861)	(15220)	–	8 499
Provision for salary bonuses	15 933	35 841	(15 821)	–	–	35 953
Product warranties	6 637	8 880	(1715)	(63)	–	13 739
Other provisions	1 779	2 043	(1 779)	–	–	2 043
	61 616	56 722	(32 222)	(22 235)	–	63 881

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

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.

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 2021.

25. PROVISIONS (continued)

	2021 R'000	2020 R'000
Non-current liabilities	–	–
Current liabilities	24 228	5 097

26. TRADE AND OTHER PAYABLES

	2021 R'000	2020 R'000
Trade payables	192 824	278 724
Amounts due to related parties	1456	61
Amounts received in advance	3 709	7 633
Deposits received	562	–
Value added tax	1 638	26 059
Accrued expenses	138 799	197 136
Deferred income	768	46 846
Other payables*	18 682	28 068
	358 438	584 527

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*

27. REVENUE

Revenue from contracts with customers

Sale of goods	1 406 398	1 776 625
Rendering of services	918 526	1 640 849
	2 324 924	3 417 473

Revenue other than from contracts with customers

Dividends received	14 245	10 106
	2 339 169	3 427 579

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

27. REVENUE (continued)

evaluate the financial performance of the entity.

Sale of goods

	2021 R'000	2020 R'000
Sale of goods	**1 406 398**	1 776 624
Rendering of services		
Administration and management fees received	**295**	384
Fees earned	**337 881**	453 287
Commissions received	**9 188**	19 988
Services revenue	**570 938**	1 166 830
Other revenue from rendering of services	**224**	360
	918 526	1 640 849
Total revenue from contracts with customers	**2 324 924**	3 417 473

Timing of revenue recognition

	2021 R'000	2020 R'000
At a point in time		
Technology	**1 002 589**	1 606 574
Fishing and Brands	**534 239**	422 994
Health and Beauty	**44 454**	45 412
Events and Tourism	**7 448**	33 898
Corporate	**23 765**	17 937
	1 612 495	2 126 815
Over time		
Technology and Brands	**696 904**	1 278 640
Fishing	**15 525**	12 018
	712 429	1 290 658
Total revenue from contracts with customers	**2 324 924**	3 417 473

28. COST OF SALES

	2021 R'000	2020 R'000
Sale of goods	**907 092**	1 469 498
Rendering of services	**470 169**	871 433
Discount received	**(241)**	(181)
Manufactured goods:		
Employee costs - salaried staff and other costs	**229 499**	197 312
Depreciation and impairment	**15 702**	22 141
Manufacturing expenses	**37 161**	52 877

	2021 R'000	2020 R'000
	2021 R'000	2020 R'000
	1 659 382	2613 080

29. OTHER INCOME

	2021 R'000	2020 R'000
Administration and management fees received	**1 945**	2 197
Fees earned	**–**	3 148
Insurance revenue	**881**	63 772
Royalties received	**–**	501
Bad debts recovered	**–**	2 038
Recoveries	**3 424**	7 487
Overhead recoveries*	**70 127**	62 232
Rental Income	**94**	–
Other income	**4 725**	3 406
Profit on exchange differences	**4 290**	9 604
	85 486	154 385

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

30. OPERATING EXPENSES

	2021 R'000	2020 R'000
Major items included in operating expenses:		
Employee costs	**(563 663)**	(549 445)
General	**(385 916)**	(302 638)
Depreciation and impairment	**(82 896)**	(91 268)
Profit (loss) on exchange differences	**(10 815)**	(6 641)
	(1 043 291)	(949 992)

31. NET IMPAIRMENT AND REVERSALS

	2021 R'000	2020 R'000
Material impairment losses (recognised) reversed		
Other financial assets and receivables	**(127 756)**	(85 392)
Other assets relate to impairments within AYO Group relating to trade and other receivables and group related companies		
	(127 756)	(85 392)
Significant goodwill or significant intangible assets with indefinite useful lives		
Goodwill	**(24 376)**	(645)
The Group performs an annual impairment test on goodwill based on cash-generating units (CGU).		

31. NET IMPAIRMENT AND REVERSALS (continued)

	2021 R'000	2020 R'000
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 5. During the current period under review the intangible assets of the Technology division has been impaired resulting in the CGU for Technology 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 5 for the allocation of the cash generating units goodwill is allocated to, which was specifically assessed per individual CGU for impairment.		
Intangible asset with indefinite useful life The Group performs an annual impairment test on 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 prior period 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.	-	(3 523)

Technology division
Pre-tax discount rates: 19.7%
Number of years: 5.2
Growth rate: 4.5%

Fishing and brands division
Pre-tax discount rates: 16.9%
Number of years: 5
Growth rate: 4.5%

Events and tourism division
Pre-tax discount rates: 22%
Number of years: 9
Growth rate 4.2%

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

31. NET IMPAIRMENT AND REVERSALS (continued)

	2021 R'000	2020 R'000
Biotechnology division		
Pre-tax discount rates: 25.2%		
Number of years: 12		
Growth rate 4.5%		
	24 376	(4 168)
Total impairment losses (recognised)	(152 132)	(89 560)

32. FAIR VALUE ADJUSTMENTS (PROFIT AND LOSS)

Breakdown of fair value adjustments.

