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2023 ANNUAL FINANCIAL STATEMENTS

AEEI™

AFRICAN EQUITY
EMPOWERMENT
INVESTMENTS
LIMITED

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 2023 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 2023 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(g), 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
30 January 2024

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 2023, 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 2024. 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 19 to 126, 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;
- 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; and
- we are not aware of any fraud involving directors.

The consolidated financial statements set out on pages 19 to 126, which have been prepared on the going concern basis, were approved by the Board on 30 January 2024 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 2023, 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
30 January 2024

INDEPENDENT AUDITOR'S REPORT

30 January 2024

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 19 to 126, which comprise the consolidated statement of financial position as at 31 August 2023, 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 2023, 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 group 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
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 the overall control environment regarding related parties, as well as the processes which have been implemented by management in this regard, and which have been overseen by the board of directors. ▪ 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.
Investment in associate held for disposal	
Kilomix Investments Proprietary Limited ("Kilomix"), a wholly-owned subsidiary of African Equity Empowerment Investments Limited, entered into a share repurchase agreement ("Disposal Agreement") with BT Communications Services South Africa Proprietary Limited ("BTSA"), a subsidiary of BT Limited ("BT"), in terms of which BTSA will acquire 30 000 ordinary shares, constituting 30% of the issued share capital of BTSA owned by Kilomix ("BTSA Shares"), for an aggregate amount of R290 million ("Repurchase Price") ("the Disposal"). The share repurchase was subsequently concluded on 28 December 2023. The materiality of the transaction in relation to the group consolidated financial statements as well as the audit effort required for testing the measurement, classification and related disclosures as disclosed in Note 52 and 53 to the financial statements, resulted in this being regarded as a key audit matter.	In assessing the measurement, classification and related disclosures, we: ▪ Obtained an understanding of management's internal control process for measuring and recording the transaction. ▪ Inspected the repurchase agreement between Kilomix and BTSA. ▪ Assessed the appropriateness of the valuation of the investment in BTSA in terms of IFRS. ▪ Recalculated the impairment of the investment in BTSA. ▪ Inspected audit evidence corroborating the conclusion of the disposal of the BTSA shares in accordance with the repurchase agreement subsequent to the end of the period. 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 2023 amounted to approximately R313 million. These financial instruments were measured based on unobservable inputs and are classified as "level 3 financial instruments". As these financial instruments are unlisted and not traded in an active market, management determined the fair values of these financial instruments by using applicable valuation techniques with the assistance from valuation experts. We considered the valuation of unlisted financial instruments to be significant to the audit because of the materiality thereof to the Group's Annual Financial Statements and the sensitivity thereof to the various unobservable valuation inputs, uncertain future cash flows and assumptions that require considerable judgement. The disclosures relating to investment in unlisted financial instruments are contained in note 1 (accounting policies) and notes 10 (financial disclosures) and 49 (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.

Key audit matter	How our audit addressed the key audit matter
Unbundling of AYO Technologies (technology division)	
The investment in AYO Technology Solutions Limited (AYO), in which the group had 49.36% shareholding, was disposed of 31 July 2023. The disposal was concluded by a *pro rata* distribution *in specie* in the ratio of 1 AYO share for every 2.89 AEEI shares. A loss on disposal of subsidiary of R512 million has been recognized in profit or loss. The materiality of the transaction in relation to the group consolidated financial statements as well as the audit effort required to conclude on the measurement and recognition of the transaction have resulted in this transaction being regarded as a key audit matter. The disclosures relating to the disposal of the investment in subsidiary are contained in note 1 (accounting policies) and note 47.	In assessing the recognition and measurement of the disposal of the subsidiary we: ▪ Obtained an understanding of management's internal control process for measuring and recognizing the disposal. ▪ Obtained an understanding of the disposal transaction by inspecting documentation such as board minutes, AEEI unbundling circular and board resolutions. ▪ Assessed if the date of disposal of the subsidiary had been correctly determined. ▪ Assessed the validity, accuracy and completeness of the results of the AYO group which were consolidated up to the date of disposal. ▪ Recalculated the loss on the disposal. ▪ Recalculated the amounts presented as comparative information in the statement of profit or loss and other comprehensive income. We assessed the disclosures made for compliance with International Financial Reporting Standards.
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.

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 2023", "African Equity Empowerment Investments Group Annual Financial Statements 2023" which includes the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate as required by the Companies Act of South Africa, and in the document titled "African Equity Empowerment Investments Limited Integrated Report 2023". 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 group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the directors with a statement that we have 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, actions taken to eliminate threats or safeguards applied.

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 four years.

Crowe JHB

Crowe JHB
G Kartsounis
Partner
Registered Auditor
Rivonia, Johannesburg, 2196
30 January 2024

Thawt inc

THAWT Incorporated
G C Gorgulho
Partner
Registered Auditor
Cape Town, 8000
30 January 2024

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 2023.

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

Shareholders of AEEI ("Shareholders") are advised that on 26 September 2023, Kilomix Investments Proprietary Limited ("Kilomix"), a wholly-owned subsidiary of AEEI, entered into a share repurchase agreement ("Disposal Agreement") with BT Communications Services South Africa Proprietary Limited ("BTSA"), a subsidiary of BT Limited ("BT"), in terms of which BTSA will acquire 30 000 ordinary shares, constituting 30% of the issued share capital of BTSA owned by Kilomix ("BTSA Shares"), for an aggregate amount of R290 million ("Repurchase Price") ("the Disposal"). Refer to note 53 to the annual financial statements. The share repurchase was subsequently concluded on 28 December 2023.

The board of AEEI announced on SENS on 16 October 2023 of its firm intention to make an offer to shareholders to repurchase their shares and the subsequent proposed delisting of AEEI from the JSE.

On or about 15 November 2023, a subsidiary suffered an alleged cybercrime involving the unauthorised transfer of an amount of $820,000 from the company's bank account to the account of an unknown third party. A criminal case has been opened with the South African Police Services. There are various investigations taking place, including with the view to instituting disciplinary proceedings against one or more company employees, and efforts are being made to recover the funds.

There were new changes effected to the contractual terms on the leased properties owned by the Department of Public Works upon which the farming operations by Marine Growers Proprietary Limited are carried on, as well as the Pelagic and Seagro operations for Premier Fishing South Africa which are based in Saldanha. Correspondence was received after the financial year end, of the new lease terms with the Department of Public Works. Lease periods were amended for the properties from a year-to-year basis to a 5 year lease term. On this basis the accounting implications indicate for the group company Marine Growers Proprietary Limited, the estimated right-of-use asset and lease liability amounts to R4 977 188. The current portion of this lease liability amounts to R626 253 and the non-current portion amounts to R4 350 935, Premier Fishing South Africa Proprietary Limited will have the same accounting implications because of the changes in lease terms, where the estimated right-of-use asset and lease liability amounts to R7 201 602. The current portion of this lease liability amounts to R906 139 and the non-current portion amounts to R6 295 464.

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 2023. Available cash resources will be utilised to settle shareholders who vote to sell their shares in the scheme of arrangement pursuant to delisting 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 the 2023 financial year.

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 2024 financial year.

9. COMPANY SECRETARY

The company secretary is Mr C Kannemeyer of:

Postal address:	P.O. Box 181 Cape Town South Africa 8000
Business address:	10th Floor, Convention Tower Corner Heerengracht and Walter Sisulu Avenue Foreshore Cape Town 8001

The company secretary is accountable to the Board and the following duties, among other things, were carried out:

- 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.

11. 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.

12. 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 2023 financial year.

13. DIRECTORS' INTERESTS IN SHARES

As at 31 August 2023, the directors of the Company held in aggregate, directly or indirectly, beneficially or non-beneficially, 11 751 912 (2022: 617 250) shares in the Company, equivalent to 2.4% (2022: 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 2023	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%**
CL Geuking-Cohausz	**9 614 662**	**–**	**1 520 000**	**11 134 662**	**2.27%**
	9 669 662	**–**	**2 082 250**	**11 751 912**	**2.40%**

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%
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.

14. 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.

15. 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.

16. ACQUISITIONS AND DISPOSALS DURING THE YEAR

The investment in AYO Technology Solutions Limited (AYO), in which the Group had a 49.36% shareholding, was disposed of on 31 July 2023. A loss on sale of the subsidiary of R513 million has been recognised in profit or loss. AYO contributed R2,104 million revenue and losses of R487 million for the 11 months to 31 July 2023.

Post the unbundling of AYO, AEEI retains its 60% shareholding in Mainstreet Proprietary Limited (Mainstreet), however in terms of a shareholders agreement, AYO retains the rights to appoint the majority of the board of directors of Mainstreet and has retained control of the entity. Post the unbundling of AYO, AEEI will exercise significant influence over its investment in Mainstreet and will account for the investment in Mainstreet as an investment in associate under the equity method.

Following the unbundling of AYO, African Equity Empowerment Investments (AEEI) has adopted an equity accounting approach for its investment in SGT Solutions via Mainstreet, wherein AEEI holds a 60% ownership interest. SGT Solutions, a subsidiary of AYO, is a prominent turnkey solutions integrator, specialising in the comprehensive spectrum of services encompassing the design, procurement, deployment, and maintenance of cutting-edge telecommunication systems catering to the needs of fixed, mobile, and converged network operators. Additionally, the company is engaged in the innovation, development, and marketing of DC power solutions tailored to the telecommunications sector.

The investment in Bowwood and Main No. 180 Proprietary Limited ("Bowwood"), in which the Group had 60% shareholding, was disposed on 31 July 2023. A gain on sale of the subsidiary of R20 million has been recognised in profit or loss. This gain on sale is a non-controlling interest adjustment upon deconsolidation arising from the derecognition of the carrying amount of non-controlling interest at the date when control was lost. Bowwood contributed losses of R250 000 for the 11 months to 31 July 2023.

On 9 May 2018, the Premier Fishing 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. During the current year, there was a further acquisition of shares in Talhado group of companies which resulted in Premier Fishing increasing its effective holding across all Talhado companies.

17. INTERESTS IN SUBSIDIARIES, ASSOCIATES AND JOINT ARRANGEMENTS

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

18. 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 2023 (2022: RNil).

19. 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 27 February 2023 were as follows:

- The unbundling of AYO on 30 June 2023.

20. 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.

21. LITIGATION STATEMENT

Absa Bank Ltd and 26 Others (Equality Court Application) – The group is party to an Equality Court application against 27 respondents 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, 2000. A virtual direction hearing between the parties was held on 29 September 2023, wherein future hearing dates of the interlocutory applications was decided and agreed upon. The fifth directions hearing will take place on 8 March 2024 to decide the further conduct on the matter.

Nedbank and 1 Other – The Group instituted proceedings against Nedbank in the form of an urgent interim interdict to interdict Nedbank from closing the accounts of the Applicants pending the outcome of the main Application in the Equality application as referred to above. On 17 June 2022, Judge Dolamo found in favour of the Applicants and granted an interim interdict. Nedbank applied for leave to appeal the decision in the High Court, which was dismissed. Thereafter, Nedbank petitioned the Supreme Court of Appeal and successfully obtained leave to appeal the court a quo's judgment. The matter was heard on the 14 November 2023 and judgment has been reserved.

Standard Bank of SA Limited – The Applicants herein instituted interdict proceedings against Standard bank pursuant to receiving a termination letter dated 25 April 2022. All pleadings were filed herein, however, the matter was removed from the roll and withdrawn by agreement pending the outcome of Competition Tribunal's finding as well as the outcome of the appeal of the Competition Tribunal's decision to keep Applicants' bank accounts open. The Applicants also launched an urgent application to interdict Standard Bank from closing the Applicants' banking accounts pending the outcome of the main application under case number 9318/22. All pleadings were filed herein, however, the matter was also withdrawn by agreement after the Applicants were awarded temporary relief by the Competition Tribunal on 16 September 2022 ordering the Banks to keep the Applicants' accounts open pending the outcome of its decision. Standard Bank agreed to keep the accounts open whilst awaiting the outcome of the appeal instituted in the Competition Appeal Court ("CAC"). The appellants in the application to appeal the Competition Tribunal were successful and the appeal was upheld, whereafter Standard Bank threatened to proceed with closing the bank accounts despite us having lodged an appeal to the Constitutional Court. The Group had no option but to revive this application on an urgent basis, and simultaneously launched an urgent application in the Equality Court. The matters were heard on 12 September 2023, and we were successful in obtaining an interim interdict against Standard Bank from closing bank accounts affected until September 2024. Standard Bank has filed for leave to appeal which has been set down for the 15th of February 2024.

Competition Tribunal – Standard Bank, Mercantile Bank and Access Bank ("the banks") appealed the ruling of the Tribunal to the Competition Appeal Court ("CAC") and the appeals were heard on 30 and 31 March 2023. On 17 July 2023 the CAC rendered its decision, and it upheld the appeals of the three banks. On 08 August 2023 AYO and other entities in the Sekunjalo Group lodged an application for leave to appeal the judgment of the CAC to the Constitutional Court. The banks are opposing the application for leave to appeal. The Tribunal ruling of 16 September 2022 was extended until 16 September 2023 and during August 2023, the Commission and the applicants signed an agreement to extend the Commission's investigation until December 2024. However, the banks opposed the extension application, and the matter was set down and heard before the Tribunal on the 5th of October 2023. Judgment has been reserved by the Tribunal.

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

The consolidated annual financial statements have been authorised for issue by the directors on 30 January 2024. No authority was given to anyone to amend the consolidated annual financial statements after the date of issue.

