STATEMENT OF FINANCIAL POSITION

AS AT 31 AUGUST 2016

		GROUP		COMPANY	
	Notes	2016 R'000	2015 R'000	2016 R'000	2015 R'000
ASSETS					
Non-current assets					
Property, plant and equipment	2	**147 086**	153 422	**209**	218
Goodwill	3	**56 832**	56 832	**–**	–
Intangible assets	4	**338 640**	339 697	**28**	30
Investments in subsidiaries	5	**–**	–	**2 106 545**	1 006 948
Investment in associates	6	**169**	9	**–**	–
Investment in joint ventures	7	**115**	–	**–**	–
Loans to Group companies	8	**–**	–	**167 381**	147 490
Other loans receivable	9	**9 496**	5 282	**10 075**	–
Other financial assets	10	**856 571**	524 984	**34 703**	286
Deferred tax	11	**17 310**	16 162	**–**	1 455
Prepayments		**1 800**	131	**–**	–
		1 428 019	1 096 519	**2 318 941**	1 156 427
Current assets					
Inventories	12	**45 439**	31 503	**–**	–
Loans to Group companies	8	**–**	–	**80 015**	53 385
Other loans receivable	9	**6 805**	7 734	**1 650**	1 650
Current tax receivable		**1 465**	450	**86**	–
Trade and other receivables	13	**96 482**	111 037	**12 114**	15 621
Biological assets	14	**48 169**	46 162	**–**	–
Cash and cash equivalents	15	**64 840**	32 066	**2 776**	612
		263 200	228 952	**96 641**	71 268
Non-current assets held for sale	16	**–**	20 000	**–**	20 000
Total assets		**1 691 219**	1 345 471	**2 415 582**	1 247 695
EQUITY AND LIABILITIES					
Equity					
Equity attributable to equity holders of parent					
Share capital	17	**403 177**	403 177	**403 177**	403 177
Reserves	18	**8 034**	8 034	**–**	–
Retained income		**505 241**	300 895	**1 441 669**	566 261
		916 452	712 106	**1 844 846**	969 438
Non-controlling interest		**84 583**	92 443	**–**	–
		1 001 035	804 549	**1 844 846**	969 438
Liabilities					
Non-current liabilities					
Loans from Group companies	8	**–**	–	**83 371**	66 215
Other financial liabilities	19	**253 004**	112 800	**31 233**	–
Finance lease obligation	20	**117**	109	**117**	109
Operating lease liabilities	21	**2 855**	2 713	**–**	–
Deferred tax	11	**299 102**	239 015	**422 846**	148 748
Provisions	22	**4 930**	–	**4 930**	–
		560 008	354 637	**542 497**	215 072
Current liabilities					
Provisions	22	**23 390**	23 568	**3 716**	4 602
Current tax payable		**9 906**	6 869	**–**	456
Trade and other payables	23	**74 262**	95 698	**5 116**	8 556
Other financial liabilities	19	**12 587**	45 609	**9 636**	44 783
Finance lease obligation	20	**225**	98	**–**	98
Operating lease liabilities	21	**35**	274	**–**	–
Dividend payable	53	**–**	750	**–**	–
Bank overdraft	15	**9 771**	13 419	**9 771**	4 690
		130 176	186 285	**28 239**	63 185
Total liabilities		**690 184**	540 922	**570 736**	278 257
Total equity and liabilities		**1 691 219**	1 345 471	**2 415 582**	1 247 695
Net asset value per share (cents)		**186.52**	144.93	**375.47**	197.31
Net tangible asset value per share (cents)		**106.03**	64.23	**375.47**	197.30

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 AUGUST 2016

	Notes	GROUP 2016 R'000	GROUP 2015 R'000	COMPANY 2016 R'000	COMPANY 2015 R'000
Continuing operations					
Revenue	24	752 203	672 185	28 582	25 843
Cost of sales	25	(495 646)	(443 546)	–	–
Gross profit		256 557	228 639	28 582	25 843
Other income	26	3 454	3 595	1	9
Operating expenses		(176 855)	(150 738)	(21 226)	(22 335)
Gain/(loss) on disposal of subsidiary	27	1 034	3 436	(9 708)	–
Net impairments and impairment reversals	28	5 363	(5 779)	5 694	17 001
Investment revenue	30	33 592	16 976	58 540	34 620
Fair value adjustments	31	194 947	106 405	1 118 407	187 634
Gain on deemed disposal of equity accounted investments	47	–	3 224	–	–
Profit/(loss) from equity accounted investments	48	242	(316)	–	–
Finance costs	32	(26 232)	(19 695)	(16 183)	(14 641)
Profit before taxation	29	292 102	185 747	1 164 107	228 131
Taxation	33	(80 538)	(36 491)	(276 407)	(36 086)
Profit from continuing operations		211 564	149 256	887 700	192 045
Discontinued operations					
Loss from discontinued operations	16	(3 037)	–	–	–
Profit for the year		208 527	149 256	887 700	192 045
Total comprehensive income for the year		208 527	149 256	887 700	192 045
Attributable to:					
Owners of the parent:					
Continuing operations		219 660	152 897	887 700	192 045
Discontinued operations		(3 037)	–	–	–
Profit for the year attributable to owners of the parent		216 623	152 897	887 700	192 045
Non-controlling interest:					
Non-controlling interest – continuing operations		(8 096)	(3 641)	–	–
Total comprehensive income attributable to:					
Owners of the parent – continuing operations		219 660	152 897	887 700	192 045
Owners of parent – discontinued operations		(3 037)	–	–	–
Non-controlling interest – continuing operations		(8 096)	(3 641)	–	–
		208 527	149 256	887 700	192 045
Earnings per share					
Per share information					
Basic earnings per share (c)	34	44.09	31.12	–	–
Continued operations		44.71	31.12	–	–
Discontinued operations		(0.62)	–	–	–
Diluted earnings per share (c)	34	44.09	31.12		
Continued operations		44.71	31.12	–	–
Discontinued operations		(0.62)	–	–	–

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 AUGUST 2016

	Share capital R'000	Share premium R'000
Group		
Balance at 1 September 2014	**30**	**403 147**
Profit for the year	–	–
Total comprehensive income for the year	**–**	**–**
Dividends (Refer to note 53)	–	–
Business combinations	–	–
Total contributions by and distributions to owners of Company recognised directly in equity	**–**	**–**
Balance at 1 September 2015	**30**	**403 147**
Profit for the year	–	–
Total comprehensive income for the year	**–**	**–**
Transfer between reserves	**–**	**–**
Dividends (Refer to note 53)	**–**	**–**
Changes in ownership interest – control not lost	**–**	**–**
Total contributions by and distributions to owners of Company recognised directly in equity	**–**	**–**
Balance at 31 August 2016	**30**	**403 147**
Notes	17	17
COMPANY		
Balance at 1 September 2014	**30**	**403 147**
Profit for the year	–	–
Total comprehensive income for the year	**–**	**–**
Dividends (Refer to note 53)	–	–
Total contributions by and distributions to owners of Company recognised directly in equity	**–**	**–**
Balance at 1 September 2015	**30**	**403 147**
Profit for the year	**–**	**–**
Total comprehensive income for the year	**–**	**–**
Dividends (Refer to note 53)	**–**	**–**
Total contributions by and distributions to owners of Company recognised directly in equity	**–**	**–**
Balance at 31 August 2016	**30**	**403 147**
Notes	17	17

Total share capital R'000	Reserves R'000	(Accumulated loss)/ retained income R'000	Total attributable to equity holders of the Group/ Company R'000	Non-controlling interest R'000	Total equity R'000
403 177	8 034	157 825	569 036	96 036	665 072
–	–	152 897	152 897	(3 641)	149 256
–	–	152 897	152 897	(3 641)	149 256
–	–	(9 827)	(9 827)	(2 248)	(12 075)
–	–	–	–	2 296	2 296
–	–	(9 827)	(9 827)	48	(9 779)
403 177	8 034	300 895	712 106	92 443	804 549
–	–	216 623	216 623	(8 096)	208 527
–	–	216 623	216 623	(8 096)	208 527
–	–	15	15	(50)	(35)
–	–	(12 292)	(12 292)	(2 234)	(14 526)
–	–	–	–	2 520	2 520
–	–	(12 277)	(12 277)	236	(12 041)
403 177	8 034	505 241	916 452	84 583	1 001 035
17	18				
403 177	–	384 043	787 220	–	787 220
–	–	192 045	192 045	–	192 045
–	–	192 045	192 045	–	192 045
–	–	(9 827)	(9 827)	–	(9 827)
–	–	(9 827)	(9 827)	–	(9 827)
403 177	–	566 261	969 438	–	969 438
–	–	887 700	887 700	–	887 700
–	–	887 700	887 700	–	887 700
–	–	(12 292)	(12 292)	–	(12 292)
–	–	(12 292)	(12 292)	–	(12 292)
403 177	–	1 441 669	1 844 846	–	1 844 846
17	18				

STATEMENT OF CASH FLOWS

		GROUP		COMPANY	
	Notes	2016 R'000	2015 R'000	2016 R'000	2015 R'000
Cash flows from operating activities					
Cash receipts from customers		**863 844**	659 991	**36 166**	14 950
Cash paid to suppliers and employees		**(777 657)**	(592 147)	**(24 610)**	(14 228)
Cash generated from operations	35	**86 187**	67 844	**11 556**	722
Interest revenue		**3 544**	2 328	**25 228**	19 620
Dividends received		**30 048**	14 648	**33 312**	15 000
Finance costs		**(26 232)**	(19 695)	**(16 183)**	(14 641)
Tax paid	36	**(18 170)**	(14 331)	**(1 397)**	(610)
Non-cash interest capitalised	8	**–**	–	**(25 228)**	–
Net cash from operating activities		**75 377**	50 794	**27 288**	20 091
Cash flows from investing activities					
Purchase of property, plant and equipment	2	**(12 491)**	(34 136)	**(18)**	–
Sale of property, plant and equipment	2	**27**	713	**–**	–
Purchase of other intangible assets	4	**(2 060)**	(1 552)	**–**	–
Expenditure on software development	4	**–**	(1 997)	**–**	–
Business combinations	47	**–**	150	**–**	–
Sale of businesses	27	**(4 299)**	–	**–**	–
Loans to Group companies repaid		**–**	–	**11 003**	–
Loans advanced to Group companies		**–**	–	**(48 962)**	(36 937)
Receipts from loans from Group companies		**–**	–	**29 500**	45 782
Repayment of loans from Group companies		**–**	–	**(10 000)**	–
Increase in other loan receivables		**(4 799)**	(3 041)	**(4 483)**	(1 650)
Decrease in other loan receivables		**2 168**	138	**141**	–
Purchase of financial assets	10	**(136 509)**	–	**(10 000)**	–
Sale of financial assets	10	**20 000**	–	**20 000**	–
Investment in joint venture	7	**–**	(33)	**–**	–
Net cash from investing activities		**(137 963)**	(39 758)	**(12 819)**	7 195
Cash flows from financing activities					
Repayment of other financial liabilities		**(59 789)**	(33 006)	**(55 074)**	(16 767)
Receipt of other financial liabilities		**171 704**	8 161	**50 070**	16
Finance lease (payments)/receipts		**135**	(83)	**(90)**	(83)
Dividends paid	53	**(13 042)**	(9 827)	**(12 292)**	(9 827)
Net cash from financing activities		**99 008**	(34 755)	**(17 386)**	(26 661)
Total cash movement for the year		**36 422**	(23 719)	**(2 917)**	625
Cash at the beginning of the year		**18 647**	42 366	**(4 078)**	(4 703)
Total cash at end of the year	15	**55 069**	18 647	**(6 995)**	(4 078)

ACCOUNTING POLICIES

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), the SAICA financial reporting guides issued by the Accounting Practices Committee, the Companies Act, as amended and the Listings Requirements of the JSE Ltd. The annual financial statements have been prepared on the historical cost basis, except where otherwise stated and incorporate the principle accounting policies set out below.

These accounting policies are consistent with the previous year.

Adoption of new and revised standards

No standards, interpretations and amended standards have been adopted during the year.

1.1 UNDERLYING CONCEPTS

The financial statements are prepared on the going concern basis, which assumes that the Group will continue in operation for the foreseeable future.

The financial statements are prepared using accrual accounting whereby the effects of transactions and other events are recognised when they occur, rather than when the cash is received or paid.

Assets and liabilities and income and expenses are not offset unless specifically permitted by an accounting standard. Financial assets and financial liabilities are only offset when there is a legally enforceable right to offset, and the intention is either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Accounting policies are the specific principles, bases, conventions, rules and practices applied in preparing and presenting financial statements. Changes in accounting policies are accounted for in accordance with the transitional provisions in the standard. If no such guidance is given, they are applied retrospectively. If, after making every reasonable effort to do so, it is impracticable to apply the change retrospectively, it is applied prospectively from the beginning of the earliest period practicable.

Changes in accounting estimates are adjustments to assets or liabilities or the amounts of periodic consumption of assets that result from new information or new developments. Such changes are recognised in profit or loss in the period they occur.

1.2 CONSOLIDATION

Basis of consolidation

The consolidated annual financial statements incorporate the annual financial statements of the Group and all investees 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.

The results of subsidiaries are included in the consolidated annual financial statements from the effective date of acquisition to the effective date of disposal.

Adjustments are made when necessary to the annual financial statements of subsidiaries to bring their accounting policies in line with those of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

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.

ACCOUNTING POLICIES – continued

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS – continued

1.2 CONSOLIDATION – continued

Basis of consolidation – continued

Transactions which result in changes in ownership levels, where the Group has control of the subsidiary both before and after the transaction are regarded as equity transactions and are recognised directly in the statement of changes in equity.

The difference between the fair value of consideration paid or received and the movement in non-controlling interest for such transactions is recognised in equity attributable to the owners of the parent.