	2021 R'000	2020 R'000
Listed shares	49 209	16 508
Financial assets designated at fair value through profit or loss	8 068	(125 066)
	57 277	(108 558)

33. INVESTMENT INCOME

Interest income

From investments in financial assets:

	2021	2020
Bank and other cash	116 607	229 288
Loans receivables at amortised cost	36 040	16 068
Trade and other receivables	1	27
Contract assets	636	19
Other interest	9 136	1 919
Total investment income	162 420	247 321

34. FINANCE COSTS

	2021	2020
Shareholders	1	104
Financial liabilities	38	3 768
Lease finance costs	13 644	11 070
Bank charges	792	5 071
Late payment of tax	138	1 868
Debtors financing cost	3 042	7 246
Other interest paid	5 288	2 632
Total finance costs	22 943	31 759

35. PROFIT BEFORE TAX

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

Employee costs

Salaries, wages, bonuses and other benefits	**793 162**	746 975
Total employee costs	**793 162**	746 975
Less: Employee costs included in cost of merchandise sold and inventories	**(229 499)**	(197 313)
Total employee costs expensed	**563 663**	549 662

36. TAXATION

Major components of the tax (income) expense

Current

	2021 R'000	2020 R'000
Local income tax – current period	**73 838**	81 835
Local income tax – recognised in current tax for prior periods	**–**	(598)
Dividends tax	**–**	–
Foreign normal taxation	**–**	371
	73 838	81 608

Deferred

Fair value adjustments	**(308)**	(5 044)
Arising from previously unrecognised tax loss/tax credit/temporary difference		–
Leave pay and bonus provision	**4 203**	–
Provisions	**(696)**	7 082
Leases		(20 567)
Assessed loss	**2 424**	
Prior period adjustments	**14**	
Wear and tear	**(15 173)**	(16 533)
Benefit of unrecognised tax loss		5 950
Income received in advance		11 538
Healthcare benefits		(154)
Prepayments	**225**	390
Right of use assets	**(423)**	18 701
Biological assets	**(414)**	3 838
Shipping allowance		4 307
Bad debt	**234**	–
Revenue in advance	**2 776**	–
Intangible assets	**10 800**	(2 102)
Allowance for credit losses		2 744
Other	**7 006**	517
Total	**10 668**	10 667

36. TAXATION (continued)

Reconciliation of the tax expense

Reconciliation between applicable tax rate and average effective tax rate.

	2021 R'000	2020 R'000
Applicable tax rate	**28.00%**	28.00%
Profit from equity accounted investments	**65.83%**	(190.05%)
Fair value adjustments	**(21.79%)**	39.66%
Interest income exempt from tax	**4.51%**	(8.94%)
Interest expense on lease liabilities	**(2.48%)**	1.29%
Other temporary differences	**–**	–
Prior year DT misstatement	**–**	63.98%
Amortisation disallowed	**(0.28%)**	–
Tax losses utilised	**1.36%**	(1.24%)
Prior period under/(over) provision of deferred tax	**(1.10%)**	(10.42%)
Other capital nature expenses	**17.28%**	
Prior period error	**–**	1.05%
Foreign witholding gains	**0.31%**	
Expected credit loss	**(10.11%)**	1.02%
Listing fees	**(0.10%)**	0.06%
Deferred tax CAP limitations	**(9.94%)**	
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	**(50.13%)**	84.35%
Legal fees	**(17.78%)**	9.12%
Donation and social corporate investment	**(2.43%)**	1.10%
Consulting fees	**(1.24%)**	9.79%
Fines and charges	**(1.93%)**	7.05%
Interest – SARS	**–**	2.96%
Learnerships	**3.58%**	3.47%
Foreign exchange differences	**–**	(0.44%)
Foreign withholding gains	**–**	–
Dividends	**–**	–
Amount per income tax note	**26.44%**	92.9%

37. TAX PAID

Balance at beginning of the year	**4 371**	(8 497)
Current tax for the year recognised in profit or loss	**(84 506)**	(81 608)
Adjustment in respect of businesses sold and acquired during the year including exchange rate movements	**1 320**	3
Opening balance adjustment	**–**	(5 621)
Balance at end of the year	**–**	4 371
	(78 815)	(91 352)

38. EARNINGS PER SHARE

Basic earnings per share

		2021 Gross R'000	2021 Net R'000	2020 Gross R'000	2020 Net R'000
Earnings attributable to ordinary equity holders of the parent entity	IAS 33	–	(130 014)	–	9 471
Net earnings		–	(130 014)	–	9 471
Earnings attributable to ordinary equity holders of the parent		–	(130 014)	–	9 471
Profit or loss on disposal of property, plant and equipment		2 574	1 853	–	–
Reversal of impairment of intangible assets	IAS 38	26 257	18 905	3 523	2 537
(Gain)/loss on disposal of subsidiary		–		–	6 627
Loss on disposals of property, plant and equipment.	IAS 16	92	66	2 044	1 472
Impairment of goodwill	IFRS 3	–	24 376	–	645
Headline earnings		–		–	–
Continued operations			(84 814)	_	4 554
Weighted average number of shares ('000)		–	491 022	–	491 022
Fully diluted weighted average number of shares (R'000)		–	491 022	–	491 022
Basic earnings and diluted earnings per share(cents)		–	(26.48)	–	1.93
Continuing operations		–	(26.48)	–	1.93
Headlines earnings and diluted earnings per share (cents)		–	(17.27)	–	0.94
Continuing operations		–	(17.27)	–	0.94

