AEEI™

AFRICAN EQUITY
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LIMITED

2022 Annual Financial Statements

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FINANCIAL STATEMENTS

The report and statements set out below comprise the consolidated annual 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	Designation	Changes
Willem Raubenheimer	BCom (Hons), CA(SA) and Diploma in Forensic Accounting	Independent non-executive	9 July 2020 (appointed)
Gaamiem Colbie	BTech Cost and Management Accounting	Independent non-executive	30 August 2019 (appointed)
Bongikhaya Qama	Project Management, Finance for Non-financial Management Certificate, Customer Relation Certificate	Independent non-executive	21 May 2021 (appointed)
Stephen Nthite	BJuris, LLB, Admitted Attorney	Independent non-executive	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 2022 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 2022 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 is satisfied that there were no non-audit services provided by the external auditors during the financial period.

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
28 December 2022

DIRECTORS' RESPONSIBILITIES AND APPROVAL

The Board is required in terms of the Companies Act to maintain adequate accounting records and is 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 2022, 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 is 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 Board reviewed the Group's cash flow requirements for the year to 31 August 2023. In light of this review and the current financial position, they are satisfied that the Group has 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 annual financial statements. The consolidated annual financial statements have been examined by the Group's external auditors, and their report is presented on pages 7 to 13.

DIRECTORS' RESPONSIBILITIES AND APPROVAL CONTINUED

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

- the annual financial statements set out on pages 21 to 135, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;
- to the best of our knowledge and belief, 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 as executive directors with primary responsibility for implementation and execution of controls;
- 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 remediated deficiencies.
- We are not aware of any fraud involving directors.

The consolidated financial statements set out on pages 21 to 135, which have been prepared on the going concern basis, were approved by the Board on 28 December 2022 and were signed on their behalf by:

Mrs. V Dzvova (CA)SA
Chief executive officer

Mr. JS Van Wyk (CA)SA
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 2022, 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.

C Kannemeyer
Company Secretary

Cape Town

28 December 2022

INDEPENDENT AUDITOR'S REPORT

28 December 2022

Independent Auditor's Report

To the shareholders of African Equity Empowerment Investments Limited

Report on the Audit of the Consolidated Financial Statements

OPINION

We have audited the consolidated financial statements of African Equity Empowerment Investments Limited and its subsidiaries ("the group") set out on pages 22 to 135, which comprise the consolidated statement of financial position as at 31 August 2022, 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 consolidated financial position of African Equity Empowerment Investments Limited as at 31 August 2022, 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 2022, amounted to approximately R119 926 000 and the carrying value of intangible assets with indefinite useful lives and intangible assets under development as at 31 August 2022 amounted to approximately R384 469 000. 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 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 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, authorising, 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 an amended consolidation process for the preparation of the consolidated financial statements during the current financial 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 categorising systematic batches of abalone across the farm. Through this continual process and the use of industry growth algorithms, the number and average weight of the abalone is determined. Physical quantities of biological assets is a key audit matter due to the significant contribution to the consolidated results of the group, as well as it requiring significant management judgement. The disclosures relating to biological assets are contained in note 1 (accounting policies) and note 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. ▪ 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
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 2022 amounted to approximately R393 561 000. The fair value of financial liabilities classified as "financial liabilities at fair value through profit or loss" comprising contingent considerations as at 31 August 2022 amounted to approximately R 894 000. 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 and 21(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 Annual Financial Statements 2022", "African Equity Empowerment Investments   Group Annual Financial Statements 2022" 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 2022". 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 three years.

Crowe JHB
G Kartsounis
Partner
Registered Auditor
Sandown, Johannesburg, 2196
28 December 2022

THAWT Incorporated
G C Gorgulho
Partner
Registered Auditor
Monte Vista, Cape Town, 7460
28 December 2022

DIRECTOR'S REPORT

The Board submits their report on the annual financial statements of African Equity Empowerment Investments Limited and the Group for the year ended 31 August 2022.

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 material issues were identified.

4. EVENTS AFTER THE REPORTING PERIOD

On 11 November 2022 AEEI and Premier Fishing and Brands Limited (PFB) announced on SENS that AEEI, in concert with other related entities, are working on a potential transaction to buy out the minority shareholders in PFB and delist the company. On 9 December 2022 PFB and AEEI published a joint announcement of a firm intention for the offer to PFB minority shareholders.

On 4 November 2022 and 16 November 2022 AEEI announced on SENS that it would be concluding a small related party transaction whereby a portion of shares held in Sygnia Limited by AEEI would be sold to Sekunjalo Investment Holdings Proprietary Limited.

In the previous financial year, AYO Technology Solutions Limited (AYO), a subsidiary of the Group, disposed of 5.5% of its shareholding in Zaloserve Proprietary Limited to Zaloserve management. On 19 October 2022, the board approved the transaction to reverse the sale of 5.5% of the issued share capital. As of 19 October 2022, the AYO Group held 55% equity interest in Zaloserve.

The Chief Executive Officer of AYO, Mr Howard Plaatjes, having reached retirement age, has elected to exercise his right to retire with effect from 13 December 2022.

AYO was publicly censured by the JSE on 21 December 2022 for a failure to comply with JSE Listings Requirements for certain transactions concluded between 2017 and 2019. AYO has issued a public response on the Stock Exchange News Service. The censure and response thereto are available for viewing on the JSE SENS Announcements webpage.

Share subscription binding agreement

Shareholders holding securities in Premier Fishing and Brands Limited ("PFB") and African Equity Empowerment Investments Limited respectively are advised that Premier Fishing SA Proprietary Limited ("PFSA"), a wholly owned subsidiary of PFB entered into a binding subscription agreement where PFSA will subscribe for 607 Ordinary shares of Talhado Fishing Enterprises Limited ("Talhado") for a subscriptions price of R95,000,000 and Talhado will enter into a binding share repurchase agreement to subscribe for 607 Scofish Proprietary Limited ("Scofish") shares, for a Repurchase price of R95,000,000.

The lease term for the premises located at the V&A Waterfront, the group head offices were revised after year end, a new lease contract was signed into effective 1 December 2022. The effect of the lease contract cancellation on the reported financial statements are that a lease liability and right of use assets reported on the statement of financial position will be written off to a nil value in the next financial year.

The effects of the lease termination as at 1 December 2022 will be as follows:

Accounting implications	R'000
Right of use asset write off	(27 671)
Lease liability write off	38 756
Net gain on write off	11 085
Deferred tax adjustment at effective rate of 27%	(2 993)
Net effect - increase in profit after tax	8 092

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

5. AUTHORISED AND ISSUED SHARE CAPITAL

Refer to note 19 of the consolidated annual financial statements for detail of the movement in authorised and issued share capital.

6. DIVIDENDS

The Board has not declared a dividend for the year ending 31 August 2022. Available cash resources will be utilized to extinguish debt and maintain adequate working capital levels in the face of a tough trading environment.

7. DIRECTORATE

The directors in office during the period and up to the date of this 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
AB Amod	Other	Non-executive	Appointed, 12 November 2012
G Colbie	Other	Non-executive	Appointed, 30 August 2019
B Qama	Other	Independent non-executive	Appointed, 2 July 2020
WJ Raubenheimer	Other	Independent non-executive	Appointed, 9 July 2020
M Mdladlana	Other	Independent non-executive	Appointed, 27 August 2021
S Nthite	Other	Independent non-executive	Appointed, 26 August 2021
CL Geuking-Cohausz	Other	Independent non-executive	Appointed, 1 January 2022

8. AUDITORS

Crowe JHB and Thawt Inc were re-appointed as joint auditors for the Company and its subsidiaries for 2022.

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 2023 financial year.

9. COMPANY SECRETARY

The company secretary is accountable to the Board. Damien Terblanche resigned as company secretary with effect from 30 September 2022 and Cornell Kannemeyer was appointed in his stead with effect from 10 November 2022.

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

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.

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.

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 and fully set out in the corporate governance report.

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 2022 financial year.

14. DIRECTORS' INTERESTS IN SHARES

As at 31 August 2022, the directors of the Company held in aggregate, directly or indirectly, beneficially or non-beneficially, 617 250 (2021: 617 250) shares in the Company, equivalent to 0.13% (2021: 0.13%) of the issued share capital. The individual interests of directors are as follows:

INTEREST IN SHARE CAPITAL 'B' CLASS ORDINARY SHARES LISTED

31 August 2022	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 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
Subtotal	55 000	–	562 250	617 250	0.13

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 AND DISPOSALS DURING THE YEAR

In the prior year, on 23 August 2021, management committed to a plan to sell Puleng. The subsidiary was classified as held for sale as at 31 August 2021. On 1 November 2021, the Group disposed of its 100% equity interest in Puleng in exchange of preference shares for Dinaledi Technologies Proprietary Limited for a consideration of R20 million. A loss on sale of the subsidiary of R2.7 million has been recognised in profit or loss.

Magic 828 Proprietary Limited and Opispex Proprietary Limited were disposed on 31 July 2022. The Group incurred a total loss on disposal of R10.8 million. Magic 828 Proprietary Limited contributed R2.1 million revenue and losses of R4.5 million for the 11 months to 31 July 2022, whereas Opispex Proprietary Limited reported losses of R0.4 million for the same period.

On 23 September 2021, AYO Technology Solutions (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 AYO Group to expand its service offering as part of the AYO 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 25% 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 R2.85 million AOH Enterprises specialises in property technology and allows AYO to be a part of a rising disruptive technology.

On 7 January 2022, AYO subscribed for 20% of ordinary shares in Kyramanzi Proprietary Limited ("Kyramanzi") for a subscription price of R5 million. Kyramanzi is a company with interests in the property sector.

On 1 June 2022, AYO subscribed for 15% of the issued share capital in Synclabs Proprietary Limited ("Synclabs") for a consideration of R4.5 million. Synclabs is a company which operates an e-learning platform and provides university level courses in the fields of software development, Internet of Things ("IOT"), Artificial Intelligence ("AI") and robotics that help businesses improve on automation of their manufacturing and other processes.

On 28 July 2022, AYO subscribed for 10% of ordinary shares in Fueltech for a subscription price of R10 million. Fueltech is a company with interests in the property sector.

18. INTERESTS IN SUBSIDIARIES, ASSOCIATES AND JOINT ARRANGEMENTS

The subsidiaries, associates and joint arrangements 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. There are no unutilised borrowings as at 31 August 2022 (2021: R53m).

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 24 February 2022 were as follows:

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

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

On 31 May 2019 AYO Technology Solutions Limited (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.

Legal experts are of the opinion that Sizwe must provide for a potential loss, being the profit that was made from components of the deal. Therefore management have made an estimate and raised the provision for the amount.

The Group instituted action against Futuretell Communication Proprietary Limited for going against the terms set in a loan agreement relating to a loan granted to them in 2019. The Group has instituted legal action in order to recover the loan.

The Group instituted action against Cortex Logic Proprietary Limited and its directors who stood surety for a loan that was granted in 2018. Judgement and settlement was ordered in favour of AYO for a sum of R14 million. A warrant of execution has been issued for the recovery of the outstanding amount.

There is a pending defamation claim against Pieter Louis Myburgh which forms part of a broader defamation claim against the Daily Maverick. The claim is for the amount of R5 million.

There is a pending defamation claim of R5 million against Amabhungane relating to an article published in 2021. A summons was issued in relation to the defamatory remarks.

The Group is party to an Equality Court application against ABSA and 26 others declaring that the decision of the banks to terminate and/or refuse to provide or to give notice of termination and/or refusal of banking services and facilities to the Group and other parties involved in the application is inconsistent with their obligations under the Constitution and the Promotion of Equality and Prevention of Unfair Discrimination Act.

Legal proceedings were instituted against Access Bank following the termination of AYO's bank accounts. An interim interdict application was opened against Access Bank to re-open the bank accounts and to launch a review application to set aside Access Bank's decision to terminate AYO's bank accounts and declaring the termination unlawful. The matter is currently on-going.

There is a claim for approximately R6.6 million from Volt Africa Proprietary Limited ("Volt") (hereinafter "the Volt Claim"), in which the Claimant (Volt) alleges that the aforesaid amounts constitutes alleged overpayments made to Afrozaar Proprietary Limited ("Afrozaar") under the auspices of two service contracts previously concluded between the respective parties.

For the claims against Afrozaar, prospects of success of the Volt claim are difficult to anticipate at this point as the claimant has not fully expanded on its claim nor responded to our submission or observations, therefore the claim merits are unclear.

The Group is also party to a High Court Parallel Application against ABSA and 22 raising contractual concerns regarding the banks' decision that the provision of banking facilities to their clients ought to be subject to constitutional control and that the termination by the banks of their banking relationship with their clients, purely on notice, is unconstitutional.

The application also seeks to highlight that the termination by the banks of their banking relationship with their clients, purely on notice is irrational, arbitrary and reviewable under the Promotion of Administrative Justice Act, alternatively under the principle of legality and/or the common law. And finally, the application requires a reviewing, correcting and setting aside of the withdrawal, termination and closure by the banks of the financial products or services and banking relationships with the Group and the other applicants.

The legal loss provision is based on a legal case between the company and SITA/Eastern Cape Department of Education. Legal experts are of the opinion that we provide for a potential loss, being the profit that was made from SCH9 and SCH10 of this deal. The company requested the court for a just and equitable settlement from the case, which will not include any profit making from this deal. Therefore management has made an estimate that a profit of R16 661 884.93 that was made from SCH9 and SCH10 is at risk of not being included in the settlement amount.

During the year, AYO together with 35 others (hereinafter "the applicants") instituted an application with the Competition Tribunal against Nedbank Limited, Standard Bank of South Africa Limited, First Rand Bank Limited, ABSA Bank Limited, Mercantile Bank Limited, Sasfin Bank Limited, Investec Bank Limited, Bidvest Bank Limited, Access Bank Limited and the Competition Commission (hereinafter "the respondents") to interdict and restrain the respondents on an interim basis from terminating their relationship with the applicants and/or refusing to provide banking and payment services to the applicants.

Judgement was given on 16 September 2022, and the competition tribunal granted an order for the respondents to reinstate or restore the bank accounts including all services that they provided to the applicants that held accounts with it, on the same terms and conditions as existed prior to the closure or termination of the accounts. The order is for a period of six months from 16 September 2022 or the conclusion of an investigation into the conduct of the respondents by the Competition Commission.

As a result of the order, FNB has reopened the bank account that it had previously terminated for AYO. Nedbank has also reopened the bank accounts that it had previously terminated for AYO's subsidiaries.

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 28 December 2022. 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 Acting Group Financial Manager, Makaita Chikwavira, CA(SA), Jesca Meki CA(SA) and Independent Consultant Ezra Agabu AGA(SA) under the supervision of Group Chief Financial Officer, Jowayne Van Wyk CA(SA).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 AUGUST 2022

	Notes	2022 R'000	2021 R'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	3	**507 482**	520 021
Right of use assets	4	**149 599**	151 960
Goodwill	5	**119 926**	190 438
Intangible assets	6	**384 469**	428 631
Investment in associate	8	**935 601**	896 566
Investments in joint ventures	9	**73 903**	43 502
Other financial assets	10	**260 996**	229 579
Finance lease receivables	11	**3 131**	22 854
Deferred tax	12	**161 165**	95 042
Loans receivable	13	**176 259**	47 142
Loans to related parties	14	**263 789**	236 835
		3 036 320	2 862 570
CURRENT ASSETS			
Biological assets	15	**83 073**	95 910
Inventories	16	**258 136**	189 347
Current tax receivable		**4 389**	16 488
Trade and other receivables	17	**879 379**	518 141
Other financial assets	10	**235 109**	189 052
Finance lease receivables	11	**13 149**	13 475
Loan receivable	13	**145 349**	161 167
Cash and cash equivalents	18	**1 349 896**	2 343 886
Loans to related parties	14	**24 957**	-
		2 993 437	3 527 466
Assets held for sale IFRS 5	52	**-**	59 790
Total Assets		**6 029 757**	6 449 826
EQUITY AND LIABILITIES			
EQUITY			
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT			
Share capital	19	**402 240**	402 240
Reserves	20	**(21 254)**	(20 647)
Retained income		**2 188 533**	2 449 424
Equity attributable to equity holders of parent		**2 569 520**	2 831 017
Non-controlling interest		**2 307 902**	2 582 706
		4 877 422	5 413 723

AS AT 31 AUGUST 2022

	Notes	2022 R'000	2021 R'000
LIABILITIES			
NON-CURRENT LIABILITIES			
Other financial liabilities	21	**2 249**	48 233
Lease liabilities	4	**136 850**	131 583
Employee benefit obligation	22	**5 082**	5 476
Deferred tax	12	**301 208**	249 791
		445 389	435 083
CURRENT LIABILITIES			
Provisions	25	**78 645**	63 881
Trade and other payables	26	**447 743**	358 438
Other financial liabilities	21	**1 060**	3 107
Lease liabilities	4	**49 778**	37 295
Deferred income	23	**47 719**	33 252
Current tax payable		**32 666**	16 212
Dividend payable	53	**46 076**	40 947
Contingent consideration liability	24	**-**	24 228
Bank overdraft	18	**3 259**	7
		706 946	577 367
Liabilities held for sale	52	**-**	23 653
Total Liabilities		**1 152 335**	1 036 103
Total Equity and Liabilities		**6 029 757**	6 449 826

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 AUGUST 2022

	Notes	2022 R'000	2021 R'000
Revenue	27	**2 333 470**	2 339 169
Cost of sales	28	**(1 740 930)**	(1 659 382)
Gross profit		**592 540**	**679 787**
Other income	29	**101 642**	85 486
Operating expenses	30	**(1 039 626)**	(1 043 264)
Net impairment changes and impairment reversals	31	**(140 550)**	(152 132)
Fair value adjustments	32	**(37 426)**	57 277
Investment income	33	**142 503**	162 420
Finance costs	34	**(22 397)**	(22 943)
Income from equity accounted investments	43	**72 485**	52 521
Loss before taxation		**(330 829)**	**(180 848)**
Taxation	36	**(31 357)**	(84 506)
Loss from operations		**(362 186)**	**(265 354)**
Other comprehensive income:			
Items that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		**(610)**	3 114
Other comprehensive (loss)/profit for the year net of taxation		**(610)**	**3 114**
Total comprehensive loss for the year		**(362 796)**	**(262 241)**
Loss attributable to:			
Owners of the parent			
From continuing operations		**(224 167)**	(133 128)
Non-controlling interest:			
From continuing operations		**(138 019)**	(132 227)
Total comprehensive loss attributable to:			
Owners of the parent		**(224 777)**	(130 014)
Non-controlling interest		**(138 019)**	(132 227)
		(362 796)	**(262 241)**
Earnings per share			
Per share information			
Basic earnings per share (cents)	38	**(45.78)**	(26.48)
Diluted earnings per share (cents)	38	**(45.78)**	(26.48)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 AUGUST 2022