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

Business combinations

The Group accounts for business combinations using the acquisition method of accounting. The cost of the business combination is measured as the aggregate of the fair values of assets given, liabilities incurred or assumed and equity instruments issued. Costs directly attributable to the business combination are expensed as incurred, except the costs to issue debt which are amortised as part of the effective interest 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, and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation, are measured either at the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets, or at fair value. The treatment is not an accounting policy choice but is selected for each individual business combination, and disclosed in the note for business combinations. All other components of non-controlling interests are measured at their acquisition date fair values, unless another measurement basis is required by IFRS.

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

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

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

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

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

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

Investment in associates

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

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

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

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

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

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

Joint arrangements

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

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

Joint ventures

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

ACCOUNTING POLICIES – continued

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS – continued

1.2 CONSOLIDATION – continued

Joint ventures – continued

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

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

1.3 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the 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 judgements include:

Trade receivables and loans and receivables

The Group assesses its trade receivables and loans and receivables for impairment at each statement of financial position date. In determining whether an impairment loss should be recorded in the statement of comprehensive income, the Group makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Property, plant and equipment

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

Intangible assets

The Group and Company assesses the useful lives and amortisation rates at each reporting date. This judgement is based on the market and trading conditions for the Group and Company, 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.

Biological assets

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

Allowance for slow moving, damaged and obsolete inventory

Management made estimates of the selling price and the direct cost to sell on certain inventory items at year-end by reviewing subsequent selling prices.

Intangible assets – estimated useful life of licence

The licence with allocated rights acquired via a business combination during the financial year 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.

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 the occur. The Group's policy in relation to impairment testing in respect of goodwill is detailed below.

The recoverable amount of the cash-generating units has been determined based on a value-in-use calculation. Key assumptions applied to determine the recoverable amount of the cash-generating units, using the value-in-use calculation relating to sales growth rates, working capital requirements and capital expenditure. Cash flow projections were based on historical information and financial budgets approved by senior management covering a five-year period.

The following assumptions were utilised:

Fishing division
Pre-tax discount rates: 17% – 22%
Number years: 5
Growth rate: 7.5%

Events and Tourism division
Pre-tax discount rates: 27% – 29%
Number years: 5
Growth rate: 6%

Technology division
Pre-tax discount rates: 23% – 26%
Number years: 5
Growth rate: 4.5%

Health Care division (Included in the Technology segment in the prior year)
Pre-tax discount rates: 18% – 39%
Number years: 5
Growth rate: 6%

Biotechnology division
Pre-tax discount rates: 19% – 30%
Number of years: 5 – 10
Growth rate: 4.5%

Normal taxation and deferred tax

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

ACCOUNTING POLICIES – continued

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS – continued

1.3 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY – continued

Normal taxation and deferred tax – continued

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

Investments in subsidiaries

Valuation method

An entity discounted cash flow (DCF) valuation technique is used for all unlisted investments. Price/earnings and dividend yield valuations are not used as a primary method due to lack of sufficient comparable information and are thus only used as a secondary review.

Application of methodology

Free cash flow (FCF) forecasts are prepared year by year for a minimum of a three-year period and for high-growth company's year-by-year forecasts for a period of five years are prepared, where after a terminal value will be calculated.

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.

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 period 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 rate

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.

Risk-free rate

The risk-free rate utilised is the current yield on long-term government bonds. For purposes of the valuations the R208 government bond has been used. These yields were obtained from the financial press at the time of preparing the valuations.

Beta

The equally weighted average of the relevant industry betas together with professional judgement is 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 risk.

Market risk premium

A market risk premium was utilised in all valuations.

Value of equity

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

Fair value determination

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques mentioned above. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Discounted cash flows are used to determine fair value for the investments in subsidiary companies and other unlisted investments. The use of a 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.

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 its subsidiaries in which it holds less than 50% because of additional voting powers granted to the parent company in the shareholders' agreement.

Investment in equity accounted investments

Losses from equity accounted investments in excess of the Group's interest are recognised only to the extent that the Group has incurred a legal or constructive obligation to make payments on behalf of the investments held in equity accounted investments. Additionally an investment in an associate is recognised when the Group has the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

1.4 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is initially measured at cost.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

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

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Broadcast mast	10 years
Buildings	5 – 40 years
Computer equipment	1 – 8 years
Computer software	2 – 5 years
Furniture and fixtures	2 – 20 years
Laboratory equipment	8 years
Land	Indefinite
Leasehold improvements	5 – 40 years
Motor vehicles	5 – 10 years
Office equipment	3 – 21 years
Pharmaceutical books	3 – 7 years
Plant and machinery	1 – 36 years
Studio equipment	5 years
Vessels	3 – 32 years

ACCOUNTING POLICIES – continued

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS – continued

1.4 PROPERTY, PLANT AND EQUIPMENT – continued

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

The depreciation charge for each period 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.

1.5 BIOLOGICAL ASSETS

Biological assets consist of abalone cultivated at an aquaculture farm and are measured at their fair value less estimated point-of-sale costs.

Any gains or losses arising from measurement on initial recognition or from a subsequent change in fair value less estimated point-of-sale costs is included in profit or loss for the period in which it arises.

1.6 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.
- the expenditure attributable to the asset during its development can be measured reliably.

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

Intangible assets with an indefinite useful life are not amortised, but are reviewed on an annual basis for indications that continue to support an indefinite useful life assessment.

Internally generated intangible assets are recognised for costs incurred in the development phase of an internal project.

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

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

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

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

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

Item	Useful life
Biosimilar drug under development	20 years
Fishing quotas	4 – 7 years
Licences and technologies	20 years
Novel compounds	20 years
Pharmaceutical dossiers	20 years
Software development	10 years
Radio licence	Indefinite
Patents and trademarks	4 – 20 years

1.7 FINANCIAL INSTRUMENTS

Initial recognition and measurement

The Group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

The Group's principal financial assets are various investments, loans receivable, trade and other receivables and bank and cash balances. The Group's principal financial liabilities are interest-bearing and non-interest-bearing loans payable, trade and other payables and bank overdrafts.

Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes party to the contractual provisions of the instrument.

Derecognition of financial assets and financial liabilities

Financial assets or parts thereof are derecognised when:

- the right to receive the cash flows has expired;
- the right to receive the cash flows is retained, but an obligation to pay them to a third party under a "pass-through" arrangement is assumed; or
- the Group transfers the right to receive the cash flows, and also transfers either all the risks and rewards, or control over the asset.

Financial liabilities are derecognised when the obligation is discharged, cancelled or expired.

Financial instruments designated as at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets designated as at fair value through profit or loss. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term.

Investments are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the time frame established by the market concerned.

Investments are measured initially and subsequently at fair value. Gains and losses arising from changes in fair value are included in profit or loss for the period.

Transaction costs are recognised in profit or loss. Dividend income is recognised in the statement of comprehensive income as part of other income when the Group's right to receive payment is established.

ACCOUNTING POLICIES – continued

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS – continued

1.7 FINANCIAL INSTRUMENTS – continued

Financial instruments designated as at fair value through profit or loss – continued

Listed financial instruments are valued using the last traded price before reporting date. No adjustments have been made to the last traded price.

Derivatives

Derivative financial instruments, which are not designated as hedged instruments, consisting of foreign exchange contracts are initially measured at fair value on the contract date, and re-measured to fair value at subsequent reporting dates.

Changes in the fair values of derivative financial instruments are recognised in profit or loss as they arise. Derivatives are classified as financial assets at fair value through profit or loss – held for trading.

Loans to/(from) Group companies

These include loans to (from) holding companies, subsidiaries, joint ventures and associates and are recognised initially at fair value plus direct transaction costs.

Subsequently these loans and receivables are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts.

On loans receivable an impairment loss is recognised in profit or loss when there is objective evidence that it is impaired. The impairment is measured as the difference between the loan's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Impairment losses are reversed in subsequent periods when an increase in the recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the loan at the date the impairment is reversed shall not exceed what the amortised cost would have been, had the impairment not been recognised.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value plus transaction costs, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Trade and other receivables are classified as loans and receivables.

Trade and other payables

Trade payables are initially measured at fair value plus transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs.

1.8 TAX

Current tax assets and liabilities

The tax expense for the year comprises current and deferred tax. Taxation is recognised in profit or loss.

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

Deferred tax assets and liabilities

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

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

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

1.9 LEASES

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

Finance leases – lessee

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

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

The lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate on the remaining balance of the liability.

Operating leases – lessor

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

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

Operating leases – lessee

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

ACCOUNTING POLICIES – continued

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS – continued

1.10 INVENTORIES

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

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

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

1.11 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 or distribution are measured at the lower of their carrying amount and fair value less costs to sell.

1.12 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, the Group and Company also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

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

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

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

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss.

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

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

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

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

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

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

1.13 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.

1.14 EMPLOYEE BENEFITS

Defined contribution plans

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

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

Other employee benefits

Employee benefits in the form of annual leave entitlements are provided for when they accrue to employees with reference to services rendered up to statement of financial position date. The expense is recognised in the statement of comprehensive income of the period in which the employee renders the service.

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

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.

Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation. The discount rate is the pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The discount rate does not reflect risks for which future cash flow estimates have been adjusted.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

ACCOUNTING POLICIES – continued

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS – continued

1.15 PROVISIONS AND CONTINGENCIES– continued

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.

1.16 REVENUE

Included in revenue are net invoiced sales to customers for goods delivered, where title has passed. The revenue is raised excluding VAT.

Management fees, performance fees, and royalties are recognised on an accrual basis in accordance with the substance of the relevant agreements.

Cash dividends and the full cash equivalent of the dividends are recognised when the right to receive payment or transfer is established.

Interest is recognised on a time proportion basis, taking into account the principal outstanding debt and the effective rate over the period to maturity of the debt. The interest is accrued for when it becomes due to the Group and the Company.

Service revenue is recognised by reference to the stage of completion of the transaction at the statement of financial position date. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value-added tax.

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 BORROWING COSTS

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

1.19 TRANSLATION OF FOREIGN CURRENCIES

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in rands, 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 rands by applying to the foreign currency amount the exchange rate between the rand and the foreign currency at the date of the cash flow.

1.20 SEGMENTAL ANALYSIS

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

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

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

Business segments comprise the following which is aggregated upon consolidation:

- Food and Fishing, being the Group’s food and fishing interests;
- Health Care, being the Group’s health-related manufacturing and wholesale;
- Information Technology, being the Group’s various information technology interests;
- Events and Tourism, being the Group's event management and travel agency interests;
- Biotechnology, being the Group's research and development in the biotechnology interests; and
- Corporate, being the Group's interest in its controlled and non-controlled investments.

1.21 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 02/2015 issued by SAICA.

ACCOUNTING POLICIES – continued

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS – continued

1.22 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO EXISTING STANDARDS ISSUED THAT ARE NOT YET EFFECTIVE

At the date of authorisation of these financial statements, the following Standards and Interpretations were in issue but not yet effective.

Standard	Details of amendments	Annual periods beginning on or after
IFRS 5 Non-current Assets Held for Sale and Discontinued Operations	• Annual Improvements 2012 – 2014 Cycle: Amends IFRS 5 to clarify that when an entity reclassifies an asset (or disposal group) directly from being held for sale to being held for distribution (or vice versa), the accounting guidance in paragraphs 27 – 29 of IFRS 5 does not apply. The amendments also state that when an entity determines that the asset (or disposal group) is no longer available for immediate distribution or that the distribution is no longer highly probable, it should cease held-for-distribution accounting and apply the guidance in paragraphs 27 – 29.	1 July 2016
IFRS 7 Financial Instruments: Disclosures	• Annual Improvements 2012 – 2014 Cycle: The amendments provide additional guidance to help entities identify the circumstances under which a servicing contract is considered to be 'continuing involvement' for the purposes of applying the disclosure requirements in paragraphs 42E – 42H of IFRS 7. Such circumstances commonly arise when, for example, the servicing fee is dependent on the amount or turning of the cash flows collected from the transferred financial asset or when a fixed fee is not paid in full due to non-performance of that asset. • Annual Improvements 2012 – 2014 Cycle: These amendments clarify that the additional disclosure required by the recent amendments to IFRS 7 Disclosure – Offsetting Financial Assets and Financial Liabilities is not specifically required for all interim periods. However, the additional disclosure is required to be given in condensed interim financial statements that are prepared in accordance with IAS 34 Interim Financial Reporting when its inclusion would be necessary in order to meet the general principles of IAS 34.	1 July 2016
IFRS 9 Financial Instruments	• IFRS 9 'Financial Instruments (2014)' replaces IAS 39 'Financial Instruments: Recognition and Measurement'.	1 January 2018

Standard	Details of amendments	Annual periods beginning on or after
IFRS 10 Consolidated Financial Statements	• Amendments to address an acknowledged inconsistency between the requirements in IFRS 10 'Consolidated Financial Statements' and those in IAS 28 (2011) 'Investments in Associates' in dealing with the sale or contribution of a subsidiary. • Amendments confirming that the IFRS 10.4(a) consolidation exemption is also available to parent entities which are subsidiaries of investment entities where the investment entity measures its investments at fair value in terms of IFRS 10.31. • Amendments modifying IFRS 10.32 to state that the consolidation requirement only applies to subsidiaries who are not themselves investment entities and whose main purpose is to provide services which relate to the investment entity's investment activities. • Amendments providing relief to non-investment entity investors in associates or joint ventures that are investment entities by allowing the non-investment entity investor to retain, when applying the equity method, the fair value measurement applied by the investment entity associates or joint ventures to their interests in subsidiaries.	1 January 2016
IFRS 11 Joint Arrangements	• Amendments to provide guidance on the accounting for the acquisition of an interest in a joint operation in which the activity of the joint operation constitutes a business.	1 January 2016
IFRS 15 Revenue from Contracts with Customers	• New guidance on recognition of revenue that requires recognition of revenue in a manner that depicts the transfer of goods or services to customers at an amount that reflects the consideration the entity expects to be entitled to in exchange for those goods or services.	1 January 2018

ACCOUNTING POLICIES – continued

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS – continued

1.22 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO EXISTING STANDARDS ISSUED THAT ARE NOT YET EFFECTIVE – continued