23. PREPARER AND SUPERVISOR

These consolidated annual financial statements were prepared by Group Financial Manager, Makaita Chikwavira, CA(SA) and Jesca Meki CA(SA) under the supervision of Group Chief Financial Officer, Jowayne Van Wyk CA(SA).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 AUGUST 2023

	Notes	2023 R'000	2022 R'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	3	**480 036**	507 482
Right of use assets	4	**24 991**	149 599
Goodwill	5	**69 514**	119 926
Intangible assets	6	**61 105**	384 469
Investment in associate	8	**72 872**	935 601
Investments in joint ventures	9	**-**	73 903
Other financial assets	10	**49 029**	260 996
Finance lease receivables	11	**-**	3 131
Deferred tax	12	**162 895**	161 165
Loans receivable	13	**18**	176 259
Loans to related parties	14	**-**	263 789
		920 460	3 036 320
CURRENT ASSETS			
Biological assets	15	**85 915**	83 073
Inventories	16	**63 395**	258 136
Current tax receivable		**8 557**	4 389
Trade and other receivables	17	**101 964**	879 379
Other financial assets	10	**5 934**	235 109
Finance lease receivables	11	**-**	13 149
Loan receivable	13	**-**	145 349
Cash and cash equivalents	18	**235 737**	1 349 896
Loans to related parties	14	**-**	24 957
		501 502	2 993 437
Assets held for sale IFRS 5	53	**290 000**	-
Total Assets		**1 711 962**	6 029 757

CONSOLIDATED STATEMENT OF FINANCIAL POSITION CONTINUED

AS AT 31 AUGUST 2022

	Notes	2023 R'000	2022 R'000
EQUITY AND LIABILITIES			
EQUITY			
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT			
Share capital	19	**402 240**	402 240
Reserves	20	**8 684**	(21 254)
Retained income		**63 285**	2 188 533
Equity attributable to equity holders of parent		**474 209**	2 569 520
Non-controlling interest		**734 068**	2 307 902
		1 208 277	4 877 422
LIABILITIES			
NON-CURRENT LIABILITIES			
Other financial liabilities	21	**696**	2 249
Lease liabilities	4	**18 872**	136 850
Employee benefit obligation	22	**1 450**	5 082
Deferred tax	12	**218 576**	301 208
Loans from related parties	14	**18 216**	-
		257 810	445 389
CURRENT LIABILITIES			
Provisions	25	**12 057**	78 645
Trade and other payables	26	**99 705**	447 743
Other financial liabilities	21	**958**	1 060
Lease liabilities	4	**8 596**	49 778
Deferred income	23	**1 876**	47 719
Current tax payable		**1 874**	32 666
Dividend payable	54	**13 987**	46 076
Bank overdraft	18	**1 755**	3 259
Loans from related parties	14	**105 067**	-
		245 875	706 946
Total Liabilities		**503 685**	1 152 335
Total Equity and Liabilities		**1 711 962**	6 029 757

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 AUGUST 2023

	Notes	2023 R'000	*2022 R'000
Revenue	27	**734 246**	578 556
Cost of sales	28	**(410 392)**	(378 971)
Gross profit		**323 854**	**199 585**
Other income	29	**50 252**	28 840
Operating expenses	30	**(324 532)**	(270 084)
Net impairment changes and impairment reversals	31	**(854 775)**	(8 339)
Fair value adjustments	32	**6 042**	434
Investment income	33	**13 381**	4 987
Finance costs	34	**(5 815)**	(7 130)
Income from equity accounted investments	43	**64 972**	42 582
Loss on settlement of liability for dividend *in specie*	47	**(512 589)**	-
Loss before taxation		**(1 239 210)**	**(9 125)**
Taxation	35	**22 359**	15 465
(Loss)/Profit from continuing operations		**(1 216 851)**	**6 340**
Discontinued operations			
Loss from discontinued operations	47	**(484 942)**	**(368 526)**
Loss for the year		**(1 701 793)**	**(362 186)**
Other comprehensive income:			
Continued operations		**-**	-
Discontinued operations	47	**(1 731)**	(610)
Other comprehensive loss for the year net of taxation		**(1 731)**	**(610)**
Total comprehensive loss for the year		**(1 703 524)**	**(362 796)**
Total comprehensive loss attributable to:			
Owners of the parent			
From continuing operations		**(1 243 481)**	14 404
From discontiuned operations		**(183 150)**	(239 181)
Non-controlling interest:			
From continuing operations		**26 630**	(8 064)
From discontiuned operations		**(303 523)**	(129 955)
		(1 703 524)	**(362 796)**
Earnings per share			
Per share information			
Basic and diluted (loss)/earnings per ordinary share to equity holders of parent entity of continuing operations	37	**(253.24)**	2.93
Basic and diluted loss per ordinary share to equity holders of parent entity of discontinued operations	37	**(37.30)**	(48.71)

* *These figures have been represented to disclose the discontinued operations earnings separately.*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 AUGUST 2023

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 loss	-	-	-	(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)	-
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 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 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
Loss for the year	-	-	-	-	-	-	-	(1 426 631)	(1 426 631)	(276 893)	(1 703 524)
Total comprehensive Loss for the year	-	-	-	-	-	-	-	(1 426 631)	(1 426 631)	(276 893)	(1 703 524)
Change in ownership reserve	-	-	-	(1 731)	31 022	-	29 291	(29 291)	-	-	-
Disposal of subsidiary	-	-	-	-	-	-	-	-	-	(1 241 955)	(1 241 955)
Movement in change in ownership reserve	-	-	-	-	-	-	-	-	-	(9 780)	(9 780)
Transfer of reserves	-	-	-	-	-	-	-	26 379	26 379	4 643	31 022
Minority interest of subsidiary adjustment upon unbundling	-	-	-	-	-	-	-	-	-	7 892	7 892
Derivative financial assets derecognised in subsidiary	-	-	-	-	-	-	-	(113 592)	(113 592)	-	(113 592)
Adjustment of 30% purchase in Talhado	-	-	-	-	650	-	650	(72 274)	(71 624)	(22 726)	(94 350)
Dividend *in specie* *	-	-	-	-	-	-	-	(509 600)	(509 600)	-	(509 600)
Dividends paid	-	-	-	-	-	-	-	(244)	(244)	(35 015)	(35 259)
Total contributions by and distributions to owners of company recognised directly in equity	-	-	-	(1 731)	31 672	-	29 941	(698 622)	(668 681)	(1 296 941)	(1 965 622)
Balance at 31 August 2023	30	402 210	402 240	-	650	8 034	8 684	63 285	474 209	734 068	1 208 277
Notes	**19**	19	19	20	20	20	20				

* *Dividend in specie relates to the disposal of AYO, refer to note 47*

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2023

	Notes	2023 R'000	*2022 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		**765 521**	793 624
Cash paid to suppliers and employees		**(691 911)**	(824 942)
Cash utilised from operations	38	**73 610**	(31 318)
Interest income		**12 613**	5 327
Dividend income		**3 253**	5 167
Finance costs		**(3 722)**	(5 726)
Tax paid	36	**(15 392)**	(3 075)
Net cash from operating activities - continuing operations		**70 362**	**(29 625)**
Net cash flow from operating activities - discontinued operations		**(985 180)**	**(177 920)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	3	**(37 846)**	(30 928)
Sale of property, plant and equipment	3	**903**	659
Disposal of subsidiaries	47	**(206 557)**	(4 292)
Purchase of intangible assets	6	**(2 621)**	(271)
Acquisition of subsidiary from non-controlling interest	48	**(95 000)**	-
Purchase of investments at fair value		**-**	(5 851)
Loans advanced to shareholders of subsidiaries		**-**	(731)
Loans advanced to related parties		**-**	(3 697)
Loans receivable repaid		**793**	-
Loans receivable advanced		**(3 108)**	(16)
Advances to other financial assets		**-**	(150)
Amounts repaid from other financial assets		**-**	87
Proceeds from sale of financial assets (listed shares)	10	**17 780**	-
Net cash outflow from investing activities - continuing operations		**(325 656)**	**(45 190)**
Net cash flows from investing activities - discontinued operations		**307 911**	**(506 658)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of other financial liabilities		**-**	(195)
Proceeds from DTI grant received		**-**	30 000
Repayment of lease liabilities		**(8 974)**	(6 015)
Dividends paid	54	**-**	(48 284)
Dividend paid to minorities **		**(35 042)**	(12 953)
Net cash from financing activities - continuing operations		**(44 016)**	**(37 447)**
Net cash flow from financing activities - discontinued operations		**(136 076)**	**(200 131)**
Total cash movement for the year		**(1 112 655)**	(996 971)
Cash at the beginning of the year		**1 346 637**	2 343 879
Effect of foreign exchange		**-**	(271)
Total cash at end of the year	18	**233 982**	**1 346 637**

* *Prior year figures have been reclassified and the net cashflows from discontinued operations have been disclosed separately.*

** *Dividend paid by subsidiary to minority owners.*

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.

Investments in equity accounted investments

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

Additionally an investment in an associate is recognised when the company has the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

When the Group obtains significant influence of an investment previously held at fair value through profit and loss, the Group accounts for investments in associates at fair value in line with business combinations, which is deemed to be the initial cost. This deemed cost is adjusted for post acquisition changes in the company'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.

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.

1. PRESENTATION OF CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

1.2 Significant judgements and sources of estimation uncertainty (continued)

The Group considers both quantitative and qualitative information in assessing what is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the counter parties operate, obtained from economic expert reports and financial analysts as well as consideration of various external sources of actual and forecast economic information.

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

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

Fair value estimation

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

Intangible assets – useful lives and amortisation rates

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

Intangible assets estimated useful life of licence and distribution rights

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

Biological assets

Abalone is weighed and graded into specific different size categories at regular intervals. A predicted growth rate for the abalone is determined based on the actual weight of the abalone which has been weighed and graded at the birth date of the abalone. As at the reporting date, a combination of graded figures and predicted figures (those awaiting their latest grade interval) is then used to determine the weight and graded size categories of the abalone. The value of the stock is then determined based on the market value of each grading size category for the abalone. All selling costs are excluded from fair values.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.

1. PRESENTATION OF CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

1.2 Significant judgements and sources of estimation uncertainty (continued)

Tax

Current tax for current and prior periods is to the extent unpaid recognised 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 recognised as an asset.

Current tax liabilities/(assets) for the current and prior periods are measured at the amount expected to be paid to/(recovered from) the tax authorities using the tax rates and tax laws that have 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.

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.

Investments in associates

Entities in which the Group holds more than 50% of the voting rights but does not have control

Even though the Group has a majority shareholding in Main Street 1653 Proprietary Limited (60% shareholding), management has concluded that the Group does not have control of this entity due to a shareholders agreement with AYO Technology Solutions ("AYO") which grants AYO the right to appoint the majority of the directors including the company CEO. The Group has significant influence and accounts for this investment in accordance with the accounting policy for investments in associates.

1. PRESENTATION OF CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

1.2 Significant judgements and sources of estimation uncertainty (continued)

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 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 12 years.

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
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
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. PRESENTATION OF CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

1.4 Finance leases

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

The interest rate implicit in the lease is used to measure the net investment in the lease. The interest rate implicit in the lease is defined in a manner which causes the initial direct costs to be included in the initial measurement of the net investment in the lease.

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

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

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

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

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

1.5 Employee benefit obligation

Retirement benefits

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

Employee leave entitlement

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

Bonus plans

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

1.6 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. PRESENTATION OF CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

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.

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.

1. PRESENTATION OF CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

1.8 Intangible assets (continued)

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
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

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.

1. PRESENTATION OF CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

1.9 Financial instruments (continued)

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 provision matrices are applied to the following assets; Contract Assets, Lease Receivables and Trade receivables.
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. Forward looking information is then applied to determine a realistic prospect of recovery of debts using a probability weighted percentage based on the outcome of future scenarios affecting each receivable category based on individual circumstances.

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.

1. PRESENTATION OF CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

1.10 Leases (continued)

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

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

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

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

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in finance costs (note 34).

The Group's accounting policy under IFRS 16 has not changed from the comparative period.

The Group as a lessor

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.

Finance leases – Lessor

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

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

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.

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:

1. PRESENTATION OF CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

1.10 Leases (continued)

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
IT Equipment	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.

Operating leases - lessor

Operating lease income is recognised as an income on a straight-line basis over the lease term. Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income. Income for leases is disclosed under revenue in profit or loss.

Operating leases – lessee

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

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

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

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.

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. PRESENTATION OF CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

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.

Discontinued operations

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.

The group classifies a component of the business as a discontinued operation when that component has been disposed of, or is classified as held for sale or for distribution, and: represents a separate major line of business or geographical area of operations is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are presented separately within the income statement, statement of OCI and the statement of cash flows. Intercompany income and expense transactions between the group's continuing and discontinued operations are not eliminated.

Continuing operations

Non-current assets/disposal groups that are either held for sale or for distribution to owners that do not meet the criteria of a discontinued operation are accounted for within the group's continuing operations.

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; and
- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value-in-use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount 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.

1. PRESENTATION OF CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

1.13 Impairment of assets (continued)

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the units. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order:

- first, to reduce the carrying amount of any goodwill allocated to the cash-generating unit; and
- then, to the other assets of the unit, *pro rata* on the basis of the carrying amount of each asset in the unit.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss.

1.14 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.

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. PRESENTATION OF CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

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 administration and management fees, which are recognised on an accrual basis in accordance with the substance of the relevant agreements.

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

Revenue in the fishing and brands division comprises of:
Income arising during the course of its ordinary activities, being the catching, processing, marketing and distribution of pelagic, west coast rock lobster, south coast rock lobster, squid and hake. The fishing group also earns cold storage revenue through the use of cold and dry storage space by its customers. In addition, the Group also earns revenue from the sale of abalone, cultivated at our aquaculture farming, as well as earns revenue through the sale of environmentally friendly fertiliser products.

Revenue from the sale of goods is recognised at a point in time when control of the asset is transferred to the customer which is free on board (FOB shipping point), being the date the goods are loaded onto the vessel.

Revenue from processing, marketing and distribution services is recognised once the performance obligations have been met, generally when the service is rendered at a point in time.

Revenue from cold storage services is recognised as and when cold storage space is provided, generally when the service is rendered over a period of time.

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

Revenue in the technology division comprises of:

Sale of hardware and software

Revenue from the sale of hardware is recognised when the hardware has been delivered to the customers' locationand accepted by the customer.

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.

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.

1. PRESENTATION OF CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

1.16 Revenue (continued)

Revenue from installation and support services is recognised over time in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. This is determined based on the actual labour hours spent relative to the total expected labour hours.

Revenue that has been earned but not yet invoiced or for which the company's right to receive payment is conditional on future performance is presented as accrued income as part of trade and other receivables in the statement of financial position.

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.

The company is not party to contracts where the period between the transfer of goods and/or services and payment exceeds one year. Consequently, the company does not adjust its transaction prices for financing components.

1.17 Cost of sales

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

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

1.18 Cash and cash equivalents

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

1.19 Equity settled share-based payment

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

1.20 Other income

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

Dividend income from other investments other than investment from subsidiaries and commission income are recognised when the Group'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. PRESENTATION OF CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

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.

1.24 Segmental analysis

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as part of the executive management.

Segment results include revenue and expenses directly attributable to a segment and the relevant portion of enterprise revenue and expenses that can be allocated on a reasonable basis to a segment, whether from external transactions with other Group segments. Segment results are determined before any adjustments for minority interests.

Segment assets and liabilities comprise the operating assets and liabilities that are directly attributable to the segment or can be allocated to the segment on a reasonable basis. Segment assets are determined after deducting related allowances that are reported as direct offsets in the Group's statement of financial position. Capital expenditure represents the total costs incurred during the period to acquire segment assets that are expected to be used during more than one period, namely, property, plant and equipment, and intangible assets other than goodwill.

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

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

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

1. PRESENTATION OF CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

1.25 Earnings per share

Earnings per share is calculated on the weighted average number of shares in issue, net of treasury shares, in respect of the year and is based on profit attributable to ordinary shareholders. Headline earnings per share is calculated in terms of the requirements set out in Circular 01/2023 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:

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

A subsidiary that uses the cumulative translation differences exemption, may elect in its financial statements, to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary.

The group has adopted the amendment for the first time in the 2023 financial statements.

The impact of the amendment is not material.

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 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 group adopted the amendment for the first time in the 2023 financial statements.

The impact of the amendment is not material.

Annual Improvement to IFRS Standards 2018-2020: 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.

The amendment concerns fees in the '10 per cent' test for derecognition of financial liabilities. Accordingly, in determining the relevant fees, only fees paid or received between the borrower and the lender are to be included.

The group adopted the amendment for the first time in the 2023 financial statements.

The impact of the amendment is not material.

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

The amendment relates to examples of items which are included in the cost of an item of property, plant and equipment. Prior to the amendment, the costs of testing whether the asset is functioning properly were included in the cost of the asset after deducting the net proceeds of selling any items which were produced during the test phase. The amendment now requires that any such proceeds and the cost of those items must be included in profit or loss in accordance with the related standards. Disclosure of such amounts in now specifically required.

The group adopted the amendment for the first time in the 2023 financial statements.

The impact of the amendment is not material.