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**
Profit 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)**
Changes in ownership interest (additional shares acquired) - no change in control	-	-	-	-	-	-	-	5 060	5 060	5 192	10 252
Changes in ownership interest (additional shares acquired) - no change in control	-	-	-	-	-	-	-	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 CHANGES IN EQUITY

CONTINUED

AS AT 31 AUGUST 2022

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 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
Loss for the year	-	-	-	-	-	-	-	(224 167)	(224 167)	(138 019)	(362 186)
Other comprehensive income	-	-	-	(610)	-	-	(610)	-	(610)	-	(610)
Total comprehensive Loss for the year	-	-	-	(610)	-	-	(610)	(224 167)	(224 777)	(138 019)	(362 796)
Movement in non-controlling interest - change in ownership	-	-	-	-	-	-	-	12 733	12 733	(12 733)	-
Changes in ownership interest	-	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	(49 452)	(49 452)	(124 053)	(173 505)
Total contributions by and distributions to owners of company recognised directly in equity	-	-	-	-	-	-	-	(36 719)	(36 719)	(136 786)	(173 505)
Balance at 31 August 2022	30	402 210	402 240	1 731	(31 022)	8 034	(21 257)	2 188 538	2 569 520	2 307 902	4 877 422
Notes	19	19	19	20	20	20	20				

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2022

	Notes	2022 R'000	2021 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		**2 241 114**	2 434 140
Cash paid to suppliers and employees		**(2 493 646)**	(2 684 782)
Cash utilised from operations	39	**(252 532)**	(250 642)
Interest income		**71 397**	131 492
Dividend income		**13 562**	14 244
Finance costs		**(14 908)**	(14 138)
Tax paid	37	**(25 059)**	(78 816)
Net cash from operating activities		**(207 540)**	**(197 860)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	3	**(42 192)**	(51 516)
Sale of property, plant and equipment	3	**659**	5 633
Purchase of subsidiary	47	**-**	(55 447)
Disposal of subsidiaries		**(4 291)**	-
Purchase of other intangible assets	6	**(1 943)**	(34 578)
Sale of other intangible assets	6	**-**	1 799
Sale of investment at fair value		**-**	150 000
Purchase of investments at fair value		**(52 201)**	(26 000)
Loans advanced to shareholders of subsidiaries		**(731)**	(4 520)
Loans advanced to related parties		**(40 850)**	(94 150)
Loans received from related parties		**2 084**	-
Other loans advanced		**-**	(117 388)
Loans receivable repaid		**46 037**	-
Loans receivable advanced		**(108 039)**	-
Purchase of financial assets		**(65 279)**	(110 518)
Other financial assets advanced		**(30 000)**	-
Sale of financial assets		**6 400**	16 378
(Withdrawal)/deposits of funds held in trust accounts		**(284 763)**	21 579
Finance lease asset receipts		**23 261**	9 555

CONSOLIDATED STATEMENT OF CASH FLOWS CONTINUED

FOR THE YEAR ENDED 31 AUGUST 2022

	Notes	2022 R'000	2021 R'000
Net cash outflow from investing activities		**(551 848)**	**(289 173)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Share buy-back		**(2 922)**	–
Repayment of other financial liabilities		**(43 239)**	(10 482)
Proceeds from other financial liabilities		**17 629**	–
Proceeds from related parties		**–**	10 000
Loans from related parties repaid		**(11 069)**	–
Proceeds from DTI grant received		**30 000**	–
Repayment of portion of contingent consideration liability		**(30 000)**	(5 500)
Repayment of lease liabilities		**(32 405)**	(29 055)
Proceeds from loans with shareholders		**–**	2 237
Repayment of borrowings		**–**	(3 446)
Long service award payments		**(443)**	(727)
Dividends paid	53	**(48 284)**	(243 550)
Dividend paid to minorities		**(116 850)**	(241 151)
Net cash from financing activities		**(237 583)**	**(521 674)**
Total cash movement for the year		**(996 971)**	(1 008 707)
Cash at the beginning of the year		**2 343 879**	3 352 588
Effect of foreign exchange		**(271)**	–
Total cash at end of the year	18	**1 346 637**	**2 343 879**

ACCOUNTING POLICIES

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, 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.

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".

1. PRESENTATION OF CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

1.1 Consolidation (continued)

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.

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.

1. PRESENTATION OF CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

1.1 Consolidation (continued)

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:

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.

1. PRESENTATION OF CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

1.2 Significant judgements and sources of estimation uncertainty (continued)

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 1% to 5.5%.

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 11%.

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.

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 8%.

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.

1. PRESENTATION OF CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

1.2 Significant judgements and sources of estimation uncertainty (continued)

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.That predicted growth rates are not applied in the fair value estimation of abalone and that the exact quantification (in grams) multiplied by the average selling prices less the average costs to sell is the methodology applied. The market inputs used in deriving in our prices include weight of abalone, and the USD foreign currency spot rate. The value of abalone is calculated by considering the selling price of the abalone, less cost associated with the sale. The average selling price ranged between $28/kg–$29/kg for the 30–60 grams and $29.5/kg–$32/kg for the 70–150 grams.

Allowance for slow moving, damaged and obsolete inventory

Management assesses whether inventory is impaired by comparing its cost to its estimated net realisable value. Where an impairment is necessary, inventory items are written down to net realisable value. The write-down is included in cost of sales.

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.

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. Management has received all future budgets for all respective companies that consolidate into the Group and it was assessed that the Group would be profitable. Based on this assessment management is of the view that there will be taxable profits in the next financial year.

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.

1. PRESENTATION OF CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

1.2 Significant judgements and sources of estimation uncertainty (continued)

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 have 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.

The following assumptions were utilised:
Fishing and brands division
Pre-tax discount rates: 17.01%
Number of years: 5
Growth rate: 4.5%

Technology division
Pre-tax discount rates: 20.86%
Number years: 5.2
Growth rate: 4.5%

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

Health and beauty division
Pre-tax discount rates: 17.57%
Number years: 5
Growth rate: 4.5%

Biotechnology division
Pre-tax discount rates: 20%
Number of years: 22
Growth rate: 4.5%

1. PRESENTATION OF CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

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.

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.

1. PRESENTATION OF CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

1.4 Finance leases (continued)

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.

1.6 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. Fair value is determined based on the market prices of abalone of similar size. Point of sale costs includes all costs that would be incurred in order to get the abalone to the customer.

An entity shall recognise a biological asset or agricultural produce when, and only when:

- the entity controls the asset as a result of past events;
- it is probable that future economic benefits associated with the asset will flow to the entity; and
- the fair value or cost of the asset can be measured reliably.

Point-of-sale costs includes all costs that would be necessary to sell the assets, excluding costs necessary to get the assets to the market.

In order to measure and value biological assets, management uses a growth-formula and drip-and purge-loss factors to determine the weight of the animals at the reporting date, and a fair value less cost to sell per weight is determined and added together to get the total fair value less cost to sell of animals on the farm at the reporting date. The exchange rate and expected sales prices are significant factors in determining the fair value of biological assets.

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.

Refer to note 15 for the fair value of biological assets.

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.

1. PRESENTATION OF CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

1.8 Intangible assets (continued)

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

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

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

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

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

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

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

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

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

Item	Item Useful life
Biosimilar drug under development	Indefinite
Distribution rights	10 years
Fishing quotas and permits	3 – 5 years
Licences	20 years
Novel compounds	Indefinite
Patents and trademarks	10 years
Pharmaceutical dossiers	Indefinite
Software development	1 – 10 years
Customer contracts and lists	1 – 6 years
Brands	Indefinite
Trade names	10 years

1. PRESENTATION OF CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

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 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. PRESENTATION OF CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

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.

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.

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 or net realizable value. 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.

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)

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 and the reduction is disclosed as 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)

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.

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.

1. PRESENTATION OF CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

1.16 Revenue (continued)

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.

1.17 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. PRESENTATION OF CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

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.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in profit or loss in the period in which they arise.

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

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

1. PRESENTATION OF CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

1.24 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.

1.25 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

In the current year, the group has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 4

An insurer applying the temporary exemption from IFRS 9 shall apply the new requirements of IFRS 9 concerning situations where a change in the basis for determining the contractual cash flows of a financial asset or financial liability is required by interest rate benchmark reform.

The effective date of the group is for years beginning on or after 01 January 2021.

The group has adopted the amendment for the first time in the 2022 financial statements.

The impact of the amendment is not material.

Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 7

The amendment sets out additional disclosure requirements related to interest rate benchmark reform.

The effective date of the group is for years beginning on or after 01 January 2021.

The group has adopted the amendment for the first time in the 2022 financial statements.

The impact of the amendment is not material.

Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 9

When there is a change in the basis for determining the contractual cash flows of a financial asset or financial liability that is required by interest rate benchmark reform then the entity is required to apply paragraph B5.4.5 as a practical expedient. This expedient is only available for such changes in basis of determining contractual cash flows.

Additional temporary exemptions from applying specific hedge accounting requirements as well as additional rules for accounting for qualifying hedging relationships and the designation of risk components have been added to hedge relationships specifically impacted by interest rate benchmark reform.

The effective date of the group is for years beginning on or after 01 January 2021.

The group has adopted the amendment for the first time in the 2022 financial statements.

The impact of the amendment is not material.

Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 16

If there is a lease modification as a result of the interest rate benchmark reform, then as a practical expedient the lessee is required to apply paragraph 42 of IFRS 16 to account for the changes by remeasuring the lease liability to reflect the revised lease payment. The amendment only applies to modifications as a result of the interest rate benchmark reform.

The effective date of the group is for years beginning on or after 01 January 2021.

The group has adopted the amendment for the first time in the 2022 financial statements.

The impact of the amendment is not material.

Interest Rate Benchmark Reform - Phase 2: Amendments to IAS 39

Temporary exemptions from applying specific hedge accounting requirements as well as additional rules for accounting for qualifying hedging relationships and the designation of financial items as hedged items have been added to hedge relationships specifically impacted by interest rate benchmark reform.

The effective date of the group is for years beginning on or after 01 January 2021.

The group has adopted the amendment for the first time in the 2022 financial statements.

The impact of the amendment is not material.

2. **NEW STANDARDS AND INTERPRETATIONS** (continued)

COVID-19-Related Rent Concessions: Leases IFRS 16

Amendment providing lessees with an exemption from assessing whether a COVID-19-related rent concession (a rent concession that reduces lease payments due on or before 30 June 2022) is a lease modification.

The effective date of the group is for years beginning on or after 01 April 2021.

The group has adopted the amendment for the first time in the 2022 financial statements.

The impact of the amendment is not material

2.2 Standards and interpretations not yet effective

The group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the group's accounting periods beginning on or after 01 September 2022 or later periods:

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

If a parent loses control of a subsidiary which does not contain a business, as a result of a transaction with an associate or joint venture, then the gain or loss on the loss of control is recognised in the parents' profit or loss only to the extent of the unrelated investors' interest in the associate or joint venture. The remaining gain or loss is eliminated against the carrying amount of the investment in the associate or joint venture. The same treatment is followed for the measurement to fair value of any remaining investment which is itself an associate or joint venture. If the remaining investment is accounted for in terms of IFRS 9, then the measurement to fair value of that interest is recognised in full in the parents' profit or loss.

The effective date of the amendment is to be determined by the IASB.

The impact of this amendment is currently being assessed.

Deferred tax related to assets and liabilities arising from a single transaction - Amendments to IAS 12

The amendment adds an additional requirement for transactions which will not give rise to the recognition of a deferred tax asset or liability on initial recognition. Previously, deferred tax would not be recognised on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting profit or loss. The additional requirement provides that the transaction, at the time of the transaction must not give rise to equal taxable and deductible temporary differences.

The effective date of the amendment is for years beginning on or after 01 January 2023.

The impact of this amendment is currently being assessed.

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 effective date of the amendment is for years beginning on or after 01 January 2024.

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 effective date of the amendment is for years beginning on or after 01 January 2023.

The amendment clarifies that only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as current or non-current, with additional guidance to explain how an entity should disclose information in the notes to understand the risk that non-current liabilities with covenants could become repayable within twelve months. The effective date of the group is for years beginning on or after 01 January 2024.

The impact of this amendment is currently being assessed.

2. NEW STANDARDS AND INTERPRETATIONS (continued)

2.2 Standards and interpretations not yet effective (continued)

Disclosure of accounting policies: Amendments to IAS 1 and IFRS Practice Statement 2.

IAS 1 was amended to require that only material accounting policy information shall be disclosed in the annual financial statements. The amendment will not result in changes to measurement or recognition of financial statement items, but management will undergo a review of accounting policies to ensure that only material accounting policy information is disclosed.

The effective date of the amendment is for years beginning on or after 01 January 2023.

The impact of this amendment is currently being assessed.

Definition of accounting estimates: Amendments to IAS 8

The definition of accounting estimates was amended so that accounting estimates are now defined as "monetary amounts in annual financial statements that are subject to measurement uncertainty."

The effective date of the amendment is for years beginning on or after 01 January 2023.

The impact of this amendment is currently being assessed.

Classification of Liabilities as Current or Non-Current - Amendment to IAS 1

The amendment changes the requirements to classify a liability as current or non-current. If an entity has the right at the end of the reporting period, to defer settlement of a liability for at least twelve months after the reporting period, then the liability is classified as non-current.

If this right is subject to conditions imposed on the entity, then the right only exists, if, at the end of the reporting period, the entity has complied with those conditions.

In addition, the classification is not affected by the likelihood that the entity will exercise its right to defer settlement. Therefore, if the right exists, the liability is classified as non-current even if management intends or expects to settle the liability within twelve months of the reporting period. Additional disclosures would be required in such circumstances.

The effective date of the amendment is for years beginning on or after 01 January 2023.

The impact of this amendment is currently being assessed.

IFRS 17 Insurance Contracts

The IFRS establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts issued.

The effective date of the standard is for years beginning on or after 01 January 2023.

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

Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 1

Subsidiary as a first-time adopter; The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs.

The effective date of the group is for years beginning on or after 01 January 2022.

The impact of this amendment is currently being assessed.

Reference to the Conceptual Framework: Amendments to IFRS 3

The amendment makes reference to the Conceptual Framework for Financial Reporting issued in 2018 rather than to the IASC's Framework for the Preparation and Presentation of Financial Statements. The amendment specifically points to the treatment of liabilities and contingent liabilities acquired as part of a business

2. NEW STANDARDS AND INTERPRETATIONS (continued)

2.2 Standards and interpretations not yet effective (continued)

combination, and which are in the scope of IAS 37 Provisions, Continent Liabilities and Contingent Assets or IFRIC 21 Levies. It clarifies that the requirements of IAS 37 or IFRIC 21 should be applied to provisions, contingent liabilities or levies to determine if a present obligation exists at the Acquisition date. The amendment further clarifies that contingent assets of acquirees share not be recognised as part of the business combination.

The effective date of the group is for years beginning on or after 01 January 2022.

The impact of this amendment is currently being assessed.

Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 9

Fees in the '10 per cent' test for derecognition of liabilities; This amendment clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

The effective date of the group is for years beginning on or after 01 January 2022.

The impact of this amendment is currently being assessed.

Leases: Lease incentives: Amendments to IFRS 16

The amendment to Illustrative Example 13 accompanying IFRS removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resole any potential confusion regarding the treatment of the lease incentives that might arise because of how lease incentives are illustrated in that example.

The effective date of the group is for years beginning on or after 01 January 2022.

The impact of this amendment is currently being assessed.

Agriculture: Amendments to IAS 41

This amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring fair value of a biological asset using a present value technique. This will ensure consistency with requirements in IFRS 13 Fair Value Measurement.

The effective date of the group is for years beginning on or after 01 January 2022.

The impact of this amendment is currently being assessed.

Lease Liability in a Sale and Leaseback: Leases IFRS 16

The narrow scope amendment requires a seller-lessee in a sale and leaseback transaction to determine 'lease payments' or 'revised lease payments' in a way that the seller-lessee would not recognise any amount of a gain or loss relating to the right of use retained by the seller-lessee. The new requirement does not prevent the seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease.

The effective date of the group is for years beginning on or after 01 January 2024.

The impact of this amendment is currently being assessed.

Non-current liabilities with Covenants: IAS 1 presentation of financial statements

The amendment clarifies that only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as current or non-current, with additional guidance to explain how an entity should disclose information in the notes to understand the risk that non-current liabilities with covenants could become repayable within twelve months.

The effective date of the group is for years beginning on or after 01 January 2024.

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 group is for years beginning on or after 01 January 2022.

The impact of this amendment is currently being assessed.

IAS 16 Property, Plant and Equipment: Proceeds before Intended Use

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 effective date of the group is for years beginning on or after 01 January 2022.

The impact of this amendment is currently being assessed.