39. CASH GENERATED FROM/(USED IN) OPERATIONS

	2021 R'000	2020 R'000
(Loss)/profit before taxation	(180 849)	111 155
Adjustments for:	-	-
Depreciation and amortisation	97 911	116 113
Losses on disposals of assets	399	(7 140)
Gains on foreign exchange	10 815	(6 640)
Income from equity accounted investments	(52 521)	(74 818)
Dividend income	(14 244)	(10 106)
Interest income	(162 420)	(248 418)
Finance costs	22 943	31 759
Fair value (gains)/losses	(68 751)	95 840
Gain on bargain purchase in a business combination	(26)	-
Impairment losses and reversals	152 819	89 560
Movements in operating lease assets and accruals	-	(190)
Non cash movements in financial assets	(5 489)	-
Movements in provisions	4 555	7 851
(Gain)/loss on disposal of business and subsidiary	-	–
Loss on disposal of subsidiary	-	(199)
Inventories	(20 324)	35 829
Trade and other receivables	211 566	(92 062)
Assets held for sale	(25 559)	-
Trade and other payables	(197 096)	32 530
Gain from ceding lease	(2 007)	-
Employee benefit expense	175	-
Lease modification adjustment	(331)	-
Dividend payable	-	4 290
Deferred income	(22 207)	18 196
	(250 642)	103 550

40. RELATED PARTIES

Relationships	
Holding company	Sekunjalo Investment Holdings (Pty) Ltd
Subsidiaries	Refer to note 7 and 44
Joint arrangements	Refer to note 9
Associates	Refer to note 8
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 African News Agency 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 Sekunjalo Development Foundation Loot Online (Pty) Ltd Independent Newspaper (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)

	2021 R'000	2020 R'000
Loan accounts (owing to) by related parties		
Bloudam Joint Venture	-	2 521
Premier Seacat Joint Venture	2 684	2 479
Digital Health Africa (Pty) Ltd	-	168
Vunani Fintech Fund (Pty) Ltd (Previously Tamlalor (Pty) Ltd)	215 966	114 294
Sekunjalo Investments Holdings (Pty) Ltd	-	13 341
Sekunjalo Investments Holdings (Pty) Ltd	-	120
Sekpharma	471	196
Trade Receivables/(Payables)		
BCP Hake Joint Venture	1 951	7 042
Premier Seacat Joint Venture	486	174
Independent Newspaper (Pty) Ltd	36	17
Independent Newspaper (Pty) Ltd	37	174
Independent Newspapers and Media (Pty) Ltd	364	359
African News Agency (Pty) Ltd	10 700	10 700
African News Agency Publishing (Pty) Ltd	445	-
BT Communications Services South Africa (Pty) Ltd	-	(3 664)
Independent Newspapers and Media (Pty) Ltd	5 571	5 571
Independent Newspapers and Media (Pty) Ltd	6 887	3 570
Independent Online Property (Pty) Ltd	-	88
Sekunjalo Investment Holdings (Pty) Ltd	(6)	(6)
Sekunjalo Investment Holdings (Pty) Ltd	-	1 991
Sekpharma (Pty) Ltd	-	92
Independent News and Media (Pty) Ltd	9 041	9 041
Sagarmatha	-	430
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
Loot Online (Pty) Ltd	1 246	-
Prodirect Investments 112 (Pty) Ltd	4 253	-
Vunani Corporate Finance (Pty) Ltd	(1 725)	-

40. RELATED PARTIES (continued)

	2021 R'000	2020 R'000
Accumulated impairment on other receivables from related parties		
Independent News and Media (Pty) Ltd	**(11 166)**	(7 853)
Digital Health Africa (Pty) Ltd	**-**	(168)
Independent News and Media (Pty) Ltd	**(9 041)**	(9 041)
Other (Income)/Expenses		
Sekunjalo Development Foundation	**2 000**	-
African News Agency (Pty) Ltd	**14**	-
BCP Hake Joint Venture	**(1 277)**	(397)
BT Communications Services South Africa	**-**	275 882
Premier Seacat Joint Venture	**(217)**	(214)
BT Communications Services South Africa (Pty) Ltd	**-**	37 397
Independent Newspaper (Pty) Ltd	**-**	7 853
Prodirect Investments 112 (Pty) Ltd	**(4 650)**	(3 377)
Independent Newspaper (Pty) Ltd	**(292)**	(493)
Prodirect Investments 112 (Pty) Ltd	**(40)**	(28)
Loot Online (Pty) Ltd	**(22)**	(10)
Sekpharma	**(644)**	(626)
Sekunjalo Investment Holdings (Pty) Ltd	**-**	1 930
Interest received from/paid to related party		
Vunani Fintech Fund (Pty) Ltd (Previously Tamlalor (Pty) Ltd)	**(11 557)**	(9 659)
Other transactions with related parties		
Vunani Corporate Finance (Pty) Ltd	**7 514**	-
Biton Music Productions (Pty) Ltd	**(984)**	(925)
African News Agency Publishing (Pty) Ltd	**-**	390
Cape Sunset Villas CC	**-**	905
Independent News and Media (Pty) Ltd	**(2 609)**	(3 105)
Sekunjalo Investment Holdings (Pty) Ltd	**-**	(26)
Independent Newspaper (Pty) Ltd	**(107)**	(2 770)
Sekunjalo Investment Holdings (Pty) Ltd	**(1 647)**	(2 671)
African News Agency (Pty) Ltd	**(214)**	(1 334)
Independent News and Media (Pty) Ltd	**-**	11