2. **NEW STANDARDS AND INTERPRETATIONS** (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 group adopted the amendment for the first time in the 2023 financial statements.

The impact of the amendment is not material.

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 group adopted the amendment for the first time in the 2023 financial statements.

The impact of the amendment is not material.

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 group adopted the amendment for the first time in the 2023 financial statements.

The impact of the amendment is not material.

2. NEW STANDARDS AND INTERPRETATIONS (continued)

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.

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 2024.

The impact of this amendment is currently being assessed.

Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)

The amendments to IAS 7 and IFRS 7, issued in May 2023, requires entities to disclose information about their supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on an entity's liabilities and cash flows and on an entity's exposure to liquidity risk.

The amendments are effective for annual periods beginning on or after 01 January 2024. Early adoption is permitted

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.

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

2.2 **Standards and interpretations not yet effective** (continued)

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.

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.

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.

3. PROPERTY, PLANT AND EQUIPMENT

GROUP	2023 Cost R'000	2023 Accumulated depreciation and impairment R'000	2023 Carrying value R'000	2022 Cost R'000	2022 Accumulated depreciation and impairment R'000	2022 Carrying value R'000
Buildings	137 640	(10 090)	127 550	138 751	(9 068)	129 683
Computer equipment	7 584	(4 990)	2 594	92 991	(76 713)	16 278
Computer software	114	(102)	12	1 036	(945)	91
Furniture and fixtures	4 048	(2 972)	1 076	26 024	(17 654)	8 370
Laboratory equipment	5 221	(5 218)	3	5 171	(5 168)	3
Land	3 073	(1 000)	2 073	4 932	(1 000)	3 932
Leasehold improvements	31 732	(17 613)	14 119	34 961	(22 439)	12 522
Motor vehicles	7 979	(6 335)	1 644	25 817	(15 469)	10 348
Office equipment	2 614	(1 604)	1 010	6 985	(5 474)	1 511
Plant and machinery*	194 895	(80 509)	114 386	239 885	(116 493)	123 392
Vessels	399 724	(184 155)	215 569	363 553	(164 180)	199 373
Electronic equipment	-	-	-	4 864	(2 885)	1 979
Total	794 624	(314 588)	480 036	944 970	(437 488)	507 482

Reconciliation of property, plant and equipment – Group – 2023

	Opening balance R'000	Additions R'000	Reallocations R'000	Disposals R'000	Deemed disposal of subsidiary (Note 47) R'000	Transfers R'000	Depreciation R'000	Impairment loss R'000	Total R'000
Buildings	129 242	-	-	-	(2 092)	1 967	(1 567)	-	127 550
Computer equipment	16 278	8 525	-	(1 749)	(17 080)	90	(3 470)	-	2 594
Computer software	91	-	-	(24)	(49)	-	(6)	-	12
Furniture and fixtures	8 370	655	-	(23)	(7 312)	-	(614)	-	1 076
Laboratory equipment	3	-	-	-	-	-	-	-	3
Land	4 373	-	-	-	(2 300)	-	-	-	2 073
Leasehold improvements	12 522	2 649	-	-	(113)	-	(939)	-	14 119
Motor vehicles	10 347	423	-	(616)	(1 465)	-	(7 045)	-	1 644
Office equipment	1 511	65	-	-	(58)	-	(508)	-	1 010
Plant and machinery*	123 392	4 052	-	(1 250)	(2 969)	(2 057)	(4 642)	(2 140)	114 386
Vessels	199 373	37 833	-	(211)	-	-	(21 426)	-	215 569
Electronic equipment	1 979	495	-	(275)	(2 008)	-	(191)	-	-
	507 481	54 697	-	(4 148)	(35 446)	-	(40 408)	(2 140)	480 036

3. PROPERTY, PLANT AND EQUIPMENT (continued)

Reconciliation of property, plant and equipment – Group – 2022

	Opening balance R'000	Additions R'000	Additions through business combinations R'000	Disposals R'000	Deemed disposal of subsidiary R'000	Transfers R'000	Depreciation R'000	Impairment loss R'000	Total R'000
Broadcast mast	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	–	(96)	–	9 368	(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**

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

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 – 2023

	IT equipment R'000	Buildings R'000	Motor vehicles R'000	Total R'000
Opening balance	–	140 750	8 809	149 559
Reclassification	470	(470)	–	–
Additions – new leases entered into	74	18 777	–	18 851
Derecognition of right-of-use assets*		(65 250)	(8 809)	(74 059)
Disposals	(91)	(29 124)	–	(29 215)
Depreciation	(305)	(39 840)	–	(40 145)
Balance at 31 August 2023	**148**	**24 843**	**–**	**24 991**

* *The derecognition of the right-of-use assets is a result of the loss of contol of AYO; a contractual lease that was cancelled during the financial year by Premier Fishing Proprietary Limited, as well as a change in the interest rate from 10% to 12% by Talhado Fishing Enterprises Proprietary Limited.*

4. LEASES (GROUP AS LESSEE) (continued)

Reconciliation of Right-of-use assets – 2022

	IT 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**

The Group leases various office buildings, motor vehicles and IT equipment.

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

	2023 R'000	2022 R'000
Lease liabilities		
The maturity analysis of lease liabilities is as follows:		
Within one year	**8 596**	49 778
Two to five years	**19 181**	126 232
More than 5 years	**8 794**	55 572
Less: Future finance charges	**(9 103)**	(44 954)
	27 468	**186 628**
Non-current liabilities	**18 872**	136 850
Current liabilities	**8 596**	49 778
	27 468	**186 628**
Other amounts recognised in profit and loss		
Expenses relating to short term leases	**10**	289
Interest expense on lease liabilities (refer to note 34)	**4 244**	5 709

The average lease term was 2 to 10 years and the average incremental borrowing rate was 7% to 9% (2022: 7.25%).

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

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	2023 Cost R'000	2023 Accumulated impairment R'000	2023 Carrying value R'000	2022 Cost R'000	2022 Accumulated impairment R'000	2022 Carrying value R'000
Goodwill	83 334	(13 820)	69 514	239 438	(119 512)	119 926

Reconciliation of goodwill – Group – 2023

	Opening balance R'000	Impairment loss R'000	Disposal of subsidiary (note 47) R'000	Business combinations R'000	Total R'000
Goodwill	119 926	(615)	(75 458)	25 661	69 514

Reconciliation of goodwill – Group – 2022

	Opening balance R'000	Impairment loss R'000	Disposal of subsidiary (note 47) R'000	Business combinations R'000	Total R'000
Goodwill	190 438	(69 135)	(1 377)	–	119 926

Goodwill of R69 million relating to Zaloserve, a subsidiary of AYO, was impaired in the previous financial year as it was evaluated that the recoverable amount was less than the carrying amount.

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

	2023 R'000	2022 R'000
CGU per division		
Fishing and brands	69 514	70 129
Technology	–	49 797
	69 514	119 926

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.

5. GOODWILL (continued)

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. During the current year, there was a further acquisition of shares in Talhado group of companies which resulted in Premier Fishing increasing its effective holding across all Talhado companies, the goodwill initially allocated to Talhado squid segment was adjusted as a result of the business combination.

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

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 following significant assumptions were used when calculating recoverable amount:

Group – 2023

Fishing and brands division	Pre-tax discount rate %	Number of forecasted years	Growth rate
Aquaculture – Abalone division	**17.63**	**5**	**4.5**
Premier Fishing SA – squid and pelagic division	**16.88**	**5**	**4.5**
Talhado Squid – Fishing division	**18.76**	**5**	**4.5**

Group – 2022

Fishing and brands division	Pre-tax discount rate %	Number of forecasted years	Growth rate
Aquaculture – Abalone division	18.28	5	4.5
Premier Fishing SA – squid and pelagic division	16.33	5	4.5
Talhado Squid – Fishing division	17.24	5	4.5

Technology division	Pre-tax discount rate %	Number of forecasted years	Growth rate
Zaloserve – Unified communications division	20.86	5	4.5

6. INTANGIBLE ASSETS

GROUP	2023 Cost R'000	2023 Accumulated amortisation and impairment R'000	2023 Carrying value R'000	2022 Cost R'000	2022 Accumulated amortisation and impairment R'000	2022 Carrying value R'000
Biosimilar drug under development	153 320	(153 320)	–	153 320	(152 735)	585
Customer contracts and lists	–	–	–	87 062	(5 895)	81 167
Distribution rights	34 921	–	34 921	103 021	(15 687)	87 334
Licences and technologies	–	–	–	26 698	(15 959)	10 739
Novel Compound	135 106	(135 106)	–	135 107	–	135 107
Brands	17 028	–	17 028	51 380	(3 524)	47 856
Patents and trademarks	23 468	(14 432)	9 036	15 198	(6 630)	8 568
Pharmaceutical dossiers	30 740	(30 740)	–	200	–	200
Software development	1 875	(1 755)	120	31 792	(18 879)	12 913
Total	**396 458**	**(335 353)**	**61 105**	**603 778**	**(219 309)**	**384 469**

Reconciliation of intangible assets – Group – 2023

	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	81 167	–	–	–	(79 540)	–	–	(1 627)	–	–
Distribution rights	87 334	–	–	–	(47 697)	1 406	–	(9 197)	–	31 846
Licences and technologies	10 739	–	–	–	(6 086)	–	–	(1 503)	–	3 150
Novel compound	135 106	–	–	–	–	–	–	–	(135 106)	–
Brands	47 856	–	–	–	(27 754)	–	–	(439)	–	19 663
Patents and trademarks	8 568	5 316	–	(10)	(2 090)	–	–	(1 512)	(4 395)	5 877
Pharmaceutical dossiers	200	–	–	–	–	–	–	(200)	–	–
Software development	12 913	–	–	–	(12 018)	–	–	(326)	–	569
	384 468	5 316	–	(10)	(175 185)	1 406	–	(15 389)	(139 501)	61 105

6. INTANGIBLE ASSETS (continued)

Reconciliation of intangible assets – Group – 2022

	Opening balance R'000	Additions R'000	Additions through business combinations R'000	Disposal 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
Total	**428 631**	**2 429**	**–**	**(8 807)**	**(21 027)**	**(464)**	**1 773**	**–**	**(18 066)**	**–**	**384 469**

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. During the year, the biosimilar drug under development was fully impaired.

Distribution and assignment rights

The effective date of the valuations of distribution rights held by Orleans Cosmetics Proprietary Limited was 31 August 2023. 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:

Fishing and brands division

- Pre-tax discount rates: 16,88% (2022: 17.01%)
- Number of years: 5
- Growth rate: 4.5%

6. INTANGIBLE ASSETS (continued)

Biotechnology division

- Pre-tax discount rates: Nil* (2022: 19%)
- Number of years: 22
- Growth rate: 4.5%

* *The intangible assets in the Biotechnology division have been fully impaired in the current year which significantly decreased the net asset value of the division. As a result, the equity in this division has been valued at nil for 2023.*

Health and beauty

- Pre-tax discount rates: 20.90% (2022:17.57%)
- Number of years: 5
- Growth rate: 4.5%

These assumptions are based on current market conditions.

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 and were fully impaired during the year under audit.

This intangible arose with the acquisition of Bioclones and is therefore linked to the value of Bioclones. Bioclones is valued at zero and therefore these intangible assets should also be valued at zero, as they can't have a value if the entity itself is not worth anything.

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.

Pharmaceutical dossiers

Through the business combination of Bioclones Proprietary Limited a pharmaceutical dossier was acquired under the registered product Repotin. The pharmaceutical dossiers were fully impaired during the year under audit.

Intangible assets with indefinite useful lives or not yet in use

The brands were fairly valued at the date of acquisition of Talhado Fishing (Pty) Ltd resulting in the recognition of the intangible asset mentioned above.

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 indefinite useful lives involves historical experience, marketing considerations and the nature of the industry the companies operate in.

Management have concluded that brands 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 summarised financial information is provided prior to the inter-company eliminations.

Subsidiary	2023	2022
	Minority interest holding and voting rights	
African Biotechnological and Medical Innovation Investments (Pty) Ltd	**26%**	26%
AYO Technology Solutions Ltd*	**0%**	51%
Global Command and Control Technologies (Pty) Ltd**	**24%**	12%
Premier Fishing and Brands Ltd	**44%**	44%

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

* *The investment in Ayo was disposed of during the year under audit.*

** *Post the unbundling of AYO, AEEI retains 76% shareholding in Global Command and Control Technologies Proprietary Limited (GCCT), this shareholding was 88% prior unbundling. When the proportion of the equity held by non-controlling interests changes, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. The non-controlling interest portion increased from 12% to 24% as a result of the disposal of AYO in which AEEI held a 49% shareholding. Refer to Note 47 for the change in proportion of non-controlling interest.*

2023

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	–	311	311	117 487	1 339	118 826	17 167
Premier Fishing and Brands Ltd	583 349	295 833	879 182	154 224	85 699	239 923	296 039
Global Command and Control Technologies (Pty) Ltd	17 842	63 471	81 313	3 035	116 449	119 484	(9 161)
Total	601 191	359 615	960 806	274 746	203 487	478 233	304 045
Profit or loss attributable to non-controlling interest of other subsidiaries	–	–	–	–	–	–	734 068

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)

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

2023

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	–	(140 326)	29 544	(110 782)	(110 782)	(1 581)
Premier Fishing and Brands Ltd	568 034	74 660	(20 766)	53 894	53 894	7 830
Global Command and Control Technologies (Pty) Ltd	95 582	2 003	(540)	1 463	1 463	176
Total	663 616	(63 663)	8 238	(55 425)	(55 425)	6 425
Profit or loss attributable to non-controlling interest of other subsidiaries						(276 893)

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

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 compre-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)

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

8. **INVESTMENT IN ASSOCIATE**

	% ownership interest 2023	Carrying amount 2023	% ownership interest 2022	Carrying amount 2022
Mainstreet 163 (Pty) Ltd	**60%**	**72 872**	–	–

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

Post the unbundling of AYO, AEEI retains its 60% shareholding in Mainstreet Proprietary Limited (Mainstreet), however in terms of a shareholders agreement, AYO retains the rights to appoint the majority of the board of directors of Mainstreet and has retained control of the entity. Post the unbundling of AYO, AEEI will exercise significant influence over its investment in Mainstreet and will account for the investment in Mainstreet as an investment in associate under the equity method.

8. INVESTMENTS IN ASSOCIATE (continued)

2023

	Country of incorporation	Method	% Ownership interest 2023
Mainstreet 163 (Pty) Ltd	RSA	Equity	60

2022

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

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

Summarised financial information of associates

Summarised Statement of Profit or Loss and Other Comprehensive Income	BT Communication Services South Africa (Pty) Ltd R'000		Mainstreet 163 (Pty) Ltd R'000
	2023	**2022**	**2023**
Revenue	**1 318 167**	847 232	346 081
Other income and expenses	**(1 007 928)**	(648 418)	(324 349)
Profit before tax	**310 239**	**198 814**	**21 732**
Tax expense	**(109 658)**	(55 668)	(4 521)
Profit from continuing operations	**200 581**	143 146	17 211
Total comprehensive income	**200 581**	143 146	17 211

8. **INVESTMENTS IN ASSOCIATE** (continued)

Summarised Statement of Financial Position	**BT Communication Services South Africa (Pty) Ltd R'000**		**Mainstreet 163 (Pty) Ltd R'000**
Assets	**2023**	**2022**	**2023**
Non-current	**545 010**	544 357	25 180
Current	**1 252 213**	1 096 147	156 197
Total assets	**1 797 223**	**1 640 504**	**181 377**
Liabilities			
Non-current	**179 506**	193 463	9 954
Current	**213 890**	244 095	87 344
Total liabilities	**393 396**	**437 558**	**97 298**
Total net assets	**1 403 827**	**1 202 946**	**84 079**

Reconciliation of net assets to equity accounted investments in associates	**BT Communication Services South Africa (Pty) Ltd R'000**		**Mainstreet 163 (Pty) Ltd R'000**
	2023	**2022**	**2023**
Carrying value of investment as at the beginning of the year	**935 601**	892 657	–
Addition of investment during the year	**–**	–	70 322
Share of profit from associate	**56 870**	42 944	2 550
Carrying value of investment in associate	**992 471**	**935 601**	**72 872**
Impairment of investment in associate (Note 31)	**(702 471)**	–	–
Non-current assets held for sale (Note 53)	**(290 000)**	–	–
Investment at end of period	**–**	**935 601**	**72 872**

Restrictions relating to associates

There are currently no restrictions relating to the associates.