3. **PROPERTY, PLANT AND EQUIPMENT**

	2022			2021		
GROUP	Cost R'000	Accumulated depreciation and impairment R'000	Carrying value R'000	Cost R'000	Accumulated depreciation and impairment R'000	Carrying value R'000
Broadcast mast	-	-	-	5 392	(3 270)	2 122
Buildings	138 751	(9 068)	129 683	138 070	(6 275)	131 795
Computer equipment	92 991	(76 713)	16 278	85 432	(54 547)	30 885
Computer software	1 036	(945)	91	1 162	(957)	205
Furniture and fixtures	26 024	(17 654)	8 370	23 558	(15 611)	7 947
Laboratory equipment	5 171	(5 168)	3	5 171	(5 159)	12
Land**	4 932	(1 000)	3 932	4 373	-	4 373
Leasehold improvements	34 961	(22 439)	12 522	34 788	(21 271)	13 517
Motor vehicles	25 817	(15 469)	10 348	24 774	(14 019)	10 755
Office equipment	6 985	(5 474)	1 511	6 770	(4 681)	2 089
Plant and machinery*	239 885	(116 493)	123 392	238 479	(114 610)	123 869
Studio and electronic equipment	-	-	-	3 144	(3 140)	4
Vessels	363 553	(164 180)	199 373	367 939	(175 491)	192 448
Electronic equipment	4 864	(2 885)	1 979	-	-	-
Total	**944 970**	**(437 488)**	**507 482**	939 052	(419 031)	520 021

3. **PROPERTY, PLANT AND EQUIPMENT** (continued)

Reconciliation of property, plant and equipment – Group – 2022

	Opening balance R'000	Additions R'000	Reallocations R'000	Disposals R'000	Deemed disposal of subsidiary R'000	Transfers R'000	Depreciation R'000	Impairment loss R'000	Total R'000
Broadcast mast	2 122	–	–	–	(1 629)	–	(493)	–	–
Buildings	140 971	–	(9 176)	–		–	(2 553)	–	129 242
Computer equipment	30 884	7 559	–	(2 173)	(54)	(228)	(13 713)	(5 997)	16 278
Computer software	205	175	–	–	(68)	–	(221)	–	91
Furniture and fixtures	7 947	2 466	–	(322)	(4)	–	(1 717)	–	8 370
Laboratory equipment	12	–	–	–	–	(9)	–	–	3
Land	4 373	–	–	–	–	–	–	–	4 373
Leasehold improvements	13 518	173	–	–	–	–	(1 169)	–	12 522
Motor vehicles	10 755	1 949	–	(344)	–	–	(2 012)	–	10 348
Office equipment	2 089	215	–	(2)	–	(14)	(777)	–	1 511
Plant and machinery*	114 693	3 530	9 176	(96)	–	192	(4 103)	–	123 392
Studio and equipment	4	–	–	–	–	–	(4)	–	–
Vessels	192 448	27 765	–	(35)	–	–	(20 805)	–	199 373
Electronic equipment	–	2 905	–	–	–	–	(926)	–	1 979
	520 021	46 737	–	(2 972)	(1 755)	(59)	(48 493)	(5 997)	507 482

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	(1 178)	–	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**

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

** *A revaluation impairment recognised in prior years of R1 million is applicable to land.*

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.

There was no change in the estimates of the useful lives in 2022.

Impairment of property plant and equipment

Impairment indicators were identified relating to computer equipment held by the Group for use in servicing its customers in the managed services division. Difficult market conditions and the expiry of certain maintenance contracts resulted in an impairment charge being recognised for computer equipment which could no longer be used. An impairment charge of R5.997 million (2021: R26.257 million) was recognised in profit or loss for the year.

The recoverable amount is nil, which represents fair value less cost to sale. The equipment was for a specific contract which came to an end therefore there is no value in use. The equipment is old and there is no active market for it, the division could not sell it hence a value of nil.

3. PROPERTY, PLANT AND EQUIPMENT (continued)

Net carrying amounts of leased assets

	2022 R'000	2021 R'000
Motor vehicles	–	405
Plant and machinery	–	818
Leased inventory	–	92
Leasehold improvements	–	78
IT equipment	–	267
Electronic equipment	2 405	–
	2 405	**1 660**

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.

Premier Fishing SA Proprietary Limited has land located in the Overstrand Municipality on Erf 1727 measuring 3.7 hectares and Erf 3819 measuring 6 hectares. The land is registered under Title Deeds T45052/2002 and T160/1938.

A register containing details of the company's assets are available for inspection at the registered office of the company.

Additions to Property, plant and equipment

Furthermore to future commitment on expansion projects, the group has current work in progress pertaining to improvements that have been on Leasehold properties at one of the operational sites. All current spending on the projects has been disclosed as Assets under construction (which has been included in plant and equipment), an amount of R15,5 million of the budgeted expenditure on improvements will be incurred in future in order to complete all improvements currently under construction. Refer to note 46 Commitments.

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 – 2022

	Plant and equipment R'000	Buildings R'000	Motor vehicles R'000	Total R'000
Opening balance	–	146 645	5 315	151 960
Effect of modification of lease term	–	(1 524)	–	(1 524)
Additions – new leases entered into	–	34 806	4 326	39 132
Disposals	–	(9 018)	(208)	(9 226)
Depreciation	–	(30 159)	(624)	(30 783)
Balance at 31 August 2022	–	140 750	8 809	149 559

4. **LEASES (GROUP AS LESSEE)** (continued)

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
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**

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.

	2022 R'000	2021 R'000
Lease liabilities		
The maturity analysis of lease liabilities is as follows:		
Within one year	**58 961**	37 295
Two to five years	**117 049**	121 298
More than 5 years	**55 572**	28 695
Less: Future finance charges	**(44 954)**	(18 410)
	186 628	**168 878**
Non-current liabilities	**136 850**	131 583
Current liabilities	**49 778**	37 295
	186 628	**168 878**
Other amounts recognised in profit and loss		
Expenses relating to short term leases	**289**	823
Interest expense on lease liabilities	**13 631**	13 644

The average lease term was 2 to 10 years and the average incremental borrowing rate was 7.25% to 9% (2021: 8.5%).

All leases have fixed repayments and no arrangements have been entered into for contingent rent.

Lease payments not recognised as liability

The Group has elected not to recognise a lease liability for short-term leases and for leases with low value assets

Payments for those leases are expensed on a straight-line basis in statement of profit or loss.

The lease liability increased in the current financial year due to new leases entered into and an addition from the business combination.

Exposure to liquidity risk

The Group does not face significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the group's finance function.

5. GOODWILL

GROUP	2022 Cost R'000	2022 Accumulated impairment R'000	2022 Carrying value R'000	2021 Cost R'000	2021 Accumulated impairment R'000	2021 Carrying value R'000
Goodwill	**239 438**	**(119 512)**	**119 926**	239 438	(49 000)	190 438

Reconciliation of goodwill – Group – 2022

	Opening balance R'000	Impairment loss R'000	Disposals through business combinations R'000	Reclass to non-current asset held for sale R'000	Total R'000
Goodwill	**190 438**	**(69 135)**	**(1 377)**	**–**	**119 926**

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

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

	2022 R'000	2021 R'000
CGU per division		
Events and tourism	**–**	1 376
Fishing and brands	**70 129**	70 129
Technology	**49 797**	118 932
	119 926	190 438

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.

Goodwill relating to Zaloserve of R69 million was impaired in the current financial year as it was evaluated that the recoverable amount was less than the carrying amount.

5. **GOODWILL** (continued)

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.

Impairment testing

The Group performs an annual impairment test on goodwill based on CGUs. The recoverable amount of 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 covering a five-year budget. Key assumptions applied to determine the recoverable amount of the CGUs, using the value-in-use calculation relating to sales growth rates, working capital requirements and capital expenditure. The cash flow projections for the fishing division and the abalone division was over a five-year forecast period.The forecast period for the abalone division was revised from 10 years to 5 years as cashflow projections approved by the board of directors cover a period of five years. Cash flow projections are based on the assumption of the same expected gross margin and price inflation over the forecast period.

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: 19%

Number of years: 22

Growth rate: 4.5%

Technology	Pre-tax discount rate %	Number of forecasted years	Growth rate
Health Systems Technologies (Pty) Ltd	22.49	5	4.5
Kalula Communications (Pty) Ltd	21.09	5	4.5
Zaloserve (Pty) Ltd	20.62	6	4.5
Mainstreet 1653 (Pty) Ltd	21.22	5	4.5
Software Tech Holdings and subsidiaries	20.35	5	4.5
Kathea Communication (Pty) Ltd	19.37	5	4.5

Fishing and brands division	Pre-tax discount rate %	Number of forecasted years	Growth rate
Abalone division	17.00	5	4.5
Fishing division	17.02	5	4.5

6. INTANGIBLE ASSETS

GROUP	2022 Cost R'000	2022 Accumulated amortisation and impairment R'000	2022 Carrying value R'000	2021 Cost R'000	2021 Accumulated amortisation and impairment R'000	2021 Carrying value R'000
Biosimilar drug under development	153 320	(152 735)	585	153 320	(152 735)	585
Customer contracts and lists	87 062	(5 895)	81 167	87 062	(5 009)	82 053
Distribution rights	103 021	(15 687)	87 334	106 096	(7 484)	98 612
Fishing quotas	–	–	–	33 668	(33 668)	–
Licences and technologies	26 698	(15 959)	10 739	61 664	(29 612)	32 052
Novel Compound	135 107	–	135 107	135 107	–	135 107
Brands	51 380	(3 524)	47 856	48 305	(3 524)	44 781
Patents and trademarks	15 198	(6 630)	8 568	14 711	(5 890)	8 821
Pharmaceutical dossiers	200	–	200	30 741	(30 541)	200
Radio licence	–	–	–	8 824	(29)	8 795
Software development	31 792	(18 879)	12 913	35 750	(18 125)	17 625
Total	603 778	(219 309)	384 469	715 248	(286 617)	428 631

6. INTANGIBLE ASSETS (continued)

Reconciliation of intangible assets – Group – 2022

	Opening balance R'000	Additions R'000	Disposals through business combinations R'000	Disposals R'000	Loss of control in subsidiary 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	82 054	–	–	–	–	–	–	(887)	–	81 167
Distribution rights	98 612	–	–	–	–	1 829	(3 075)	(10 032)	–	87 334
Licences and technologies	32 044	478	–	(16 179)	(462)	–	–	(5 142)	–	10 739
Novel compound	135 107	–	–	–	–	–	–	–	–	135 107
Brands	44 781	–	–	–	–	–	3 075	–	–	47 856
Patents and trademarks	8 796	487	–	–		(56)	–	(659)	–	8 568
Pharmaceutical dossiers	200	–	–	–	–	–	–	–	–	200
Radio licence	8 809	–	(8 807)	–	(2)	–	–	–	–	–
Software development	17 643	1 464	–	(4 848)	–	–	–	(1 346)	–	12 913
	428 631	2 429	(8 807)	(21 027)	(464)	1 773	–	(18 066)	–	384 469

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)

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 contracts and Lists

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

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.

During the year, distribution rights for executive agreements with international cosmetic and beauty products were principally awared to Orleans Cosmetics Proprietary Limited.

The effective date of the valuations of distribution rights held by Orleans Cosmetics Proprietary Limited was 31 August 2022. Valuations were performed by an independent valuator and reviewed by the Corporate Finance team of African Equity Empowerment Investments Limited.

The following significant assumptions were used when calculating the recoverable amount:

Health and beauty

- Pre-tax discount rates: 23.81% – 27.56%
- Growth rate: 4.5%

Technology

- Pre-tax discount rates:19.37% - 21.09%
- Number of years:5
- Growth rate: 4.5%

These assumptions are based on current market conditions.

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.

6. **INTANGIBLE ASSETS** (continued)

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, patents and trademarks

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.

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.

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.

Pharmaceutical dossiers

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

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 R45 167 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.

6. INTANGIBLE ASSETS (continued)

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 is currently being done on EMCI for the Western Cape Government.

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 2 years.

Intangible assets with indefinite useful lives or not yet in use

The brands and distribution rights were fairly valued at the date of acquisition of Talhado Fishing (Pty) Ltd, Orleans Cosmetics (Pty) Ltd, and Kalula Communications (Pty) Ltd resulting in the recognition of the intangible asset mentioned above.

Refer to note 31 for details on impairment tests and note 48 in relation to the fair value information.

IMPAIRMENT ASSESSMENT OF INTANGIBLES

The amortisation method, useful lives and residual values are reviewed by management at each reporting date and adjusted if appropriate.

The useful life of the software systems was assessed by management at the reporting date. Based on a certain contract the terms of the service contract to which the intangible asset relates, a notice period of one year is required to terminate the contract. As the contract has not been terminated, the intangible asset is assumed to have an additional year of use.

The assessment of brands and distributions rights indefinite useful lives involves historical experience, marketing considerations and the nature of the industry the companies operate in.

Management have concluded that brands and distribution rights have indefinite useful lives as there is no foreseeable limit to the period over which the mentioned assets is expected to generate cash inflows for the Group.

The brands and distribution rights continue to generate economic benefit for the Group.

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	2022	2021
	Minority interest holding	
African Biotechnological and Medical Innovation Investments (Pty) Ltd	**26%**	26%
AYO Technology Solutions Ltd*	**51%**	51%
Magic 828 (Pty) Ltd**	**0%**	35%
Global Command and Control Technologies (Pty) Ltd	**12%**	12%
Premier Fishing and Brands Ltd	**44%**	44%

The country of incorporation and the principal place of business is South Africa.

* *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*

** *The investment in Magic 828 (Pty) Ltd was disposed of during the year under review.*

2022

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	138 689	215	138 904	145 614	1 022	146 636	18 749
AYO Technology Solutions Ltd	1 196 036	2 615 099	3 811 135	120 627	583 106	703 733	150 561
Premier Fishing and Brands Ltd	644 298	363 846	1 008 144	179 808	68 987	248 795	40 896
Global Command and Control Technologies (Pty) Ltd	20 590	61 344	81 934	64 006	57 562	121 568	(17 302)
Total	1 999 613	3 040 504	5 040 117	510 055	710 677	1 220 732	192 904
Profit or loss attributable to non-controlling interest of other subsidiaries	-	-	-	-	-	-	2 307 902

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

7. INVESTMENTS IN SUBSIDIARIES (continued)

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
Profit or loss attributable to non-controlling interest of other subsidiaries	–	–	–	–	–	–	2 582 706

2022

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	–	(1 725)	1 367	(358)	(358)	(492)
AYO Technology Solutions Ltd	1 755 179	(233 160)	(32 904)	(266 064)	(266 542)	4 239
Premier Fishing and Brands Ltd	475 086	18 567	(6 841)	11 726	11 726	(2 873)
Global Command and Control Technologies (Pty) Ltd	44 583	(21 832)	5 664	(16 168)	(16 168)	(1 940)
Magic 828 (Pty) Ltd	2 094	(4 549)	–	(4 549)	(4 549)	(1 592)
Total	**2 276 942**	**(242 699)**	**(32 714)**	**(270 864)**	**(275 891)**	**(2 658)**
Profit or loss attributable to non-controlling interest of other subsidiaries						**(138 019)**

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 comprehensive 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)
Total profit allocated to non-controlling interest						–

2022

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	–	–	–	–	–
AYO Technology Solutions Ltd	(177 910)	(563 154)	(310 544)	(1 051 068)	–
Premier Fishing and Brands Ltd	10 865	37 348	9 368	57 581	(12 952)
Global Command and Control Technologies (Pty) Ltd	(17 269)	(5 284)	(3 360)	(25 912)	–
	(184 314)	(531 090)	(304 536)	(1019 399)	(12 952)

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)

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

8. INVESTMENT IN ASSOCIATE

	% ownership interest 2022	Carrying amount 2022	% ownership interest 2021	Carrying amount 2021
BT Communication Services South Africa (Pty) Ltd	**30%**	**935 601**	30%	896 566

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

2022

	Country of incorporation	Method	% Ownership interest 2022
BT Communication Services South Africa (Pty) Ltd	RSA	Equity	30

2021

	Country of incorporation	Method	% Ownership interest 2021
BT Communication Services South Africa (Pty) Ltd	RSA	Equity	30

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

8. INVESTMENTS IN ASSOCIATE (continued)

Summarised financial information of associates

Summarised Statement of Profit or Loss and Other Comprehensive Income	BT Communication Services South Africa (Pty) Ltd R'000	
	2022	2021
Revenue	**847 232**	968 070
Other income and expenses	**(648 418)**	(827 442)
Profit before tax	**198 814**	140 628
Tax expense	**(55 668)**	(44 769)
Profit from continuing operations	**143 146**	95 859
Total comprehensive income	**143 146**	103 659
Dividends received from associate	**–**	7 800

Summarised Statement of Financial Position	BT Communication Services South Africa (Pty) Ltd R'000	
Assets	**2022**	2021
Non-current	**544 357**	439 267
Current	**1 096 147**	967 083
Total assets	**1 640 504**	1 406 350
Liabilities		
Non-current	**193 463**	232 916
Current	**244 095**	113 714
Total liabilities	**437 558**	346 630
Total net assets	**1 202 946**	1 059 720

Reconciliation of net assets to equity accounted investments in associates	BT Communication Services South Africa (Pty) Ltd R'000	
	2022	2021
Profit for the year	**42 944**	28 758
Portion of net assets	**892 657**	867 808
Carrying value of investment in associate	**935 601**	896 566
Deemed cost upon change in ownership	**892 657**	875 608
Share of profit	**42 944**	28 758
Dividends received from associate	**–**	(7 800)
Investment at end of period	**935 601**	896 566

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	% Ownership interest 2022	% Ownership interest 2021
Premier – BCP Hake	**48**	48
Premier – Seacat	**50**	50

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.

Both joint arrangements were incorporated and operate in South Africa.

	2022 R'000	2021 R'000
Summary of Group's interest in joint operations		
Premier – BCP Hake Joint Venture		
Revenue	**64 393**	68 853
Cost of sales	**(46 875)**	(38 107)
Other operating income	**158**	378
Operating expenses	**(7 716)**	(15 344)
Interest Income	**906**	460
Total Comprehensive Income	**10 866**	16 240
Share of total comprehensive income	**5 216**	7 795
Current Assets		
Inventories	**944**	1 060
Trade and other receivables	**26 285**	9 420
Cash and cash equivalents	**2 089**	14 750
Total current assets	**29 318**	25 230
Current liabilities		
Trade and other payables	**(11 401)**	(10 914)
Total current liabilities	**(11 401)**	(10 914)
Net assets	**17 917**	14 316
Share of net assets	**8 600**	6 872

9. JOINT ARRANGEMENTS (continued)

Joint operations (continued)

	2022 R'000	2021 R'000
Premier – Seacat Joint Venture Operation		
Revenue	**3 567**	6 971
Cost of sales	**(174)**	(2 927)
Other operating income	**211**	242
Operating expenses	**(3 405)**	(1 266)
Interest income	**39**	14
Total comprehensive income	**238**	3 034
Share of total comprehensive income	**119**	1 517
Current assets		
Inventories	**494**	255
Trade and other receivables	**79**	2 672
Cash and cash equivalents	**3 778**	1 335
Total current assets	**4 351**	4 262
Current liabilities		
Trade and other payables	**(618)**	(701)
Loans payable	**–**	(527)
Total current liabilities	**(618)**	(1 228)
Net assets	**3 733**	3 034
Share of net assets	**1 867**	1 517

Joint ventures

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

Group

Name of company	Held by	% ownership interest 2022	% ownership interest 2021	Carrying amount 2022 R'000	Carrying amount 2021 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	**73 903**	43 502

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.