41. DIRECTORS' EMOLUMENTS

Executive

2021

	Emoluments R'000	Bonus R'000	Provident fund R'000	Expense Allowance R'000	Total R'000
JS Van Wyk	1 440	300	288	20	2 048
VC Dzvova	1 717	–	324	23	2 064
	3 157	300	612	43	4 112

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

**Mrs VC Dzvova's remuneration only reflects her time served on the Board from 1 September 2019 to 31 July 2020.*
***Mr J van Wyk's remuneration only reflects his time served on the Board from 1 to 31 August 2020.*

Service contracts

Non-executive

2021

	Directors' fees R'000	Directors' fees for services as directors' of subsidiaries R'000	Total R'000
WJ Raubenheimer	350	–	350
B Qama	231	–	231
AB Amod	3 250	–	3 250
I Amod	6 976	–	6 976
	10 807	–	10 807

41. DIRECTORS' EMOLUMENTS (continued)

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

Mr G Colbie waived his 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 equivalent 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.

42. RISK MANAGEMENT (continued)

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.

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

42. RISK MANAGEMENT (continued)

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.

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 2021	Up to 1 year R'000	2 to 5 years R'000	Total R'000
Bank overdraft	7	–	7
Trade and other payables	358 438	–	358 438
Other financial liabilities	3 107	48 233	51 340
Finance lease liability	37 295	131 583	168 878

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

42. RISK MANAGEMENT (continued)

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.

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 2021, if interest rates had been 1% higher/lower with all other variables held constant, post-tax profit for the year would have been R799 159 (2020: R3 175 000) lower/higher.

The following table shows the impact on the Group's profit after tax if the interest rates were 1% higher or lower as at the reporting date:

	2021 R'000	2020 R'000
Increase of 1%	**799**	3 175
Decrease of 1%	**(799)**	(3 175)

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%.

42. RISK MANAGEMENT (continued)

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 2021, if the currency had been 10% higher or lower against the US dollar with all other variables held constant, post-tax (loss)/profit for the year would have been R1.3m (2020: R3.4m) 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.

	2021 R'000	2020 R'000
Current assets		
Trade debtors, USD	**35 808**	46 240
Trade debtors, EUR	**29 968**	38 751
Cash and cash equivalents,USD	**161 982**	202 322
Cash and cash equivalents, (Rupees)Rs	**–**	8 039 515
Liabilities		
Trade payables USD	**24 771**	16 821
Trade payables EUR	**20 804**	14 112
Exchange rates used for conversion of foreign items were:		
USD	**14.47**	16.57
GBP	**16.94**	22.13
Euro	**17.29**	19.75

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

43. GROUP SEGMENTAL REPORT

	Fishing and brands R'000	Technology R'000	Health and beauty R'000	Biotechnology R'000	Events and tourism R'000	Corporate R'000	Group R'000
Revenue	624 475	1 708 993	44 746	–	9 958	30 443	2 418 615
External revenue	569 852	1 700 818	44 454	–	7 448	16 597	2 339 169
Internal revenue	54 623	8 175	292	–	2 510	13 846	79 446
Segment results:							
Profit/(loss) before tax	12 994	(193 573)	5 816	(924)	(7 714)	2 552	(180 849)
Included in the segment results:							
Net (impairments)/impairment reversals and write offs	–	(111 365)	–	94	(4 818)	(17 128)	(133 217)
Depreciation and amortisation	(29 061)	(67 028)	(186)	(2)	(53)	(1 581)	(97 911)
Fair value adjustments	–	41 644	3 651	–	(182)	12 164	57 277
Non-current assets	624 317	1 070 273	43 415	139 013	6 545	979 007	2 862 570
Investment in associate	–	–	–	–	–	896 566	896 566
Investment in joint venture	–	43 502	–	–	–	–	43 502
Current assets	308 031	3 186 065	18 153	144	5 504	69 358	3 587 255
Non-current liabilities	212 239	146 541	10 753	37 975	3 970	23 604	435 082
Current liabilities	72 168	486 217	5 493	629	9 622	26 890	601 019
Profits/(loss) from associates	–	24 539	–	–	–	27 982	52 521
Capital expenditure	(25 286)	(25 595)	(113)	(14)	–	(401)	(51 409)

43. **GROUP SEGMENTAL REPORT** (continued)

Group segmental report – 2020

	Fishing and brands R'000	Technology 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	45 412	–	37 783	28 200	3 533 905
External revenue	447 403	2 885 214	45 412	–	33 907	15 643	3 427 579
Internal revenue	47 014	42 878	–	–	3 876	12 557	106 325
Segment results:							
Profit/(loss) before tax	345	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)	1	(2 694)	(441)	–	(89 560)
Depreciation and amortisation	(25 745)	(60 706)	(198)	(2 442)	(171)	(1 589)	(90 851)
Fair value adjustments	–	(72 340)			(777)	(35 441)	(108 558)
Non-current assets	519 584	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
Current assets	334 820	4 114 418	23 940	2 529	11 658	28 004	4 515 369
Non-current liabilities	117 170	136 093	757	15 905	(21)	17 244	287 148
Current liabilities	73 789	644 613	8 576	2 334	11 129	14 604	755 045
Profits/(loss) from associates	–	20 571	–	–	–	54 247	74 819
Capital expenditure	(65 000)	(23 000)	(141)	–	(6)	(320)	(88 466)

Additional information on significant divisions

Technology:

Segment profit represents profit before tax earned by each segment without the allocation of central administration costs and fair value adjustments. This is the measure that is reported to the chief operating decision-maker for the purposes of assessing the segment performance and resource allocation. The accounting policies of the reportable segments are the same as the Group's accounting policies.