Standard	Details of amendments	Annual periods beginning on or after
IFRS 16 Leases	• IFRS 16 will require lessees to account for leases 'on-balance sheet' by recognising a 'right-of-use' asset and a lease liability. • IFRS 16 also: – Changes the definition of a lease – Sets requirements on how to account for the asset and liability, including complexities such as non-lease elements, variable lease payments and option periods – Provides exemptions for short-term leases and leases of low value assets – Changes the accounting for sale and leaseback arrangements – Largely retains IAS 17's approach to lessor accounting – Introduces new disclosure requirements.	1 January 2019
IAS 1 Presentation of Financial Statements	• Amendments clarifying IAS 1's specified line items on the statement(s) of profit and loss and other comprehensive income and the statement of financial position can be disaggregated. • Additional requirements of how entities should present subtotals in the statement(s) of profit or loss and other comprehensive income and the statement of financial position. • Clarification that entities have flexibility as to the order in which they present their notes to the financial statements, but also emphasising the need to consider fundamental principles of comparability and understandability in determining the order.	1 January 2016
IAS 16 Property, Plant and Equipment	• Amendments to prohibit the use of a revenue-based depreciation method for property, plant and equipment, as well as guidance in the application of the diminishing balance method for property, plant and equipment. • Amendments specifying that because the operation of bearer plants is similar in nature to manufacturing, they should be accounted for under IAS 16 rather than IAS 41. The produce growing on the bearer plants will continue to be within the scope of IAS 41.	1 January 2016

Standard	Details of amendments	Annual periods beginning on or after
IAS 27 Separate Financial Statements	• Annual Improvements 2012-2014 Cycle: IAS 19.83 requires that the currency and term of the corporate or government bonds used to determine the discount rate for post-employment benefit obligations must be consistent with the currency and estimated term of the obligations. The amendments clarify that the assessment of the depth of the corporate bond market shall be made at the currency-level rather than the country-level.	1 January 2016
IAS 28 Investments in Associates and Joint Ventures	• Amendments to address an acknowledged inconsistency between the requirements in IFRS 10 'Consolidated Financial Statements' and those in IAS 28 (2011) 'Investments in Associates' in dealing with the sale or contribution of a subsidiary. In addition, IAS 28 (2011) has been amended to clarify that when determining whether assets that are sold or contributed constitute a business, an entity shall consider whether the sale or contribution of those assets is part of multiple arrangements that should be accounted for as a single transaction.	1 January 2016
IAS 34 Interim Financial Reporting	• Annual Improvements 2012-2014 Cycle: The amendments clarify the meaning of disclosure of information elsewhere in the interim financial report and require the inclusion of a cross-reference from the interim financial statements to the location of this information. The amendments specify that this information must be available to users of the interim financial statements on the same terms as the interim financial statements and at the same time, or the interim financial statements will be incomplete.	1 July 2016
IAS 38 Intangible Assets	• Amendments present a rebuttable presumption that a revenue-based amortisation method for intangible assets is inappropriate except in two limited circumstances, as well as provide guidance in the application of the diminishing balance method for intangible assets.	1 January 2016
IAS 41 Agriculture	• The amendments change the accounting for bearer plants.	1 January 2016

Impact of new standards, interpretations and amendment not yet effective

The Group is in the process of assessing the impact of the above standards and interpretations on the Group's financial statements.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2. PROPERTY, PLANT AND EQUIPMENT

GROUP	2016 Cost R'000	2016 Accumulated depreciation R'000	2016 Carrying amount R'000	2015 Cost R'000	2015 Accumulated depreciation R'000	2015 Carrying amount R'000
Broadcast mast	5 392	(574)	4 818	4 791	(40)	4 751
Buildings	5 396	(1 031)	4 365	4 770	(916)	3 854
Computer equipment	7 933	(6 053)	1 880	9 985	(8 275)	1 710
Computer software	2 167	(1 265)	902	1 766	(510)	1 256
Furniture and fixtures	4 550	(3 489)	1 061	4 802	(3 803)	999
Laboratory equipment	7 626	(5 048)	2 578	7 133	(4 342)	2 791
Land	3 470	–	3 470	3 470	–	3 470
Leasehold improvements	28 542	(19 044)	9 498	28 481	(17 345)	11 136
Motor vehicles	4 388	(3 449)	939	3 994	(3 174)	820
Office equipment	1 780	(1 466)	314	1 704	(1 418)	286
Plant and machinery	136 652	(94 953)	41 699	134 327	(91 201)	43 126
Studio equipment	3 062	(649)	2 413	2 802	(44)	2 758
Vessels	171 174	(98 025)	73 149	167 185	(90 720)	76 465
Total	382 132	(235 046)	147 086	375 210	(221 788)	153 422

COMPANY	2016 Cost R'000	2016 Accumulated depreciation R'000	2016 Carrying amount R'000	2015 Cost R'000	2015 Accumulated depreciation R'000	2015 Carrying amount R'000
Computer equipment	102	(89)	13	87	(87)	–
Computer software	36	(33)	3	33	(33)	–
Furniture and fixtures	50	(4)	46	–	–	–
Motor vehicles	353	(206)	147	353	(135)	218
Office equipment	4	(4)	–	4	(4)	–
Total	545	(336)	209	477	(259)	218

Reconciliation of property, plant and equipment

GROUP – 2016	Opening balance R'000	Additions R'000	Disposals R'000	Deprecia-tion R'000	Total R'000
Broadcast mast	4 751	602	–	(535)	4 818
Buildings	3 854	626	–	(115)	4 365
Computer equipment	1 710	1 210	(4)	(1 036)	1 880
Computer software	1 256	358	(47)	(665)	902
Furniture and fixtures	999	309	(19)	(228)	1 061
Laboratory equipment	2 791	591	–	(804)	2 578
Land	3 470	–	–	–	3 470
Leasehold improvements	11 136	60	–	(1 698)	9 498
Motor vehicles	820	393	–	(274)	939
Office equipment	286	143	–	(115)	314
Plant and machinery	43 126	2 452	(60)	(3 819)	41 699
Studio equipment	2 758	260	–	(605)	2 413
Vessels	76 465	5 487	(454)	(8 349)	73 149
	153 422	12 491	(584)	(18 243)	147 086

Reconciliation of property, plant and equipment

GROUP – 2015	Opening balance R'000	Additions R'000	Additions through business combinations R'000	Disposals R'000	Depreciation R'000	Total R'000
Broadcast mast	–	4 791	–	–	(40)	4 751
Buildings	2 504	1 409	–	–	(59)	3 854
Computer equipment	1 791	887	–	(73)	(895)	1 710
Computer software	240	1 187	–	–	(171)	1 256
Furniture and fixtures	994	240	109	(4)	(340)	999
Laboratory equipment	3 443	40	–	–	(692)	2 791
Land	3 470	–	–	–	–	3 470
Leasehold improvements	12 639	306	–	–	(1 809)	11 136
Motor vehicles	566	463	–	–	(209)	820
Office equipment	324	65	–	(3)	(100)	286
Plant and machinery	38 975	7 709	–	(105)	(3 453)	43 126
Studio equipment	–	2 802	–	–	(44)	2 758
Vessels	73 320	14 237	–	(729)	(10 363)	76 465
	138 266	34 136	109	(914)	(18 175)	153 422

Reconciliation of property, plant and equipment

COMPANY – 2016	Opening balance R'000	Additions R'000	Depreciation R'000	Total R'000
Computer equipment	–	15	(2)	13
Computer software	–	3	–	3
Furniture and fixtures	–	50	(4)	46
Motor vehicles	218	–	(71)	147
	218	68	(77)	209

Reconciliation of property, plant and equipment

COMPANY – 2015	Opening balance R'000	Depreciation R'000	Total R'000
Motor vehicles	288	(70)	218

NOTES TO THE ANNUAL FINANCIAL STATEMENTS – continued

2. PROPERTY, PLANT AND EQUIPMENT – continued

PLEDGED AS SECURITY

Refer to notes 15 and 19 for further details of security provided over the above assets. In relation to the Company the total carrying amount of the motor vehicles is subject to the finance lease obligation, refer to note 20. The carrying amounts for assets pledged as security are as follows:

	GROUP		COMPANY	
	2016 R'000	2015 R'000	2016 R'000	2015 R'000
Asset				
Broadcast mast	**3 685**	4 098	**–**	–
Computer equipment	**–**	282	**–**	–
Motor vehicles	**495**	218	**–**	–
Studio equipment	**1 591**	1 997	**–**	–
Vessels	**15 671**	14 531	**–**	–
Capital commitments				
Refer to note 42 for details relating to capital commitments.				
Assets subject to finance lease (carrying amount)				
Carrying value of motor vehicle	**495**	218	**147**	218

Details of properties

15 Mail Street, Epping, Cape Town and measures 463 m^2 (Sectional title unit 753), Title Deed ST25977/2008.
Overstrand Municipality, Erf 1727 measuring 3.7 hectares, Title Deed T455052/2002.
Overstrand Municipality, Erf 3819 measuring 6 hectares, Title Deed T160/1938.

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

Insurance

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

3. GOODWILL

GROUP	2016 Cost R'000	2016 Accumulated impairment R'000	2016 Carrying value R'000	2015 Cost R'000	2015 Accumulated impairment R'000	2015 Carrying value R'000
Goodwill	**71 271**	**(14 439)**	**56 832**	71 271	(14 439)	56 832

Reconciliation of goodwill

GROUP – 2016	Opening balance R'000	Total R'000
Goodwill	**56 832**	**56 832**

Reconciliation of goodwill

GROUP – 2015	Opening R'000	Additions through balance business combinations R'000	Total R'000
Goodwill	55 469	1 363	56 832

Goodwill acquired through business combinations has been allocated to individual cash-generating units for impairment testing as follows:

	GROUP 2016 R'000	GROUP 2015 R'000	COMPANY 2016 R'000	COMPANY 2015 R'000
Technology segment	**15 615**	15 615	**–**	–
Events and Tourism segment	**6 151**	6 151	**–**	–
Fishing segment	**18 165**	18 165	**–**	–
Biotechnology segment	**16 901**	16 901	**–**	–
	56 832	56 832	**–**	–

The Group performs an annual impairment test on goodwill based on cash-generating units ("CGU"). The recoverable amount of each of the CGUs to which goodwill is allocated has been determined based on a value-in-use calculation which uses cash flow projections on financial forecasts approved by the board of directors covering a five-year term.

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 budget term.

Refer to note 28 for details of impairment testing.

Refer to note 47 for details of the business combination.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS – continued

4. INTANGIBLE ASSETS

GROUP	2016 Cost R'000	2016 Accumulated amortisation R'000	2016 Carrying amount R'000	2015 Cost R'000	2015 Accumulated amortisation R'000	2015 Carrying amount R'000
Biosimilar drug under development	156 596	(3 276)	153 320	150 530	(2 891)	147 639
Fishing quotas	1 273	(1 224)	49	1 217	(1 021)	196
Licences and technologies	20 074	(15 661)	4 413	20 074	(15 185)	4 889
Novel compounds	135 152	(13)	135 139	135 107	–	135 107
Pharmaceutical dossiers	33 228	(378)	32 850	68 353	(25 500)	42 853
Radio licence	8 795	–	8 795	8 865	–	8 865
Software development	12 695	(12 564)	131	12 625	(12 554)	71
Patents and trademarks	4 055	(112)	3 943	181	(104)	77
Total	371 868	(33 228)	338 640	396 952	(57 255)	339 697

COMPANY	2016 Cost R'000	2016 Accumulated amortisation R'000	2016 Carrying amount R'000	2015 Cost R'000	2015 Accumulated amortisation R'000	2015 Carrying amount R'000
Trademarks	51	(23)	28	51	(21)	30

Reconciliation of intangible assets

GROUP – 2016	Opening balance R'000	Additions R'000	Disposals R'000	Non-cash flow additions R'000	Reversal of impairment R'000	Amortisation R'000	Total R'000
Biosimilar drug under development	147 639	45	–	–	6 066	(430)	153 320
Fishing quotas	196	55	–	–	–	(202)	49
Licences and technologies	4 889	–	–	–	–	(476)	4 413
Novel compound	135 107	45	–	–	–	(13)	135 139
Pharmaceutical dossiers	42 853	491	(9 265)	–	–	(1 229)	32 850
Radio licence	8 865	–	–	–	–	(70)	8 795
Software development	71	70	–	–	–	(10)	131
Patents and trademarks	77	1 354	–	2 520	–	(8)	3 943
	339 697	2 060	(9 265)	2 520	6 066	(2 438)	338 640

Reconciliation of intangible assets

GROUP – 2015	Opening balance R'000	Additions R'000	Additions through business combi-nations R'000	Internally generated R'000	Amorti-sation R'000	Impair-ment R'000	Total R'000
Biosimilar drug under development	154 364	–	–	–	(659)	(6 066)	147 639
Fishing quotas	434	–	–	–	(238)	–	196
Licences and technologies	5 365	–	–	–	(476)	–	4 889
Novel compounds	135 107	–	–	–	–	–	135 107
Pharmaceutical dossiers	40 941	1 615	–	1 997	(1 700)	–	42 853
Radio licence	–	–	8 865	–	–	–	8 865
Software development	71	–	–	–	–	–	71
Patents and trademarks	85	–	–	–	(8)	–	77
	336 367	1 615	8 865	1 997	(3 081)	(6 066)	339 697

Reconciliation of intangible assets

COMPANY – 2016	Opening balance R'000	Amortisation R'000	Total R'000
Trademarks	**30**	**(2)**	**28**

Reconciliation of intangible assets

COMPANY – 2015	Opening balance R'000	Amortisation R'000	Total R'000
Trademarks	33	(3)	30

Other information

Fishing quotas

Fishing quotas are for commercial fishing rights purchased. These are held in the food and fishing division.

Biosimilar drug under development

Development costs with a cost of R3 275 578 were incurred in developing an improved yield for the recombinant human erythropoietin production process. In the prior year, the carrying amount of the development cost included in the intangible asset was R384 788, had a useful life of 240 months and has been fully depreciated in the current year under review. During the current year, the recoverable amount exceeded the carrying amount of the entity, therefore a reversal of impairment of R6 066 681 was processed.