9. JOINT ARRANGEMENTS (continued)

Joint operations (continued)

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.

Exaro HST Limited is jointly-controlled entity based 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 to nil in the 2020 financial year.

Digital Health Africa is a jointly controlled entity based in South Africa and is not operational. The investment was impaired to nil in the 2020 financial year.

Restrictions relating to joint ventures

There are currently no restrictions relating to the joint ventures.

Profit from equity accounted investments

R29.01 million (2021: profit of R24.5 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

2022

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	–	–	–	–	–	–	–	–
Exaro HST Limited	–	–	–	–	–	–	–	–
Digital Health Africa Proprietary Limited	–	–	–	–	–	–	–	–
Vunani Fintech Fund (Pty) Ltd	101 900	–	800	(19 695)	(22 011)	58 023	58 023	29 011

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	–	–	–	–	–
Exaro HST Limited	–	–	–	–	–
Digital Health Africa Proprietary Limited	–	–	–	–	–
Vunani Fintech Fund (Pty) Ltd	435 888	510	–	510	436 398

9. JOINT ARRANGEMENTS (continued)

Joint operations (continued)

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	–	–	–	–	–	–
Exaro HST Limited	–	–	–	–	–	–
Digital Health Africa Proprietary Limited	–	–	–	–	–	–
Vunani Fintech Fund (Pty) Ltd	246 510	52 011	298 521	364	364	298 885

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)	–
Exaro HST Limited	–	–	–	–
Digital Health Africa Proprietary Limited	–	–	–	–
Vunani Fintech Fund (Pty) Ltd	137 513	68 757	–	68 757
	136 855	68 428	(329)	68 757

Summarised financial information of joint ventures

2021

Summarised statement of comprehensive income	**Revenue R'000**	**Depreci-ation and amorti-sation R'000**	**Interest income R'000**	**Interest expense R'000**	**Tax expense R'000**	**Profit/(loss) from con-tinuing opera-tions R'000**	**Total compre-hensive income R'000**	**Share of total compre-hensive income R'000**
Premier Select (Pty) Ltd	–	–	–	(1)	–	(1)	(1)	–
Exaro HST Limited	–	–	–	–	–	–	–	–
Digital Health Africa Proprietary Limited	–	–	–	–	–	–	–	–
Vunani Fintech Fund (Pty) Ltd	80 600	(3 285)	267	(12 522)	(15 981)	49 079	49 079	24 540

9. JOINT ARRANGEMENTS (continued)

Joint operations (continued)

Summarised statement of financial position

Assets	Non-current assets R'000	Cash and cash equivalents R'000	Other current assets R'000	Total current assets R'000	Total assets R'000
Premier Select (Pty) Ltd	–	1	107	108	108
Exaro HST Limited	–	–	–	–	–
Digital Health Africa Proprietary Limited	–	–	–	–	–
Vunani Fintech Fund (Pty) Ltd	329 747	462	–	462	330 209

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
Exaro HST Limited	–	–	–	–	–	–
Digital Health Africa Proprietary Limited	–	–	–	–	–	–
Vunani Fintech Fund (Pty) Ltd	215 965	30 000	245 965	456	456	246 421

* *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
Premier Select (Pty) Ltd	(658)	(329)	(329)	–
Exaro HST Limited	–	–	–	–
Digital Health Africa Proprietary Limited	–	–	–	–
Vunani Fintech Fund (Pty) Ltd	83 788	41 894	–	41 894
	83 130	41 565	(329)	41 894

The Group has not recognised its share of losses of Premier Select (Pty) Ltd as it does not have any obligation for any losses of the joint venture nor does the Group fund nor have any funding commitments for the joint venture.

10. OTHER FINANCIAL ASSETS

	2022 R'000	2021 R'000
At fair value through profit or loss – designated		
Investments in unlisted public entity		
African Legend Investments (Pty) Ltd.	**15 198**	12 325
A fair value gain of R2.8m(2021: R2.5m) was recognised in the current year.		
Total investments in unlisted entity	**15 198**	**12 325**
Investments in unlisted private companies		
Funds invested in unit trusts	**12 252**	–
Cadiz life Investment Enterprise Development Fund	**1 001**	1 005
The fund is an innovative investment whereby corporate clients can earn the required Enterprise development points in terms of the DTI scorecard for B-BBEE compliance and at the same time earn real returns from the once-off investment.		
Vunani Securities Proprietary Limited ("Vunani Securities")	**200 357**	116 983
AYO invested funds of R183.3 million (2021: R113.7 million) in the stock market through Vunani Securities. Fair value gains of R20 million (2021: R3.2 million) were recognised on the portfolio for the year ended 31 August 2022.		
Foreign exchange contracts	**1 772**	802
Investment in Bambelela (Pty) Ltd	**114 627**	91 408
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	**716**	682
The amount relates to a minor investment in the Events division. The Group holds 22,675 out of a total of 511,280 shares in Sure Holdings resulting in an investment holding of 4.43%. The fair value per share as at 31 August 2022 amounts to R 31.59 (2021: R 30.09). The directors review the fair value of the investment annually. The directors have no intention to sell the shares within the next 12 months.		
Numus Capital (Pty) Ltd	**-**	17 411
Numus is a boutique asset management company. AYO invested funds of R18 million in the stock market through Numus in the prior year. This investment was transferred to Vunani Securities in the current year.		
Louisyahna Creations Proprietary Limited ("Louisyahna")	**-**	2 000
On 4 July 2021, AYO subscribed for 20% of the issued share capital in Louisyahna. Louisyahna is a company which operates in property technology. This investment was fair valued to nil in the current financial year.		

10. OTHER FINANCIAL ASSETS (continued)

	2022 R'000	2021 R'000
Investment in 4 Plus (Pty) Ltd	1 432	19 818
On 2 April 2019, AYO subscribed for 9% 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 4% of the issued share capital in 4Plus and on 16 December 2019 for a further 7% 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. On 20 September 2021, AYO subscribed for a further 3% of the issued share capital in 4Plus. As at 31 August 2022, AYO has a total shareholding of 25% in 4Plus. The Group invested a further R24 million in the investment in the current year, however, a fair value loss of R31 million was recognised in the current year because of the impact of Covid-19 on the cash flow forecast of the underlying businesses in 4Plus. 4Plus' major investment (Volt) is also a start-up business which is still in its early stage of development whereby it requires working capital investment, but the capital growth is only achievable in the long term.		
Last Mile Logistics Africa Proprietary Limited (LMLA)	–	11 915
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. LMLA was disposed of in the current financial year.		
Total investments in unlisted private entities	**332 157**	**262 024**
Investments in listed shares		
Investments in Sygnia	46 204	48 650
A fair value loss of R2.4m (2021: R9.6m) relating to the investment in Sygnia was recognised in the current year.		
Total investmnts in listed shares	**46 204**	**48 650**
Total financial assets	**393 559**	**322 999**

10. OTHER FINANCIAL ASSETS (continued)

	2022 R'000	2021 R'000
Loans and receivables		
Premier Seacat Joint Venture	**3 012**	2 864
The loan is unsecured, bears no interest and has no fixed terms of repayment.		
Supplier Development Loans	**3 517**	3 098
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 2023 Repayment terms on the outstanding balance has been extended to no later than 31 August 2024		
Volt Africa Proprietary Limited	**7 250**	7 314
The loan is unsecured and bears interest at a rate of prime plus 2%. The loan is repayable on 31 August 2023.		
Cumulative preference shares – 4Plus Technology Venture Fund Africa Proprietary Limited ("4Plus")	**77 380**	37 399
On 9 April 2020, AYO subscribed for 1 500 cumulative, redeemable, non-participating convertible preference shares of no par value ("preference shares") in 4Plus for a consideration of R15 million and on 4 May 2020, AYO subscribed for a further 1 500 preference shares in 4Plus for a consideration of R15 million. On 21 December 2021 and 2 February 2022, AYO subscribed for 500 preference shares in 4Plus for a consideration of R5 million each. On 6 April 2022, AYO subscribed for 2 000 preference shares for a consideration of R20 million. At 31 August, AYO holds 6 000 preference shares in 4Plus. The preference shares are redeemable on 9 April 2027, 4 May 2027, 21 December 2028, 2 February 2029 and 6 April 2029 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	**–**	4 021
The loan is unsecured, interest free and has no fixed repayment dates. Mantella Trading 634 (Pty) Ltd was disposed of in the current financial year.		
Breakage fee receivable	**–**	250

10. OTHER FINANCIAL ASSETS (continued)

	2022 R'000	2021 R'000
AYO paid a breakage fee of R250 000, in terms of the offer to purchase agreement with the shareholders of Kathea Energy. The breakage fee together with any interest accrued was to 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 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 was repayable to AYO. The definitive sale of share agreement for Kathea Energy was not concluded and the breakage fee was repaid to AYO in the current financial year.		
Uhula ICT (Pty) Ltd	**1 700**	1 700
The loan balance is unsecured, bears no interest and is repayable within the next 12 months		
Other loans receivable	**9 687**	38 986
	102 546	95 632
Total other financial assets	**496 105**	418 631
Non-current assets		
Fair value through profit and loss designated	**179 180**	188 902
Loans and receivables	**81 816**	40 677
	260 996	229 579
Current assets		
Fair value through profit and loss designated	**214 381**	134 097
Loans and receivables	**20 728**	54 955
	235 109	189 052

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.

10. OTHER FINANCIAL ASSETS (continued)

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 which are secured by trade debtors, bank accounts and motor vehicles. 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 4.5% and 5.5% were used in the sensitivity analysis.

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

LML Shared Solutions Proprietary Limited

There is an impairment of R69 million against various outstanding loans due to doubt of the recoverability of the loans.

Dinaledi Proprietary Limited

An impairment of R5.4 million was raised against the preference shares in the current year.

Volt Business Solutions Proprietary Limited

An impairment of R0.8 million was raised against the loan in the current year.

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.

10. OTHER FINANCIAL ASSETS (continued)

The loss allowance as at 31 August 2022 and 31 August 2021 was determined as follows:

	Stage 1 Performing		Stage 2 Under-performing		Stage 3 Non-performing		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Gross amount	**585 603**	489 334	**262 670**	158 160	**125 667**	16 960	**973 941**	664 454
Other loans receivable	**313 805**	217 296	**138 638**	129 898	**125 667**	16 960	**578 111**	364 154
Loans to related party companies	**263 945**	260 794	**124 032**	28 262	**–**	–	**387 978**	289 056
Other financial assets	**7 852**	11 244	**–**	–	**–**	–	**7 852**	11 244
Expected credit loss rate	**0%**	0%	**14%**	61%	**94%**	100%		
Lifetime expected credit loss	**–**	–	**(38 015)**	(122 439)	**(117 531)**	(16 960)	**(155 546)**	(139 399)
Carrying value of loans with expected credit losses	**585 603**	489 334	**224 656**	35 721	**8 136**	–	**818 395**	525 055

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.

In the current year the loss rates for non-performing loans was considered to be 94% as economic indicators point to depressed future economic growth which is expected to negatively affect the trading performance and cashflows of the debtors.

11. FINANCE LEASE RECEIVABLES

	2022 R'000	2021 R'000
Gross investments in lease due	**17 868**	40 374
– within one year	**14 638**	22 786
– in second to fifth year inclusive	**3 230**	17 588
Less: Unearned finance income	**(1 588)**	(4 045)
	16 280	36 329
Present value of minimum lease payments due		
– within one year	**13 149**	13 475
– in second to fifth year inclusive	**3 131**	22 854
	16 280	36 329
Non-current assets	**3 131**	22 854
Current assets	**13 149**	13 475
	16 280	36 329

The average lease terms are three to five years and the average effective lending rate was 22% (2021: 22%).
The finance lease arrangements relate to the Group's managed services segment. The finance lease arrangements are for equipment, which includes laptops, printers, tablets and CCTV equipment.

The average lease terms are 3 to 5 years.

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

	2022 R'000	2021 R'000
Deferred tax liability		
Accelerated capital allowances on property, plant and equipment	**(73 516)**	(72 691)
Shipping allowance	**(65 393)**	(62 792)
Biological assets	**(22 430)**	–
Prepaid expenses	**(3 888)**	(1 050)
Fair value adjustments on other financial assets	**(2 693)**	(51 112)
Fair value adjustments on investments	**(7 585)**	–
Other deferred tax liabilities	**(10 492)**	–
Intangible assets	**(87 028)**	(33 307)
Right-of-use asset	**(28 183)**	(55 192)
Deferred tax assets to be set off against deferred tax liability	**–**	26 353
Total deferred tax liability	**(301 208)**	(249 791)

Deferred tax asset

	2022 R'000	2021 R'000
Provisions	**29 680**	26 213
Fair value adjustment on investments	**26 251**	18 807
Income received in advance	**2 116**	3 289
Allowance for credit losses	**865**	3 919
Prepaid expense	**–**	76
Lease liabilities	**34 641**	57 603
Property, plant and equipment	**39**	–
Deferred tax assets not recognised	**(53 380)**	(26 353)
Deferred tax balance from temporary differences other than unused tax losses	**–**	543
Farming expenses carried forward	**2 661**	–
Tax losses available for set off against future taxable income	**118 292**	10 945
Total deferred tax asset	**161 165**	95 042

12. **DEFERRED TAX** (continued)

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:

Deferred tax liability	**(301 208)**	(249 791)
Deferred tax asset	**161 165**	95 042
Total net deferred tax liability	**(140 043)**	(154 749)

Reconciliation of deferred tax asset/(liability)

At beginning of year	**(154 749)**	(82 027)
Change in tax rate	**(1 638)**	–
Accelerated capital allowances on property, plant and equipment	**(1 692)**	10 717
Business combinations	**1 372**	–
Fair value adjustments on other financial assets	**–**	(65 666)
Fair value adjustments on investments	**10 954**	18 807
Valuation allowance of deferred tax asset	**(54 867)**	–
Right-of-use asset	**23 245**	(35 220)
Allowance for credit loss	**(2 817)**	17 822
Farming expenses carried forward	**(98)**	–
Lease liabilities	**(21 435)**	50 557
Other	**(537)**	–
Prepaid expenses	**(2 880)**	1 997
Provisions	**3 162**	1 782
Shipping allowance	**(2 601)**	(4 651)
Fair value adjustments on biological assets	**4 425**	–
Prior period deferred tax adjustment	**1 264**	–
Disposal of subsidiaries	**1 227**	–
Income received in advance	**(2 854)**	(2 485)
Intangible asset	**(8 565)**	(16 818)
Tax losses available for set off against future taxable income	**69 041**	(49 564)
	(140 043)	(154 749)

On 23 February 2022, the Minister of Finance announced a reduced corporate tax rate from 28% to 27% for all reporting periods ending 31 March 2023. The new tax rate is considered substantively enacted, therefore 27% was used to calculate the deferred tax balance for current year. The value of assessed loss with no expiry or limitation is R197 704 000.

13. LOANS RECEIVABLE

	2022 R'000	2021 R'000
Last Mile Logistics Africa Proprietary Limited ("LMLA") The loan was secured by trade debtors, bank accounts and loans receivable of Last Mile. Interest was charged at the prime rate. The loan was disposed of in the current year to Nevzotron.	**–**	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.	**19 468**	17 996
LMLS – Loan 2 Interest is charged at the prime rate. The loan is repayable on 28 February 2024. The loan is secured by all bank accounts, trade debtors and loan receivables of LMLS.	**17 731**	–
LMLS – Loan 3 Interest is charged at the prime rate. The loans are repayable as follows: – R16 million on 18 October 2025 – R31 million within 36 months from 31 August 2022 The loan is secured by a cession of bank accounts, trade receivables, shares, investments and intellectual property rights of LMLS. R25.5 million has been impaired in the current year.	**6 911**	–
LMLS – Loan 4 The loan is secured by trade debtors, bank accounts and loans receivable of LMLS. Interest is charged at the prime rate. The loan is repayable on 31 October 2024.	**7 190**	–
LMLS – Loan 5 The loan is secured by trade debtors, bank accounts and loans receivable of LMLS. Interest is charged at the prime rate. The loan is repayable on 30 September 2024.	**16 856**	–
Nevzotron Proprietary Limited ("Nevzotron") The loan bears interest at the prime rate. The loan is secured by a pledge and cession of LMLA shares. The loan is repayable on 10 May 2027.	**73 913**	–
Fueltech Solutions Proprietary Limited ("Fueltech") On 28 July 2022, AYO subscribed for 10% of ordinary shares in Fueltech for a subscription price of R10 million. Fueltech is a company with interests in the property sector. The loan is unsecured. The loan is interest-free for the first two years, thereafter interest is charged at the prime rate. The fair value of R17 million does not equal the carrying amount had it been carried at amortised cost R20 million. The loan is repayable on 27 May 2032.	**16 942**	–

13. LOANS RECEIVABLE (continued)

	2022 R'000	2021 R'000
Preference shares – Dinaledi Technologies Proprietary Limited ("Dinaledi")	15 162	–
On 1 November 2021, AYO subscribed for 50 cumulative and redeemable preference shares of no par value in Dinaledi for R20 million. The preference shares are redeemable on the 10th anniversary from subscription date. Interest is accrued at the designated coupon rate.		
Dinaledi Technologies investment in human and technological capital in Africa in a range of industries, including logistics, cybersecurity, telecommunications, radar systems, e-commerce and e-learning.		
4Plus Technology Venture Fund Africa Proprietary Limited ("4Plus")	2 086	–
The loan is secured by the bank accounts, trade debtors and all loan receivables of 4 Plus. Interest is charged at the prime rate. The loan is repayable on 28 February 2024.		
Louisyahna Creations Proprietary Limited ("Louisyahna")	–	740
The loan was unsecured and bore no interest. It was repayable over 48 monthly payments of R15 420, which were to end on 1 August 2025. The loan was repaid in full in the current year.		
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 2023. 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%.	143 485	161 162
Other	1 864	5
	321 608	208 309
Split between non-current and current portions:		
Non-current assets	176 259	47 142
Current assets	145 349	161 167
Total	321 608	208 309

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

14. LOANS TO RELATED PARTIES

	2022 R'000	2021 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.	**16 825**	15 584
Vunani Fintech Fund (Pty) Ltd (formerly Tamlalor (Pty) Ltd). Loan 1 The loan is unsecured, bears interest at the prime rate and the loan is repayable on 28 March 2024.	**132 319**	122 556
Vunani Fintech Fund (Pty) Ltd (formerly Tamlalor (Pty) Ltd). Loan 2 The loan is unsecured, bears interest at prime plus 2%. R35 million of the loan and related interest is repayable on 14 October 2025, R15 million is repayable on 19 April 2026, R39.2 million is repayable on 1 June 2026, and R10.8 million is repayable on 4 April 2027.	**114 191**	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. The loan was repaid in the current year.	**–**	5 286
Crealpha Proprietary Limited* The loan is unsecured, has no fixed repayment terms. The loan bears no interest for the first three years from the date of draw down and thereafter shall bear interest at the prime rate.	**24 316**	–
Communications Products Proprietary Limited ("Communications Products") The loan is unsecured, bears no interest and the loan is repayable on 31 August 2023.	**610**	–
Other loans to related parties	**485**	–
	288 746	236 835
Split between non-current and current portions:		
Non-current assets	**263 789**	236 835
Current assets	**24 957**	–
Total	**288 746**	236 835

* *The fair value of R24 million does not equal the value at amortised cost which would have been R30 million.*

Current interest rates are variable and average between 7 and 10% (2021: 7%). The carrying amount of loans to related parties is considered to be a reasonable approximation of the fair value where interest is charged at market rates.