9. JOINT ARRANGEMENTS

Joint operations

The following joint operations are material to the group:

Joint operation	% Ownership interest 2023	% Ownership interest 2022
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 operations were incorporated and operate in South Africa.

	2023 R'000	2022 R'000
Summary of Group's interest in joint operations		
Premier – BCP Hake Joint Operation		
Revenue	**81 256**	64 393
Cost of sales	**(63 025)**	(46 875)
Other operating income	**–**	158
Operating expenses	**(8 685)**	(7 716)
Interest Income	**1 151**	906
Total Comprehensive Income	**10 697**	10 866
Share of total comprehensive income	**5 135**	5 216
Current Assets		
Inventories	**7 149**	944
Trade and other receivables	**13 802**	26 285
Cash and cash equivalents	**–**	2 089
Total current assets	**20 951**	29 318
Current liabilities		
Trade and other payables	**(18 730)**	(11 401)
Total current liabilities	**(18 730)**	(11 401)
Net assets	**2 221**	17 917
Share of net assets	**1 066**	8 600

9. JOINT ARRANGEMENTS (continued)

Joint operations (continued)

	2023 R'000	2022 R'000
Premier – Seacat Joint Operation		
Revenue	6 328	3 567
Cost of sales	(1 198)	(174)
Other operating income	–	211
Operating expenses	(1 746)	(3 405)
Interest income	–	39
Total comprehensive income	3 384	238
Share of total comprehensive income	1 692	119
Current assets		
Inventories	–	494
Trade and other receivables	282	79
Cash and cash equivalents	4 456	3 778
Total current assets	4 738	4 351
Current liabilities		
Trade and other payables	(105)	(618)
Loans payable	–	–
Total current liabilities	(105)	(618)
Net assets	4 633	3 733
Share of net assets	2 317	1 867

Joint ventures

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

Group

Name of company	Held by	% ownership interest 2023	% ownership interest 2022	Carrying amount 2023 R'000	Carrying amount 2022 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	–	–
Digital Health Africa (Pty) Ltd*	Health Systems Technologies (Pty) Ltd	–	50.00	–	–
Vunani Fintech Fund (Pty) Ltd*	AYO Technology Solutions Limited	–	50.00	–	73 903

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.

* *The Group indirectly held these investments through the AYO Technology Solutions Limited shareholding "AYO". Following the disposal of the shareholding in Ayo, the group relinquished its shareholding in these joint ventures. Refer to note 8 for more detail.*

9. **JOINT ARRANGEMENTS** (continued)

Restrictions relating to joint ventures

There are currently no restrictions relating to the joint ventures.

Summarised financial information of joint ventures

2023

Summarised statement of comprehensive income	Revenue R'000	Depreciation and amortisation R'000	Interest income R'000	Interest expense R'000	Tax expense R'000	Profit/(loss) from continuing operations R'000	Total comprehensive income R'000	Share of total comprehensive income R'000
Premier Select (Pty) Ltd	–	–	–	–	–	(1)	–	–

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

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

Reconciliation of net assets to equity accounted investments in joint ventures	Total net assets R'000	Interest in joint venture at % ownership R'000	Accumulated unrecognised losses R'000	Investment in joint venture R'000
Premier Select (Pty) Ltd	(659)	(329)	(329)	–
	(659)	(329)	(329)	–

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	–	–	–	–	–	(1)	–	–
Vunani Fintech Fund (Pty) Ltd	101 900	–	800	(19 695)	(22 011)	58 023	58 023	29 011

9. JOINT ARRANGEMENTS (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
Vunani Fintech Fund (Pty) Ltd	435 888	510	–	510	436 398

Liabilities	Non-current financial liabilities R'000	Other non-current liabilities R'000	Total non-current liabilities R'000	Current financial liabilities R'000	Total current liabilities R'000	Total liabilities R'000
Premier Select (Pty) Ltd	–	(722)	(722)	(45)	(45)	(767)
Vunani Fintech Fund (Pty) Ltd	(246 510)	(52 011)	(298 521)	(364)	(364)	(298 885)

* *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 unrecognised losses R'000	Investment in joint venture R'000
Premier Select (Pty) Ltd	(659)	(329)	(329)	–
Vunani Fintech Fund (Pty) Ltd	137 513	68 757	–	68 757
	136 855	68 428	(329)	68 757

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

	2023 R'000	2022 R'000
At fair value through profit or loss – designated		
Investments in unlisted public entity		
African Legend Investments (Pty) Ltd.	**22 371**	15 198
A fair value gain of R7.2m (2022: R2.8m) was recognised in the current year. Refer to Note 32 for further fair value information.		
Investment in Sure Holdings Limited	**882**	716
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 2023 amounts to R 38.78 (2022: R 31.59). The directors review the fair value of the investment annually. The directors have no intention to sell the shares within the next 12 months. Refer to Note 32 for further fair value information.		
Total investments in unlisted entity	**23 253**	**15 914**

10. OTHER FINANCIAL ASSETS (continued)

	2023 R'000	2022 R'000
Investments in unlisted private companies		
The below investments pertain to AYO and are shown at nil value due to AYO being disposed during the financial year. Refer to note 47 for details of the disposal.		
Funds invested in unit trusts	–	12 252
Cadiz life Investment Enterprise Development Fund	–	1 001
The fund was an innovative investment whereby corporate clients could 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
AYO invested funds of R183.3 million (2022: R183.3 million) in the stock market through Vunani Securities. Fair value gains of R5.6 million (2022: R17.1 million) were recognised on the portfolio for the year period ended 31 July 2023.		
Foreign exchange contracts	–	1 772
Investment in Bambelela (Pty) Ltd	–	114 627
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 4 Plus (Pty) Ltd (4Plus)	–	1 432
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 had a total shareholding of 25% 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.		
Total investments in unlisted private entities	–	**331 441**
Investments in listed shares		
Investment in Sygnia Limited	**26 981**	46 204
Shares to the value of R17.8m were disposed of for a cash consideration during the current financial year. A fair value loss of R1.4m (2022: R2.4m) relating to the investment in Sygnia was recognised in the current year. Refer to Note 32 for further fair value information.		
Total investments in listed shares	**26 981**	**46 204**
Total financial assets	**50 234**	**393 559**

10. OTHER FINANCIAL ASSETS (continued)

	2023 R'000	2022 R'000
Loans and receivables		
Premier Seacat Joint Venture	**3 947**	3 012
The loan is unsecured, bears no interest and has no fixed terms of repayment.		
Supplier Development Loans	**–**	3 517
The loans were interest free and unsecured		
The loans were provided as part of the Group's enterprise supplier development process. The loans were interest free.		
The below loans and receivables pertain to AYO and are shown at nil value due to AYO being disposed during the financial year. Refer to note 47 for details of the disposal.		
Volt Africa Proprietary Limited	**–**	7 250
The loan was unsecured and bore interest at a rate of prime plus 2%.		
Cumulative preference shares – 4Plus Technology Venture Fund Africa Proprietary Limited ("4Plus")	**–**	77 380
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 July 2023, AYO held 6 000 preference shares in 4Plus. The preference shares were redeemable on 9 April 2027, 4 May 2027, 21 December 2028, 2 February 2029 and 6 April 2029 respectively. AYO had the right to convert the preference shares into ordinary shares equal to the redemption amount of redemption date. Interest was accrued at prime rate plus 2%.		
Uhula ICT (Pty) Ltd	**–**	1 700
The loan balance was unsecured, bore no interest.		
Other loans receivable	**782**	9 687
	4 729	102 546
Total other financial assets	**54 963**	496 105
Non-current assets		
Fair value through profit and loss designated	**50 234**	179 180
Loans and receivables	**(1 205)**	81 816
	49 029	260 996

10. **OTHER FINANCIAL ASSETS** (continued)

	2023 R'000	2022 R'000
Current assets		
Fair value through profit and loss designated	–	214 381
Loans and receivables	5 934	20 728
	5 934	235 109

Fair values of loans and receivables

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

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

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

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

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

Stages definitions

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

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

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

Other Loans receivable:

Other loans receivable includes borrowings to entities that are non-related to the Group. The loans receivables are 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. 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.

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.

The loss allowance as at 31 August 2023 and 31 August 2022 was determined as follows:

10. OTHER FINANCIAL ASSETS (continued)

	Stage 1 Performing		Stage 2 Under-performing		Stage 3 Non-performing		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
Gross amount	**5 934**	577 750	**–**	262 670	**–**	125 667	**5 934**	966 087
Other loans receivable	**5 934**	313 805	**–**	138 638	**–**	125 667	**5 934**	578 110
Loans to related party companies	**–**	263 945	**–**	124 032	**–**	–	**–**	387 977
Expected credit loss rate	**0%**	0%	**0%**	14%	**100%**	94%	**0%**	
Lifetime expected credit loss	**–**	–	**–**	(38 015)	**–**	(117 531)	**–**	(155 546)
Carrying value of loans with expected credit losses	**5 934**	585 603	**–**	224 655	**–**	8 136	**5 934**	810 541

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 100% 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

	2023 R'000	2022 R'000
Gross investments in lease due	–	17 868
– within one year	–	14 638
– in second to fifth year inclusive	–	3 230
Less: Unearned finance income	–	(1 588)
	–	16 280
Present value of minimum lease payments due		
– within one year	–	13 149
– in second to fifth year inclusive	–	3 131
	–	16 280
Non-current assets	–	3 131
Current assets	–	13 149
	–	16 280

The average lease terms were three to five years and the average effective lending rate was Nil% (2022: 22%). The finance lease receivables pertain to AYO and were shown at nil value due to AYO being disposed during the financial year. Refer to note 47 for details of the disposal. The finance lease arrangements relate to the Group's managed services segment. The finance lease arrangements were for equipment, which includes laptops, printers, tablets and CCTV equipment.

The average lease terms were 3 to 5 years.

There were no expected credit losses 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 were not expected to default in the future.

12. DEFERRED TAX

Deferred tax liability

	2023 R'000	2022 R'000
Accelerated capital allowances on property, plant and equipment	**(66 944)**	(73 516)
Shipping allowance	**(70 625)**	(65 393)
Biological assets	**(23 197)**	(22 430)
Prepaid expenses	**(955)**	(3 888)
Fair value adjustments on other financial assets	**(2 875)**	(2 693)
Fair value adjustments on investments	**–**	(7 585)
Other deferred tax liabilities	**–**	(10 492)
Intangible assets	**(45 501)**	(87 028)
Right-of-use asset	**(180)**	(28 183)
Limitation of deferred tax asset	**(8 299)**	–
Total deferred tax liability	**(218 576)**	(301 208)

Deferred tax asset

	2023 R'000	2022 R'000
Provisions	**7 675**	29 680
Fair value adjustment on investments	**66 651**	26 251
Income received in advance	**13**	2 116
Allowance for credit losses	**178**	865
Prepaid expense	**450**	–
Lease liabilities	**2 835**	34 641
Property, plant and equipment	**373**	39
Deferred tax assets not recognised	**–**	(53 380)
Deferred tax balance from temporary differences other than unused tax losses	**(32)**	–
Farming expenses carried forward	**2 661**	2 661
Tax losses available for set off against future taxable income	**82 091**	118 292
Total deferred tax asset	**162 895**	161 165

12. DEFERRED TAX (CONTINUED)

Deferred tax is provided for on unutilised assessed losses of the Group based on forecasts made by management that provide convincing evidence that the utilisation thereof is probable. Management has prepared a forecast for each statutory entity in an assessed tax loss position, based on the up-to-date market assumptions as well as using the experience gained in the prior years.

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:

	2023 R'000	2022 R'000
Deferred tax liability	**(218 576)**	(301 208)
Deferred tax asset	**162 895**	161 165
Total net deferred tax liability	**(55 681)**	(140 043)
Reconciliation of deferred tax asset/(liability)		
At beginning of year	**(140 043)**	(154 749)
Change in tax rate *	**–**	(1 638)
Accelerated capital allowances on property, plant and equipment	**1 396**	(1 692)
Business combinations	**–**	1 372
Fair value adjustments on investments	**28 476**	10 954
Valuation allowance of deferred tax asset	**838**	(54 867)
Other financial assets	**(35)**	–
Right-of-use asset	**5 446**	23 245
Allowance for credit loss	**(36)**	(2 817)
Farming expenses carried forward	**–**	(98)
Lease liabilities	**(7 874)**	(21 435)
Other	**–**	(537)
Prepaid expenses	**112**	(2 880)
Provisions	**2 950**	3 162
Shipping allowance	**(5 232)**	(2 601)
Fair value adjustments on biological assets	**(767)**	4 425
Prior period deferred tax adjustment	**–**	1 264
Limitation deferred tax asset adjustment	**(1 657)**	–
Disposal of subsidiaries	**38 175**	1 227
Income received in advance	**(14)**	(2 854)
Intangible asset	**37 022**	(8 565)
Tax losses available for set off against future taxable income	**(14 438)**	69 041
	(55 681)	(140 043)

* *On 23 February 2022, the minister of Finance announced a reduced corporate tax rate from 28% to 27%. The new tax rate is considered substantively enacted, therefore 27% was used to calculate the deferred tax balance for current year.*

13. LOANS RECEIVABLE

	2023 R'000	2022 R'000
The loans receivable below include loans pertaining to AYO and are shown at nil value due to AYO being disposed during the financial year. Refer to note 47 for details of the disposal.		
LML Shared Solutions Proprietary Limited ("LMLS") – Loan 1 The loan bore interest at the prime rate. The loan was secured by motor vehicles with a book value of R18 million.	–	19 468
LMLS – Loan 2 Interest was charged at the prime rate. The loan was secured by all bank accounts, trade debtors and loan receivables of LMLS.	–	17 731
LMLS – Loan 3 Interest was charged at the prime rate. The loan was 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 was secured by trade debtors, bank accounts and loans receivable of LMLS. Interest was charged at the prime rate.	–	7 190
LMLS – Loan 5 The loan was secured by trade debtors, bank accounts and loans receivable of LMLS. Interest was charged at the prime rate.	–	16 856
Nevzotron Proprietary Limited ("Nevzotron") The loan bore interest at the prime rate. The loan was secured by a pledge and cession of LMLA shares. .	–	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 was unsecured. The loan was interest-free for the first two years, thereafter interest is charged at the prime rate.	–	16 942
Preference shares – Dinaledi Technologies Proprietary Limited ("Dinaledi") On 1 November 2021, AYO subscribed for 50 cumulative and redeemable preference shares of no par value in Dinaledi for R20 million. Interest was 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.	–	15 162

13. LOANS RECEIVABLE (CONTINUED)

	2023 R'000	2022 R'000
4Plus Technology Venture Fund Africa Proprietary Limited ("4Plus")	–	2 086
The loan was secured by the bank accounts, trade debtors and all loan receivables of 4 Plus. Interest was charged at the prime rate.		
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. AYO had the right to convert the preference shares into ordinary shares equal to the redemption amount of redemption date. Interest was accrued at variable prime rate multiplied by adjustment rate at 72%.	–	143 485
Other	18	1 864
	18	321 608
Split between non-current and current portions:		
Non-current assets	18	176 259
Current assets	–	145 349
Total	18	321 608

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

14. LOANS TO/(FROM) RELATED PARTIES

LOANS TO RELATED PARTIES

	2023 R'000	2022 R'000
The related party loans below pertain to AYO and are shown at nil value due to AYO being disposed during the financial year. Refer to note 47 for details of the disposal.		
Zaloserve Management Proprietary Limited ("ZM")	–	16 825
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.		
Vunani Fintech Fund (Pty) Ltd (formerly Tamlalor (Pty) Ltd). Loan 1	–	132 319
The loan is unsecured, bears interest at the prime rate and the loan is repayable on 28 March 2024.		
Vunani Fintech Fund (Pty) Ltd (formerly Tamlalor (Pty) Ltd). Loan 2	–	114 191
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.		
Crealpha Proprietary Limited*	–	24 316
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.		
Communications Products Proprietary Limited ("Communications Products")	–	610
The loan is unsecured, bears no interest and the loan is repayable on 31 August 2023.		
Other loans to related parties	–	485
Total loans to related parties	**–**	**288 746**
Split between non-current and current portions:		
Non-current assets	–	263 789
Current assets	–	24 957
Total	**–**	**288 746**

* *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% (2022: 7 and 10%). 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").