Internally generated intangible assets were recognised through business combination of Genius Biotherapeutics which includes recombinant human erythropoietin and human granulocyte-colony ("G-CSF") stimulating factor. This product is still under development and is not yet ready for use, therefore not amortised. Amortisation will commence when the product is available for use. These have been tested annually for impairment (refer to note 28). The reversal of impairment is as a result of the increase in recoverable amount due to the depreciation of the rand during the year as revenue streams from these drugs are to be made outside of South Africa.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS – continued

4. INTANGIBLE ASSETS – continued

Licences and technologies

The right to manufacture recombinant and G-CSF granted by Solidago AG. The intangible assets have useful lives of 240 months and the remaining period is 127 months.

Novel compounds

Intangible assets that were internally generated and were acquired through the business combination of Genius Biotherapeutics include Dendritic Cell Vaccines (“DCV”).

The project has achieved success with regards to progress and funding from its holding company in the past year. Funding in relation to the project has been renewed and an additional R8m has been approved, of which R5m is being obtained by the Department of Trade and Industry (“dti”) to expand our focus into phase 1, being human safety trials. The development phase is drawing to a close in the following year.

Pharmaceutical dossiers

Twenty six pharmaceutical dossiers were held by Sekpharma (Pty) Ltd in the prior year which included Betnovate, Dermovate and Fortum up to 15 November 2015 when the company was disposed of. The disposal of the aforementioned Sekpharma assets amounted to R9 265 000.

Additionally, in the prior year, through the business combination of Genius Biotherapeutics a pharmaceutical dossier was acquired under the registered product Repotin. These are currently being upgraded, thus not available for use. These have been tested for impairment.

Software development

Software development consists of internally generated software of R12 307 849 are held in the Technology division.

Software development costs have a remaining amortisation period of between one and ten years. The actual useful life is 10 years.

Patents and trademarks

Patent technology and technical know-how of R3 874 015 was acquired by the health care division in order to obtain the right to manufacture finished products locally.

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

South Atlantic Lobster, Sea Diamond and Atlantic Abalone brands are well established in the USA and Far East respectively. These brands are held in the food and fishing division.

All other patents and trademarks are internally generated are not recognised as intangible assets.

Patents and trademarks have a remaining amortisation period of between one and five years. Actual useful life: 10 – 20 years.

Radio licence

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

The licence is granted by ICASA for a period of 10 years and is renewable. There is no limit on the number of times the licence can be renewed and ICASA has in its history never revoked a radio licence or denied a renewal of a radio licence. The cost to renew the broadcast licence is insignificant in relation to the economic benefits that are expected to arise from such licence. The licence operating agreement is expected to be renewed without any cost and it does not have an indefinite useful life.

Intangible assets with indefinite useful lives or not yet in use

The radio licence was fair valued at the date of acquisition of Magic 828 (Pty) Ltd resulting in the recognition of the intangible asset during 2015.

Refer to note 28 for details on impairment tests.

5. INVESTMENTS IN SUBSIDIARIES

The investments in subsidiaries have been designated as at fair value through profit and loss.

COMPANY	Carrying amount 2016 R'000	Carrying amount 2015 R'000
Investments in subsidiaries	**2 106 545**	1 006 948

Breakdown of investment in subsidiaries are as follows:

	2016 R'000	2015 R'000
Sekpharma (Pty) Ltd	**–**	1 000
Sekunjalo Technology Solutions Ltd	**298 834**	22 412
African Biotechnological and Medical Innovation Investments (Pty) Ltd	**150 051**	143 100
AEEI Events and Tourism (Pty) Ltd	**12 245**	2 622
Sekunjalo Industrial Holdings (Pty) Ltd	**1 013 185**	410 042
Kilomax (Pty) Ltd	**409 186**	202 437
Sekunjalo Properties (Pty) Ltd	**–**	2 428
Sekunjalo Consumer Products (Pty) Ltd	**182 920**	222 907
Wynberg Pharmaceuticals (Pty) Ltd	**15 000**	–
AEEI Properties (Pty) Ltd	**3 822**	–
Magic 828 (Pty) Ltd	**3 503**	–
Bowwood and Main No 180 (Pty) Ltd	**17 798**	–
	2 106 545	1 006 948

Subsidiaries with less than 50% share capital held

The Group holds less than 50% of the issued share capital in Saratoga Software (Pty) Ltd. The Group consolidated Saratoga Software (Pty) Ltd as it controls the company because of additional voting powers granted to the parent company in the shareholders' agreement. The effective holding in Saratoga Software (Pty) Ltd is 40% (2015: 40%).

The Group holds 49.99% of the issued share capital in Genius Biotherapeutics. The Group has consolidated Genius Biotherapeutics. Due to no further funding being received from other shareholders, the Group has committed itself to provide further funding to enable Genius Biotherapeutics to progress to its next development phase. Due to these circumstances the other major shareholder, who holds 39.92% of Genius Biotherapeutics has confirmed that it agrees that the parent company obtained the power to direct the relevant activities of Genius Biotherapeutics effective 11 June 2014. Other factors the Group considered in making this determination include the relative size and dispersion of holdings of other shareholders and board composition. As a result the Group has control of Genius Biotherapeutics and has been accounted for as a subsidiary.

The Group holds less than 50% of the issued share capital in Magic 828 (Pty) Ltd. The Group previously recognised the investment as a joint venture in terms of the shareholders agreement and has obtained control of Magic 828 (Pty) Ltd from 20 July 2015 as it obtained an additional 15% interest and additional voting powers granted in terms of the shareholders' agreement. The effective holding in Magic 828 (Pty) Ltd is 40%.

Refer to note 47 for detail on the business combination.

Refer to information on subsidiaries in note 46.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS – continued

5. INVESTMENTS IN SUBSIDIARIES – continued

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 intercompany eliminations.

Subsidiary	Country of incorporation	% ownership interest held by non-controlling interest 2016	% ownership interest held by non-controlling interest 2015
Saratoga Software (Pty) Ltd Group	RSA	**60.00 %**	60.00 %
Genius Biotherapeutics	RSA	**50.01 %**	50.01 %
Magic 828 (Pty) Ltd	RSA	**59.99 %**	59.99 %

2016

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
Saratoga Software (Pty) Ltd Group	13 990	28 403	42 393	805	12 382	13 187	18 161
Genius Biotherapeutics	350 375	2 306	352 681	256 481	1 193	257 674	58 908
Magic 828 (Pty) Ltd	4 077	1 712	5 789	313	15 437	15 750	2 551
Total	368 442	32 421	400 863	257 599	29 012	286 611	79 620
Non-controlling interest in all other subsidiaries							4 963
Non-controlling interest per statement of financial position							84 583

Summarised statement of comprehensive income	Revenue R'000	Profit/(loss) before tax R'000	Tax expense R'000	Profit/(loss) R'000	Profit/(loss) allocated to non-controlling interest R'000
Saratoga Software (Pty) Ltd Group	117 325	8 607	(1 947)	6 660	538
Genius Biotherapeutics	4	(17 140)	(1 699)	(18 340)	(13 082)
Magic 828 (Pty) Ltd	4 209	(10 487)	3 849	(6 636)	3
Total	121 538	(19 020)	203	(18 316)	(12 541)
Profit or loss allocated to non-controlling interest of other subsidiaries					4 445
Total profit or loss allocated to non-controlling interest					(8 096)

Summarised statement of cash flows	Cash flow from operating activities R'000	Cash flow from investing activities R'000	Cash flow from financing activities R'000	Net increase/ (decrease) in cash flow R'000	Dividend paid to non-controlling interest R'000
Saratoga Software (Pty) Ltd Group	**4 223**	**(280)**	**(4 118)**	**(175)**	**400**
Genius Biotherapeutics	**(24 002)**	**24 151**	**225**	**374**	**2**
Magic 828 (Pty) Ltd	**(9 452)**	**(337)**	**9 938**	**149**	**3**
Total	**(29 231)**	**23 534**	**6 045**	**348**	**405**

2015

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
Saratoga Software (Pty) Ltd Group	14 152	27 045	41 197	801	13 409	14 210	2 666
Genius Biotherapeutics	344 620	604	345 224	230 338	1 040	231 378	71 990
Magic 828 (Pty) Ltd	178	418	596	1 786	132	1 918	1 806
Total	358 950	28 067	387 017	232 925	14 581	247 506	76 462
Non-controlling interest in all other subsidiaries							15 981
Non-controlling interest per statement of financial position							92 443

Summarised statement of comprehensive income	Revenue R'000	Profit 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
Saratoga Software (Pty) Ltd Group	112 203	9 713	(1 819)	7 894	7 894	1 284
Genius Biotherapeutics	386	(26 056)	1 689	(24 367)	(24 367)	(11 338)
Magic 828 (Pty) Ltd	–	(2 478)	(40)	(2 518)	(2 518)	(490)
Total	112 589	(18 821)	(170)	(18 991)	(18 991)	(10 544)
Profit or loss allocated to non-controlling interest of other subsidiaries						6 903
Total profit or loss allocated to non-controlling interest						(3 641)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS – continued

5. INVESTMENTS IN SUBSIDIARIES – continued

2015

Summarised statement of cash flows	Cash flow from operating activities R'000	Cash flow from investing activities R'000	Cash flow from financing activities R'000	Net increase in cash flow R'000	Dividend paid to non-controlling interest R'000
Saratoga Software (Pty) Ltd Group	3 936	(5 930)	(2 844)	(4 838)	(1 579)
Genius Biotherapeutics	(16 921)	16 875	–	(46)	–
Magic 828 (Pty) Ltd	(1 873)	(109)	2 074	92	–
Total	(14 858)	10 836	(770)	(4 792)	(1 579)

Other

The disposal in relation to the sale of subsidiaries in the current and prior year is reflected in note 27.

Details of subsidiaries are available from the company secretary. Refer to note 46 for the full list of subsidiaries.

6. INVESTMENT IN ASSOCIATES

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

GROUP

Name of company	Held by	% ownership interest 2016	% ownership interest 2015	Carrying amount 2016	Carrying amount 2015
Emergent Energy (Pty) Ltd		**25.00%**	25.00%	**169**	9

Refer to note 45 reflecting the activities performed by associate.

Associate

Summarised financial information of associate

	Emergent Energy (Pty) Ltd		Total	
Summarised statement of comprehensive income	2016 R'000	2015 R'000	2016 R'000	2015 R'000
Revenue	**25 011**	18 960	**25 011**	18 960
Other income and expenses	**(23 704)**	(17 788)	**(23 704)**	(17 788)
Profit before tax	**1 307**	1 172	**1 307**	1 172
Tax expense	**(366)**	–	**(366)**	–
Profit for the year	**941**	1 172	**941**	1 172
Profit/(loss) from discontinued operations	**–**	–	**–**	–
Other comprehensive income	**–**	–	**–**	–
Total comprehensive income	**941**	1 172	**941**	1 172

Summarised statement of financial position	Emergent Energy (Pty) Ltd 2016 R'000	Emergent Energy (Pty) Ltd 2015 R'000	Total 2016 R'000	Total 2015 R'000
Assets				
Non current	**257**	1 329	**257**	1 329
Current	**8 128**	10 560	**8 128**	10 560
Total assets	**8 385**	11 889	**8 385**	11 889
Liabilities				
Non current	**–**	971	**–**	971
Current	**6 069**	9 569	**6 069**	9 569
Total liabilities	**6 069**	10 540	**6 069**	10 540
Total net assets	**2 316**	1 349	**2 316**	1 349

Reconciliation of net assets to equity accounted investments in associates	Emergent Energy (Pty) Ltd 2016 R'000	Emergent Energy (Pty) Ltd 2015 R'000	Total 2016 R'000	Total 2015 R'000
Profit for the year	**235**	(337)	**235**	(337)
Portion of net assets	**579**	346	**579**	346
Carrying value of investment in associate	**814**	9	**814**	9
Investment at beginning of the period	**9**	–	**9**	–
Share of profit/(loss)	**805**	9	**805**	9
Investment at end of the period	**814**	9	**814**	9

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

Emergent Energy (Pty) Ltd is a company incorporated and operates principally in South Africa. The investment in associate is measured using the equity method. The summarised information presented above reflects the financial statement of the associates.

Refer to note 49 for detail on assumptions and methods used to determine fair value.

Refer to note 47 for detail on business combinations.

Cash and cash equivalents	**4 578**	4 072
Depreciation and amortisation	**55**	64
Interest income	**174**	66
Interest expense	**1**	47
Income tax	**366**	126

NOTES TO THE ANNUAL FINANCIAL STATEMENTS – continued

6. INVESTMENT IN ASSOCIATES – continued

Restrictions relating to associates

There are currently no restrictions relating to the associate.

Unrecognised share of losses of associates

The Group has not recognised its share of losses of Emergent Energy (Pty) Ltd, as the Company has no obligation for any losses of the associate. The total unrecognised losses for the current year amount to RNil (2015: RNil).

Investments with more than 20% holding not considered as significant influence

The Group holds a 30% equity interest in British Telecom Communication Services South Africa (Pty) Ltd. The Group also held a 5% of the voting rights Saab SA (Pty) Ltd up to 27 October 2015.

During the period under review the Group disposed of its 5% equity interest in Saab SA (Pty) and in turn purchased a 25% equity interest in Saab SA (Pty) Ltd's largest subsidiary, Saab Grintek Defence (Pty) Ltd. These investments are not accounted for as associates as the Group does not have significant influence as stipulated in the shareholders' agreement. The directors were appointed to serve in an advisory capacity and they provide guidance to their foreign counterparts about how business operates in South Africa. The directors are not involved in the day-to-day operational activities or decision relating to these investments and have therefore not been consolidated.

7. JOINT ARRANGEMENTS

Joint operations

The following joint operations are material to the Group:

Joint operation	Country of incorporation	% ownership interest 2016	% ownership interest 2015
Premier – BCP Hake	South Africa	**48%**	48%
Premier – Seacat	South Africa	**50%**	50%
Bloudam	South Africa	**38%**	38%

Refer to note 44 explaining the activities performed by joint ventures.

Premier – BCP Hake Joint Venture is a jointly controlled operation in the hake fishing sector.