43. GROUP SEGMENTAL REPORT (continued)

Geographical information

The operations of the Group are mainly domicile in South Africa. A total of 6% (2020: 3%) of external revenue is attributable to foreign sales mainly to African countries, India and Europe.

Major customers

40% (2020: 29%) of the Group's revenue is derived from the public sector, mainly in the Western Cape, and is derived from the health care segment and managed services segment. The balance relates to sales to the private sector.

	Segmental revenue		Segmental gross profit	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Software and consulting	**43 607**	56 954	**9 310**	20 840
Security solutions	**226 585**	344 881	**80 704**	111 729
Unified communications	**190 163**	90 793	**51 519**	27 423
Health care	**89 932**	120 251	**35 498**	39 190
Tracking solutions	**111 063**	89 365	**29 708**	29 541
Managed services	**1 038 142**	2 182 970	**239 862**	396 633
Total	**1 699 492**	2 885 214	**446 601**	625 356
Administration and support services			**(783 024)**	(692 846)
Other operating income			**(84 421)**	68 569
Other operating gains/(losses)			**10 873**	(82 562)
Movement in credit loss allowances			**33 798**	(59 827)
Finance income			**164 639**	241 794
Finance cost			**(13 529)**	(17 429)
Profit on equity accounted investment			**24 539**	20 571
Total revenue and profit before taxation	**1 699 492**	2 885 214	**(200 524)**	103 626

	Segmental finance income		Segmental finance cost		Segmental taxation	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Software and consulting	**67**	248	**(123)**	(103)	**(1 743)**	(1 870)
Security solutions	**247**	412	**(263)**	(37)	**156**	(6 225)
Unified communications	**563**	1 728	**(703)**	(1 720)	**(2 890)**	(2 413)
Health care	**1 442**	2 081	**(203)**	(158)	**(3 351)**	(5 303)
Tracking solutions	**1 398**	2 022	**(691)**	(1 497)	**2 750**	1 064
Managed services	**160 922**	235 303	**(11 546)**	(13 915)	**(52 502)**	(56 099)
Total	**164 639**	241 794	**(13 529)**	(17 430)	**(57 580)**	(70 846)

43. GROUP SEGMENTAL REPORT (continued)

	2021 R'000	2020 R'000
Segmental assets		
Software and consulting	**14 633**	28 611
Security solutions	**59 790**	68 760
Unified communications	**132 986**	97 166
Health care	**89 594**	92 229
Tracking solutions	**87 249**	90 905
Managed services	**3 820 097**	4 566 686
Total segmental assets	**4 204 349**	4 944 357
Unallocated*	**22 237**	44 546
Total consolidated assets	**4 226 586**	4 988 903

	2021 R'000	2020 R'000
Segmental liabilities		
Software and consulting	**9 880**	12 937
Security solutions	**23 596**	34 540
Unified communications	**57 303**	31 227
Health care	**8 802**	24 358
Tracking solutions	**12 654**	13 826
Managed services	**521 573**	575 924
Total segmental liabilities	**633 808**	692 812
Unallocated*	**(7 349)**	–
Total consolidated liabilities	**626 459**	692 812

* *For the purpose of monitoring segment performance and resources allocation between segments, all assets and liabilities are allocated to reportable segments other than deferred tax assets and liabilities.*

	Depreciation and amortisation		Additions to property, plant and equipment, right-of-use of assets and intangible assets	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Software and consulting	**1 033**	865	**2 977**	1 999
Security solutions	**–**	518	**–**	–
Unified communications	**6 759**	1 222	**63 921**	1 177
Health care	**3 920**	2 115	**6 556**	7 953
Tracking solutions	**7 229**	6 284	**97**	1 705
Managed services	**52 374**	62 763	**162 352**	22 015
Total	**71 315**	73 767	**235 903**	34 849

Non-current assets held for sale

Management made the decision to dispose of the investment in Puleng which falls into the Security Solutions division. This investment has been classified as held for sale as at 31 August 2021.

43. GROUP SEGMENTAL REPORT (continued)

Fishing and brands:

The information reported for the purposes of assessment of segment performance and resource allocation focuses on the products sold or services rendered by the Group. No operating segments have been aggregated in arriving at the reportable segments of the Group. Services revenue segments consists of Rendering of Services and Cold Storage rental revenue.