14. LOANS TO/(FROM) RELATED PARTIES (CONTINUED)

	2023 R'000	2022 R'000
LOANS FROM RELATED PARTIES		
AYO Technologies Solutions Limited Loan 1	10 382	–
The loan is unsecured, bears interest at prime rate and has no fixed repayment terms. It is not expected to be recalled in the next 12 months.		
AYO Technologies Solutions Limited Loan 2	105 067	–
The loan is unsecured. The capital sum or any outstanding balance in respect thereof from time to time shall be subject to interest between prime and prime + 2%. This interest will be compounded monthly. Current year interest charged amounted to R12,559,061.		
There are no fixed terms of repayment. The total capital amount inclusive of such interest referred to above will be repaid by no later than 01/03/2024. The repayment date can be extended by written agreement by both parties.		
Health Systems Technologies Proprietary Limited	7 557	–
The loan is unsecured, bears interest at prime rate and has no fixed repayment terms. It is not expected to be recalled in the next 12 months.		
Sekpharma Proprietary Limited	277	–
The loan is unsecured and bears no interest. It is not intended to be recalled within the next 12 months.		
Total loans from related parties	**123 283**	**–**
Split between non-current and current portions:		
Non-current liabilities	18 216	–
Current liabilities	105 067	–
Total	**123 283**	**–**

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 2023	Opening balances R'000	Harvests R'000	Disposals R'000	Changes in fair value, births and deaths R'000	Total R'000
Abalone	83 073	(55 696)	–	58 538	85 915

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

Non-Financial Information

Quantities of biological asset

	2023	2022
Abalone – kgs	**163 058**	190 224

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. For more information, refer to note 50.

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. These values have not changed from the prior year.

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

16. INVENTORIES

	2023 R'000	2022 R'000
Raw materials	**13 146**	16 655
Work in progress	**–**	56 038
Finished goods	**32 879**	111 201
Consumables	**6 772**	5 186
Inventories in transit	**2 752**	62 319
Aquaculture held for canning	**5 739**	6 078
Squid inventory	**2 107**	8 440
	63 395	265 917
Inventories (write-downs)	**–**	(7 781)
	63 395	258 136

In the current year there were no inventory write offs (2022: R7.8 million of inventory was written off). Inventory is carried at net realisable value.

In 2022, inventory relating to work in progress stock from onerous contracts with a value of R7.8million was written down.The inventory write off was included in cost of sales amount in the income statement.

17. TRADE AND OTHER RECEIVABLES

	2023 R'000	2022 R'000
Financial Instruments:		
Trade receivables	**61 916**	441 915
Performance guarantee deposits	**5 850**	–
Amounts receivable from related parties	**8 057**	20 975
Amounts due from quota holders	**6 240**	3 361
Impairment loss allowance	**(5 812)**	(16 282)
Funds held in trust	**–**	352 207
Deposits	**6 420**	25 232
Accrued and sundry Income	**1 909**	9 787
Claims	**–**	315
Provision for related party receivable	**–**	(14 081)
Contract termination receivable	**–**	10 000
Employee costs in advance	**2 709**	705
Sundry customers	**257**	13 684
Non-financial instruments		
VAT	**9 431**	11 202
Prepayments	**4 987**	29 400
Provision against prepayments	**–**	(9 041)
	101 964	879 379

Trade and other receivables are categorised as follows in accordance with IFRS 9: Financial Instruments:		
At amortised cost	**87 546**	847 818
Non-financial instruments	**14 418**	31 561
	101 964	879 379

17. TRADE AND OTHER RECEIVABLES (CONTINUED)

Expected credit loss allowance

The group applies the IFRS 9 simplified model of recognising lifetime expected credit losses for all trade receivables. The Group measures the lifetime expected credit loss allowance for trade receivables by applying a provision matrix as permitted by IFRS 9 and presented below. Trade receivables are categorised based on specific characteristics, for example geographical area and business type. The provision matrices have been developed by making use of judgement and past default experience of debtors but also incorporate forward-looking information such as the likelihood of default by the debtor and general economic conditions of the industry as at the reporting date. Macroeconomic factors affecting customers' ability to settle the amounts outstanding include the ongoing energy crisis in South Africa, the GDP in South Africa, inflation rate and growth rate. Due to the factors stated above and having applied these to each individual trade receivable in their unique circumstances, management has concluded that the expected credit loss provision is immaterial.

On the above basis the expected credit loss allowance for trade receivables as at 31 August 2023 was determined as follows:

Group

	Gross amount R'000	Expected credit loss rate %	Lifetime expected credit loss R'000	Carrying amount R'000
Current	39 463	11.7%	(4 673)	34 790
Past due 30 to 60 days	8 006	0.3%	(28)	7 978
Past due 60 to 90 days	5 217	0.7%	(34)	5 183
Past due 90 days and older	17 288	6.4%	(1 077)	16 211
	69 974		**(5 812)**	**64 162**
Total gross amount of trade receivables	69 974	–	–	–
Total allowance for credit losses	(5 812)	–	–	–
	64 162	**–**	**–**	**–**

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	**–**	**–**	**–**

17. TRADE AND OTHER RECEIVABLES (CONTINUED)

The expected credit loss allowance for trade receivables as at 31 August 2023 was determined as follows:

Reconciliation of expected credit loss

	2023 R'000	2022 R'000
Loss allowance as at 1 September 2022	**(16 282)**	(18 614)
Reversal of loss allowance on trade receivables	**10 470**	2 332
	(5 812)	**(16 282)**

Trade and other receivables currency denominated

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

	2023 R'000	2022 R'000
Rand	**54 851**	847 818
US Dollar	**15 122**	26 218
Euro	**-**	326
Pound	**-**	2 944

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:

	2023 R'000	2022 R'000
Cash on hand	**68**	206
Bank balances	**235 669**	1 349 690
Bank overdraft	**(1 755)**	(3 259)
	233 982	1 346 637
Current assets	**235 737**	1 349 896
Current liabilities	**(1 755)**	(3 259)
	233 982	1 346 637

Guarantees, securities and contingencies

Nedbank Ltd guarantee: R182 000

Standard Bank performance guarantee: R210 000

Nedbank pledge and session of call account R241 237.33

Nedbank Contingent liability for Port St Francis Mooring Association: R132 000

18. CASH AND CASH EQUIVALENTS (CONTINUED)

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.

	2023 R'000	2022 R'000
Absa Bank Ltd Baa3	17	55 646
Nedbank Ltd Ba2	–	63 422
Nedbank Ltd BB-	215 029	171 572
Standard Bank Ltd Ba2	12 265	173 959
Standard Bank Ltd BB+	–	2 448
First National Bank Ltd BB+	14	4 178
Albaraka Bank Limited - BB-/B	87	5 247
HSBC	–	(110)
Trustlink BB-	2 244	16 642
Sasfin Bank Limited	–	14 709
Cash on hand	68	–
Bidvest Bank Limited BB	357	3 511
Access Bank Botswana Limited	–	9 387
Windhoek Bank	–	25 871
Ninety One Fund Managers SA (RF) Proprietary Limited Baa3	–	697 380
Vunani Securities	1 313	98 218
AfrAsia Bank Limited BB+	–	3 055
Other	2 588	1 502
	233 982	1 346 637

19. SHARE CAPITAL

Authorised

	2023 R'000	2022 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 (2022: 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 (2022: 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.

Changes in ownership interests in subsidiaries without change of control Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions, that is, transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

	2023 R'000	2022 R'000
Capital redemption reserve fund	**8 034**	8 034
Share repurchase reserve	**650**	–
Foreign translation reserve	**–**	1 731
Change in ownership reserve	**–**	(31 022)
	8 684	(21 257)

21. OTHER FINANCIAL LIABILITIES

At fair value through profit/(loss)

	2023 R'000	2022 R'000
Other financial liabilities	–	894
These relate to amounts payable by HST for the Computer Aided Telephony System. The amounts are unsecured and have no fixed repayments terms. Other financial liabilities pertain to AYO and are shown at nil value due to AYO being disposed during the financial year. Refer to note 47 for details of the disposal.		
	–	894

Held at amortised cost

	2023 R'000	2022 R'000
RVB Distributors and Don Kourie Distributors	958	1 064
The loan is unsecured, interest free, and has no fixed terms of repayment.		
Other borrowings	696	1 353
Other borrowings are unsecured, bear interest at rates agreed between parties, have no fixed repayment terms and consists of loans to directors and other entities.		
Included in the amount is a liability in relation to medical aid costs of retired employees. This is calculated taking into account the current medical aid contribution, the life expectancy of the employees and a discount rate of 6% to calculate the present value of the obligation.		
	1 654	2 417

Non-current liabilities

	2023 R'000	2022 R'000
Fair value through profit or loss	–	894
Amortised cost	696	2 417
	696	3 311

Current liabilities

	2023 R'000	2022 R'000
Amortised cost	958	1 060
	958	1 060
Secured	–	–
Unsecured	1 654	2 417
	1 654	2 417

22. EMPLOYEE BENEFIT OBLIGATION

Long-term employee benefit plan

Global Command and Control Technologies Proprietary Limited a subsidiary of the group, has the following detailed terms for its employee benefit plan. The group company 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 2023.

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

	2023 R'000	2022 R'000
Opening balance	**(5 082)**	(5 476)
Derecognition of subsidiary liabilities	**3 233**	–
Benefits paid	**–**	572
Net expenses recognised in profit or loss	**399**	(178)
	(1 450)	(5 082)
Key assumptions - SGT for 2022 financial year		
Principle assumptions used on last valuation on 31 August 2023		
Discount rates used	**10.75%**	10.90%
Inflation rate	**5.86%**	6.82%
Future salary increases*	**6.86%**	7.82%
Real rate (approximate)#	**3.64%**	2.86%
Key assumptions - GCCT		
Principle assumptions used on last valuation on 31 August 2023		
Discount rates used	**10.00%**	10.10%
Inflation rate	**6.85%**	7.33%
Future salary increases*	**6.85%**	7.33%
Real rate (approximate)#	**5.85%**	8.33%

* *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.*

The AEEI group lost control of SGT in the current financial year, the financial liability relating to the long service awards for employees of SGT was derecognised in 2023.

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 deferred revenue is released to the income statement in line with the costs incurred over the period of the contract.

	2023 R'000	2022 R'000
Current liabilities	**1 876**	47 719
	1 876	47 719
Reconciliation		
Opening balance	**47 719**	33 252
Additions	**1 189**	59 349
Loss of control in subsidiaries	**(45 074)**	(2 775)
Sponsorships	**–**	2 645
Revenue recognised on delivery of goods or services previously paid for	**(1 958)**	(44 752)
	1 876	47 719

2023

Deferred income was recognised in the current year as a result of income received in advance for services to be provided in future. This includes an amount of R1.2m received for a Command Control System as well as R0.6m received in advance for the Cape Town Jazz Festival. Both amounts received represent a current obligation to provide a service to the client and amounts not utilised will be recognised when refunded. The Group lost control of subsidiaries in the AYO group in the current financial year. The liability relating to deferred income from support services that would have been recognised as revenue over time was derecognised due to the loss of control in subsidiaries in the AYO group.

2022

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.

24. CONTINGENT CONSIDERATION LIABILITY

	2023 R'000	2022 R'000
Contingent consideration arrangements entered into		
Opening balance	**–**	24 228
Fair value adjustments	**–**	5 772
Settlements	**–**	(30 000)
Closing balance	**–**	–

2023

There were no contingent consideration arrangements in the current year.

2022

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 2022 financial year.

25. PROVISIONS

Reconciliation of provisions – Group – 2023

	Opening balance R'000	Additions R'000	Utilised during the year R'000	Reversed during the year R'000	Disposal of subsidiary R'000	Total R'000
Commission and incentive programme	–	3 811	(3 403)	(131)	(247)	30
Bonuses	35 358	72 061	(15 460)	310	(86 922)	5 347
Onerous contracts	3 567	–	–	–	(3 567)	–
Provision for leave pay	8 093	437	(208)	(1 743)	(5 222)	1 357
Product warranties	10 006	129 146	–	–	(139 152)	–
Fine – JSE	2 000	101	(1 502)	(497)	(102)	–
Legal costs	17 163	–	(500)	–	(16 662)	1
Reimbursement – Puleng severance cost	1 210	–	–	(1 210)	–	–
Other provisions	1 248	6 149	(2 058)	(17)	–	5 322
	78 645	211 706	(23 131)	(3 288)	(251 874)	12 057

Reconciliation of provisions – Group – 2022

	Opening balance R'000	Additions R'000	Utilised during the year R'000	Reversed during the year R'000	Disposal of subsidiary 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

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.

25. PROVISIONS (CONTINUED)

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 2023.

The above provisions are due within 12 months and are expected to be paid within the next 12 months.