Premier – Seacat Joint Venture is a jointly controlled operation in the squid fishing sector. The operation jointly controls a vessel with external quota holders.

Bloudam Joint Venture is a jointly controlled operation in the west coast rock lobster sector. The operation jointly controls a vessel with external quota holders.

Joint ventures

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

GROUP

Name of company	Held by	% ownership interest 2016	% ownership interest 2015	Carrying amount 2016 R'000	Carrying amount 2015 R'000
Contronics (Pty) Ltd	Wynberg Pharmaceuticals (Pty) Ltd	**50.00%**	–%	**82**	–
Premier Select (Pty) Ltd	Premier Fishing SA (Pty) Ltd	**50.00%**	50.00%	**–**	–
Exaro HST Ltd	Health Systems Technologies (Pty) Ltd	**50.00%**	50.00%	**33**	–
				115	–

Summarised financial information of joint ventures – 2016

Summarised statement of comprehensive income	Depreciation and amortisation R'000	Other income and operating expenses R'000	Profit/(loss) from continuing operations R'000	Total comprehensive income R'000
Premier Select (Pty) Ltd	–	(7)	(7)	(7)
Exaro HST Ltd	(63)	(922)	(984)	(984)
	(63)	(929)	(991)	(991)

Summarised statement of financial position	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
Assets					
Premier Select (Pty) Ltd	19	87	107	194	213
Exaro HST Ltd	311	33	–	33	344
	330	120	107	227	557

	Non-current financial liabilities R'000	Total non-current liabilities R'000	Other current liabilities R'000	Total current liabilities R'000	Total liabilities R'000
Liabilities					
Premier Select (Pty) Ltd	722	722	45	45	767
Exaro HST Ltd	–	–	924	924	924
	722	722	969	969	1 691

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
Premier Select (Pty) Ltd	(546)	(277)	277

NOTES TO THE ANNUAL FINANCIAL STATEMENTS – continued

7. JOINT ARRANGEMENTS – continued

Summarised financial information of joint ventures – 2015

Summarised statement of comprehensive income	Depre-ciation and amorti-sation R'000	Other income and operating expenses R'000	Profit/(loss) from continuing operations R'000	Total compre-hensive income R'000
Premier Select (Pty) Ltd	–	(25)	(25)	(25)
Exaro HST Ltd	(63)	(922)	(984)	(984)
	(63)	(947)	(1 009)	(1 009)

Summarised statement of financial position	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
Assets					
Premier Select (Pty) Ltd	25	88	107	195	220
Exaro HST Ltd	311	33	–	33	344
	336	121	107	228	564

	Non-current financial liabilities* R'000	Total non-current liabilities R'000	Other current liabilities R'000	Total current liabilities R'000	Total liabilities R'000
Liabilities					
Premier Select (Pty) Ltd	722	722	45	45	767
Exaro HST Ltd	–	–	924	924	924
	722	722	969	969	1 691

* *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
Premier Select (Pty) Ltd	(546)	(273)	273
Exaro HST Ltd	(580)	–	–

Summary of interest in joint operations

Premier – BCP Hake Joint Venture		
Revenue	64 813	51 795
Cost of sales	(37 715)	(3 481)
Other operating income	365	38
Operating expenses	(7 058)	(4 980)
Interest income	62	6
Share of total comprehensive income	10 166	6 319
Inventories	1 268	1 381
Trade and other receivables	8 514	13 645
Cash and cash equivalents/(bank overdraft)	14 435	(1 146)
Trade and other payables	(7 732)	(2 610)
Share of net assets	7 913	5 410
Premier – Seacat Joint Venture		
Revenue	6 431	2 472
Cost of sales	(3 880)	(1 297)
Operating expenses	(1 024)	(713)
Interest income	63	6
Finance cost	–	(2)
Share of total comprehensive income	795	223
Inventories	287	1 271
Trade and other receivables	177	216
Cash and cash equivalents/(bank overdraft)	1 456	(18)
Trade and other payables	(331)	(301)
Share of net assets	795	584
Bloudam Joint Venture		
Revenue	729	878
Cost of sales	(83)	(103)
Operating expenses	(1 256)	(1 456)
Share of total comprehensive income	(233)	(260)
Other financial liabilities	(537)	(615)
Trade and other payables	(73)	(66)
Share of net assets	(233)	(260)

The summarised information presented above reflects the full financial position and results of the joint operations.

Restrictions relating to joint ventures

There are currently no restrictions relating to the joint ventures.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS – continued

8. LOANS TO/(FROM) GROUP COMPANIES

	GROUP 2016 R'000	GROUP 2015 R'000	COMPANY 2016 R'000	COMPANY 2015 R'000
Loans from subsidiaries	–	–	(83 371)	(66 215)
	–	–	247 396	200 875
Loans to subsidiaries	–	–	284 300	244 317
Impairments of loans to subsidiaries	–	–	(36 904)	(43 442)
Total	–	–	164 025	134 660
Non-current assets	–	–	167 381	147 490
Current assets	–	–	80 015	53 385
Non-current liabilities	–	–	(83 371)	(66 215)
	–	–	164 025	134 660
The above loans are unsecured. A portion of the loans bear interest at rates determined between parties from time to time and have no fixed terms of repayment.				
Payments to be received and paid has been deferred for 12 months as follows:				
– Loans from subsidiaries	–	–	(83 371)	(66 215)
– Loans to subsidiaries	–	–	167 381	147 490
	–	–	84 010	81 275

Credit quality of loans to Group companies

The loans are advanced to Group companies for either capital investment, or working capital requirements. All advances are in line with approved segmental budgets. The risk of default is therefore based on the success of the segment's performance.

Other than loans that have been impaired which have low credit quality, credit quality on all other loans is considered to be high.

Fair value of loans to and from Group companies

The carrying value of the above loans approximates fair value and the amount demandable for the loans.

Reconciliation of allowance for impairment of loans to Group companies

	GROUP 2016 R'000	GROUP 2015 R'000	COMPANY 2016 R'000	COMPANY 2015 R'000
Opening balance	–	–	43 442	95 914
Allowance for impairment	–	–	3 742	38 357
Amounts written off as uncollectable	–	–	–	(36 046)
Reversal of previous allowances for impairment	–	–	(10 280)	(54 783)
	–	–	36 904	43 442

Loans are considered to be impaired to the extent to which the recoverability of the loan in a five-year period cannot be demonstrated to the satisfaction of the directors of the Company. During the period under review deemed interest has been charged on interest-free loans amounting to R12 007 101 (2015: R9 212 506) from the effect of discounting.

The recoverable amounts were determined by projecting estimated future cash flows and discounting them at the original effective interest rate.

The following assumptions were used:

– Pre-tax discount rates – 10.50%
– Number of years – five years

	GROUP		COMPANY	
	2016 R'000	2015 R'000	2016 R'000	2015 R'000
Applicable rates				
Interest free	–	–	128 463	112 767
Prime overdraft rate	–	–	(1 868)	(3 230)
Prime overdraft less 1.5%	–	–	(15 907)	(35 690)
Prime overdraft less 2%	–	–	116 557	97 042
Prime overdraft plus 2%	–	–	21 965	–
Prime overdraft plus 3%	–	–	7 153	29 848
Prime overdraft plus 5%	–	–	(55 434)	(22 635)
	–	–	200 929	178 102
Loans subordinated				
Loans amounting to R139 281 087 (2015: R227 386 912) have been subordinated until such time as the assets fairly valued exceed their liabilities.				
Reconciliation of cash flows				
Loans advanced to Group companies	–	–	(48 962)	(36 937)
Receipts of loans from Group companies	–	–	29 500	45 782
Non-cash amounts included in loans to/from Group companies	–	–	14 322	6 838
Non-cash interest capitalised	–	–	(25 228)	–
Loans to Group companies repaid	–	–	11 003	–
Repayment of loans from Group companies	–	–	(10 000)	–
	–	–	(29 365)	15 683

NOTES TO THE ANNUAL FINANCIAL STATEMENTS – continued

9. OTHER LOAN RECEIVABLES

	GROUP		COMPANY	
	2016 R'000	2015 R'000	2016 R'000	2015 R'000
Interest-bearing loans				
The loans are unsecured and have no fixed terms of repayment. The loans accrued interest at the varying rates linked to the prime interest rate.	–	1 484	–	–
Non-interest-bearing loans	**50 345**	44 974	**17 001**	5 888
The above loans are unsecured and are repayable on demand. The effect of discounting amounted to R1 352 083 (2015: R765 586).				
There is a receivable for plant and equipment sold to SA Components CC in terms of the sale agreement and is payable in January 2017, being 18 months from the effective date per the agreement.				
	50 345	46 458	**17 001**	5 888
Impairment of loans	**(34 044)**	(33 442)	**(5 276)**	(4 238)
	16 301	13 016	**11 725**	1 650
Breakdown of non-interest-bearing loans				
New Promex Corporation (Pty) Ltd	**35 414**	34 347	**6 626**	5 579
SA Components CC	**2 758**	2 500	–	–
Cape Media Corporation	**1 267**	–	**1 267**	–
Sekunjalo Investment Holdings (Pty) Ltd	**7 784**	–	**8 809**	–
Bloudam	**1 065**	1 513	–	–
Afrozaar CC	**759**	4 964	–	–
Other	**1 298**	3 134	**299**	309
	50 345	46 458	**17 001**	5 888
Non-current assets	**9 496**	5 282	**10 075**	–
Current assets	**6 805**	7 734	**1 650**	1 650
	16 301	13 016	**11 725**	1 650

Credit quality of other loans receivables

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

Fair value of other loans receivables

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

Reconciliation of allowance for impairment of other loans receivables	GROUP 2016 R'000	GROUP 2015 R'000	COMPANY 2016 R'000	COMPANY 2015 R'000
Opening balance	**33 442**	33 730	**4 238**	4 526
Allowance for impairment	**1 038**	–	**1 038**	–
Write off/reversal of impairments	**(436)**	(288)	**–**	(288)
	34 044	33 442	**5 276**	4 238

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

10. OTHER FINANCIAL ASSETS

	GROUP 2016 R'000	GROUP 2015 R'000	COMPANY 2016 R'000	COMPANY 2015 R'000
At fair value through profit or loss – designated				
Investments in unlisted public companies	**16 965**	286	**16 965**	286
A fair value gain of R16 678 703 was recognised during the year as a result of an increase in the net asset value.				
Investment in unlisted private companies	**536 261**	200 591	**–**	–
In the prior year, the investment in Saab SA (Pty) Ltd amounting to R20 000 000 was transferred to non-current assets held for sale as per note 16. Additionally, a fair value gain was recognised during the year as a result of the growth in earnings and contracts obtained during the year.				
In the current year the Group disposed of its 5% share in Saab SA (Pty) Ltd. Proceeds of the sale resulted in the acquisition of a 25% plus 1 share equity interest in Saab Grintek Defence (Pty) Ltd for R125 000 000.				
Investment in listed public companies	**302 216**	323 122	**17 738**	–
In the prior year, the unbundling of the shares held in Pioneer Foods Group resulted in the acquisition of 1 589 998 shares in Quantum Foods Ltd. As a result, a dividend in specie of R10 647 499 was obtained and included in note 30. Additionally in the current year, the Group acquired 3.8% equity share in Sygnia Ltd for R10 000 000.				
Cadiz Life Investment Enterprise Development Fund	**1 129**	985	**–**	–
Investment is due to mature on 31 July 2020.				
Total investments at fair value through profit and loss	**856 571**	524 984	**34 703**	286
Non-current assets				
Fair value through profit and loss designated	**856 571**	524 984	**34 703**	286

NOTES TO THE ANNUAL FINANCIAL STATEMENTS – continued

10. OTHER FINANCIAL ASSETS – continued

Fair value information

Financial assets at fair value through profit or loss are recognised at fair value, which is therefore equal to their carrying amounts.

The fair value of the listed investments is based on the quoted market price as at 31 August 2016.

Refer to note 49 for detail on assumptions and methods used to determine fair values for unlisted investments.

Reconciliation of cash flows

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

	GROUP		COMPANY	
	2016 R'000	2015 R'000	2016 R'000	2015 R'000
Purchase of other financial assets	(136 509)	–	(10 000)	–
Sale of other financial assets	20 000	–	20 000	–
Non-cash amounts included in other financial assets	(194 947)	(106 405)	(24 417)	8 845
Total	**(311 456)**	(106 405)	**(14 417)**	8 845

11. DEFERRED TAX

	GROUP		COMPANY	
	2016 R'000	2015 R'000	2016 R'000	2015 R'000
Accelerated capital allowances on property, plant and equipment	(23 714)	(23 803)	(36)	–
Shipping allowance	(38 101)	(30 846)	–	–
Prepaid expenses	(1 279)	(1 392)	–	–
Fair value adjustments on other financial assets	(123 488)	(80 537)	(405 929)	(148 748)
Fair value adjustments on biological assets	(13 487)	(12 295)	–	–
Change in rate	(19 855)	–	(19 524)	–
Intangible assets acquired through business combination	(89 367)	(90 142)	–	–
Deferred tax liability	**(309 291)**	(239 015)	**(425 489)**	(148 748)
Deferred tax asset to be set off against deferred tax liability	10 189	–	–	–
Net deferred tax liability	**(299 102)**	(239 015)	**(425 489)**	(148 748)
Provisions	10 808	7 931	2 643	1 455
Income received in advance	285	1 723	–	–
Operating lease liabilities	477	626	–	–
Deferred tax balance from temporary differences other than unused tax losses	**11 570**	10 280	**2 643**	1 455
Tax losses available for set off against future taxable income	15 929	5 882	–	–
Deferred tax asset	27 499	16 162	2 643	1 455
Deferred tax asset to be set off against deferred tax asset	(10 189)			
Net deferred tax asset	**17 310**	16 162	**2 643**	1 455
Deferred tax liability	(299 102)	(239 015)	(422 846)	(148 748)
Net deferred tax asset	17 310	16 162	–	1 455
Total net deferred tax liability	**(281 792)**	(222 853)	**(422 846)**	(147 293)

Reconciliation of deferred tax asset/(liability)

	GROUP 2016 R'000	GROUP 2015 R'000	COMPANY 2016 R'000	COMPANY 2015 R'000
At the beginning of the year	**(222 853)**	(198 589)	**(147 293)**	(112 385)
Accelerated capital allowances on property, plant and equipment	**89**	697	**36**	–
Fair value adjustments on other financial assets	**(82 660)**	(19 306)	**5 530**	1 628
Fair value adjustments on subsidiaries	**–**	–	**(301 830)**	(36 766)
Income received in advance	**(1 438)**	(331)	**–**	–
Intangible assets through business combination	**775**	(81)	**–**	–
Operating lease liability	**(149)**	(406)	**–**	–
Prepaid expenses	**113**	(409)	**–**	–
Provisions	**2 877**	1 815	**1 187**	230
Shipping allowance	**(7 255)**	(6 665)	**–**	–
Tax losses available for set off against future taxable income	**10 047**	3 263	**–**	–
Change in rate	**19 855**	–	**19 524**	–
Fair value adjustments on biological assets	**(1 192)**	(2 841)	**–**	–
	(281 792)	(222 853)	**(422 846)**	(147 293)

Unrecognised deferred tax asset

	GROUP 2016 R'000	GROUP 2015 R'000	COMPANY 2016 R'000	COMPANY 2015 R'000
Unused tax losses not recognised as deferred tax assets	**68 325**	73 830	**–**	–

Deferred tax acquired in a business combination

Deferred tax liability of R2 462 729 relating to intangible assets acquired through business combination was recognised in the prior year.