The Group's reportable segments under IFRS 8 are as follows:

Fishing:
- Lobster
- Pelagics
- Hake
- Squid

Aquaculture:
- Aquaculture
- Seagro

Services:
- Processing and marketing
- Cold storage

	Segmental revenue		Segmental gross profit	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Lobster	170 723	165 703	28 301	40 140
Pelagics	93 530	70 675	24 985	20 634
Hake	33 049	21 583	7 575	1 902
Squid	206 245	141 379	62 656	32 442
Aquaculture	35 108	26 785	(6 183)	(1 853)
Cold storage	10 412	8 821	3 105	2 730
Seagro	10 155	7 009	4 797	3 444
Processing and marketing	15 893	11 939	8 278	225
Total	575 115	453 894	133 514	99 664
Administration and support services			(119 989)	(100 129)
Fair value gains			1 058	12 717
Interest income			8 255	14 611
Finance cost			(5 251)	(9 433)
Total revenue and profit before taxation	575 115	453 894	17 587	17 430

43. GROUP SEGMENTAL REPORT (continued)

	2021 R'000	2020 R'000
Segmental assets		
Lobster	**66 877**	83 920
Pelagics	**108 882**	112 907
Hake	**5 030**	7 832
Squid	**162 587**	161 577
Aquaculture	**325 046**	307 097
Cold storage	**1 465**	1 077
Seagro	**3 840**	3 653
Processing and marketing	**1 610**	18 950
Administration and support services	**323 910**	327 367
Total segmental assets	**999 247**	1 024 380
Unallocated	**22**	29
Total consolidated assets	**999 269**	1 024 409

	2021 R'000	2020 R'000
Segmental liabilities		
Lobster	**12 241**	22 115
Pelagics	**9 929**	4 759
Hake	**5 098**	4 114
Squid	**14 239**	10 799
Aquaculture	**16 331**	6 591
Processing and marketing	**2 723**	9 862
Administration and support services	**53 455**	71 781
Total segmental liabilities	**114 016**	130 021
Unallocated	**124 674**	124 191
Total consolidated liabilities	**238 690**	254 212

43. GROUP SEGMENTAL REPORT (continued)

	Depreciation and armotisation		Additions to property, plant and equipment	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Lobster	**3 933**	6 744	**6 255**	15 095
Pelagics	**7 404**	5 140	**6 226**	13 575
Hake	**71**	-	**2 815**	-
Squid	**8 079**	19 611	**3 103**	2 102
Aquaculture	**3 830**	2 041	**15 500**	31 714
Cold storage	**32**	32	**-**	-
Seagro	**43**	43	**-**	-
Processing and marketing	**2**	2	**-**	-
Administration and support services	**4 988**	9 103	**1 243**	2 924
Total	**28 382**	42 716	**35 142**	65 410

Geographical information

The Group operates in South Africa.

The Group's revenue from external customers by location of the customers is detailed below:

	2021 R'000	2020 R'000
United States of America	**120 521**	122 404
Europe	**239 595**	159 753
Far East	**66 399**	58 421
South Africa	**148 600**	113 316
Total revenue	**575 115**	453 894

Information about major customers

There are two major customers that have provided more than 10% of the company's revenue. These two customers pertain to 2 separate sectors and are shown below:

	2021	2020	Segment
Customer 1	**R138 million**	R118 million	Lobster
Customer 2	**R68 million**	R71 million	Pelagic

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

44. INFORMATION ON SUBSIDIARIES (continued)

	Effective % held	Effective % held	Nature of business
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	Fishing
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
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:

	2021 R'000	2020 R'000
Other financial assets	**645 844**	631 039
Trade and other receivables	**518 141**	783 354
Finance lease receivables	**36329**	43324
Cash and cash equivalents	**2 343 886**	3 357 973

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

Group – 2021

	At amortised cost R'000	Fair value through profit or loss - designated R'000	Total R'000
Trade and other receivables	518 141		518 141
Other financial assets	471 760	174 084	645 844
Cash and cash equivalents	2 343 886		2 343 886
	3 333 787	174 084	3 507 871

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

Financial liabilities by category Group – 2021

	At amortised cost R'000	Total R'000
Other financial liabilities	47 594	47 594
Trade and other payables	358 438	358 438
Bank overdraft	7	7
	406 032	406 032

45. FINANCIAL ASSETS BY CATEGORY (continued)

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

46. COMMITMENTS

Authorised capital expenditure already contracted for but not provided for

	2021 R'000	2020 R'000
Authorised by directors and not yet contracted for	**32 000**	20 000
This committed expenditure relates to the abalone farm expansion and will be financed by available finance resources		
	32 000	20 000
Minimum lease payments due		
Minimum lease payments due		
– within one year	**–**	3 204
– in second to fifth year inclusive	**–**	–
– later than five years	**–**	–
	–	3 204

47. BUSINESS COMBINATIONS

In 2020 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.

AYO completed the acquisition of a 100% shareholding in Kathea Communications on 16 March 2021, with an effective date of 1 March 2021, for a consideration of R59.8 million plus a contingent consideration of R30 million. Kathea Communications 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. Kathea Communications' brand offering includes Jabra, Poly, CTouch, Logitech and Yealink, amongst others.