26. TRADE AND OTHER PAYABLES

	2023 R'000	2022 R'000
Trade payables	**58 608**	247 728
Amounts due to related parties	**971**	2 685
Amounts received in advance	**49**	452
Amounts due to other quota holders	**426**	–
Value added tax	**1 811**	56 691
Leave pay and other accruals	**35 875**	136 579
Deferred income	**–**	–
Other payables*	**1 966**	3 608
	99 706	447 743

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

	2023 R'000	2022 R'000
Revenue from contracts with customers		
Sale of goods	**598 444**	497 125
Rendering of services	**132 549**	76 269
	730 993	573 394
Revenue other than from contracts with customers		
Dividends received	**3 253**	5 162
	734 246	578 556

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

	2023 R'000	2022 R'000
Sale of goods	598 444	497 125
Rendering of services		
Administration and management fees received	–	246
Fees earned	95 583	44 583
Commissions received	14 739	9 117
Services revenue	18 484	22 095
Other revenue from rendering of services	3 743	228
	132 549	76 269
Total revenue from contracts with customers	730 993	573 394

Timing of revenue recognition

	2023 R'000	2022 R'000
At a point in time		
Fishing and Brands		
Sale of goods		
Fishing: Lobster, Pelagics, Hake and Squid divisions	489 611	411 177
Aquaculture	65 733	40 823
Total	555 344	452 000
Health and Beauty		
Sale of goods		
Beauty products	37 359	32 688
Agricultural products	9 608	9 555
Hygiene products	2 172	1 718
Total	49 139	43 961
Services rendered		
Events and Tourism	20 417	10 509
Corporate	318	246
	625 218	506 716
Over time		
Technology and Brands		
Services rendered overtime		
Security services solutions-related	95 583	44 583
Total	95 583	44 583
Fishing and Brands		
Services rendered overtime		
Processing, marketing and cold storage services	10 192	22 095
Total	10 192	22 095
	105 775	66 678
Total revenue from contracts with customers	730 993	573 394

28. COST OF SALES

	2023 R'000	2022 R'000
Sale of goods	**166 204**	131 701
Rendering of services	**55 827**	45 858
Discount received	**–**	(6)
Manufactured goods:		
Raw materials consumed	**7 517**	6 577
Employee costs - salaried staff and other costs	**85 848**	77 119
Depreciation and impairment	**23 850**	21 075
Manufacturing expenses	**71 146**	96 647
	410 392	378 971

29. OTHER INCOME

	2023 R'000	2022 R'000
Administration and management fees received	**273**	24
Commission received	**126**	–
DTI Funding received - Grant Income	**–**	30 000
Fuel rebate received	**5 138**	4 673
Fair value gains on financial instruments	**–**	160
Profit/(loss) on sale of assets and financial instruments	**20 304**	(10 412)
Insurance revenue	**–**	207
Recoveries	**9 814**	50
Rental Income	**179**	–
Other income	**465**	4 131
Gain on lease liability derecognised	**10 718**	–
Profit on exchange differences	**3 235**	7
	50 252	28 840

30. OPERATING EXPENSES

	2023 R'000	2022 R'000
Major items included in operating expenses:		
Employee costs	**(157 084)**	(197 903)
Legal fees	**(19 406)**	(8 351)
Municipal expenses	**(13 238)**	(10 736)
Advertising	**(5 569)**	(3 280)
Audit fees	**(15 399)**	(11 822)
Insurance	**(7 466)**	(7 591)
Transport and freight	**(17 926)**	(12 474)
Other operating expenses	**(57 016)**	–
Depreciation and impairment	**(18 810)**	(17 207)
Profit/(loss) on exchange differences	**2 326**	1 569
Consulting fees	**(14 944)**	(2 289)
	(324 532)	(270 084)

31. NET IMPAIRMENT AND REVERSALS

	2023 R'000	2022 R'000
Material impairment losses (recognised)/reversed		
Property, plant and equipment	(2 141)	–
Intangible assets (Note 6)	(139 503)	–
Loans to related parties	–	(55)
Loans receivable	(10 805)	–
Other financial assets	–	–
Trade and other receivables	145	1 874
Impairment of investment in associate - BT Communication Services South Africa Proprietary Limited (Note 8)	(702 471)	–
	(854 775)	1 819
Significant goodwill or significant intangible assets with indefinite useful lives		
Goodwill	–	(10 158)
Disposals through business combinations	–	–

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.

Technology division

Pre-tax discount rates: 20,56% (2022: 20,86%)

Number of years: 5.2

Growth rate: 4.5%

Fishing and brands division

Pre-tax discount rates: 16,88% (2022: 17.01%)

Number of years: 5

Growth rate: 4.5%

	2023 R'000	2022 R'000
	–	–
Total impairment losses recognised	(854 775)	(8 339)

32. FAIR VALUE ADJUSTMENTS (PROFIT AND LOSS)

Breakdown of fair value adjustments

	2023 R'000	2022 R'000
Financial assets designated at fair value through profit or (loss)		
Investments in unlisted public entity		
African Legend Investments (Pty) Ltd.	7 174	2 872
Investment in Sure Holdings (Pty) Ltd	163	34
Investments in listed shares		
Investment in Sygnia Limited	(1 443)	(2 446)
Employee retirement benefit obligation		
Actuarial gains/(losses)	148	(26)
	6 042	434

33. INVESTMENT INCOME

Interest income

From investments in financial assets:

	2023 R'000	2022 R'000
Bank and other cash	12 525	4 908
Trade and other receivables	776	2
Other interest	80	77
Total investment income	13 381	4 987

34. FINANCE COSTS

	2023 R'000	2022 R'000
Shareholders	–	10
Financial liabilities	187	–
Lease finance costs	4 244	5 709
Late payment of tax	20	365
Other interest paid	1 364	1 046
Total finance costs	5 815	7 130

35. TAXATION

Major components of the tax (income) expense

Current

	2023 R'000	2022 R'000
Local income tax – current period	**12 095**	2 483
Local income tax – recognised in current tax for prior periods	**221**	2 678
	12 316	5 161
Deferred		
Fair value adjustments	**(13 662)**	(10 696)
Deferres tax assets not recognised	**(29 544)**	54 716
Limitation of deferred tax asset adjustment	**(109 437)**	–
Provisions	**(2 738)**	(3 427)
Leases	**7 872**	21 434
Assessed loss	**116 066**	(66 271)
Prior period adjustments	**–**	(1 264)
Wear and tear	**(2 736)**	2 319
Disposal of subsidiaries	**–**	(7 207)
Business combination	**–**	(1 372)
Change in tax rate	**–**	1 411
Prepayments	**(112)**	2 821
Right of use assets	**(5 447)**	(23 245)
Biological assets	**–**	(4 425)
Shipping allowance	**5 272**	2 601
Bad debt	**–**	–
Revenue in advance	**15**	2 854
Intangible assets	**–**	6 166
Allowance for credit losses	**13**	2 934
Other	**(237)**	(7 055)
Discontinued operations	**–**	7 080
Total	**(34 675)**	(20 626)
Total taxation	**(22 359)**	**(15 465)**

35. TAXATION (CONTINUED)

Reconciliation of the tax expense

Reconciliation between applicable tax rate and average effective tax rate.

	2023 R'000	2022 R'000
Applicable tax rate	**27.00%**	28.00%
Profit from equity accounted investments	**1.42%**	6.02%
Fair value adjustments	**6.19%**	–
Interest income exempt from tax	**–**	1.85%
Lease payments claimed as deduction	**–**	2.35%
Non-taxable grant income	**–**	1.69%
Amortisation disallowed	**–**	(0.85%)
Tax losses utilised	**0.79%**	(2.15%)
Prior period over provision of deferred tax	**(0.06%)**	(0.28%)
Prepaid expenses	**(0.05%)**	(1.57%)
Foreign witholding gains	**–**	1.43%
Expected credit loss	**–**	(0.22%)
Disallowed expenses	**0.04%**	–
Non-deductable provisions	**(0.06%)**	2.55%
Net impairments	**(15.18%)**	(8.44%)
Donation and social corporate investment	**–**	(0.27%)
Loss on sale of subsidiary	**(0.05%)**	–
Assessed loss not recognised	**(3.06%)**	–
Non-deductable expenses	**(14.31%)**	(33.91%)
Learnerships	**(0.05%)**	0.31%
Exempt income	**0.08%**	(5.85%)
Assessed loss forfeited	**(0.56%)**	–
Change in tax rate	**–**	1.81%
Other	**(0.24%)**	(0.10%)
Discontinued operations	**–**	14.15%
Amount per income tax note	**1.90%**	4.7%

36. TAX PAID

	2023 R'000	2022 R'000
Balance at beginning of the year	**(28 277)**	–
Current tax for the year recognised in profit or loss	**(12 315)**	(59 063)
Interest and penalties	**–**	(593)
Other movements	**–**	6 320
Disposal of subsidiary	**18 717**	–
Discontinued operations – tax paid	**–**	21 984
Balance at end of the year	**6 683**	28 277
	(15 192)	(3 075)

37. EARNINGS PER SHARE

Basic earnings per share

	2023 Gross R'000	2023 Net R'000	2022 Gross (Restated) R'000	2022 Net (Restated) R'000
Earnings attributable to ordinary equity holders of the parent entity from continuing operations		(1 243 481)	–	14 404
Net earnings		(1 243 481)	–	14 404
Earnings attributable to ordinary equity holders of the parent		(1 243 481)	–	14 404
Derecognition of lease	–	10 718	–	–
Impairment of intangible assets	–	139 503	–	–
Impairment of property, plant and equipment	–	2 141	–	–
Loss on settlement of liability for dividend *in specie*	–	512 589	–	–
(Gain)/loss on disposal of subsidiary	–	(20 302)	–	–
Impairment of associate	–	702 471	–	–
Scrapping of property, plant and equipment	–	(129)	–	–
Headline earnings for continuing operations	–	103 510		**14 404**
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 per share(cents) for continuing operations	–	(253.24)	–	2.93
Diluted earnings per share(cents) for continuing operations	–	(253.24)	–	2.93
Headlines earnings per share (cents) for continuing operations	–	21.08	–	2.93
Diluted earnings per share (cents) for continuing operations	–	21.08	–	2.93

37. **EARNINGS PER SHARE** (CONTINUED)

	2023 Gross R'000	2023 Net R'000	2022 Gross (Restated) R'000	2022 Net (Restated) R'000
Earnings attributable to ordinary equity holders of the parent entity from discontinued operations		**(183 150)**	–	(239 181)
Net earnings		**(183 150)**	–	(239 181)
Earnings attributable to ordinary equity holders of the parent		**(183 150)**	–	(239 181)
Profit on disposal of property, plant and equipment	**(117)**	**(85)**	(543)	(391)
Impairment of property, plant and equipment	**–**	**–**	5 997	4 317
Loss on disposal of subsidiary	**11 122**	**8 119**	13 503	9 848
Profit on sale of intangibles	**–**	**–**	(6 391)	(4 601)
Impairment of goodwill	**–**	**–**	–	69 135
NCI effects on adjustment	**–**	**–**	–	(35 983)
Headline earnings for discontinued operations	**–**	**(175 116)**		**(196 856)**
Weighted average number of shares ('000)	**–**	**491 022**	–	491 022
Fully diluted weighted average number of shares (R'000)	**–**	**491 022**	–	491 022
Basic earningss per share(cents) for discontinued operations	**–**	**(37.30)**	–	(48.71)
Diluted earnings per share(cents) for discontinued operations	**–**	**(37.30)**	–	(48.71)
Headlines earnings per share (cents) for discontinued operations	**–**	**(35.66)**	–	(40.09)
Diluted earnings per share (cents) for discontinued operations	**–**	**(35.66)**	–	(40.09)

38. CASH GENERATED FROM/(USED IN) OPERATIONS

	Note	2023 R'000	2022 R'000
Loss before taxation		(1 239 210)	(330 829)
Adjustments for:			
Depreciation and amortisation		39 531	102 109
Losses on disposals of assets		–	4 433
Gains/(losses) on foreign exchange		343	(3 467)
Income from equity accounted investments		(64 972)	(72 485)
Dividend income		(3 253)	(13 592)
Interest income	33	(13 381)	(142 503)
Finance costs	34	5 815	22 397
Fair value losses/(gains)		(6 042)	50 262
Loss on disposal of assets	47 & 48	492 359	–
Impairment losses and reversals	31	854 775	140 550
Inventory write down to net realisable value		–	7 781
Non-cash items		(5 778)	23 778
Movements in provisions		1 837	15 419
Movements in post employment medical costs liability		(231)	15
Acturial gains/Losses on Long service awards		(148)	–
DTI Grant income	29	–	(30 000)
Expected credit losses - realised		5 812	16 282
Derecogition of lease		(10 718)	–
Changes in working capital			
Inventories		(4 537)	(86 280)
Trade and other receivables		639	(88 082)
Trade and other payables		21 538	117 507
Deferred income		(769)	14 173
		73 610	(252 532)

39. CHANGES IN LIABILITIES FROM FINANCING ACTIVITIES

Reconciliation of liabilities arising from financing activities – 2023

	Opening balance R'000	Business combinations/ (Loss in control of subsidiary) R'000	Fair value movements R'000	Additions R'000	Other non-cash movements R'000	Total Non-cash movements R'000	Cash movements included in continuing operations R'000	Cash movements included in discontinued operations R'000	Closing balance R'000
Leases	186 628	(61 974)	–	7 590	(63 609)	(117 993)	(8 974)	(32 193)	27 468
Other financial liabilities	3 309	(1 008)	–	–	(647)	(1 655)	–	–	1 654
Employee benefit obligation	5 082	(3 233)	–	–	(399)	(3 632)	–	–	1 450
	195 019	(66 215)	–	7 590	(64 655)	(123 280)	(8 974)	(32 193)	30 572

The group cancelled a lease contract in the current financial year. Group Head Offices which previously occupied the leased property situated at the V & A Waterfront were relocated effective of 1 December 2022 to new premises in Foreshore, Cape Town. The cancelled lease was expected to terminate on 30 April 2029. The significant non-cash outflow adjustment in lease liability for the current year include the reduction to lease liability resulting from the cancelled lease.