12. INVENTORIES

	GROUP 2016 R'000	GROUP 2015 R'000	COMPANY 2016 R'000	COMPANY 2015 R'000
Raw materials	**3 920**	4 826	**–**	–
Work in progress	**958**	79	**–**	–
Finished goods	**35 735**	20 739	**–**	–
Merchandise	**–**	1 926	**–**	–
Consumables	**4 826**	3 933	**–**	–
	45 439	31 503	**–**	–

Finished goods amounting to R38 071 (2015: R294 151) were written down to net realisable value during the year under review.

13. TRADE AND OTHER RECEIVABLES

	GROUP 2016 R'000	GROUP 2015 R'000	COMPANY 2016 R'000	COMPANY 2015 R'000
Trade receivables	**60 355**	71 833	**11 987**	15 569
Employee costs in advance	**243**	161	**–**	–
Prepayments	**4 574**	7 074	**127**	52
Deposits	**786**	603	**–**	–
Value added tax	**4 459**	8 222	**–**	–
Sundry customers	**3 187**	1 362	**–**	–
Other receivables	**22 878**	21 782	**–**	–
	96 482	111 037	**12 114**	15 621

NOTES TO THE ANNUAL FINANCIAL STATEMENTS – continued

13. TRADE AND OTHER RECEIVABLES – continued

Trade and other receivables pledged as security

Trade and other receivables with a carrying amount of R42 455 658 (2015: R44 581 403) were pledged as security for overdraft facilities of R35 000 000 (2015: R29 856 000) of the Group. Refer to note 15.

Credit quality of trade and other receivables

Forty two percent of the Group's trade and other receivables stem from sales within the food and fishing segment. This segment performs ongoing credit evaluations of the financial position of its customers. Before a new customer is approved for credit, a thorough credit check is performed by an independent external credit agency. The agency provides credit scores and credit ratings on each of its customers. In addition, a recommended credit limit is provided by the credit agency. Additional internal ratings and credit limit procedures are performed by management and the directors before a final credit limit is approved. The credit quality of trade and other receivables that are neither past due, nor impaired is assessed by management, based on historical information about counterparty default ratings. Any customer that has exceeded its credit limit may not purchase goods unless full payment has been received. Over fifty percent of the segments sales are to foreign customers the bulk of which pay in advance. The remainder usually have 60 day terms. Credit risk is low.

Thirty four percent of the Group's trade and other receivables stem from sales within the technology segment. Twenty one percent of these sales stem from Health Systems Technologies (Pty) Ltd. These sales are predominantly to state institutions. Recoverability from these customers are extremely good. The credit risk has been assessed as low by the divisional management at year-end based on recent credit payment history. Nineteen percent of sales within this division are largely concentrated to blue chip companies. The credit risk on the trade receivables balance was assessed by divisional management and is deemed to be low. Credit concentration is high as sales are to few customers. However, these are blue chip customers and there have been low defaults in the past.

Thirty nine percent of the Group's trade and other receivables stem from sales within the health care segment. The credit risk has been assessed as low by the divisional management at year-end based on recent payment history.

The events and tourism segment contributes fourteen percent of the Group's trade and other receivables, of which ten percent stem from sales within Tripos Tourism Investments (Pty) Ltd. The nature, terms and conditions of these sales made by the travel agents mitigate the risk of bad debt due to available credit facilities. The balance is from espAfrika (Pty) Ltd in respect of festivals managed locally. Credit quality of foreign debtors in espAfrika (Pty) Ltd has been assessed as high as some amounts have not been recovered. Ongoing evaluation of all the debtors takes place. On an overall basis with the exception of foreign debtors in espAfrika (Pty) Ltd which have been impaired due to non-payment, credit risk has been assessed as low by the divisional management.

The balance is the aggregate of trade and other receivables in the smaller Group companies. Ongoing evaluation of the debtors takes place. The credit risk has been assessed as low by the divisional management at year-end.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Group customer base consists of both foreign and local trade and other receivables.

The overall credit quality is considered to be high.

Other receivables

Other receivables is comprised of amounts accrued to the Group for landing costs for our fishing segment, as well as amounts advanced to joint operations on a short-term basis.

Fair value of trade and other receivables

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

Trade and other receivables past due but not impaired

Trade and other receivables for the Group which are less than three months past due are not considered to be impaired. At 31 August 2016, R9 610 000 (2015: R27 586 000) were past due but not impaired. Trade and other receivables which are less than 3 months past due in the Company are not considered to be impaired.

The ageing of amounts past due but not impaired is as follows:

	GROUP		COMPANY	
	2016 R'000	2015 R'000	2016 R'000	2015 R'000
Health Care division				
Three months past due	–	973	–	–
Information Technology division				
One month past due	5 083	11 076	–	–
Two months past due	1 854	11 568	–	–
Three months past due	413	3 944	–	–
Corporate division				
One month past due	534	–	175	987
Two months past due	326	25	130	987
Three months past due	1 400	–	6 321	1 335
	9 610	27 586	6 626	3 309

Trade and other receivables impaired

As of 31 August 2016, trade and other receivables of R12 023 561 (2015: R10 338 462) were impaired and provided for.

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

	GROUP 2016 R'000	GROUP 2015 R'000	COMPANY 2016 R'000	COMPANY 2015 R'000
Rand	85 972	103 213	12 114	15 621
US dollar	10 510	7 785	–	–
Other	–	39	–	–
	96 482	111 037	12 114	15 621

	GROUP 2016 R'000	GROUP 2015 R'000	COMPANY 2016 R'000	COMPANY 2015 R'000
Reconciliation of allowance for impairment of trade and other receivables				
Opening balance	10 338	7 704	–	–
Allowance for impairment	5 375	2 634	–	–
Amounts written off as uncollectable	(3 689)	–	–	–
	12 024	10 338	–	–

The amounts above that have been impaired consist of amounts outstanding for more than three months.

The creation and release of the allowance for impairment of trade and other receivables have been included in operating expenses in profit and loss. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

The maximum exposure to credit risk at the reporting date is the face value of each class of loan mentioned above. The Group does not hold any collateral as security.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS – continued

14. BIOLOGICAL ASSETS

Reconciliation of biological assets

GROUP – 2016	Opening balance and deaths R'000	Disposals R'000	Changes in fair value, births and deaths R'000	Total R'000
Abalone	**46 162**	**(41 223)**	**43 230**	**48 169**

Reconciliation of biological assets

GROUP – 2015	Opening balance and deaths R'000	Disposals R'000	Changes in fair value, births and deaths R'000	Total R'000
Abalone	36 014	(31 690)	41 838	46 162

Non-financial information

Quantities of each biological asset

Abalone – kgs	102 501	112 795	–	–

Pledged as security

The total carrying value of biological assets is pledged as security to Absa Bank Limited. Refer to note 15 for further details.

Methods and assumptions used in determining fair value

For fair value information refer to note 49.

15. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2016 R'000	2015 R'000	2016 R'000	2015 R'000
Cash on hand	**88**	56	**–**	–
Bank balances	**64 752**	32 010	**2 776**	612
Bank overdraft	**(9 771)**	(13 419)	**(9 771)**	(4 690)
	55 069	18 647	**(6 995)**	(4 078)
Current assets	**64 840**	32 066	**2 776**	612
Current liabilities	**(9 771)**	(13 419)	**(9 771)**	(4 690)
	55 069	18 647	**(6 995)**	(4 078)

The bank overdrafts in the Group are secured by:

- Unlimited suretyship by Premfresh Seafoods (Pty) Ltd, supported by a cession of loan accounts;
- Unlimited guarantee by Marine Growers (Pty) Ltd, supported by a cession of loan accounts;
- Unlimited guarantee by Sekunjalo Technology Solutions Ltd;
- Limited guarantee by Health Systems Technologies (Pty) Ltd;
- Unlimited guarantee by Premier Fishing SA (Pty) Ltd;
- Unlimited guarantee by African Equity Empowerment Investments Ltd;
- Negative pledge of assets by African Equity Empowerment Investments Ltd;
- Negative pledge undertaking not to increase external borrowings;
- Pledge and cession of shares in Sekunjalo Technology Solutions Ltd;
- Cession of USD CFC account held by Premier Fishing SA (Pty) Ltd;
- Cession of loan account by Sekunjalo Technology Solutions Ltd and Health Systems Technologies (Pty) Ltd;
- Cession of debtors by Premier Fishing SA (Pty) Ltd;
- Cession of loan account by Premfresh Seafoods Pty Ltd and Marine Growers (Pty) Ltd in Premier Fishing SA (Pty) Ltd to Absa Bank Ltd;
- First Maritime Bond of R1 200 000 registered over fishing vessel Lubbetjie;
- First Maritime Bond of R1 900 000 registered over fishing vessel Mizpah;
- First Maritime Bond of R40 959 000 by Premier Fishing SA (Pty) Ltd over marine vessels with a carrying amount of R37 157 619;
- First Continuing Covering Mortgage Bond Number B28343/2008 for R10 000 000 over Erf 11, St Helena Bay held under Deed Transfer Number T46847/2002;
- Second Maritime Bond for R4 400 000 by Premier Fishing SA (Pty) Ltd over marine vessels with an additional sum of R880 000;
- Second Maritime Bond for R6 100 000 by Premier Fishing SA (Pty) Ltd over marine vessels with an additional sum of R1 220 000;
- Special Notarial Bond Number BN23802/2008 for R3 450 000 by Premier Fishing SA (Pty) Ltd over fishing vessels Southern Knight and Southern Horizon;
- General Notarial Bond Number BN23803/2008 for R50 000 000 by Premier Fishing SA (Pty) Ltd over stock, movable assets, plant and equipment and vessel equipment;
- Suretyship/Cession Loan dd 03/11/04, restricted to R100 000 by LOA Burt;
- Suretyship/Cession Loan dd 25/10/07, restricted to R200 000 by LOA Burt; and
- Suretyship/Cession Loan dd 25/10/07, restricted to R100 000 by LOA Burt.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS – continued

15. CASH AND CASH EQUIVALENTS – continued

Guarantees are as follows:

- Nedbank: R182 000
- Other securities: Cession of Nedbank call counts and agreement to set off current account and foreign advance accounts
- Joint guarantee of R7 300 000 by African Equity Empowerment Investments Ltd and Magic 828 (Pty) Ltd in favour of Absa Bank Ltd in relation to the instalment sale agreement.
- First National Bank Ltd: R98 794.

A R50 000 000 term loan facility was secured by guarantees from Premier Fishing SA (Pty) Ltd, Sekunjalo Technology Solutions Ltd and Health Systems Technologies (Pty) Ltd.

Financial covenants applicable to the entity are as follows:

- Interest cover ratio
- Leverage ratio
- Guarantor contribution test

No breaches to financial covenants occurred during the year.

Credit quality of cash at bank and short term deposits, excluding cash on hand
The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due, nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates. Cash and cash equivalents are held with reputable banking service providers. Absa Bank Ltd provides the majority of banking services used by the Group and it is rated AA+ and A1+ in the long term and short term respectively.

16. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

In the prior year, the Group decided to dispose of assets that are no longer in use in the Health Care Division, as the operations utilising these assets were discontinued in 2008.

During the current year, the Group disposed of its investment in a health care subsidiary and a subsidiary in its Corporate division. The effect of the discontinued operations are reflected below:

The amount relates to loss on discontinued operations in the statement of comprehensive income.

	GROUP		COMPANY	
Profit and loss	**2016 R'000**	**2015 R'000**	**2016 R'000**	**2015 R'000**
Income	**167**	1 852	**–**	–
Expenses	**(3 229)**	–	**–**	–
Net (loss) profit before tax	**(3 062)**	1 852	**–**	–
Tax	**25**	(519)	**–**	–
Total	**(3 037)**	1 333	**–**	–
Assets and liabilities				
Non-current assets held for sale				
Other financial assets	**–**	20 000	**–**	20 000

17. SHARE CAPITAL

	GROUP 2016 R'000	GROUP 2015 R'000	COMPANY 2016 R'000	COMPANY 2015 R'000
Authorised				
10 000 000 "A" class ordinary shares of no par value (unlisted)	**100**	100	**100**	100
1 000 000 000 "B" class ordinary shares A shares of no par value (listed)	**20**	20	**20**	20
	120	120	**120**	120
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.				
Issued				
491 339 484 (2015: 491 339 484) "B" class ordinary shares of no par value	**30**	30	**30**	30
Share premium	**403 147**	403 147	**403 147**	403 147
	403 177	403 177	**403 177**	403 177

18. RESERVES

A capital redemption reserve fund arose when a subsidiary had a share buy-back in the prior years.