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

15. 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.

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

Group 2022	Opening balances R'000	Harvests R'000	Disposals R'000	Changes in fair value, births and deaths R'000	Total R'000
Abalone	95 910	(37 402)	–	24 565	83 073

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

Non Financial Information

Quantities of biological asset

	2022	2021
Abalone – kgs	**190 224**	260 484

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.

The fair value calculations of abalone are performed by the Group's finance department and operations team on a yearly basis. The valuation reports are discussed with the audit committee in accordance with the Group's reporting policies.

The value of abalone is calculated by taking into account the selling price of the abalone, less costs associated with the sale. The selling price ranged between $28/kg–$33/kg. The 30–60 grams ranges between $28/kg–$29/kg. The 70–150 grams ranges between $29.5/kg–$32/kg. International freight cost is $5kg. The average packaging costs were $15.23/kg. The net selling price less costs to sell is then applied to the total weight of the abalone per size category as at year-end with other inputs such as weight loss of the abalone and the USD foreign currency spot rate

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

16. INVENTORIES

	2022 R'000	2021 R'000
Raw materials	**16 655**	12 732
Work in progress	**56 038**	82 275
Finished goods	**111 201**	94 278
Consumables	**5 186**	7 604
Merchandise	**–**	397
Inventories in transit	**62 319**	427
Aquaculture held for canning	**6 078**	–
Squid inventory	**8 440**	–
	265 917	197 713
Inventories (write-downs)	**(7 781)**	(8 366)
	258 136	189 347

17. TRADE AND OTHER RECEIVABLES

	2022 R'000	2021 R'000
Financial Instruments:		
Trade receivables	**441 915**	382 104
Amounts receivable from related parties	**20 975**	445
Amounts due from quota holders	**3 361**	2 376
Impairment loss allowance	**(16 282)**	(18 614)
Funds held in trust	**352 207**	27 773
Deposits	**25 232**	26 335
Accrued and sundry Income	**9 787**	21 072
Claims	**315**	–
Provision for related party receivable	**(14 081)**	–
Contract termination receivable	**10 000**	–
Employee costs in advance	**705**	523
Sundry customers	**13 684**	31 323
Non financial instruments		
VAT	**11 202**	24 778
Prepayments	**29 400**	29 067
Provision against prepayments	**(9 041)**	(9 041)
	879 379	518 141
Trade and other receivables are categorised as follows in accordance with IFRS 9: Financial Instruments:		
At amortised cost	**847 818**	472 909
Non-financial instruments	**31 561**	45 232
	879 379	518 141

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.

17. TRADE AND OTHER RECEIVABLES (continued)

Funds held in trust

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

Provision against prepayment

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

Expected credit loss allowance

The group applies the IFRS 9 simplified model of recognising lifetime expected credit losses for all trade receivables. The Group measures the lifetime expected credit loss allowance for trade receivables by applying a provision matrix as permitted by IFRS 9 and presented below. Trade receivables are categorised based on specific characteristics, for example geographical area and business type. The provision matrices have been developed by making use of judgement and past default experience of debtors but also incorporate forward-looking information such as the likelihood of default by the debtor and general economic conditions of the industry as at the reporting date. Macroeconomic factors affecting customers' ability to settle the amounts outstanding include the Covid-19 pandemic, the GDP in South Africa, inflation rate and growth rate.

On the above basis the expected credit loss allowance for trade receivables as at 31 August 2022 was determined as follows:

Group

	Gross amount R'000	Expected credit loss rate %	Lifetime expected credit loss R'000	Carrying amount R'000
Current	265 174	0.33%	(868)	264 306
Past due 30 to 60 days	42 289	0.60%	(255)	42 034
Past due 60 to 90 days	39 475	1.69%	(667)	38 808
Past due 90 days and older	98 046	14.78%	(14 492)	83 554
	444 984		**(16 282)**	**428 702**
Total gross amount of trade receivables	444 984	–	–	–
Total allowance for credit losses	(16 282)	–	–	–
	428 702	**–**	**–**	**–**

On the above basis the expected credit loss allowance for trade receivables as at 31 August 2021 was determined as follows:

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	**–**	**–**	**–**

17. TRADE AND OTHER RECEIVABLES (continued)

The expected credit loss allowance for trade receivables as at 31 August 2022 was determined as follows:

Reconciliation of expected credit loss

	2022 R'000	2021 R'000
Loss allowance as at 1 September	**(18 614)**	(20 552)
Reversal of loss allowance on trade receivables	**2 332**	1 938
	(16 282)	**(18 614)**

Trade and other receivables currency denominated

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

Rand	**847 818**	472 909
US Dollar	**26 218**	20 552
Euro	**326**	–
Pound	**2 944**	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:

	2022 R'000	2021 R'000
Cash on hand	**206**	193
Bank balances	**1 349 690**	2 343 693
Bank overdraft	**(3 259)**	(7)
	1 346 637	2 343 879
Current assets	**1 349 896**	2 343 886
Current liabilities	**(3 259)**	(7)
	1 346 637	2 343 879

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 R7 000 000

Vehicle-and-asset finance facility to the value of R186 488.

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

The above facilities are secured as follows:

Limited surety signed by A. S. Brown to the value of R8 000 000

Limited surety signed by Communications Products (Pty) Ltd which is a company that AS Brown has shareholding in to the value of R5 300 000

Limited surety signed by Biton Music Productions (Pty) Ltd which is a company that AS Brown has shareholding in to the value of R7 500 000

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 000 000, R4 000 000 and R500 000 respectively

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

First Maritime Bond registered over the following vessels:

	R'000
Southern Star	2 200
Portia 1	5 800
Ebhayi	5 482
Southern Fighter	2 100
Southern Knight	1 600
Southern Horizon	1 850
Mizpah	1 900
Lubbetje	1 200
• Second Maritime Bond registered over the following vessels:	
Mizpah	6 100
Lubbetje	4 400

General Notarial Bond BN69433/2002 for R5,000,000 over all movable assets.

Marine bond for R5,000,000 over Motorship Silver Taurus Official Number 49605.

Marine bond for R5,000,000 over Motorship Silver Dorado Official Number 49701.

Marine bond for R4,000,000 over Motorship Silver Champion Official Number 40401.

Marine bond for R5,750,000 over Motorship Silver Eagle Official Number 40904.

First Marine bond for R7,200,000 and Second Marine bond for R4,387,500 over Motorship Silver Arrow Official Number 41003.

Cession of debtors and customer foreign currency accounts.

Limited suretyship for R10,000,000 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 R5,500,000 over Motorship Silver Laguna; Official number 40805
- Marine Bond for R6,100,000 Motorship Maverick; Official number 40807
- Marine Bond for R4,750,000 Motorship Zingela; Official number 10210
- Marine Bond for R4,000,000 Motorship Lazarus; Official number 49903

Cession of loan account in Dazzalle Traders (Pty) Ltd, limited to R9,500,000.

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). Policy number B0518M91146 Limited suretyship of R19,500,000 by Dazelle Traders Proprietary Limited including cession of loan account.

Cession of insurance policy issued by Zurich Short Term Stock policy number SA COM 4131169 over stock held at cold store Port Elizabeth harbour and Adamant Jetty; Policy number DMK 2012/14 over marine cargo (all stock on board).

Facilities:

Primary Lending: R74 650 000

Financial Guarantees: R682 000

Forward Exchange Contracts: R15 000 000

Foreign Exchange Settlement Limit: R60 000 000

The temporary increase of R30 000 000 in the primary lending facility is available to the Borrower until 25 April 2020, whereafter the facility will revert to R44 650 000.

18. CASH AND CASH EQUIVALENTS (continued)

Security currently held by the Bank:

Limited suretyship for R15,000,000 by The Standur Trust including cession of loan account.

Limited sretyship for R5,000,000 by the Dino Moodlaley Family Trust , including cession of the loan account.

Limited suretyship for R2,500,000 by The Sanbourne Trust (Trust Number IT435/1995), including cession of loan account.

Limited suretyship for R2,500,000 by Patrick Mbiko Family Trust (Trust Number 1043/1995), including cession of loan account.

Limited suretyship for R2,500,000 by Scofish Proprietary Limited including cession of loan account.

Cession by the Borrower of its loan account in Trautman Fishing Enterprise Close Corporation.

Cession by the Borrower of its loan account in BMC Fisheries Close Corporation, limited to R1,200,000

Security for the prior year

Cession of debtors and USD customer foreign currency accounts.

Special Notarial Bond Number BN23802/2008 for R3 450 000 over fishing vessels Southern Knight and Southern Horizon.

General Notarial Bond Number BN23803/2008 for R50 000 000 over stock, moveable assets, plants and equipment and vessel equipment.

Unlimited guarantee by Premfresh Seafoods Proprietary Limited, supported by cession of loan accounts.

Credit rating

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.

	2022 R'000	2021 R'000
Absa Bank Ltd Ba2	55 646	–
Nedbank Ltd Ba1	–	233 048
Nedbank Ltd Ba2	63 422	–
Nedbank Ltd Baa3	171 572	–
Standard Bank Ltd Ba2	173 959	1 177 862
Standard Bank Ltd BB+	2 448	
First National Bank Ltd BB+	4 178	51 544
Albaraka Bank	5 247	12 803
HSBC	(110)	744
Trustlink BB+	16 642	–
Sasfin Bank Limited	14 709	66
Grindrod Bank Ltd	–	10 017
Bidvest Bank Limited BB	3 511	929
Access Bank Botswana Limited	9 387	–
Windhoek Bank	25 871	–
Ninety One Fund Managers SA (RF) Proprietary Limited Baa3	697 380	853 782
Vunani Securities	98 218	–
AfrAsia Bank Limited BB+	3 055	2 892
Other	1 502	192
	1 346 637	2 343 879

19. SHARE CAPITAL

Authorised

	2022 R'000	2021 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 (2021: 491 022 434) "B" class ordinary shares	**30**	30
Share premium	**403 147**	403 147
Shares repurchased in prior years	**(937)**	(937)
Total share premium	**402 210**	402 210
	402 240	402 240

The issued number of shares in issue are 491 022 434 (2021: 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.

	2022 R'000	2021 R'000
Capital redemption reserve fund	**8 034**	8 034
Foreign translation reserve	**1 731**	2 341
Change in ownership reserve	**(31 022)**	(31 022)
	(21 257)	(20 647)

21. OTHER FINANCIAL LIABILITIES

At fair value through profit/(loss)

Other financial liabilities	**894**	2 136
These relate to amounts payable by HST for the Computer Aided Telephony System. The amounts are unsecured and have no fixed repayments terms.		
	894	2 136

21. OTHER FINANCIAL LIABILITIES (continued)

Held at amortised cost

	2022 R'000	2021 R'000
RVB Distributors and Don Kourie Distributors	**1 064**	1 064
The loan is unsecured, interest free, and has no fixed terms of repayment.		
RAC Investment Holdings (Pty) Ltd	**–**	21 884
The loan is unsecured, interest free, and has no fixed terms of repayment. The loan was capitalised to Magic (Pty) Ltd during the financial year.		
Other borrowings	**1 353**	1 553
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.		
Other	**–**	24 703
	2 417	49 204

Non-current liabilities

	2022 R'000	2021 R'000
Fair value through profit or loss	**894**	2 136
Amortised cost	**2 417**	49 204
	3 312	51 340

Current liabilities

	2022 R'000	2021 R'000
Amortised cost	**1 060**	3 107
	1 060	3 107
Secured	**–**	–
Unsecured	**2 417**	49 204
	2 417	49 204

22. EMPLOYEE BENEFIT OBLIGATION

Long-term employee benefit plan

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

Employees receive a bonus of 50% of their monthly pensionable salary after 10 years service, 75% after 15 years service, 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 2022.

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

	2022 R'000	2021 R'000
Opening balance	**(5 476)**	(6 375)
Benefits paid	**572**	727
Net expenses recognised in profit or loss	**(178)**	172
	(5 082)	(5 476)
Key assumptions - SGT		
Principle assumptions used on last valuation on 31 August 2022		
Discount rates used	**10.90%**	8.51%
Inflation rate	**6.82%**	5.29%
Future salary increases*	**7.82%**	6.29%
Real rate (approximate)#	**2.86%**	2.09%
Key assumptions - GCCT		
Principle assumptions used on last valuation on 31 August 2022		
Discount rates used	**10.10%**	8.15%
Inflation rate	**7.33%**	5.17%
Future salary increases*	**7.33%**	6.17%
Real rate (approximate)#	**8.33%**	1.98%

* *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.*

SGT and GCCT are subsidiaries of the Group

Retirement

A normal retirement age of 65 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.

	2022 R'000	2021 R'000
Current liabilities	**47 719**	33 252
	47 719	33 252

Reconciliation

	2022 R'000	2021 R'000
Opening balance	**33 252**	46 726
Additions through business combination	**–**	992
Additions	**59 349**	40 795
Loss of control in subsidiary	**(2 775)**	–
Other	**–**	1 914
Sponsorships	**2 645**	–
Revenue recognised on delivery of goods or services previously paid for	**(44 752)**	(57 175)
	47 719	33 252

Revenue relating to support services is recognised over time. The customer sometimes pays up front in full for these services, resulting in a contract liability being recognised for revenue relating to the maintenance services at the time of the initial sales transaction. The liability is recognised as revenue over the support period. Contract liabilities also relating to contracts with the customers represent balances which are due to customers under installation contracts. These arise if a particular milestone payment exceeds the revenue recognised to date under the percentage completion method.

24. CONTINGENT CONSIDERATION LIABILITY

	2022 R'000	2021 R'000
Contingent consideration arrangements entered into		
Opening balance	**24 228**	5 097
Kathea Communications	**–**	24 228
Amount due for payment	**–**	(553)
Fair value adjustments	**5 772**	(4 544)
Settlements	**(30 000)**	–
Closing balance	**–**	24 228

The contingent consideration arrangement for Zaloserve required AYO to pay the former owners of Zaloserve for achieving certain earn-out 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 prior 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 prior financial year.

The contingent consideration arrangement for Kathea Communications required 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 AYO's 2022 financial year which is reflected in Kathea Communication's 2023 financial year. The contingent consideration was settled in full in the current financial year.

24. CONTINGENT CONSIDERATION LIABILITY (continued)

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.

For fair value information refer to note 48.

	2022 R'000	2021 R'000
Non-current liabilities	–	–
Current liabilities	–	24 228

25. PROVISIONS

Reconciliation of provisions – Group – 2022

	Opening balance R'000	Additions R'000	Utilised during the year R'000	Reversed during the year R'000	Business Combination R'000	Change in discount factor R'000	Total R'000
Provision for VAT	2	–	–	(2)	–	–	–
Onerous contracts	3 645	108	–	(185)	–	–	3 568
Provision for leave pay	8 499	628	(156)	(622)	(256)	–	8 093
Provision for salary bonuses	35 953	28 444	(27 728)	(1 311)	–	–	35 358
Product warranties	13 739	9 517	(406)	(12 844)	–	–	10 006
Fine - JSE	–	2 000	–	–	–	–	2 000
Legal costs	–	17 162	–	–	–	–	17 162
Reimbursement-Puleng severance cost	–	1 210	–	–	–	–	1 210
Other provisions	2 043	1 380	(4 093)	(617)	1 937	598	1 248
	63 881	60 449	(32 383)	(15 581)	1 681	598	78 645

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)	(15 220)	–	8 499
Provision for salary bonuses	15 933	35 841	(15 821)	–	–	35 953
Product warranties	6 637	8 880	(1 715)	(63)	–	13 739
Other provisions	1 779	2 043	(1 779)	–	–	2 043
	61 616	56 722	(32 222)	(22 235)	–	63 881

25. PROVISIONS (continued)

Product warranties

A provision is recognised in SGT Solutions for expected warranty claims on products sold during the previous 12 months based on the past experience of the level of repairs and returns. It is expected that most of these costs will be incurred in the next financial year and will have been incurred within one year of the statement of financial position date. Assumptions used to calculate the provision are based on the current sales levels and historical information on products returned.

Provision for leave pay

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.

Provision for salary bonuses

The Group recognises a liability and an expense for bonuses based on a formula that takes into account the monthly salary earned by the employees. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation, the amount can be measured reliably and the directors are of the opinion that it is probable that such bonuses will be paid as experienced in prior years.