Reconciliation of liabilities arising from financing activities – 2022

	Opening balance R'000	Business combinations/ (Loss in control of subsidiary) R'000	Fair value movements R'000	Capitalisation of loans R'000	Additions R'000	Other non-cash movements R'000	Total Non-cash movements R'000	Cash movements included in continuing operations R'000	Cash movements included in discontinued operations R'000	Closing balance R'000
Leases	168 878	(1 594)	–	–	29 349	22 395	50 150	(6 015)	(26 385)	186 628
Other financial liabilities	51 340	–	–	(21 884)	–	(8 677)	(30 561)	–	(17 470)	3 309
Contingent liabilities	24 228	–	5 772	–	–	–	5 772	–	(30 000)	–
Employee benefit obligation	5 476	–	–	–	–	49	49	–	(443)	5 082
	249 922	**(1 594)**	**5 772**	**(21 884)**	**29 349**	**13 767**	**25 410**	**(6 015)**	**(74 298)**	**195 019**

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

40. **RELATED PARTIES** (continued)

Members of key management personnel:

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

	2023 R'000	2022 R'000
Loan accounts (owing to)/by related parties		
Premier Seacat Joint Venture	**3 947**	3 011
Vunani Fintech Fund (Pty) Ltd (Previously Tamlalor (Pty) Ltd)	**–**	246 510
Cape Gulf Brands Proprietary Limited	**100**	26 136
DN Kourie	**636**	1 064
Sekpharma Proprietary Limited	**277**	277
AYO Technology Solutions Limited	**(115 449)**	16 825
Health Systems Technologies Proprietary Limited	**(7 557)**	–
CreAlpha (Pty) Ltd	**–**	26 136
Dinaledi (Pty) Ltd	**–**	15 162
Zaloserve Management (Pty) Ltd	**–**	16 825
Trade Receivables/(Payables)		
BCP Hake Joint Venture	**6 625**	–
Premier Seacat Joint Venture	**180**	400
African News Agency (Pty) Ltd	**–**	445
Independent Newspapers and Media (Pty) Ltd	**142**	5 571
Independent Newspapers and Media (Pty) Ltd	**–**	6 887
Independent News and Media Proprietary Limited	**–**	9 041
Loot Online Proprietary Limited	**–**	1 199
Vunani Corporate Finance Proprietary Limited	**–**	(1 725)
Sekunjalo Investments Holdings Proprietary Limited	**(564)**	–
Accumulated impairment on other receivables from related parties		
Independent News and Media (Pty) Ltd	**–**	(11 416)
Independent News and Media (Pty) Ltd	**–**	(9 041)
(Sales to)/Purchases from/to related parties		
Sagarmatha Technologies Limited	**–**	(178)
BT Communications Services South Africa*	**5 284**	6 014
African News Agency (Pty) Ltd	**–**	10 700
Independent News and Media (Pty) Ltd	**564**	6 175
Recoveries from (expenses) to related parties		
Independent News and Media (Pty) Ltd*	**3 528**	–

40. RELATED PARTIES (continued)

	2023 R'000	2022 R'000
Advertising and marketing expenses to related parties		
African News Agency (Pty) Ltd*	3 900	3 900
ANA Publishing (Pty) Ltd*	1 850	–
Independent News and Media (Pty) Ltd*	5 225	5 225
Socio-economic development expense to related parties		
Sekunjalo Development Foundation*	18 010	–
Impairment expenses in terms of related parties		
CreAlpha (Pty) Ltd	-	5 815
Professional service fees paid to related parties		
Vunani Corporate Finance (Pty) Ltd	-	5 782
Administration fees (received) from/paid to related parties		
Premier Seacat Joint Venture	(90)	(90)
Commission received from related parties		
Premier Seacat Joint Venture	190	(88)
Vessel usage fees received from related parties		
Premier BCP Hake Joint Venture	921	(645)
Interest paid/(received) from related party		
Ayo Technology Solutions Limited	(103)	–
Vunani Fintech Fund (Pty) Ltd (Previously Tamlalor (Pty) Ltd)	-	(19 695)
CreAlpha (Pty) Ltd	-	(1 951)
Zaloserve Management (Pty) Ltd	-	(1 241)
Isakhiwo Group International (Pty) Ltd	-	(15)

See note 14 for terms and conditions on loans to related party companies.
See note 13 for terms and conditions on other loans receivables.

* *The related party transactions relate to discontinued operation, AYO Technology Solutions Limited.*

41. DIRECTORS' EMOLUMENTS

Executive

2023

	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	1 770	350	118	254	2 492
VC Dzvova	2 391	500	126	388	3 405
	4 161	850	244	642	5 897

41. **DIRECTOR'S EMOLUMENTS** (continued)

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		2 299
VC Dzvova	2 175	500	393		3 098
	3 785	850	709		5 397

Service contracts

Non-executive

2023

	Directors' fees R'000	Directors' fees for services as directors' of subsidiaries R'000	Total Short-term employment benefits R'000
WJ Raubenheimer	**528**	**–**	**528**
B Qama	**262**	**–**	**262**
AB Amod	**346**	**2 312**	**2 658**
CL Geuking-Cohausz	**337**	**–**	**337**
S Nthite	**262**	**–**	**262**
M Mdladlana	**262**	**–**	**262**
	1 997	**2 312**	**4 309**

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

Mr G Colbie waived his non-executive fees.

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 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.

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, bank overdraft 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.

42. **RISK MANAGEMENT** (continued)

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

Other Financial assets – refer to note 10

Cash and cash equivalent – the identified impairment is immaterial

Liquidity risk

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

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.

42. RISK MANAGEMENT (continued)

Group

At 31 August 2023	Up to 1 year R'000	2 to 5 years R'000	Total R'000
Bank overdraft	1 755	–	1 755
Trade and other payables	99 705	–	99 705
Other financial liabilities	958	696	1 654
Lease liability	8 596	18 872	27 468

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

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. Farm equipment used for the storage of abalone is thoroughly cleaned and inspected on a daily basis. The abalone farming operations are managed by personnel with many years of experience from working on the farm and cleaning of basket equipment is monitored daily by experienced managers. 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 2023, if interest rates had been 1% higher/lower with all other variables held constant, post-tax profit for the year would have been R55 000 (2022: R2 569 000) 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:

	2023 R'000	2022 R'000
Increase of 1%	**55**	2 569
Decrease of 1%	**(55)**	(2 569)

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 2023, if the currency had been 10% higher or lower against the US dollar with all other variables held constant, post-tax (loss)/profit for the year would have been R1,076m (2022: R12.56m) 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.

	2023 R'000	2022 R'000
Current assets		
Trade debtors, USD	**15 122**	94 065
Trade debtors,GBP	**–**	58 880
Cash and cash equivalents, USD	**1**	76 950
Cash and cash equivalents, (GBP)	**11**	3 599
Liabilities		
Trade payables USD	**–**	51 243
Trade payables EUR	**–**	2 691
Trade payables GBP	**–**	5 120
Exchange rates used for conversion of foreign items were:		
USD	**18.69**	17.05
GBP	**23.76**	20.00
Euro	**20.40**	17.14

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

43. GROUP SEGMENTAL REPORT

CONTINUED OPERATIONS

	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	568 034	95 588	49 437	–	24 944	3 564	741 567
External revenue	565 537	95 588	49 134	–	20 423	3 564	734 246
Internal revenue	2 497	–	303	–	4 521	–	7 321
							–
Segment results:							–
Profit/(loss) before tax	77 965	13 081	(167)	(140 849)	(15 712)	(1 175 737)	(1 241 419)
							–
Included in the segment results:							–
Net (impairments)/impairment reversals and write offs	(2 141)	142	–	(139 503)	3	(713 276)	(854 775)
Depreciation and amortisation	(34 929)	(3 803)	(642)	–	(26)	(131)	(39 531)
Fair value adjustments	–	148	–	–	163	5 731	6 042
Finance costs	(3 746)	(1 740)	(176)	(37)	(4)	(112)	(5 815)
Investment income	6 908	2 116	60	–	3	4 294	13 381
Taxation	(20 766)	(581)	243	29 544	9	13 910	22 359
Non-current assets	626 735	17 845	46 795	23 910	6 521	198 654	920 460
Non-current assets held for sale						290 000	290 000
Investment in associate	–	–	–	–	–	72 872	72 872
Current assets	290 870	57 638	26 145	311	6 512	120 026	501 502
Non-current liabilities	197 624	67 709	10 375	24 187	4 254	18 335	322 484
Current liabilities	83 417	51 803	11 370	804	6 775	27 032	181 201
Profits/(loss) from associates	–	–	–	–	–	64 972	64 972
Capital expenditure	(44 107)	(521)	(1 864)	(813)	(36)	–	(47 341)

* *The Technology Division is comprised of the continuing operation of Global Command and Control Technologies Proprietary Limited*

43. GROUP SEGMENTAL REPORT (continued)

DISCONTINUED OPERATIONS	Technology AYO Group R'000
Revenue	2 103 909
External revenue	2 103 909
Internal revenue	
Segment results:	
Loss before tax	(509 512)
Included in the segment results:	
Net impairments and write-offs	(212 136)
Fair value adjustments	55 111
Depreciation and amortisation	(54 009)
Non-current assets	1 218 855
Current assets	2 021 482
Non-current liabilities	210 966
Current liabilities	722 932
Profits from associates	(13 669)
Capital expenditure	(27 900)

43. GROUP SEGMENTAL REPORT (continued)

Group segmental report – 2022

	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)

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 59% (2022:61%) of external revenue is attributable to foreign sales mainly to African countries, the United States of America, the Far East and Europe.

43. GROUP SEGMENTAL REPORT (continued)

Major customers

50% (2022: 52%) 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	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Software and consulting	**41 922**	44 423	**4 520**	13 830
Unified communications	**533 911**	365 304	**112 368**	85 626
Health care	**60 356**	64 101	**27 605**	29 895
Tracking solutions	**–**	8 677	**–**	3 373
Managed services	**1 460 382**	1 272 674	**149 432**	254 921
Total	**2 096 571**	1 755 179	**293 925**	387 645
Employee expenses			**(288 110)**	(321 299)
Depreciation and amortisation			**(54 009)**	(60 011)
Impairment expenses			**–**	(75 868)
Consulting expenses			**(102 186)**	(121 336)
VAT apportionment			**(99 866)**	–
Retrenchment cost			**(27 316)**	–
Other operating expenses			**(201 434)**	(228 855)
Other operating income			**15 282**	16 012
Other operating gains			**(76 217)**	58 877
Movement in credit loss allowances			**(209 885)**	(47 412)
Finance income			**141 426**	147 394
Finance costs			**(19 427)**	(13 556)
Profit on equity accounted investment			**(13 122)**	25 250
Total revenue and profit before taxation	**2 096 571**	1 755 179	**(640 939)**	(233 160)

	Segmental finance income		Segmental finance cost		Segmental taxation	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Software and consulting	**287**	41	**(262)**	(177)	**(322)**	1 983
Security solutions	**–**	71	**–**	(35)	**–**	–
Unified communications	**472**	287	**(784)**	(698)	**(9 409)**	(7 044)
Health care	**2 838**	1 915	**(85)**	(187)	**(1 079)**	(4 019)
Tracking solutions	**–**	237	**–**	(63)	**–**	(405)
Managed services	**137 829**	144 843	**(18 297)**	(12 396)	**(9 577)**	(4 834)
Total	**141 426**	147 394	**(19 428)**	(13 556)	**(20 387)**	(14 319)

43. GROUP SEGMENTAL REPORT (continued)

	2023 R'000	2022 R'000
Segmental assets		
Software and consulting	**21 760**	21 800
Security solutions	**–**	–
Unified communications	**276 566**	176 881
Health care	**102 156**	104 907
Tracking solutions	**–**	–
Managed services	**2 541 099**	3 481 085
Total segmental assets	**2 941 581**	3 784 673
Unallocated*	**70 669**	26 462
Total consolidated assets	**3 012 250**	3 811 135

	2023 R'000	2022 R'000
Segmental liabilities		
Software and consulting	**13 605**	14 109
Security solutions	**–**	–
Unified communications	**234 393**	84 870
Health care	**12 058**	17 200
Tracking solutions	**–**	–
Managed services	**488 863**	587 554
Total consolidated liabilities	**748 919**	703 733

* *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	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Software and consulting	**861**	309	**121**	53
Unified communications	**11 918**	12 000	**1 984**	3 936
Health care	**3 117**	1 703	**2 606**	1 273
Tracking solutions	**–**	–	**–**	–
Managed services	**38 113**	21 084	**23 189**	11 265
Total	**54 009**	35 096	**27 900**	16 527

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 2022. The investment was disposed on 1 November 2021.

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 (Included are Talhado and Premier fishing divisions)

Aquaculture:
- Aquaculture
- Seagro

Services:
- Processing and marketing
- Cold storage

	Segmental revenue		Segmental gross profit	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Lobster	**180 439**	202 956	**55 338**	61 562
Pelagics	**79 001**	73 405	**20 179**	17 446
Hake	**41 931**	30 908	**7 510**	4 780
Squid	**183 196**	103 085	**45 903**	5 218
Aquaculture	**60 155**	39 226	**(2 454)**	(17 579)
Cold storage	**1 791**	10 779	**(1 947)**	2 064
Seagro	**9 222**	6 558	**1 264**	2 298
Processing and marketing	**12 299**	8 169	**12 000**	8 169
Total	**568 034**	**475 086**	**137 793**	**83 958**
Administration and support services			**(70 563)**	(87 405)
Fair value gains			**2 842**	(12 361)
Proceeds from Grant from DTI			**–**	30 000
Interest income			**8 335**	9 998
Finance cost			**(3 747)**	(5 623)
Total revenue and profit before taxation	568 034	475 086	74 660	18 567

43. GROUP SEGMENTAL REPORT (continued)

	2023 R'000	2022 R'000
Segmental assets		
Lobster	**102 190**	73 613
Pelagics	**104 376**	110 931
Hake	**22 925**	5 072
Squid	**73 894**	148 426
Aquaculture	**314 323**	317 032
Cold storage	**229**	932
Seagro	**6 830**	6 117
Processing and marketing	**3 656**	931
Administration and support services	**250 420**	344 159
Total segmental assets	**878 843**	**1 007 213**
Unallocated	**339**	19
Total consolidated assets	**879 182**	**1 007 232**

	2023 R'000	2022 R'000
Segmental liabilities		
Lobster	**17 110**	10 143
Pelagics	**6 234**	7 206
Hake	**9 073**	5 472
Squid	**23 850**	12 534
Aquaculture	**19 831**	16 323
Processing and marketing	**1 264**	921
Administration and support services	**25 201**	68 931
Total segmental liabilities	**102 563**	**121 530**
Unallocated	**137 360**	126 353
Total consolidated liabilities	**239 923**	**247 883**

43. GROUP SEGMENTAL REPORT (continued)

	Depreciation and armotisation		Additions to property, plant and equipment	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Lobster	**7 602**	8 070	**18 531**	11 692
Pelagics	**10 615**	7 979	**18 014**	14 654
Hake	**921**	645	**310**	1 382
Squid	**6 746**	6 942	**2 696**	852
Aquaculture	**4 259**	3 996	**1 472**	1 744
Cold storage	**360**	360	**–**	–
Seagro	**146**	43	**–**	–
Processing and marketing	**2**	2	**–**	–
Administration and support services	**6 419**	5 665	**3 075**	379
Total	**37 070**	**33 702**	**44 098**	**30 703**

Geographical information

The Group operates in South Africa.

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

	2023 R'000	2022 R'000
United States of America	**126 767**	172 124
Europe	**223 735**	132 984
Far East	**79 087**	46 317
South Africa	**138 445**	123 661
Total revenue	**568 034**	**475 086**

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:

	2023	2022	Segment
Customer 1	**R126 million**	R138 million	Lobster
Customer 2	**R75 million**	R68 million	Pelagic

44. INFORMATION ON SUBSIDIARIES

	2023 Effective % held	2022 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	IT investment
AYO International Holdings (Pty) Ltd	–	49.36	Technology
Bioclones (Pty) Ltd	74	74	Biotechnology investments
Bowwood and Main No. 180 (Pty) Ltd	–	60	Investment holding
Business Venture Investment No 1581 (Pty) Ltd	100	100	Investments in food
Chapmans Peak Fisheries (Pty) Ltd	100	100	Fishing
AEEI Events and Tourism (Pty) Ltd	100	100	Events
Global Command and Control Technologies(Pty) Ltd	76	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
Kilomax (Pty) Ltd	100	100	Investment in telecommunication
Kuttlefish (SA) (Pty) Ltd	100	100	Dormant company
Kathea Communications (Pty) Ltd	100	100	IT investment
Marine Growers (Pty) Ltd	100	100	Fishing
Orleans Cosmetics (Pty) Ltd	90	90	Health and beauty
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
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	Information technology

45. FINANCIAL ASSETS BY CATEGORY

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

	2023 R'000	2022 R'000
Other financial assets	**54 963**	496 105
Trade and other receivables	**101 964**	879 379
Loans receivable	**18**	321 608
Loans to related parties	**–**	288 746
Cash and cash equivalents	**235 737**	1 349 896

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

Group – 2023

	At amortised cost R'000	Fair value through profit or loss - designated R'000	Total R'000
Trade and other receivables	101 964	–	101 964
Other financial assets	4 729	50 234	54 963
Cash and cash equivalents	235 737	–	235 737
Loans receivable	18	–	18
	342 448	**50 234**	**392 682**

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

45. FINANCIAL ASSETS BY CATEGORY (continued)

Financial liabilities by category Group – 2023

	At amortised cost R'000	Total R'000
Other financial liabilities	1 654	3 603
Trade and other payables	99 705	447 743
Bank overdraft	1 755	3 259
	103 114	**454 605**

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

46. COMMITMENTS

Authorised capital expenditure already contracted for but not provided for

	2023 R'000	2022 R'000
Authorised by directors and not yet contracted for	–	15 000
This committed expenditure relates to the abalone farm expansion and will be financed by available finance resources		
	–	15 000
Minimum lease payments due		
Minimum lease payments due		
– within one year	**3 222**	3 219
– in second to fifth year inclusive	**1 593**	4 815
– later than five years	**–**	–
	4 815	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.