	GROUP 2016 R'000	GROUP 2015 R'000	COMPANY 2016 R'000	COMPANY 2015 R'000
Capital redemption reserve fund	**8 034**	8 034	**–**	–

NOTES TO THE ANNUAL FINANCIAL STATEMENTS – continued

19. OTHER FINANCIAL LIABILITIES

	GROUP		COMPANY	
	2016 R'000	2015 R'000	2016 R'000	2015 R'000
Held at amortised cost				
Bank borrowings	**59 651**	11 079	**40 833**	–
Included in bank borrowings are the following:				
A loan facility amount of R50m was drawn during the year under review. The loan amount is secured by R50m guarantees from Premier Fishing SA (Pty) Ltd, Sekunjalo Technology Solutions Ltd and Health Systems Technologies (Pty) Ltd, bears interest at one month Jibar with a margin of 3.76% (five year tenure) per annum. The loan is repayable within five years.				
Financial covenants applicable to the entity are as follows: – Interest cover ratio – Leverage ratio – Guarantor contribution test				
No breaches to financial covenants occurred during the year.				
The instalment sale agreement is secured by a guarantee for R7 300 000 jointly by African Equity Empowerment Limited and Magic 828 (Pty) Ltd, as well as the assets with a carrying amount of R5 275 858 (2015: R6 095 333) (refer to note 2) will serve as collateral in relation to the agreement. The loan bears interest at the prime lending rate amounting to R558 680 (2015: R6 016) and is repayable in instalments of R207 881 (2015: RNil) inclusive of capital and interest. The loan is repayable in three years from the date stipulated in the instalment sale agreement.				
Project finance was obtained during the year under review. The interest rate charged on the loan at 31 August 2016 is 10.50%. The loan is repayable in monthly instalments of R203 333 ending on 31 March 2021. African Equity Empowerment Investments Limited has provided a limited guarantee for the loan to Absa Bank Limited.				
Redeemable cumulative preference shares	**198 522**	97 272	**–**	–
The A preference shares to Rand Merchant Bank accrues interest at 82.5% of the prime interest rate.				
The B preference shares to Pioneer Foods accrued interest at 99% of the prime interest rate.				

	GROUP		COMPANY	
	2016 R'000	2015 R'000	2016 R'000	2015 R'000
Investec Bank Ltd subscribed to 213 019 cumulative preference shares in Bowwood and Main No 180 (Pty) Ltd. Effective date of the transaction was the date of signature, reflected as 29 October 2015. Preference share dividend rate is equal to 80% of the prime interest rate. Default preference share dividend rate is 2.3% above the Preference Share Dividend Rate should a trigger event occur and not be remedied.				
A voluntary redemption of 21 784 shares occurred on 1 July 2016 amounting to R10 892 000. The remaining preference shares held as at 31 August 2016 amounted to 191 235.				
Loan from shareholder	–	44 680	–	44 680
Interest accrued at the prime interest rate plus 3 – 5%. The loan was fully repaid on 11 September 2015.				
Loan from Kaqala Media (Pty) Ltd The loan is unsecured, bears no interest and has no fixed terms of repayment. The loan will not be called upon in the next 12 months as per the shareholders agreement. An amount of R5 726 662 has been subordinated during the year under review.	**5 727**	3 482	–	–
Other borrowings Other borrowings are unsecured, bear interest at rates agreed between parties, have no fixed repayment terms and consists of loans to directors and other entities.	**1 691**	1 896	**36**	103
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.				
	265 591	156 709	**40 869**	44 783

NOTES TO THE ANNUAL FINANCIAL STATEMENTS – continued

19. OTHER FINANCIAL LIABILITIES – continued

	GROUP		COMPANY	
	2016 R'000	2015 R'000	2016 R'000	2015 R'000
Non-current liabilities				
Non-current portion of financial liabilities	**253 004**	112 800	**31 233**	–
Current liabilities				
Current portion of financial liabilities	**12 587**	45 609	**9 636**	44 783
	265 591	158 409	**40 869**	44 783
Secured	**258 173**	153 029	**40 833**	44 680
Unsecured	**7 418**	5 380	**36**	103
	265 591	158 409	**40 869**	44 783
The following represents the carrying value of the security for those borrowings:				
Property, plant and equipment	**131 981**	87 053	**–**	–
Biological assets	**46 169**	46 162	**–**	–
Trade and other receivables	**42 456**	52 958	**–**	–
	220 606	186 173	**–**	–
Floating rates	**60 804**	56 327	**40 869**	44 680
Fixed rates	**198 522**	97 272	**–**	–
Interest free	**6 265**	4 810	**–**	103
	265 591	158 409	**40 869**	44 783
Weighted average effective interest rate	**9.88%**	12.13%	**39.60%**	19.26%

At 31 August 2016, the carrying amount of borrowings approximates their fair value. Non-current interest-free borrowings approximate the amounts demandable. The effect of discounting is immaterial.

Refer to note 49 for detail and assumptions used for fair values.

There were no loan defaults during the year, nor in the prior year.

Funding in relation to preference shares reflected above are ring fenced.

20. FINANCE LEASE OBLIGATION

	GROUP		COMPANY	
	2016 R'000	2015 R'000	2016 R'000	2015 R'000
Minimum lease payments due				
– within one year	**232**	106	**–**	106
– in second to fifth year inclusive	**124**	124	**124**	124
	356	230	**124**	230
Less: future finance charges	**(14)**	23	**(7)**	23
Present value of minimum lease payments	**342**	207	**117**	207
Present value of minimum lease payments due				
– within one year	**225**	98	**–**	98
– in second to fifth year inclusive	**117**	109	**117**	109
	342	207	**117**	207
Non-current liabilities	**117**	109	**117**	109
Current liabilities	**225**	98	**–**	98
	342	207	**117**	207

It is Group policy to purchase certain motor vehicles under finance leases.

The average lease term is two to five years and the average effective borrowing rate is 11% (2015: 9%).

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

The Group's obligations under finance leases are secured by the lessor's charge over the leased assets. The carrying amount of the motor vehicles under finance lease amounts to R495 000 (2015: R217 557).

Defaults and breaches

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

21. OPERATING LEASE LIABILITY

	GROUP 2016 R'000	GROUP 2015 R'000	COMPANY 2016 R'000	COMPANY 2015 R'000
Non-current liabilities	**(2 855)**	(2 713)	**–**	–
Current liabilities	**(35)**	(274)	**–**	–
	(2 890)	(2 987)	**–**	–

The lease accrual is based on lease smoothing of rental amounts for premises utilised by the Group.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS – continued

22. PROVISIONS

Reconciliation of provisions

GROUP – 2016	Opening balance R'000	Additions R'000	Utilised during the year R'000	Reversed during the year R'000	Total R'000
Provision for facilitation fees	–	6 271	–	–	6 271
Provision for VAT	2 043	173	–	–	2 216
Provision for audit fees	–	92	–	–	92
Provision for leave pay	5 793	4 758	(3 762)	(475)	6 314
Provision for salary bonuses	9 478	7 043	(6 423)	(886)	9 212
Profit warranties	3 322	–	(782)	(2 116)	424
Other provisions	2 932	3 791	(2 932)	–	3 791
	23 568	22 128	(13 899)	(3 477)	28 320

Reconciliation of provisions

GROUP – 2015	Opening balance R'000	Additions R'000	Utilised during the year R'000	Reversed during the year R'000	Total R'000
Provision for leave pay	5 455	6 419	(5 633)	(448)	5 793
Provision for salary bonuses	11 069	7 977	(9 568)	–	9 478
Product warranties	4 857	–	(1 535)	–	3 322
Other provisions	5 126	3 092	(3 243)	–	4 975
	26 507	17 488	(19 979)	(448)	23 568

Reconciliation of provisions

COMPANY – 2016	Opening balances R'000	Additions R'000	Utilised during the year R'000	Reversed during the year R'000	Total R'000
Provision for facilitation fees	–	6 271	–	–	6 271
Provision for leave pay	437	–	–	(62)	375
Provision for salary bonuses	4 165	–	(1 065)	(1 100)	2 000
	4 602	6 271	(1 065)	(1 162)	8 646

Reconciliation of provisions

COMPANY – 2015	Opening balance R'000	Additions R'000	Utilised during the year R'000	Total R'000
Provision for leave pay	195	437	(195)	437
Provision for salary bonuses	3 700	3 000	(2 535)	4 165
	3 895	3 437	(2 730)	4 602

Non-current liabilities	4 930	–	4 930	–
Current liabilities	23 390	23 568	3 716	4 602
	28 320	23 568	8 646	4 602

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

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

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

The provision for bonuses is provided for when they accrue to employees with reference to services rendered up to the statement of financial position date. The provision represents management's best estimate of the Group's liabilities based on prior experience.

Provision for facilitation fees is based on an agreement where amounts will be paid annually over five years from investment revenue.

Other provisions mainly comprise export commissions and expenses incurred but of uncertain amounts of R4 814 269 (2015: R2 611 898). The provision represents management's best estimate of the Group's liability on expected cash flows as at 31 August 2016.

23. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2016 R'000	2015 R'000	2016 R'000	2015 R'000
Trade payables	**24 802**	45 429	**881**	1 015
Amounts received in advance	**4 464**	14 205	**–**	–
Value added tax	**3 294**	4 676	**172**	269
Payroll accruals	**9 657**	8 191	**625**	–
Accrued expenses	**21 964**	21 089	**3 384**	6 656
Other payables	**6 454**	1 235	**54**	616
Deferred income	**3 627**	873	**–**	–
	74 262	95 698	**5 116**	8 556

Fair value of trade and other payables

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

Other payables consists of amounts owing to the South African Revenue Services and contract accruals.

24. REVENUE

	GROUP 2016 R'000	GROUP 2015 R'000	COMPANY 2016 R'000	COMPANY 2015 R'000
Sale of goods	**415 027**	393 288	**–**	–
Rendering of services	**337 176**	278 766	**28 582**	25 843
	752 203	672 185	**28 582**	25 843

NOTES TO THE ANNUAL FINANCIAL STATEMENTS – continued

25. COST OF SALES

	GROUP		COMPANY	
	2016 R'000	2015 R'000	2016 R'000	2015 R'000
Sale of goods				
Costs of goods sold	**280 250**	228 634	**–**	–
Rendering of services				
Cost of goods sold	**160 216**	158 126	**–**	–
Rental	**245**	–	**–**	–
	160 461	158 126	**–**	–
Manufacturing contracts				
Manufacturing costs	**54 935**	56 786	**–**	–
	495 646	443 546	**–**	–

26. OTHER INCOME

	GROUP		COMPANY	
	2016 R'000	2015 R'000	2016 R'000	2015 R'000
Profit and loss on sale of assets	**–**	(201)	**–**	–
Profit on exchange differences	**1 260**	192	**–**	–
Administration and management fees received	**302**	125	**–**	–
Discount received	**2**	314	**–**	–
Recoveries	**635**	1 023	**–**	–
Other income	**1 255**	2 142	**1**	9
	3 454	3 595	**1**	9

27. SALE OF BUSINESSES

During the current year, the Group disposed of 100% interests in Sekunjalo Properties (Pty) Ltd and Sekpharma (Pty) Ltd. The net assets of Sekunjalo Properties (Pty) Ltd and Sekpharma (Pty) Ltd were as stated below on the date of disposal.

During the prior year, the Group disposed of 100% interest in Sekunjalo Capital (Pty) Ltd and its subsidiaries on 1 June 2015. The net assets of Sekunjalo Capital (Pty) Ltd and its subsidiaries were as follows on the date of disposal:

	GROUP		COMPANY	
	2016 R'000	2015 R'000	2016 R'000	2015 R'000
Carrying value of assets sold				
Property, plant and equipment	**1**	–	**–**	–
Intangible assets	**9 154**	–	**–**	–
Deferred tax assets/liabilities	**–**	40	**–**	–
Other non-current assets	**–**	349	**–**	–
Inventories	**1 926**	–	**–**	–
Trade and other receivables	**2 181**	18	**–**	–
Trade and other payables	**(11 824)**	(45)	**–**	–
Tax assets/liabilities	**(24)**	(3 300)	**–**	–
Borrowings	**(1 747)**	–	**–**	–
Cash	**4 299**	1	**–**	–
Total net assets sold	**3 966**	(2 937)	**–**	–
Less: share of net assets after sale	**–**	(499)	**–**	–
Net assets sold	**3 966**	(3 436)	**–**	–
Profit on disposal	**1 034**	3 436	**–**	–
	5 000	–	**–**	–
Consideration received				
Loan	**(5 000)**	–	**–**	–
Net cash outflow on acquisition				
Cash sold	**4 299**	1	**–**	–

28. NET IMPAIRMENT AND IMPAIRMENT REVERSALS

	GROUP 2016 R'000	GROUP 2015 R'000	COMPANY 2016 R'000	COMPANY 2015 R'000
Material impairment losses/(recognised) reversed				
Loans to Group companies	**–**	–	**(3 547)**	(2 024)
The Group assesses the recoverability of loans by performing annual cash flow forecasts for its subsidiaries (cash-generating units) over a five-year period. This process forms the basis of testing the recoverability of loans advanced to Group companies.				
The recoverable amount for the following loans to Group companies were less than their carrying amounts and were therefore impaired: – Wynberg Pharmaceuticals (Pty) Ltd – R576 905 (2015: RNil) – African Biotechnological and Medical Innovations Investments (Pty) Ltd – R2 970 689 (2015: RNil) – Sekunjalo Capital (Pty) Ltd – RNil (2015: R49 926) – Sekpharma (Pty) Ltd – RNil (2015: R1 974 352)				
The recoverable value was based on the present value of expected cash inflows over a five-year period.				
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.				
The following assumptions were used: Pre-tax discount rates: 18% – 30% Number of years: 0 – 5 years Growth rate: 4.5 – 7%				
Loans to Group companies	**–**	–	**10 280**	18 737
The net impairment reversal relates to the loans advanced to the Sekunjalo Technology Solutions Group, Sekunjalo Capital Group, Sekpharma and AEEI Events and Tourism and the reversal was due to the recoverable amount exceeding the carrying amount of the loans.				
In the prior year, the reversal of impairment includes an amount of R 36 045 950 as a result of the loan being written off in the 2014 financial year due to the sale of Sekunjalo Capital Group which occurred in June 2015.				
A portion of the loan impairment was therefore released.				