47. BUSINESS COMBINATIONS (continued)

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

	2021 R'000	2020 R'000
Property, plant and equipment	691	35
Right of use asset	2 451	–
Intangible Assets	62 012	48
Deferred tax liabilities	(12 673)	–
Finance lease receivable	2 095	–
Inventories	18 077	–
Loans receivable		119
Trade and other receivables	21 622	30
Value added tax receivable		2
Current tax (payable) / receivable	(911)	3
Cash and cash equivalents	5 778	313
Other financial liabilities	(11 488)	–
Lease liabilities	(2 576)	–
Deferred income		(29)
Loans payable		(347)
Trade and other payables	(28 993)	(319)
Provisions	(2 291)	–
Dividend payable	(4 000)	–
Bank overdraft	(1 490)	–
Total identifiable net assets	48 304	(145)
Goodwill	35 715	645
Net cash (outflow)/inflow on acquisition date	84 019	500
Acquisition date fair value of consideration paid		
Cash consideration paid		
Cash consideration paid	(59 791)	(500)
Cash acquired	4 288	313
Net cash outflow	(55 503)	(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 R9 2897 000 and profit after tax of R5 453 000 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	2021 R'000	2020 R'000
Listed Investments		1	**48 650**	38 974
Unlisted Investments				
SGD	Discounted cash flow	3		150 000
African Legend	Discounted cash flow	3	**12 325**	9 841
Cadiz	Investor statement	2	**1 005**	9 702
Bambelela	Percentage of net asset value	3	**91 408**	31 139
Other	Percentage of net asset value	3	**–**	864
4Plus	Discounted cash flow	3	**19 818**	31 782
Vunani	Discounted cash flow	3	**116 983**	1 487
Financial instrument				
Financial assets				
Abalone	Fair value less cost to sell	3	**95 910**	84 436
Non-financial instruments				
Intangible assets acquired through business combinations				
Brands	Percentage of net asset value	3	**11 850**	–
Distribution rights	Percentage of net asset value	3	**50 162**	–
Financial liabilities				
Contingent consideration liability	Discounted cash flow	3	**24 228**	5 097
Other financial liabilities	Discounted cash flow	3	**2 136**	887
			474 475	364 210

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

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.

48. FAIR VALUE INFORMATION (continued)

Levels of fair value measurements

Level 1

Recurring fair value measurements

Assets	Note(s)	2021 R'000	2020 R'000
Financial assets designated at fair value through profit (loss)	10		
Investment in listed public companies		48 650	38 974
Level 2			
Other financial assets - designated at fair value through profit / (loss)			
Cadiz Investments Enterprise Development Fund		1 005	9 702
Level 3			
Recurring fair value measurements			
Biological assets			
Abalone		95 910	84 436
Assets held for sale		59 790	-

* *The value is based on the value of the portfolio as indicated on the investor statement*

	Note(s)	2021 R'000	2020 R'000
Financial assets designated at fair value through profit (loss)	10		
Listed shares		48 650	-
Investments in unlisted private companies		262 024	190 841
Investments in unlisted public companies		12 325	9 841
Total financial assets designated at fair value through profit (loss)		322 999	233 330
Liabilities			
Financial liabilities at fair value through profit (loss)	21		
Other financial liabilities		2 136	887
Contingent consideration liability		24 228	5 097
Total financial liabilities at fair value through profit (loss)		26 364	5 984

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 – 2021							
Assets							
Biological assets							
Abalone		84 436	26 084	–	(14 610)		95 910
Non-financial assets							
Intangible assets							
Fishing quotas		–					–
Licences and technologies		–					–
Brands, patents and trademarks		11 850				(11 850)	–
Software development		50 162				(50 162)	–
Customer lists		–					–
Shopping malls		–					–
Total intangible assets		**62 012**				**(62 012)**	–
Financial assets designated at fair value through profit (loss)	10						
Listed shares		40 462		8 188			48 650
Investments in unlisted private companies		223 489		38 535			262 024
Investments in unlisted public companies		9 841	2 484				12 325
Total financial assets designated at fair value through profit (loss)		273 792	2 484	46 723	–	–	322 999

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)	21						
Other financial liabilities		887					2 136
Contingent consideration liability		5 097	(4 544)	24 228	(553)		24 228
Total financial liabilities at fair value through profit (loss)		**5 984**	**(4 544)**	**24 228**	**(553)**	**–**	**26 364**
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)							
Listed shares		23 954	16 508	–	–	–	40 462
Investments in unlisted private companies		209 118	(98 794)	113 333	(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**
Liabilities							
Financial liabilities at fair value through profit (loss)							
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**

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 21 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.

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

Significant Assumptions	2021	2020
Weighted average cost of capital	**18,75%-24%**	14.7% – 25.2%
Target debt/equity ratio	**0%-43%**	0 - 54.5%
Beta	**0.53-1,12**	0.65 – 1.2
Specific risk premium	**0,5%-4%**	1.7% – 6.3%
Terminal growth rate	**0% -4,5%**	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.

	2021 R'000	2020 R'000
Cost of debt	**1 290**	1 008
Beta	**164**	144
Weighted average cost of capital	**3 864**	3 600
Specific risk premium	**6 057**	2 304
Target debt/equity ratio	**(1 604)**	(3 312)
Terminal growth rate	**(1 866)**	(3 750)

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 10cents per share was approved by the Board of directors in respect of financial year ended 31 August 2021. The dividend is payable on 3 January 2022 to shareholders recorded in the register of the Company at close of business on 31 December 2021.

50. GOING CONCERN

Following the COVID-19 virus pandemic, certain financial pressures was 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 1 November 2021, AYO concluded an asset for share agreement in which AYO disposed of its 100% shareholding in Puleng Technologies Proprietary Limited (“Puleng”) for a consideration of R20 million in exchange for redeemable and cumulative preference shares from the purchaser for a total consideration of R20 million. Puleng is a cyber security company which focuses on the development of efficient Governance, Risk and Compliance (GRC) programmes and providing data centre infrastructure which effectively protects sensitive client data.