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47. DISCONTINUED OPERATIONS

Disposal of AYO Technology Solutions Limited ("AYO")

The investment in AYO, in which the Group had a 49.36% shareholding, was disposed of on 31 July 2023. The disposal was concluded by way of a *pro rata* distribution *in specie* in the ratio of 1 AYO share for every 2.89 AEEI shares. A loss on disposal of the subsidiary of R513 million has been recognised in profit or loss in line item for "loss on settlement of liability for dividend *in specie*". AYO contributed R2,104 million revenue and losses of R487 million for the 11 months to 31 July 2023.

AYO is a leading Broad-Based Black Economic Empowerment ("B-BBEE") information and communications technology ("ICT") investment holding company, servicing clients in Southern and Northern Africa, Europe and Mauritius. AYO formed part of AEEI's Technology Division within the AEEI Group.

The AEEI Board constantly evaluates the optimal composition of its investment portfolio to ensure that it remains an attractive and appropriately rated permanent capital investment vehicle for AEEI Shareholders. It is important to AEEI to ensure that the portfolio composition is shaped by a long term perspective on AEEI Shareholder value creation. With two JSE-listed entities forming part of the Group, namely AEEI and AYO, considerable administration constraints, costs and challenges are placed on AEEI and its constituents. The Board therefore resolved in favour of the Unbundling for reasons including, but not limited to, the following; the creation of an efficient and agile corporate structure with regulatory robustness and structural alignment to AEEI's strategy; significant cost savings in terms of management fees and shared services; and unlocking additional value for AEEI Shareholders as AEEI's share price is currently trading below the net asset value.

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

	R'000
Non-current assets	
Property, plant and equipment	35 446
Right of use asset	47 197
Goodwill	48 525
Intangible assets	175 185
Investments in joint venture	58 853
Investments at fair value	9 150
Other financial assets	206 471
Deferred tax	194 555
Loans receivable	117 224
Loans to related parties	326 249
Total non-current assets	1 218 855
Current assets	
Inventories	250 207
Current tax receivable	5 449
Trade and other receivables	1 221 012
Other financial assets	211 078
Finance lease receivables	4 509
Loans receivable	2 299
Cash and cash equivalents	209 693
Loans to related parties	137 372
Total current assets	2 041 619

47. DISCONTINUED OPERATIONS (continued)

	R'000
Non-current liabilities	
Loans from related parties	907
Other financial liabilities	968
Lease liabilities	61 974
Employee benefit obligations	3 233
Deferred tax	143 884
Total non-current liabilities	210 966
Current liabilities	
Provisions	251 875
Trade and other payables	352 904
Other financial liabilities	40
Deferred income	14 776
Current tax payable	26 478
Loans from related parties	38 744
Dividend payable	34 930
Bank overdraft	3 185
Total current liabilities	722 932
Non-controlling interests	(1 241 955)
Net assets	1 084 621
Dividend *in specie*	(509 600)
Minority interest of subsidiary adjustment upon unbundling (refer to Note 7)	7 891
Significant influence over investment gained (refer to Note 8)	(70 323)
Loss on settlement of liability for dividend *in specie*	512 589

47. DISCONTINUED OPERATIONS (continued)

Statement of profit and loss	Audited 31 July 2023	Audited 31 August 2022
Revenue	2 103 909	1 754 914
Cost of sales	(1 800 662)	(1 361 959)
Gross profit	**303 247**	**392 955**
Other operating income	70 565	72 802
Fair value adjustments	55 111	(37 860)
Other operating expenses	(823 139)	(769 542)
Net impairments, impairments reversals and write-offs	(212 136)	(132 211)
Finance income	130 515	137 516
Finance costs	(20 006)	(15 267)
Profit from equity-accounted investments	(13 669)	29 903
Loss before taxation	**(509 512)**	**(321 704)**
Taxation	24 570	(46 822)
Loss after taxation	**(484 942)**	**(368 526)**
Other comprehensive income:		
Items that may be reclassified to profit or loss:		
Exchange differences on translating foreign operations	(1 731)	(609)
Total comprehensive loss for the year	**(486 673)**	**(369 135)**
Cash flows from discontinued operations		
Net cash outflow from operating activities	(985 180)	(177 920)
Net cash inflow/(outflow) from investing activities	307 911	(506 658)
Net cash outflow from financing activities	(136 076)	(200 131)
	(813 345)	**(884 709)**

48. ACQUISITION AND DISPOSAL OF SUBSIDIARIES

Disposal of Bowwood and Main No.180 Proprietary Limited

The investment in Bowwood and Main No. 180 Proprietary Limited ("Bowwood"), in which the Group had 60% shareholding, was disposed on 31 July 2023 for a nil consideration. A gain on sale of the subsidiary of R20 million has been recognised in profit or loss and is included in the other income line item, referenced to note 29. This gain on sale is a non-controlling interest adjustment upon deconsolidation arising from the derecognition of the carrying amount of non-controlling interest at the date when control was lost. Bowwood contributed losses of R250 000 for the 11 months to 31 July 2023.

The identifiable assets and liabilities were disposed of as follows:

	Total R'000
Loan to related party	4 086
Cash and cash equivalents	1 350
Provisions	(9)
Trade and other payables	(5 593)
Non-controlling interests	(20 136)
Net assets	**(20 302)**

Acquisition of additional interest in subsidiary

On 9 May 2018, Premier Fishing SA Proprietary Limited ("PFSA") acquired a 50.31% shareholding in Talhado Fishing Enterprises Proprietary Limited ("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.

During the current financial year, there was a further acquisition of shares in Talhado which resulted in Premier Fishing increasing its effective holding. PFSA entered into a binding subscription agreement where they will subscribe for 607 ordinary shares of Talhado for a subscriptions price of R95,000,000.

The adjustment for 30% purchase in Talhado had the following effect on equity:	
Decrease in retained income	**(72 274)**
Decrease in non-controlling interest	**(22 726)**
Purchase price upon acquisition	**(95 000)**

49. FAIR VALUE INFORMATION

Fair value hierarchy

Financial assets, financial liabilities and non-financial assets measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement as follows:

Level 1: Quoted unadjusted prices in active markets for identical assets or liabilities that the group can access at measurement date.

Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

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

Assets and Liabilities	Valuation Method R'000	Fair Value hierarchy level R'000	2023 R'000	2022 R'000
Listed Investments (note 10)				
Investments in Sygnia	Market approach	1	**26 981**	46 204
Unlisted Investments (note 10)				
African Legend	Discounted cash flow	3	**22 371**	15 198
Cadiz	Investor statement	2	**-**	1 001
Bambelela	Percentage of net asset value	3	**-**	114 627
4Plus	Discounted cash flow	3	**-**	1 432
Vunani	Discounted cash flow	3	**-**	200 357
Biological assets				
Abalone	Fair value less cost to sell	3	**85 915**	83 073
Assets held for sale				
BT Communications SA (Pty) Ltd	Market approach	1	**290 000**	–
			425 267	462 786

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

The fair value of Level 3 investments 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. Level 2 investments' fair value is determined using the investor's statement approach.

49. **FAIR VALUE INFORMATION** (continued)

Levels of fair value measurements

Recurring fair value measurements

Assets	Notes	2023 R'000	2022 R'000
Level 1			
Financial assets designated at fair value through profit/(loss)			
Investment in listed public companies	10	**26 981**	46 204
Assets held for sale			
BT Communications SA (Pty) Ltd	53	**290 000**	–
Level 2			
Other financial assets - designated at fair value through profit/(loss)			
Cadiz Investments Enterprise Development Fund	10	**–**	1 001
Level 3			
Biological assets			
Abalone	15	**85 915**	83 073
Financial assets designated at fair value through profit/(loss)			
Investments in unlisted public companies	10	**23 253**	15 914

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

	Notes	2023 R'000	2022 R'000
Financial assets designated at fair value through profit/(loss)			
Listed shares	10	**26 981**	46 204
Investments in unlisted private companies	10	**882**	332 157
Investments in unlisted public companies	10	**23 253**	15 914
Total financial assets designated at fair value through profit/(loss)		**51 116**	393 559

49. FAIR VALUE INFORMATION (continued)

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

Reconciliation of assets and liabilities measured at fair value

Group – 2023

	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
Assets							
Biological assets							
Abalone	15	83 073	–	–	(55 696)	58 538	85 915

	Note(s)	Opening balance R'000	Gains/ (losses) recognised in profit/ (loss) R'000	Purchases R'000	Disposals R'000	Transfers into/(out of) level 3 R'000	Closing balance R'000
Non-financial assets							
Financial assets designated at fair value through profit/(loss)							
Listed shares	10	46 204	(1 443)	–	(17 780)	–	26 981
Investments in unlisted private companies	10	332 157	–	–	(332 157)	–	–
Investments in unlisted public companies	10	15 914	7 339	–	–	–	23 253
Total financial assets designated at fair value through profit/(loss)		394 275	5 896	–	(349 937)	–	50 234

	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
Assets							
Biological assets							
Abalone	15	95 910	–	–	(37 402)	24 565	83 073

49. 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 into/(out of) level 3 R'000	Closing balance R'000
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	13 007	2 907	–	–	–	15 914
Total financial assets designated at fair value through profit/(loss)		**322 999**	**(24 473)**	**124 359**	**(29 326)**	–	**393 559**

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.

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.

49. FAIR VALUE INFORMATION (continued)

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.

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.

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

Significant Assumptions	2023	2022
Investment in unlisted private companies		
Weighted average cost of capital	**1%-21,55%**	1%-26%
Target debt/equity ratio	**7,7%-39%**	10%-47%
Beta	**0,1-0,6**	0,1-2,06
Specific risk premium	**1%-8%**	1%-8,0%
Terminal growth rate	**1%-4,5%**	1%-5,5%
Investment in unlisted public companies		
Weighted average cost of capital	**1%-21,55%**	1%-26%
Target debt/equity ratio	**7,7%-39%**	10%-47%
Beta	**0,1-0,6**	0,1-2,06
Specific risk premium	**1%-8%**	1%-8,0%
Terminal growth rate	**1%-4,5%**	1%-5,5%

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	**2 463**	1 125
Beta	**4 946**	1 264
Weighted average cost of capital	**2 562**	3 243
Specific risk premium	**2 956**	2 109
Target debt/equity ratio	**(1 971)**	(2 125)
Terminal growth rate	**(3 449)**	(2 067)

49. FAIR VALUE INFORMATION (continued)

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.

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:

	Impact on profit after tax	
Biological assets – Abalone	**Increase 1% R'000**	**Decrease 1% R'000**
Weight	**480 221**	(480 221)
USD spot rate	**580 420**	(580 420)
International freight	**(79 970)**	79 970
Packaging and processing	**(20 229)**	20 229

50. DIVIDEND PAYABLE

The Board has not declared a dividend for the year ending 31 August 2023.

51. 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.

The disposal of AYO has resulted in a significant reduction in the Group's equity and has also resulted in the Group incurring a significant loss in the current year financial statements due to the loss on dividend *in specie*. The Board resolved that the disposal of AYO will facilitate the creation of an efficient and agile corporate structure with regulatory robustness and structural alignment to AEEI's strategy as well as significant cost savings in terms of management fees and shared services in the future and therefore will not have an impact on the Group's ability to continue as a going concern in the future.

51. 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.

52. EVENTS AFTER THE REPORTING PERIOD

Shareholders of AEEI ("Shareholders") are advised that on 26 September 2023, Kilomix Investments Proprietary Limited ("Kilomix"), a wholly-owned subsidiary of AEEI, entered into a share repurchase agreement ("Disposal Agreement") with BT Communications Services South Africa Proprietary Limited ("BTSA"), a subsidiary of BT Limited ("BT"), in terms of which BTSA will acquire 30 000 ordinary shares, constituting 30% of the issued share capital of BTSA owned by Kilomix ("BTSA Shares"), for an aggregate amount of R290 million ("Repurchase Price") ("the Disposal"). The share repurchase was subsequently concluded on 28 December 2023.

The board of AEEI announced on SENS on 16 October 2023 of its firm intention to make an offer to shareholders to repurchase their shares and the subsequent proposed delisting of AEEI from the JSE.

On or about 15 November 2023, a subsidiary suffered an alleged cybercrime involving the unauthorised transfer of an amount of $820,000 from the company's bank account to the account of an unknown third party. A criminal case has been opened with the South African Police Services. There are various investigations taking place, including with the view to instituting disciplinary proceedings against one or more company employees, and efforts are being made to recover the funds.

There were new changes effected to the contractual terms on the leased properties owned by the Department of Public Works upon which the farming operations by Marine Growers Proprietary Limited are carried on, as well as the Pelagic and Seagro operations for Premier Fishing South Africa which are based in Saldanha. Correspondence was received after the financial year end, of the new lease terms with the Department of Public Works. Lease periods were amended for the properties from a year-to-year basis to a 5 year lease term. On this basis the accounting implications indicate for the group company Marine Growers Proprietary Limited, the estimated right-of-use asset and lease liability amounts to R4 977 188. The current portion of this lease liability amounts to R626 253 and the non-current portion amounts to R4 350 935, Premier Fishing South Africa Proprietary Limited will have the same accounting implications because of the changes in lease terms, where the estimated right-of-use asset and lease liability amounts to R7 201 602. The current portion of this lease liability amounts to R906 139 and the non-current portion amounts to R6 295 464.

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.

53. NON-CURRENT ASSETS HELD FOR SALE

A decision was made to reclassify the investments in BT Communications SA (Pty) Ltd as held for sale at year end. Following discussions amongst the senior management, it was decided that given the group's strategy, realising the BT investment through sale would make more business sense. The share repurchase was subsequently concluded on 28 December 2023.

The following assets and liabilities were reclassified as held for sale as at 31 August 2023:

Assets classified as held for sale	R'000
Investment in associate	290 000
Total assets of asset held for sale	**290 000**

Refer to note 8 for the details of this investment.

54. DIVIDENDS PAID

	2023 R'000	2022 R'000
Balance at beginning of the year	**(46 076)**	(40 947)
Dividends declared	**(243)**	(49 452)
Unclaimed dividends held in trust	**-**	(3 973)
Disposal of Ayo	**32 332**	-
Balance at end of the year	**13 987**	46 076
	-	(48 284)

Dividends are distributed out of capital reserves.

55. CONTINGENCIES

Litigation

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.

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.

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.