Other provisions

Other provisions consists of audit fees. Provisions for audit fee relates to the audit expenses incurred by the group for the performance of the audit. The auditors have provided an estimate of the amount of the provision based on estimated time to be spent as well as the scope of the audit. The provision represents management's best estimate of the group's liability on expected audit fees as at 31 August 2022.

Legal costs

The Group is also party to a High Court Parallel Application against ABSA and 22 raising contractual concerns regarding the banks' decision that the provision of banking facilities to their clients ought to be subject to constitutional control and that the termination by the banks of their banking relationship with their clients, purely on notice, is unconstitutional.

The application also seeks to highlight that the termination by the banks of their banking relationship with their clients, purely on notice is irrational, arbitrary and reviewable under the Promotion of Administrative Justice Act, alternatively under the principle of legality and/or the common law. And finally, the application requires a reviewing, correcting and setting aside of the withdrawal, termination and closure by the banks of the financial products or services and banking.

The legal loss provision is based on a legal case between the company and SITA/Eastern Cape Department of Education. Legal experts are of the opinion that we provide for a potential loss, being the profit that was made from SCH9 and SCH10 of this deal. The company requested the court for a just and equitable settlement from the case, which will not include any profit making from this deal. Therefore management has made an estimate that a profit of R16 661 884.93 that was made from SCH9 and SCH10 is at risk of not being included in the settlement amount.

26. TRADE AND OTHER PAYABLES

	2022 R'000	2021 R'000
Trade payables	**247 728**	192 824
Amounts due to related parties	**2 685**	1 456
Amounts received in advance	**452**	3 709
Deposits received	**–**	562
Value added tax	**56 691**	1 638
Leave pay and other accruals	**136 579**	138 799
Deferred income	**–**	768
Other payables*	**3 608**	18 682
	447 743	358 438

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

	2022 R'000	2021 R'000
Sale of goods	**1 552 974**	1 406 398
Rendering of services	**775 334**	918 526
	2 328 308	2 324 924

Revenue other than from contracts with customers

	2022 R'000	2021 R'000
Dividends received	**5 162**	14 245
	2 333 470	2 339 169

Disaggregation of revenue from contracts with customers

We have determined that the categories used by major products can be used to meet the objective of the disaggregation of revenue disclosure requirement, which is to disaggregate revenue from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

The segmental analysis illustrates the disaggregation disclosure by segment. Refer to note 43 for the segmental reports.

The Group has assessed that the disaggregation of revenue by Group segments is appropriate in meeting this disclosure requirement, as this is the information regularly reviewed by the chief decision maker, in order to evaluate the financial performance of the entity.

27. REVENUE (continued)

Sale of goods

	2022 R'000	2021 R'000
Sale of goods	1 552 974	1 406 398
Rendering of services		
Administration and management fees received	246	295
Fees earned	380 095	337 881
Commissions received	9 117	9 188
Services revenue	385 648	570 938
Other revenue from rendering of services	228	224
	775 334	918 526
Total revenue from contracts with customers	2 328 308	2 324 924
Timing of revenue recognition		
At a point in time		
Technology		
Software- and consulting-related	16 653	70 263
Security services solutions-related	–	113 041
Communication products and hardware-related	352 942	278 263
Project-related services	691 480	541 022
Total	1 061 075	1 002 589
Fishing and Brands		
Sale of goods	411 177	488 976
Aquaculture	40 823	45 263
Total	452 000	534 239
Health and Beauty		
Sale of goods	32 688	31 772
Agricultural products	9 555	8 772
Hygiene products	1 718	3 910
Total	43 961	44 454
Events and Tourism	10 509	7 448
Corporate	246	23 765
	1 567 791	1 612 495
Over time		
Technology and Brands		
Software- and consulting-related	27 770	37 811
Security services solutions-related	44 583	54 558
Communication Products- and hardware-related	76 463	95 446
Project-related services	589 871	509 089
Total	738 687	696 904
Fishing		
Rendering of services	21 830	15 525
Total	21 830	15 525
	760 517	712 429
Total revenue from contracts with customers	2 328 308	2 324 924

28. COST OF SALES

	2022 R'000	2021 R'000
Sale of goods	**1 034 705**	907 092
Rendering of services	**421 393**	470 169
Discount received	**(6)**	(241)
Manufactured goods:		
Raw materials consumed	**6 577**	–
Employee costs - salaried staff and other costs	**158 896**	229 499
Depreciation and impairment	**22 718**	15 702
Manufacturing expenses	**96 647**	37 161
	1 740 930	1 659 382

29. OTHER INCOME

	2022 R'000	2021 R'000
Administration and management fees received	**978**	1 945
Commission received	**193**	–
DTI Funding received - Grant Income	**30 000**	–
Fuel rebate received	**4 653**	–
Dividend income	**13 592**	–
Fair value gains on financial instruments	**38 267**	–
Profit on sale of assets and financial instruments	**1 379**	–
Fees earned	**137**	–
Insurance revenue	**92**	881
Recoveries	**456**	3 424
Overhead recoveries*	**–**	70 127
Rental Income	**405**	94
Other income	**8 023**	4 725
Profit on exchange differences	**3 467**	4 290
	101 642	85 486

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

30. OPERATING EXPENSES

	2022 R'000	2021 R'000
Major items included in operating expenses:		
Employee costs	**(519 202)**	(563 663)
Other operating expenses	**(249 775)**	(325 866)
Depreciation and impairment	**(153 086)**	(82 896)
Profit (loss) on exchange differences	**1 569**	(10 815)
Consulting fees	**(119 132)**	(60 050)
	(1 039 626)	(1 043 291)

31. NET IMPAIRMENT AND REVERSALS

	2022 R'000	2021 R'000
Material impairment losses (recognised) reversed		
Computer equipment	**(5 997)**	(26 257)
Loans to related parties	**(8 503)**	(30 278)
Loans receivable	**(30 203)**	(57 448)
Other financial assets	**(24 460)**	(44)
Trade and other receivables	**(875)**	(13 729)
	(70 038)	(127 756)
Significant goodwill or significant intangible assets with indefinite useful lives		
Goodwill	**(69 135)**	(24 376)
The Group performs an annual impairment test on goodwill based on cash-generating units (CGU).		
The recoverable amount for each of the CGUs to which goodwill is allocated has been determined based on the value in use using the discounted cash flow method. Goodwill has been allocated to each CGU as indicated in note 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.		
Disposals through business combinations	**(1 377)**	
Technology division		
Pre-tax discount rates: 20,86% (2021: 19,7%)		
Number of years: 5.2		
Growth rate: 4.5%		
Fishing and brands division		
Pre-tax discount rates: 17.01% (2021: 16,9%)		
Number of years: 5		
Growth rate: 4.5%		
Events and tourism division		
Pre-tax discount rates: 22% (2021: 22%)		
Number of years: 9		
Growth rate 4.2%		
Health and beauty division		
Pre-tax discount rates: 17,57% (2021: 18,5%)		
Number of years: 5		
Growth rate: 4.5%		
Biotechnology division		
Pre-tax discount rates: 19% (2021: 25,2%)		
Number of years: 22		
Growth rate 4.5%		
	(70 512)	24 376
Total impairment losses recognised	**(140 550)**	(152 132)

32. FAIR VALUE ADJUSTMENTS (PROFIT AND LOSS)

Breakdown of fair value adjustments.

	2022 R'000	2021 R'000
Listed shares	**14 357**	49 209
Financial assets designated at fair value through profit or (loss)	**(51 783)**	8 068
	(37 426)	57 277

33. INVESTMENT INCOME

Interest income

From investments in financial assets:

	2022 R'000	2021 R'000
Bank and other cash	**75 264**	116 607
Loans receivables at amortised cost	**28 049**	36 040
Trade and other receivables	**2**	1
Other interest	**39 188**	9 772
Total investment income	**142 503**	162 420

34. FINANCE COSTS

	2022 R'000	2021 R'000
Shareholders	**2 954**	1
Financial liabilities	**1 015**	38
Lease finance costs	**11 376**	14 436
Late payment of tax	**578**	138
Debtors financing cost	**3 503**	3 042
Other interest paid	**2 971**	5 288
Total finance costs	**22 397**	22 943

35. PROFIT BEFORE TAX

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

Employee costs

	2022 R'000	2021 R'000
Salaries, wages, bonuses and other benefits	**595 163**	793 162
Total employee costs	**595 163**	793 162
Less: Employee costs included in cost of merchandise sold and inventories	**(158 896)**	(229 499)
Total employee costs expensed	**436 267**	563 663

36. TAXATION

Major components of the tax (income) expense

Current

	2022 R'000	2021 R'000
Local income tax – current period	56 385	73 838
Local income tax – recognised in current tax for prior periods	2 678	–
	59 063	73 838

Deferred

	2022 R'000	2021 R'000
Fair value adjustments	(10 696)	(308)
Deferres tax assets not recognised	54 716	–
Leave pay and bonus provision	–	4 203
Provisions	(3 427)	(696)
Leases	21 434	–
Assessed loss	(66 271)	2 424
Prior period adjustments	(1 264)	14
Wear and tear	2 319	(15 173)
Disposal of subsidiaries	(7 207)	–
Business combination	(1 372)	–
Change in tax rate	1 411	–
Prepayments	2 821	225
Right of use assets	(23 245)	(423)
Biological assets	(4 425)	(414)
Shipping allowance	2 601	–
Bad debt	–	234
Revenue in advance	2 854	2 776
Intangible assets	6 166	10 800
Allowance for credit losses	2 934	–
Other	(7 055)	7 006
Total	(27 706)	10 668
Total taxation	31 357	84 506

36. TAXATION (continued)

Reconciliation of the tax expense

Reconciliation between applicable tax rate and average effective tax rate.

	2022 R'000	2021 R'000 Restated
Applicable tax rate	**28.00%**	28.00%
Profit from equity accounted investments	**6.02%**	65.83%
Fair value adjustments	**–**	(21.79%)
Interest income exempt from tax	**1.85%**	4.51%
Lease payments claimed as deduction	**2.35%**	–
Non-taxable grant income	**1.69%**	–
Amortisation disallowed	**(0.85%)**	(0.28%)
Tax losses utilised	**(2.15%)**	1.36%
Prior period over provision of deferred tax	**(0.28%)**	(1.10%)
Other capital nature expenses	**–**	17.28%
Prepaid expenses	**(1.57%)**	–
Foreign witholding gains	**1.43%**	0.31%
Expected credit loss	**(0.22%)**	(10.11%)
Listing fees	**–**	(0.10%)
Non-deductable provisions	**2.55%**	–
Net impairments	**(8.44%)**	(50.13%)
Legal fees	**–**	(17.78%)
Donation and social corporate investment	**(0.27%)**	(2.43%)
Consulting fees	**–**	(1.24%)
Fines and charges	**–**	(1.93%)
Non-deductable expenses	**(33.91%)**	–
Learnerships	**0.31%**	3.58%
Exempt income	**(5.85%)**	–
Change in tax rate	**1.81%**	–
Other	**(0.10%)**	–
Amount per income tax note	**(9.48%)**	39.4%

37. TAX PAID

	2022 R'000	2021 R'000 Restated
Balance at beginning of the year	**–**	4 371
Current tax for the year recognised in profit or loss	**(59 063)**	(84 506)
Adjustment in respect of businesses sold and acquired during the year including exchange rate movements	**–**	1 320
Interest and penalties	**(593)**	–
Other movements	**6 320**	–
Balance at end of the year	**28 277**	–
	(25 059)	(78 816)

38. EARNINGS PER SHARE

Basic earnings per share

	2022 Gross R'000	2022 Net R'000	2021 Gross (Restated) R'000	2021 Net (Restated) R'000
Earnings attributable to ordinary equity holders of the parent entity	–	(224 777)	–	(130 014)
Net earnings	–	(224 777)	–	(130 014)
Earnings attributable to ordinary equity holders of the parent	–	(224 777)	–	(130 014)
(Profit) / loss on disposal of property, plant and equipment	(543)	(391)	2 665	1 919
Impairment of property, plant and equipment	5 997	4 317	26 257	18 905
(Gain)/loss on disposal of subsidiary	13 503	9 848	–	–
Profit on sale of intangibles	(6 391)	(4 601)	–	–
Impairment of goodwill	–	69 135	–	24 376
NCI effects on adjustment	–	(35 983)		(23 559)
Headline earnings				
Continued operations		(182 452)		(108 373)
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)	–	(45.78)	–	(26.48)
Continuing operations	–	(45.78)	–	(26.48)
Headlines earnings and diluted earnings per share (cents)	–	(37.16)	–	(22.07)
Continuing operations	–	(37.16)	–	(22.07)

38. **EARNINGS PER SHARE** (continued)

Restatement of prior period headline losses

	As previously stated 31 August 2021 R'000	Adjustments R'000	31 August 2021 Restated R'000
Loss attributable to ordinary equty holders of the parent entity	(130 014)	–	(130 014)
Adjusted for:			
Impairment of intangible assets and PPE	26 257	–	26 257
Loss on disposals of property plant and equipment	2 665	–	2 665
Goodwill impairment	24 376	–	24 376
NCI effects of adjustments	–	(23 559)	(23 559)
Tax effects	(8 098)	–	(8 098)
Headline loss	**(84 814)**	**(23 559)**	**(108 373)**
Fully diluted weighted average number of shares (R'000)	491 022	491 022	491 022
Restated prior period headline loss and diluted headline loss per ordinary share (cents)	**(17.27)**	**(4.80)**	**(22.07)**

39. CASH GENERATED FROM/(USED IN) OPERATIONS

	Note	2022 R'000	2021 R'000
Loss before taxation		**(330 829)**	(180 849)
Adjustments for:			
Depreciation and amortisation		**102 109**	97 911
Losses on disposals of assets		**4 433**	399
Gains (loss) on foreign exchange	29	**(3 467)**	10 815
Income from equity accounted investments		**(72 485)**	(52 521)
Dividend income	29	**(13 592)**	(14 244)
Interest income	33	**(142 503)**	(162 420)
Finance costs	34	**22 397**	22 943
Fair value losses/(gains)		**50 262**	(68 751)
Gain on bargain purchase in a business combination		**-**	(26)
Impairment losses and reversals	31	**140 550**	152 819
Inventory write down to net realisable value		**7 781**	8 366
Non cash items		**27 109**	(5 489)
Movements in provisions		**15 419**	4 555
Movements in post employment medical costs liability		**15**	-
DTI Grant income	29	**(30 000)**	-
Bad debts		**12 951**	-
Inventories		**(86 280)**	(20 324)
Trade and other receivables		**(88 082)**	211 566
Assets held for sale		**-**	(25 559)
Trade and other payables		**117 507**	(197 096)
Gain from ceding lease		**-**	(2 007)
Employee benefit expense		**-**	175
Lease modification adjustment		**-**	(331)
Deferred income		**14 173**	(22 207)
		(252 532)	(250 642)

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
	CreAlpha (Pty) Ltd
	Dinaledi (Pty) Ltd
	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
	Isakhiwo Group International (Pty) Ltd
	Zaloserve Management (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)

	2022 R'000	2021 R'000
Loan accounts (owing to) by related parties		
Premier Seacat Joint Venture	**3 011**	2 684
Vunani Fintech Fund (Pty) Ltd (Previously Tamlalor (Pty) Ltd)	**246 510**	215 966
CreAlpha (Pty) Ltd	**26 136**	-
Dinaledi (Pty) Ltd	**15 162**	
Isakhiwo Group International (Pty) Ltd	**-**	5 286
Zaloserve Management (Pty) Ltd	**16 825**	15 584
Trade Receivables/(Payables)		
BCP Hake Joint Venture	**-**	1 951
Premier Seacat Joint Venture	**400**	486
African News Agency (Pty) Ltd	**445**	11 145
Independent Newspapers and Media (Pty) Ltd	**5 571**	5 571
Independent Newspapers and Media (Pty) Ltd	**6 887**	6 887
Independent News and Media (Pty) Ltd	**9 041**	9 041
Loot Online (Pty) Ltd	**1 199**	1 246
Prodirect Investments 112 (Pty) Ltd	**-**	4 253
Vunani Corporate Finance (Pty) Ltd	**(1 725)**	(1 725)
Accumulated impairment on other receivables from related parties		
Independent News and Media (Pty) Ltd	**(11 416)**	(11 166)
Independent News and Media (Pty) Ltd	**(9 041)**	(9 041)
(Sales to)/Puchases from to related parties		
Sagarmatha Technologies Limited	**(178)**	-
BT Communications Services South Africa	**6 014**	5 459
Independent Newspaper (Pty) Ltd	**(1 307)**	-
Corporate service income from related parties		
Independent News and Media (Pty) Ltd	**-**	(2 609)
Advertising and marketing expenses paid to related parties		
African News Agency (Pty) Ltd	**10 700**	214
Independent News and Media (Pty) Ltd*	**6 175**	292
Socio-Economic Development expenses paid to related parties		
Sekunjalo Development Foundation	**-**	2 000
Impairment expenses in terms of related parties		
CreAlpha (Pty) Ltd	**5 815**	-
Printing and stationery (income from)/expenses paid to related parties		
Loot Online (Pty) Ltd *	**21**	22
Office equipment purchased from related parties		
Loot Online (Pty) Ltd	**24**	-
Information, communication and technology expenses paid to related parties		
Loot Online (Pty) Ltd	**1**	-
Rental expenses paid to related parties	**-**	4 650
Prodirect Investments 112 (Pty) Ltd *		
Biton Music Productions (Pty) Ltd *	**-**	984

40. RELATED PARTIES (continued)

	2022 R'000	2021 R'000
Security expenses paid to related parties		
Biton Music Productions (Pty) Ltd	**78**	–
Subscription expenses paid to related parties		
Sekunjalo Investment Holdings (Pty) Ltd *	**–**	1 647
Professional service fees paid to related parties		
Vunani Corporate Finance (Pty) Ltd	**5 782**	7 514
Administration fees received from related parties		
Premier Seacat Joint Venture	**(90)**	(90)
Commission received from related parties		
Premier Seacat Joint Venture	**(88)**	(127)
Vessel usage fees received from related parties		
BCP Hake Joint Venture	**(645)**	(1 277)
Interest received from related party		
Vunani Fintech Fund (Pty) Ltd (Previously Tamlalor (Pty) Ltd)	**(19 695)**	(11 557)
CreAlpha (Pty) Ltd	**(1 951)**	–
Zaloserve Management (Pty) Ltd	**(1 241)**	–
Isakhiwo Group International (Pty) Ltd	**(15)**	–

* *During the current reporting period it was identified that these above items were incorrectly disclosed as income whereas the nature of the transactions were expenses. The restatement of this note did not impact the primary financial statements.*

See note 14 for terms and conditions on loans to related party companies.