On 23 September 2021, AYO subscribed for 30% of ordinary shares in Crealpha Proprietary Limited (“Crealpha”) for a nominal amount. As part of the shareholders agreement AYO has also provided Crealpha with a R30 million working capital loan to enable the company’s expansion. Crealpha is a cloud data services business that enables the Group to expand its service offering as part of the Group’s go-to-market strategy

On 1 October 2021, AYO subscribed for an additional 30 ordinary shares in 4Plus Technology Venture Fund Africa Proprietary Limited (“4Plus”) for a subscription price of R24 million. AYO now holds a total of 28% of the ordinary shares in issue of 4Plus.

On 11 October 2021, AYO subscribed for 25% of ordinary shares in AOH Enterprises Proprietary Limited(“AOH”) for a subscription price of R2 850 000. AOH Enterprises specializes in property technology and allows AYO to be a part of a rising disruptive technology.

On 30 September 2021, the South African President announced that a number of South Africa's lockdown regulations which came about as a result of the global Covid-19 pandemic will be relaxed as the country moves to a level 1 lockdown from 1 October 2021. Management has assessed this as a non-adjusting event after reporting period. The Company has been able to operate during the lockdown period when stricter restrictions were imposed. As at the date of issue of these reviewed provisional condensed financial results, management has assessed that this event currently has a negligible anticipated impact on the operations and financial position of the Company for the foreseeable future.

AYO from the 1 November 2021, no longer controls GCCT as it no longer has majority representation of directors on the board of GCCT. GCCT is now controlled by African Equity Empowerment Investments Limited

On 26 November 2021 the Group disposed of the licensing rights of the Naviga software systems to LMLS shared solutions (Pty) Ltd for a consideration of R22.3 million subject to certain conditions precedent being met. At the time of publication of these results these conditions precedent were not yet met.

A final dividend of 10 cents per share was approved by the board of directors of AEEI ("Board") in respect of the financial year ended 31 August 2021. The dividend is payable on 3 January 2022 to shareholders recorded in the register of the Company at close of business on 31 December2021.

52. NON-CURRENT ASSETS HELD FOR SALE

The management of AYO decided to dispose of the investment in Puleng on 23 August 2021. Puleng's assets and liabilities were therefore reclassified to non-current assets held for sale on 23 August 2021. Puleng was categorised as part of technology segment.

The sale was subsequent to year end but before the date of publication of the results.

The following assets and liabilities were reclassified as held for sale as at 31 August 2021:

Assets classified as held for sale

	2021 R'000	2020 R'000
Property, plant and equipment	430	–
Right of use asset	2 037	–
Deferred tax	842	–
Trade and other receivables	54 835	–
Other financial assets	640	–
Cash and cash equivalent	1 006	–
Total assets of asset held for sale	59 790	–
Liabilities directly associated with assets classified as held for sale		
Lease liabilities	1 921	–
Trade and other payables	21 475	–
Taxation	257	–
Total liabilities of liabilities held for sale	23 653	–

52. NON-CURRENT ASSETS HELD FOR SALE (continued)

Cash flow statement	2021 R'000
Cash flows from operating activities	
Cash receipts from customers	211 887
Cash paid to suppliers and employees	(237 447)
Cash generated/(utilised) in operations	25 559
Finance income	247
Finance costs	(263)
Tax paid	2 511
Net cash from operating activities	(28 087)
Cash flows from investing activities	
Acquisition of property, plant and equipment	(208)
Proceeds from the disposal of property, plant and equipment	48
Amounts repaid from other financial assets	160
Funds advanced in Trusts	(6 880)
Net cash to investing activities	(6 881)
Cash flows from financing activities	
Lease liabilities repayments	(219)
Net cash to financing activities	(219)
Total cash movement for the period	(35 186)
Cash at the beginning of the period	36 193
Total cash at the end of the period	1 006

53. DIVIDENDS PAID

	2021 R'000	2020 R'000
Balance at beginning of the year	(12 696)	(8 406)
Dividends declared	(248 840)	(78 578)
Unclaimed dividends held in trust	(26 693)	–
Balance at end of the year	40 947	12 696
	(247 282)	(74 288)

Dividends are distributed out of capital reserves.

54. 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 Company has since been reconfigured into a technology holding company and will be able to continue to trade as such through the portfolio of investments it holds should the PIC and GEPF be successful in their application. Certain subsidiaries of AYO have been in existence for more than 20 years, delivering both satisfactory trading performance and dividend income for AYO.

These subsidiaries are expected to continue trading at an optimal level independent of the PIC funding.

There is a pending defamation claim by Magda Wierzycka against AYO and six others in the Western Cape High Court. The claim is for the amount of R3 million, together with costs. AYO is contesting the claim. Based on legal advice, it is highly probable the Group will be successful in the cases that the matters are heard in court, therefor no provision is recognised.

Options

The share sale agreements for Mainstreet and GCCT give AYO the option to sell its 40% shareholding in Main Street and its 24% shareholding in GCCT to AEEI at a price defined by a formula in the share sale agreements ("AYO put options"). The AYO put option for Main Street has been valued at nil as at 31 August 2021 (2020: nil), and the AYO put option for GCCT has been valued at nil as at 31 August 2021 (2020: nil). The options are exercisable between two to four years from the date of purchase of Main Street and GCCT.

As at 31 August 2021, the minimum period of two years from date of purchase had not elapsed. The asset is not recognised as the recognition criteria of an asset is not met, due to the inflow of economic benefits not being probable.