See note 13 for terms and conditions on other loans receivables.

41. DIRECTORS' EMOLUMENTS

Executive

2022

	Emoluments R'000	Bonus R'000	Provident fund and medical aid R'000	Company contribution to UIF & Skills Development Levy R'000	Total Short-term employment benefits R'000
JS Van Wyk	1 610	350	316	23	2 299
VC Dzvova	2 175	500	393	30	3 098
	3 785	850	709	53	5 397

2021

	Emoluments R'000	Bonus R'000	Provident fund and medical aid R'000	Company contribution to UIF & Skills Development Levy R'000	Total Short-term employment benefits 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

41. **DIRECTORS' EMOLUMENTS** (continued)

Service contracts

Non-executive

2022

	Directors' fees R'000	Directors' fees for services as directors' of subsidiaries R'000	Total Short-term employment benefits R'000
WJ Raubenheimer	489	–	489
B Qama	243	–	243
AB Amod	717	2 465	3 182
CL Geuking-Cohausz	154	–	154
S Nthite	246	–	246
M Mdladlana	246	–	246
	2 095	**2 465**	**4 560**

2021

	Directors' fees R'000	Directors' fees for services as directors' of subsidiaries R'000	Total Short-term employment benefits R'000
WJ Raubenheimer	350	–	350
B Qama	231	–	231
AB Amod	682	2 568	3 250
I Amod	172	6 804	6 976
	1 435	9 372	10 807

Mr G Colbie waived his non-executive fees. I Amod did not serve as excecutive director in the 2022 financal year.

CL Geuking-Cohausz was appointed as independent non-executive director on 1 January 2022

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 to an acceptable level of risk.

The capital structure of the group consists of debt, which includes the borrowings (excluding derivative financial liabilities) disclosed in note 18 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.

42. RISK MANAGEMENT (continued)

Financial risk management

The Group's activities expose it to several financial risks. The Group has trade receivables, cash and cash equivalents, investments and loans receivable which give rise to credit risk and interest rate risk. The Group has trade payables, financial lease liabilities, bank overdraft, financial guarantees and contingent consideration liabilities give rise to liquidity risk and interest rate risk. The Group also has trade receivables and trade payables denominated in foreign currencies which give rise to foreign exchange risk.

Credit risk

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

Trade receivables are comprised of a widespread customer base. Before any new customer is approved for credit,management requests a thorough credit check to be performed by an external credit agency. The agency provides credit scores and credit ratings on each customer. In addition to that a recommended credit limit is provided by the credit agency.

Additional internal ratings and credit limit checklist procedures are performed by management before a final credit limit is approved to our customers. Management also performs ongoing credit evaluations of the financial condition of all customers.

On a continuous basis, management monitors the performance of each customer against their credit limit to ensure that no credit limits are exceeded. No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties.

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

The Group only deposits cash with major banks that have a good reputation and a high-quality credit standing and limits exposure to any one counterparty.

The Group assesses the trading performance of counterparties before making advances. Advances are made on the strength of the counterparty's trading performance and forecast cash flows. Loans and other receivables are carefully monitored for impairment. Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Impairment of financial assets

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

Trade receivables – refer to note 17

Loans receivables – refer to note 13

Loans to related parties – refer to note 14

Cash and cash equivalent – the identified impairment is immaterial

Liquidity risk

Liquidity risk is the risk that an entity in the Group will encounter difficulty in meeting obligations as they become due. The Group manages liquidity risk by ensuring that there are enough available cash resources and obtaining credit facilities from banks to ensure that the Group has adequate cash to settle its commitments when they become due.

42. RISK MANAGEMENT (continued)

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 2022	Up to 1 year R'000	2 to 5 years R'000	Total R'000
Bank overdraft	3 259	–	3 259
Trade and other payables	447 743	–	447 743
Other financial liabilities	1 060	2 249	3 309
Lease liability	49 778	136 850	186 628

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
Lease liability	37 295	131 583	168 878

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 2022, if interest rates had been 1% higher/lower with all other variables held constant, post-tax profit for the year would have been R2 569 000 (2021: R799 159) lower/higher.

42. RISK MANAGEMENT (continued)

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:

	2022 R'000	2021 R'000
Increase of 1%	**2 569**	799
Decrease of 1%	**(2 569)**	(799)

Foreign exchange risk

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar, the Pound 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 2022, 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 R12.56m (2021: R1.3m) higher or lower, mainly as a result of foreign exchange gains/losses on translation of US dollar, Euro and British pound-denominated trade receivables, trade payables and cash in bank.

	2022 R'000	2021 R'000
Current assets		
Trade debtors, USD	**94 065**	35 808
Trade debtors, EUR	**–**	29 968
Trade debtors,GBP	**58 880**	–
Cash and cash equivalents, (Rupees)Rs	**–**	161 982
Cash and cash equivalents, USD	**76 950**	–
Cash and cash equivalents, (GBP)	**3 599**	–
Liabilities		
Trade payables USD	**51 243**	24 771
Trade payables EUR	**2 691**	20 804
Trade payables GBP	**5 120**	–
Exchange rates used for conversion of foreign items were:		
USD	**17.05**	14.47
GBP	**20.00**	17.29
Euro	**17.14**	16.94

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	475 086	1 800 029	45 703	–	18 161	22 719	2 361 698
External revenue	470 416	1 799 794	45 119	–	10 643	7 498	2 333 470
Internal revenue	4 670	235	584	–	7 518	15 221	28 228
							–
Segment results:							–
Profit/(loss) before tax	18 407	(346 052)	(5 354)	(698)	(2 927)	5 795	(330 829)
							–
Included in the segment results:							–
Net (impairments)/impairment reversals and write offs	–	(130 765)	(3)	11	1 011	(10 804)	(140 550)
Depreciation and amortisation	(33 702)	(35 583)	(629)	(2)	939	(1 315)	(70 292)
Fair value adjustments	–	(37 886)	–	–	34	426	(37 426)
Finance costs	(5 622)	(15 766)	(144)	(8)	(10)	(847)	(22 397)
Investment income	1 939	138 621	26	–	–	1 917	142 503
Taxation	(6 840)	(41 157)	608	1 155	916	13 961	(31 357)
Non-current assets	649 461	1 249 020	45 008	141 116	1 383	1 024 006	3 109 994
Investment in associate	–	–	–	–	–	935 601	935 601
Investment in joint venture	–	73 903	–	–	–	–	73 903
Current assets	361 489	2 573 833	21 970	215	35	36 766	2 994 308
Non-current liabilities	229 791	261 230	11 875	8 291	4 219	4 463	519 869
Current liabilities	68 722	593 370	8 316	745	6 900	28 962	707 015
Profits/(loss) from associates	–	29 903	–	–	–	42 582	72 485
Capital expenditure	(30 702)	(12 936)	(103)	(473)	–	(35)	(44 249)

43. GROUP SEGMENTAL REPORT (continued)

Group segmental report – 2021

	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
Finance costs	(5 251)	(17 080)	(2)	–	(245)	(345)	(22 923)
Investment income	1 818	157 401	59	4	18	3 120	162 420
Taxation	(14 236)	(58 782)	(813)	86	(512)	(10 249)	(84 506)
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)

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.

Geographical information

The operations of the Group are mainly domicile in South Africa. A total of 3% (2021: 6%) of external revenue is attributable to foreign sales mainly to African countries, India and Europe.

Major customers

52% (2021: 40%) 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	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Software and consulting	**44 423**	43 607	**13 830**	9 310
Security solutions	**–**	226 585	**–**	80 704
Unified communications	**365 304**	190 163	**85 626**	51 519
Health care	**64 101**	89 932	**29 895**	35 498
Tracking solutions	**8 677**	111 063	**3 373**	29 708
Managed services	**1 272 674**	1 038 142	**254 921**	239 862
Total	**1 755 179**	1 699 492	**387 645**	446 601
Administration and support services			**(807 370)**	(783 024)
Other operating income			**16 012**	(84 421)
Other operating gains/(losses)			**58 877**	10 873
Movement in credit loss allowances			**(47 412)**	33 798
Finance income			**147 394**	164 639
Finance cost			**(13 556)**	(13 529)
Profit on equity accounted investment			**25 250**	24 539
Total revenue and profit before taxation	**1 755 179**	1 699 492	**(233 160)**	(200 524)

	Segmental finance income		Segmental finance cost		Segmental taxation	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Software and consulting	**41**	67	**(177)**	(123)	**1 983**	(1 743)
Security solutions	**71**	247	**(35)**	(263)	**–**	156
Unified communications	**287**	563	**(698)**	(703)	**(7 044)**	(2 890)
Health care	**1 915**	1 442	**(187)**	(203)	**(4 019)**	(3 351)
Tracking solutions	**237**	1 398	**(63)**	(691)	**(405)**	2 750
Managed services	**144 843**	160 922	**(12 396)**	(11 546)	**(4 834)**	(52 502)
Total	**147 394**	164 639	**(13 556)**	(13 529)	**(14 319)**	(57 580)

43. GROUP SEGMENTAL REPORT (continued)

	2022 R'000	2021 R'000
Segmental assets		
Software and consulting	**21 800**	14 633
Security solutions	**–**	59 790
Unified communications	**176 881**	132 986
Health care	**104 907**	89 594
Tracking solutions	**–**	87 249
Managed services	**3 481 085**	3 820 097
Total segmental assets	**3 784 673**	4 204 349
Unallocated*	**26 462**	22 237
Total consolidated assets	**3 811 135**	4 226 586

	2022 R'000	2021 R'000
Segmental liabilities		
Software and consulting	**14 109**	9 880
Security solutions	**–**	23 596
Unified communications	**84 870**	57 303
Health care	**17 200**	8 802
Tracking solutions	**–**	12 654
Managed services	**587 554**	521 573
Total segmental liabilities	**703 733**	633 808
Unallocated*	**–**	(7 349)
Total consolidated liabilities	**703 733**	626 459

* *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	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Software and consulting	**309**	1 033	**53**	2 977
Unified communications	**12 000**	6 759	**3 936**	63 921
Health care	**1 703**	3 920	**1 273**	6 556
Tracking solutions	**–**	7 229	**–**	97
Managed services	**21 084**	52 374	**11 265**	162 352
Total	**35 096**	71 315	**16 527**	235 903

43. GROUP SEGMENTAL REPORT (continued)

Non-current assets held for sale

In prior year, management made the decision to dispose of the investment in Puleng which falls into the Security Solutions division. This investment was reclassified as held for sale as at 31 August 2021. The investment was disposed on 1 November 2021. Refer to note 47 for further details.

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	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Lobster	**202 956**	170 723	**61 562**	28 301
Pelagics	**73 405**	93 530	**17 446**	24 985
Hake	**30 908**	33 049	**4 780**	7 575
Squid	**103 085**	206 245	**5 218**	62 656
Aquaculture	**39 226**	35 108	**(17 579)**	(6 183)
Cold storage	**10 779**	10 412	**2 064**	3 105
Seagro	**6 558**	10 155	**2 298**	4 797
Processing and marketing	**8 169**	15 893	**8 169**	8 278
Total	**475 086**	575 115	**83 958**	133 514
Administration and support services			**(87 405)**	(119 989)
Fair value gains			**(12 361)**	1 058
Proceeds from Grant from DTI			**30 000**	–
Interest income			**9 998**	8 255
Finance cost			**(5 623)**	(5 251)
Total revenue and profit before taxation	**475 086**	575 115	**18 567**	17 587

43. GROUP SEGMENTAL REPORT (continued)

	2022 R'000	2021 R'000
Segmental assets		
Lobster	**73 613**	66 877
Pelagics	**110 931**	108 882
Hake	**5 072**	5 030
Squid	**148 426**	162 587
Aquaculture	**317 032**	325 046
Cold storage	**932**	1 465
Seagro	**6 117**	3 840
Processing and marketing	**931**	1 610
Administration and support services	**344 159**	323 910
Total segmental assets	**1 007 213**	999 247
Unallocated	**19**	22
Total consolidated assets	**1 007 232**	999 269

	2022 R'000	2021 R'000
Segmental liabilities		
Lobster	**10 143**	12 241
Pelagics	**7 206**	9 929
Hake	**5 472**	5 098
Squid	**12 534**	14 239
Aquaculture	**16 323**	16 331
Processing and marketing	**921**	2 723
Administration and support services	**68 931**	53 455
Total segmental liabilities	**121 530**	114 016
Unallocated	**126 353**	124 674
Total consolidated liabilities	**247 883**	238 690

43. GROUP SEGMENTAL REPORT (continued)

	Depreciation and armotisation		Additions to property, plant and equipment	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Lobster	**8 070**	3 933	**11 692**	6 255
Pelagics	**7 979**	7 404	**14 654**	6 226
Hake	**645**	71	**1 382**	2 815
Squid	**6 942**	8 079	**852**	3 103
Aquaculture	**3 996**	3 830	**1 744**	15 500
Cold storage	**360**	32	**–**	–
Seagro	**43**	43	**–**	–
Processing and marketing	**2**	2	**–**	–
Administration and support services	**5 665**	4 988	**379**	1 243
Total	**33 702**	28 382	**30 703**	35 142

Geographical information

The Group operates in South Africa.

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

	2022 R'000	2021 R'000
United States of America	**172 124**	120 521
Europe	**132 984**	239 595
Far East	**46 317**	66 399
South Africa	**123 661**	148 600
Total revenue	**475 086**	575 115

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:

	2022	2021	Segment
Customer 1	**R148 million**	R138 million	Lobster
Customer 2	**R71 million**	R68 million	Pelagic

44. INFORMATION ON SUBSIDIARIES

	Effective % held	Effective % held	Nature of business
AEEI Asset Managements (Pty) Ltd	100	100	Dormant
AEEI Financial Services (Pty) Ltd	100	100	Dormant
AEEI Health and Biotherapeutics (Pty) Ltd	100	100	Dormant
AEEI Investments (Pty) Ltd	100	100	Dormant
AEEI Marine and Fishing (Pty) Ltd	100	100	Dormant
AEEI Properties (Pty) Ltd	100	100	Properties
AEEI Strategic Investments (Pty) Ltd	100	100	Dormant
AEEI Technology Solutions Ltd	100	100	Dormant
African Biotechnological and Medical Innovations Investments (Pty) Ltd	100	100	Biotechnology investments
African Equity Empowerment Holdings (Namibia)	100	100	Dormant
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	88	88	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	76	Communications

44. INFORMATION ON SUBSIDIARIES (continued)

	Effective % held	Effective % held	Nature of business
Kilomax (Pty) Ltd	100	100	Investment in telecommunication
Kuttlefish (SA) (Pty) Ltd	100	100	Dormant company
Kathea Communications (Pty) Ltd	100	100	IT investment
Mainstreet 1653 (Pty) Ltd	60	60	Investment holding
Magic 828 (Pty) Ltd	–	65	Radio station
Marine Growers (Pty) Ltd	100	100	Fishing
Opispex (Pty) Ltd	–	65	IT Investment
Orleans Cosmetics (Pty) Ltd	90	90	Health and beauty
Puleng Technologies (Pty) Ltd	–	49.36	Fishing
Premier Fishing and Brands Ltd	56.23	56.23	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	42.59	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	55	Information technology

* *The effective percentage held is 42,59 which together with majority of the voting rights through board membership resulting in the Group having majority control of these entities.*

45. FINANCIAL ASSETS BY CATEGORY

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

	2022 R'000	2021 R'000
Other financial assets	**496 105**	645 844
Trade and other receivables	**879 379**	518 141
Loans receivable	**321 608**	208 309
Loans to related parties	**288 746**	236 835
Cash and cash equivalents	**1 349 896**	2 343 886

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

Group – 2022

	At amortised cost R'000	Fair value through profit or loss - designated R'000	Total R'000
Trade and other receivables	879 379	–	879 379
Other financial assets	316 925	179 180	496 105
Cash and cash equivalents	1 349 896	–	1 349 896
Loans receivable	321 608	–	321 608
Loans to related parties	288 746	–	288 746
	3 156 554	179 180	3 335 734

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
Loans receivable	208 309	–	208 309
Loans to related parties	236 835	–	236 835
Cash and cash equivalents	2 343 886	–	2 343 886
	3 778 931	174 084	3 953 015

45. FINANCIAL ASSETS BY CATEGORY (continued)

Financial liabilities by category Group – 2022

	At amortised cost R'000	Total R'000
Other financial liabilities	3 603	3 603
Trade and other payables	447 743	447 743
Bank overdraft	3 259	3 259
	454 605	454 605

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

46. COMMITMENTS

Authorised capital expenditure already contracted for but not provided for

	2022 R'000	2021 R'000
Authorised by directors and not yet contracted for	**15 000**	32 000
This committed expenditure relates to the abalone farm expansion and will be financed by available finance resources		
	15 000	32 000
Minimum lease payments due		
Minimum lease payments due		
– within one year	**3 219**	–
– in second to fifth year inclusive	**4 815**	–
– later than five years	**–**	–
	8 034	–

Operating lease payments represent rentals payable by the company for its office properties, containers and office equipments. Leases are negotiated for an average term of 3 years. The rental payments have an average escalation rate of 8%. No contingent rent is payable.

Operating lease payments represent rentals payable by the company for its office properties, containers and office equipment. Leases are negotiated for an average term of 3 years. The rental payments have an average escalation rate of 8%. No contingent rent is payable.

47. BUSINESS COMBINATIONS

Disposal of Puleng

On 23 August 2021, management committed to a plan to sell Puleng, the subsidiary was classified as held for sale as at 31 August 2021. On 1 November 2021, the Group disposed of its 100% equity interest in Puleng in exchange of Preference shares of Dinaledi Technologies Proprietary Limited for a consideration of R20 million. A loss on sale of the subsidiary of R2.7 million has been recognised in profit or loss.

At the date of disposal, the carrying amounts of Puleng's net assets were as follows:

	R'000
Property, plant and equipment	308
Right of use asset	1 918
Other financial assets	640
Deferred tax assets	998
Current tax receivable	339
Trade & other receivables	31 763
Cash and cash equivalents	401
Lease liabilities	(1 829)
Trade and other payables	(4 244)
Net assets	**30 294**

Disposal of subsidiaries

Magic 828 Proprietary Limited and Opispex Proprietary Limited were disposed on 31 July 2022 in which the Group had a 65% shareholding in both subsidiaries. A loss on sale of the subsidiary of R10.8 million has been recognised in profit or loss. Magic 828 Proprietary Limited contributed R2.1 million revenue and losses of R4.5 million for the 11 months to 31 July 2022, whereas Opispex Proprietary Limited contributed losses of R0.4 million for the same period.

The identifiable assets and liabilities were disposed of as follows:

	Magic 828 Proprietary Limited R'000	Opispex Proprietary Limited R'000	Total R'000
Property, plant and equipment	57	1 630	1 687
Right of use asset	1 202	178	1 380
Lease liability	(1 288)	(306)	(1 594)
Intangible Assets	27	67	94
Deferred tax liability	–	(603)	(603)
Trade & other receivables	1 034	17	1 051
Cash and cash equivalentss	4 291	–	4 291
Trade and other payables	(524)	(130)	(654)
Non-controlling interests	3 001	2 153	5 154
Net assets	**7 800**	**3 006**	**10 806**

47. BUSINESS COMBINATIONS (continued)

Reconciliation of liabilities arising from financing activities – 2022

In the prior year, 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. 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.

There have been no acquisitions in the current financial year.

Assets acquired and liabilities assumed:	2021 R'000
Property, plant and equipment	691
Right of use asset	2 451
Intangible assets	62 012
Deferred tax asset	(12 673)
Finance lease receivables	2 095
Inventories	18 077
Trade and other receivables	21 622
Cash and cash equivalents	5 778
Other financial liabilities	(11 488)
Lease liabilities	(2 576)
Current tax payable	(911)
Trade and other payables	(28 993)
Provisions	(2 291)
Dividend receivable	(4 000)
Bank overdraft	(1 490)
Total identifiable assets and liabilities	**48 304**
Goodwill	35 715
Total purchase consideration	**84 019**

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.

48. FAIR VALUE INFORMATION (continued)

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	2022 R'000	2021 R'000
Listed Investments (note 10)				
Investments in Sygnia		1	**46 204**	48 650
Unlisted Investments (note 10)				
African Legend	Discounted cash flow	3	**15 198**	12 325
Cadiz	Investor statement	2	**1 001**	1 005
Bambelela	Percentage of net asset value	3	**114 627**	91 408
4Plus	Discounted cash flow	3	**1 432**	19 818
Vunani	Discounted cash flow	3	**200 357**	116 983
Biological assets				
Abalone	Fair value less cost to sell	3	**83 073**	95 910
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
Other financial liabilities	Discounted cash flow	3	**894**	2 136
			462 786	474 475

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

Recurring fair value measurements

Assets	Notes	2022 R'000	2021 R'000
Level 1			
Financial assets designated at fair value through profit (loss)			
Investment in listed public companies	10	**46 204**	48 650
Level 2			
Other financial assets - designated at fair value through profit / (loss)			
Cadiz Investments Enterprise Development Fund	10	**1 001**	1 005
Level 3			
Biological assets			
Abalone	15	**83 073**	95 910
Assets held for sale		**-**	59 790

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

		2022 R'000	2021 R'000
Financial assets designated at fair value through profit (loss)			
Listed shares	10	**46 204**	48 650
Investments in unlisted private companies	10	**332 157**	262 024
Investments in unlisted public companies	10	**15 198**	12 325
Total financial assets designated at fair value through profit (loss)		**393 559**	322 999
Liabilities			
Financial liabilities at fair value through profit (loss)			
Other financial liabilities	21	**894**	2 136
Contingent consideration liability	24	**-**	24 228
Total financial liabilities at fair value through profit (loss)		**894**	26 364

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 2 and level 3

	Notes	Opening balance R'000	Gains/(losses) recognised in profit/(loss) R'000	Purchases R'000	Harvests R'000	Changes in fair value, births and deaths R'000	Closing balance R'000
Group – 2022							
Assets							
Biological assets							
Abalone	15	95 910	–	–	(37 402)	24 565	83 073
Non-financial assets							
Financial assets designated at fair value through profit (loss)							
Listed shares	10	48 650	(2 446)	–	–	–	46 204
Investments in unlisted private companies	10	262 024	(22 027)	121 486	(29 326)	–	332 157
Investments in unlisted public companies	10	12 325	–	2 873	–	–	15 198
Total financial assets designated at fair value through profit (loss)		322 999	(24 473)	124 359	(29 326)	–	393 559

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		2 136	(1 242)	–	–	–	894
Contingent consideration liability		24 228	5 772	–	(30 000)	–	–
Total financial liabilities at fair value through profit (loss)		**26 364**	**4 530**	**–**	**(30 000)**	**–**	**894**

48. FAIR VALUE INFORMATION (continued)

	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
Group – 2021							
Assets							
Biological assets							
Abalone	15	84 436	26 084	–	(14 610)	–	95 910
Non-financial assets							
Intangible assets							
Brands, patents and trademarks		11 850	–	-	–	(11 850)	-
Software development		50 162	–	–	–	(50 162)	–
Total intangible assets		**62 012**	**-**	**-**	**-**	**(62 012)**	**-**
Financial assets designated at fair value through profit (loss)							
Listed shares	10	40 462	–	8 188	–	–	48 650
Investments in unlisted private companies	10	223 489	–	38 535	–	–	262 024
Investments in unlisted public companies	10	9 841	2 484	–	–	–	12 325
Total financial assets designated at fair value through profit (loss)		**273 792**	**2 484**	**46 723**	**-**	–	**322 999**

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, loans receivable and loans to related parties are categorised as loans and receivables. It has been concluded that the carrying amounts of these assets approximate their fair values. Refer to notes 13, 14, 17 and 18.

Financial liabilities that are not measured at fair value, namely trade and other payables and other financial liabilities measured at amortised cost 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 26. 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.

48. FAIR VALUE INFORMATION (continued)

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

Significant Assumptions	2022	2021*
Investment in unlisted private companies		
Weighted average cost of capital	**1%-26%**	18,75%-24%
Target debt/equity ratio	**10%-47%**	0%-43%
Beta	**0,1-2,06**	0.53-1,12
Specific risk premium	**1%-8,0%**	0,5%-4%
Terminal growth rate	**1%-5,5%**	0% -4,5%
Investment in unlisted public companies		
Weighted average cost of capital	**1%-26%**	18,75%-24%
Target debt/equity ratio	**10%-47%**	0%-43%
Beta	**0,1-2,06**	0.53-1,12
Specific risk premium	**1%-8,0%**	0,5%-4%
Terminal growth rate	**1%-5,5%**	0% -4,5%

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.

	R'000	R'000
Cost of debt	**1 125**	1 290
Beta	**1 264**	164
Weighted average cost of capital	**3 243**	3 864
Specific risk premium	**2 109**	6 057
Target debt/equity ratio	**(2 125)**	(1 604)
Terminal growth rate	**(2 067)**	(1 866)

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.

Key inputs used in measuring fair value of investments and contingent consideration liabilities include current forecasts of the extent to which management believe performance criteria will be met, discount rates reflecting the time value of money and contractually specified earn-out payments. The potential effect of using reasonably possible alternative assumptions in the valuation, based on a change in the most significant input by 1% while holding all other variables constant, is shown below:

	Share price	
Investments	**Increase 10%**	**Decrease 10%**
Bambelela	1 333	(1 333)

The value of Bambelela is driven by the net asset value of the Vunani Fintech Fund Proprietary Limited and Vunani Limited as all other inputs are fairly constant and predictable therefore a sensitivity analysis has been performed by increasing and decreasing their net asset value by 10%.

48. FAIR VALUE INFORMATION (continued)

Investments	Weighted average cost of capital Increase 1%	Weighted average cost of capital Decrease 1%
4 Plus	1 040	(1 168)

The fair value calculations are performed by Vunani corporate finance and reviewed by the Group's finance department and operations team on a yearly basis.

Biological assets

Gains and losses recognised in profit or loss for biological assets are included in cost of sales in the Statement of Comprehensive Income.

The value of abalone is calculated by taking into account the selling price of the abalone, less costs associated with the sale. The selling price ranged between $28/kg–$33/kg. The 30–60 grams ranges between $28/kg–$29/kg. The 70–150 grams ranges between $29.5/kg–$32/kg. International freight cost is $5kg. The average packaging costs were $15.23/kg. The net selling price less costs to sell is then applied to the total weight of the abalone per size category as at year-end with other inputs such as weight loss of the abalone and the USD foreign currency spot rate. The potential effect of using reasonably possible alternative assumptions in the valuation, based on a change in the most significant input by 1% while holding all other variables constant, is shown in the following table:

Biological assets - Abalone	Impact on profit after tax Increase 1%	Impact on profit after tax Decrease 1%
Weight	496 628	(496 628)
USD spot rate	518 063	(518 063)
International freight	(124 677)	124 677
Packaging and processing	(21 434)	21 434

49. DIVIDEND PAYABLE

The Board has not declared a dividend for the year ending 31 August 2022.

50. GOING CONCERN

The consolidated annual financial statements have been prepared based on accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations. The realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The Directors have determined the appropriate basis of preparation of the consolidated annual financial statements after considering the Group's significant risks, outstanding legal matters, the current financial performance of the Group, the Group's financial budgets and assessing the solvency and liquidity of the Group taking into account the current financial position and existing cash resources and borrowing facilities.

The Group will focus on maintaining its existing value and further mitigating any impacts of the banking challenges experienced over the past two years. The Group will also continue to work on re-establishing its previously sound relationship with banking institutions following the recent positive outcome of the Interdict applications made to the Equality Court and Competitions Tribunal.

50. GOING CONCERN (continued)

The directors believe that the Group has adequate financial resources to continue in operation for the foreseeable future and accordingly the 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 has access to borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material and that it has access to sufficient 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.

51. EVENTS AFTER THE REPORTING PERIOD

On 11 November 2022 the Group announced on SENS that the Group, in concert with other related entities, are working on a potential transaction to buy out the minority shareholders in PFB and delist the company.

On 4 November 2022 and 16 November 2022 the Group announced on SENS that it would be concluding a small related party transaction whereby a portion of shares held in Sygnia Limited by the Group would be sold to Sekunjalo Investment Holdings Proprietary Limited.

In the previous financial year, AYO Technology Solutions Limited (AYO), a subsidiary of the Group, disposed of 5.5% of its shareholding in Zaloserve to Zaloserve management. On 19 October 2022, the board approved the transaction to reverse the sale of 5.5% of the issued share capital. As of 19 October 2022, the AYO Group held 55% equity interest in Zaloserve.

Share subscription binding agreement

Shareholders holding securities in Premier Fishing and Brands Limited ("PFB") and African Equity Empowerment Investments Limited respectively are advised that Premier Fishing SA Proprietary Limited ("PFSA"), a wholly owned subsidiary of PFB entered into a binding subscription agreement where PFSA will subscribe for 607 Ordinary shares of Talhado Fishing Enterprises Limited ("Talhado") for a subscriptions price of R95,000,000 and Talhado will enter into a binding share repurchase agreement to subscribe for 607 Scofish Proprietary Limited ("Scofish") shares, for a Repurchase price of R95,000,000.

Lease contract termination - Head office premises

The lease term for the premises located at the V&A Waterfront, the group head offices were revised after year end, a new lease contract was signed into effective 1 December 2022. The effect of the lease contract cancellation on the reported financial statements are that a lease liability and right of use assets reported on the statement of financial position will be written off to a nil value in the next financial year.

The effects of the lease termination as at 1 December 2022 will be as follows:

Accounting implications	R'000
Right of use asset write off	(27 671)
Lease liability write off	38 756
Net gain on write off	11 085
Deferred tax adjustment at effective rate of 27%	(2 993)
Net effect – increase in profit after tax	8 092

The Chief Executive Officer of AYO, Mr Howard Plaatjes, having reached retirement age, has elected to exercise his right to retire with effect from 13 December 2022.

AYO was publicly censured by the JSE on 21 December 2022 for a failure to comply with JSE Listings Requirements for certain transactions concluded between 2017 and 2019. AYO has issued a public response on the Stock Exchange News Service. The censure and response thereto are available for viewing on the JSE SENS Announcements webpage.

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

52. NON-CURRENT ASSETS HELD FOR SALE

In the prior year, on 23 August 2021, management committed to a plan to sell Puleng, the subsidiary was classified as held for sale as at 31 August 2021. On 1 November 2021, the Group disposed of its 100% equity interest in Puleng in exchange of Preference shares of Dinaledi Technologies Proprietary Limited for a consideration of R20 million. A loss on sale of the subsidiary of R2.7 million has been recognised in profit or loss.

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

Assets classified as held for sale	R'000
Property, plant and equipment	430
Right of use asset	2 037
Other financial assets	640
Deferred tax assets	842
Cash and cash equivalent	1 006
Trade and other receivables	54 835
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
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	**1 007**

53. DIVIDENDS PAID

	2022 R'000	2021 R'000
Balance at beginning of the year	**(40 947)**	(12 696)
Dividends declared	**(49 452)**	(248 840)
Unclaimed dividends held in trust	**(3 973)**	(26 693)
Balance at end of the year	**46 076**	40 947
	(48 296)	(247 282)

Dividends are distributed out of capital reserves.

54. CONTINGENCIES

Litigation

On 31 May 2019 AYO received a summons issued by the PIC and 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.

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 which it 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, is appealing the ruling.

Legal experts are of the opinion that Sizwe must provide for a potential loss, being the profit that was made from components of the deal. Therefore management have made an estimate and raised the provision for the amount.

The Group instituted action against Futuretell Communication Proprietary Limited for going against the terms set in a loan agreement relating to a loan granted to them in 2019. The Group has instituted legal action in order to recover the loan.

The Group instituted action against Cortex Logic Proprietary Limited and its directors who stood surety for a loan that was granted in 2018. Judgement and settlement was ordered in favour of AYO for a sum of R14 million. A warrant of execution has been issued for the recovery of the outstanding amount.

There is a pending defamation claim against Pieter Louis Myburgh which forms part of a broader defamation claim against the Daily Maverick. The claim is for the amount of R5 million.

There is a pending defamation claim of R5 million against Amabhungane relating to an article published in 2021. A summons was issued in relation to the defamatory remarks.

The Group is party to an Equality Court application against ABSA and 26 others declaring that the decision of the banks to terminate and/or refuse to provide or to give notice of termination and/or refusal of banking services and facilities to the Group and other parties involved in the application is inconsistent with their obligations under the Constitution and the Promotion of Equality and Prevention of Unfair Discrimination Act.

Legal proceedings were instituted against Access Bank following the termination of AYO's bank accounts. An interim interdict application was opened against Access Bank to re-open the bank accounts and to launch a review application to set aside Access Bank's decision to terminate AYO's bank accounts and declaring the termination unlawful. The matter is currently on-going.

There is a claim for approximately R6.6 million from Volt Africa Proprietary Limited ("Volt") (hereinafter "the Volt Claim"), in which the Claimant (Volt) alleges that the aforesaid amounts constitutes alleged overpayments made to Afrozaar Proprietary Limited ("Afrozaar") under the auspices of two service contracts previously concluded between the respective parties.

For the claims against Afrozaar, prospects of success of the Volt claim are difficult to anticipate at this point as the claimant has not fully expanded on its claim nor responded to our submission or observations, therefore the claim merits are unclear. Afrozaar is a subsidiary company within the software and consulting services division.

54. CONTINGENCIES (continued)

The Group is also party to a High Court Parallel Application against ABSA and 22 raising contractual concerns regarding the banks' decision that the provision of banking facilities to their clients ought to be subject to constitutional control and that the termination by the banks of their banking relationship with their clients, purely on notice, is unconstitutional.

The application also seeks to highlight that the termination by the banks of their banking relationship with their clients, purely on notice is irrational, arbitrary and reviewable under the Promotion of Administrative Justice Act, alternatively under the principle of legality and/or the common law. And finally, the application requires a reviewing, correcting and setting aside of the withdrawal, termination and closure by the banks of the financial products or services and banking relationships with the Group and the other applicants.

The legal loss provision is based on a legal case between the company and SITA/Eastern Cape Department of Education. Legal experts are of the opinion that we provide for a potential loss, being the profit that was made from SCH9 and SCH10 of this deal. The company requested the court for a just and equitable settlement from the case, which will not include any profit making from this deal. Therefore management has made an estimate that a profit of R16 661 884.93 that was made from SCH9 and SCH10 is at risk of not being included in the settlement amount.

During the year, AYO together with 35 others (hereinafter "the applicants") instituted an application with the Competition Tribunal against Nedbank Limited, Standard Bank of South Africa Limited, First Rand Bank Limited, ABSA Bank Limited, Mercantile Bank Limited, Sasfin Bank Limited, Investec Bank Limited, Bidvest Bank Limited, Access Bank Limited and the Competition Commission (hereinafter "the respondents") to interdict and restrain the respondents on an interim basis from terminating their relationship with the applicants and/or refusing to provide banking and payment services to the applicants.

Judgement was given on 16 September 2022, and the competition tribunal granted an order for the respondents to reinstate or restore the bank accounts including all services that they provided to the applicants that held accounts with it, on the same terms and conditions as existed prior to the closure or termination of the accounts. The order is for a period of six months from 16 September 2022 or the conclusion of an investigation into the conduct of the respondents by the Competition Commission.

As a result of the order, FNB has reopened the bank account that it had previously terminated for AYO. Nedbank has also reopened the bank accounts that it had previously terminated for AYO's subsidiaries.

One of the subsidiaries in the Events segment is involved is currently involved in a lawsuit with PRASA which relates to outstanding debt owed to the company. The outcome of this lawsuit is uncertain.

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 R1.2 million as at 31 August 2021, and the AYO put option for GCCT has been valued at nil as at 31 August 2021. 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.