NOTES TO THE ANNUAL FINANCIAL STATEMENTS – continued

28. NET IMPAIRMENT AND IMPAIRMENT REVERSALS – continued

	GROUP		COMPANY	
	2016 R'000	2015 R'000	2016 R'000	2015 R'000
The recoverable amount was based on the present value of expected cash inflows over a five-year period.				
Other financial assets	**(703)**	288	**(1 039)**	288
The current year impairment relate to the recoverable amount which was determined by the sale of the Health Care assets. The process forms the basis of testing the recoverability of loans advanced to the associated company by assessing the recoverable amount. Refer to note 9 for the recoverable amount of the loan reflected as current as an amount of R1 650 000 is to be received in January 2017. In the prior year, the reversal was based on the recoverable amount exceeding its carrying amount, however additional funding has been provided during the period under review.				
The following assumptions were used: Pre-tax discount rates: 19% – 30% Number of years: 5 – 10 Growth rate: 4.5 – 7%				
	(703)	288	**5 694**	17 001
Significant goodwill or significant intangible assets with indefinite useful lives				
Goodwill	**–**	–	**–**	–
The Group performs an annual impairment test on goodwill based on cash-generating units ("CGU"). The recoverable amount for each of the CGUs to which goodwill is allocated has been determined based on the value in use using the discounted cash flow method. Goodwill has been allocated to each CGU as indicated in note 3. The following are the principal assumptions that were used to calculate the recoverable amounts for each CGU, based on previous experience.				
Management's key assumptions include stable profit margins, based on past experience in the market with reference to cash flow assumptions. The Group's management believes that this is the best available input for the purposes of forecasting the cash flows.				
Refer to note 3 for the allocation of the cash-generating units goodwill is allocated to, which was specifically assessed per individual CGU for impairment.				

	GROUP		COMPANY	
	2016 R'000	2015 R'000	2016 R'000	2015 R'000
Fishing division Pre-tax discount rates: 14% – 23% Number years: 5 Growth rate: 7%				
Events and Tourism division Pre-tax discount rates: 32% – 39% Number years: 5 Growth rate: 4.5%				
Technology division Pre-tax discount rates: 14% – 26% Number years: 5 Growth rate: 6%				
Health Care division (Included in the Technology segment in the prior year) Pre-tax discount rates: 37% – 39% Number years: 5 Growth rate: 4.5%				
Biotechnology division Pre-tax discount rates: 21% – 29% Number of years: 5 – 10 Growth rate: 4.5%				
For further detail on segmental information refer to note 43.				
Intangible asset with indefinite useful life	6 066	(6 067)	–	–
The Group performs impairment tests in relation to intangible assets not ready for use or having an indefinite useful life.				
The recoverable value in relation to the intangible asset were determined based on the value in use using the discounted cash flow method. Refer to note 28. The recoverable value in the prior year did not exceed the carrying values therefore an impairment was considered necessary in respect of the biosimilar drug under development (refer to note 4). The principal key assumptions used are reflected above.				
For further detail on segmental information refer to note 43.				
	6 066	(6 067)	–	–
Total impairment losses/(recognised) reversed	5 363	(5 779)	5 694	17 001

NOTES TO THE ANNUAL FINANCIAL STATEMENTS – continued

29. PROFIT BEFORE TAXATION

	GROUP		COMPANY	
	2016 R'000	2015 R'000	2016 R'000	2015 R'000
Profit before tax for the year is stated after accounting for the following:				
Interest revenue	**413**	48	**24 862**	19 617
Operating lease charges				
Premises				
– rental amount	**(12 052)**	(10 561)	**(2 760)**	(2 792)
Equipment				
– rental amount	**(447)**	(153)	**(4)**	(4)
	12 499	(10 714)	**2 764**	2 796
Loss on disposal of property, plant and equipment	**(582)**	(201)	**–**	–
Gain/(loss) on disposal of subsidiary	**1 034**	3 436	**(9 708)**	–
Impairment on intangible assets	**–**	(6 067)	**–**	–
Reversal of impairment on intangible assets	**6 066**	–	**–**	–
Reversal of impairment on Group loans	**–**	–	**10 280**	54 783
Impairment on loans to Group companies	**–**	–	**–**	(2 024)
Write- off of loan	**–**	–	**–**	(36 046)
(Impairment)/reversal on loans receivable	**(1 039)**	288	**(4 586)**	288
(Loss)/profit on exchange differences	**(1 605)**	191	**–**	–
Gain on deemed disposal of equity accounted investments	**–**	3 224	**–**	–
Amortisation on intangible assets	**(1 306)**	(3 081)	**(3)**	(3)
Depreciation on property, plant and equipment	**(18 243)**	(18 175)	**(77)**	(75)
Employee costs	**(107 216)**	(95 871)	**(10 660)**	(12 980)
Research and development costs	**(585)**	(360)	**–**	–

30. INVESTMENT REVENUE

	GROUP 2016 R'000	GROUP 2015 R'000	COMPANY 2016 R'000	COMPANY 2015 R'000
Dividend revenue				
Listed investments	**5 597**	14 638	**–**	–
Unlisted investments	**24 451**	10	**33 312**	15 000
	30 048	14 648	**33 312**	15 000
Interest revenue				
Bank	**2 551**	1 811	**37**	3
Other interest	**330**	–	**–**	–
Loans	**–**	48	**–**	–
Outside quota holders	**663**	469	**–**	–
Subsidiaries	**–**	–	**25 191**	19 617
	3 544	2 328	**25 228**	19 620
	33 592	16 976	**58 540**	34 620

31. FAIR VALUE ADJUSTMENTS

	GROUP 2016 R'000	GROUP 2015 R'000	COMPANY 2016 R'000	COMPANY 2015 R'000
Investment in subsidiaries	–	–	**1 093 990**	196 479
Other financial assets	**194 947**	106 405	**24 417**	8 845
	194 947	106 405	**1 118 407**	187 634
Breakdown of fair value adjustments				
Listed shares	**(30 906)**	123 662	**7 738**	–
Unlisted shares	**225 853**	17 257	**1 110 669**	187 634
	194 947	106 405	**1 118 407**	187 634

32. FINANCE COSTS

	GROUP 2016 R'000	GROUP 2015 R'000	COMPANY 2016 R'000	COMPANY 2015 R'000
Bank	**4 162**	2 572	**936**	360
Financial liabilities	**21 650**	8 754	**4 560**	–
Group companies	–	–	**10 687**	6 333
Late payment of tax	**343**	–	–	–
Other interest paid	**77**	421	–	–
Shareholder loans	–	7 948	–	7 948
	26 232	19 695	**16 183**	14 641

33. TAXATION

Major components of the tax expense

	GROUP 2016 R'000	GROUP 2015 R'000	COMPANY 2016 R'000	COMPANY 2015 R'000
Current				
Local income tax – current year	**20 664**	14 660	**1 303**	1 000
Local income tax – recognised in current tax for prior years	**(472)**	(69)	**(448)**	178
	20 192	14 591	**855**	1 178
Deferred				
Originating and reversing temporary differences	**45 622**	21 900	**275 552**	34 908
Changes in tax rates	**14 724**	–	–	–
	60 346	21 900	**275 552**	34 908
	80 538	36 491	**276 407**	36 086

Various subsidiaries have incurred operating losses which result in losses for tax purposes. Deferred tax assets have been raised to the extent that it is probable that future taxable profits will be available against which the unused tax losses can be utilised. Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax asset has been recognised amount to R244 018 166.91 (2015: R263 677 921).

Refer to the deferred tax reconciliation under note 11 in relation to the movement reflected above.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS – continued

33. TAXATION– continued

	GROUP		COMPANY	
	2016 %	2015 %	2016 %	2015 %
Reconciliation of the tax expense				
Reconciliation between applicable tax rate and average effective tax rate.				
Applicable tax rate	**28.00**	28.00	**28.00**	28.00
Effect on associate profits/(losses)	**(0.02)**	(0.05)	**–**	–
Effect on capital gain inclusion in relation to fair value adjustments	**(3.74)**	(5.33)	**(5.38)**	(7.38)
Investment revenue	**(2.88)**	(2.21)	**(3.01)**	(10.84)
Net impairments	**(0.55)**	–	**0.34**	(0.03)
Increase in tax rate	**3.73**	–	**3.73**	–
Legal fees	**0.07**	0.47	**0.06**	0.84
Accounting fees	**0.01**	–	**–**	–
Donations and CSI	**0.04**	0.42	**0.01**	1.09
Consulting fees	**0.02**	0.18	**–**	0.60
Facility fees	**0.01**	0.53	**0.01**	3.20
Listing fees	**0.02**	0.13	**0.02**	0.26
Fines and charges	**0.01**	0.05	**–**	–
Fair value adjustment on biological assets	**–**	(1.53)	**–**	–
Prior period under/over provision	**0.08**	(0.01)	**(0.04)**	0.08
Change in ownership	**–**	(1.00)	**–**	–
Enterprise development	**0.01**	–	**–**	–
Movement in unrecognised tax losses	**2.72**	–	**–**	–
	27.57	**19.65**	**23.74**	15.82

34. EARNINGS PER SHARE

		2016 Gross R'000	2016 Net R'000	2015 Gross R'000	2015 Net R'000
Earnings attributable to ordinary equity holders from continuing operations of the parent entity	IAS 33	–	219 660	–	152 897
Discontinued operations		–	(3 037)	–	–
Earnings attributable to ordinary equity holders	IAS 33	–	216 623	–	152 897
Gain on deemed disposal of equity accounted investments	IAS 28	–	–	(3 224)	(2 321)
Impairment (reversal of impairment) of intangible assets	IAS 38	(6 066)	(4 368)	6 067	4 368
Gain on disposal of subsidiary	IFRS 3	(1 034)	(744)	(3 436)	(2 474)
Loss on disposals of property, plant and equipment	IAS 16	582	419	202	145
Headline earnings		–	211 930	–	152 615
Continued operations		–	214 967	–	152 615
Discontinued operations		–	(3 037)	–	–
Weighted average number of shares ('000)		–	491 339	–	491 339
Fully diluted weighted average number of shares ('000)		–	491 339	–	491 339
Basic earnings per share (cents)		–	44.09	–	31.12
Continued operations		–	44.71	–	31.12
Discontinued operations		–	(0.62)	–	–
Diluted earnings per share (cents)		–	44.09		31.12
Continued operations		–	44.71	–	31.12
Discontinued operations		–	(0.62)	–	–
Headline earnings per share (cents)		–	43.13		31.06
Continued operations		–	43.75	–	31.06
Discontinued operations		–	(0.62)	–	–

NOTES TO THE ANNUAL FINANCIAL STATEMENTS – continued

35. CASH GENERATED FROM OPERATIONS

	GROUP		COMPANY	
	2016 R'000	2015 R'000	2016 R'000	2015 R'000
Profit before taxation	**292 102**	185 747	**1 164 107**	228 131
Adjusted for:				
Depreciation and amortisation	**20 681**	21 256	**80**	78
Loss on disposal of property, plant and equipment	**583**	201	**–**	–
Loss/(profit) on foreign exchange	**1 605**	(191)	**–**	–
(Profit)/loss from equity accounted investments	**(242)**	316	**–**	–
Dividends received	**(30 048)**	(14 648)	**(33 312)**	(15 000)
Interest received	**(3 544)**	(2 328)	**(25 228)**	(19 620)
Finance costs	**26 232**	19 695	**16 183**	14 641
Fair value adjustments	**(194 947)**	(106 405)	**(1 118 407)**	(187 634)
Net impairments and impairment reversals	**(5 363)**	5 779	**(5 694)**	(52 759)
Movements in lease assets and liabilities	**(97)**	979	**–**	–
Movements in provisions	**4 752**	(2 939)	**4 044**	707
Disposals of assets held for sale	**–**	1 852	**–**	–
Gain on deemed disposal of equity accounted investments	**–**	(3 224)	**–**	–
Gain/(loss) on disposal of subsidiary	**(1 034)**	(3 436)	**9 708**	–
Write off of loan	**–**	–	**–**	36 049
Inventories	**(13 936)**	(9 198)	**–**	–
Trade and other receivables	**14 555**	(12 193)	**3 507**	(10 893)
Prepayments	**(1 669)**	95	**–**	95
Biological assets	**(2 007)**	(10 148)	**–**	–
Trade and other payables	**(21 436)**	(3 366)	**(3 432)**	6 927
	86 187	67 844	**11 556**	722

36. TAX (PAID)/RECEIVABLE

Balance at beginning of the year	**(6 419)**	(6 159)	**(456)**	112
Current tax for the year recognised in profit or loss	**(20 192)**	(14 591)	**(855)**	(1 178)
Balance at end of the year	**8 441**	6 419	**(86)**	456
	(18 170)	(14 331)	**(1 397)**	(610)

37. RELATED PARTIES

Relationships

Holding company	Sekunjalo Investment Holdings (Pty) Ltd
Subsidiaries	Refer to note 46
Joint arrangements	Refer to note 44
Associates	Refer to note 45

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.

Common controlled entities	Cape Sunset Villas
	Sekunjalo Development Foundation
	The Surve Family Foundation
	Independent Newspapers (Pty) Ltd
	African News Agency (Pty) Ltd
	Independent News and Media (Pty) Ltd

	GROUP 2016 R'000	GROUP 2015 R'000	COMPANY 2016 R'000	COMPANY 2015 R'000
Related party balances				
Loan accounts – owing (to)/by related parties				
Subsidiaries	**–**	–	**200 712**	177 486
Holding company	**(7 952)**	(44 680)	**(7 832)**	(44 680)
Key management	**(36)**	(103)	**(36)**	(103)
Joint arrangements	**397**	–	**–**	–
Amounts included in trade receivable/(trade payable) regarding related parties				
Holding company	**(643)**	(21)	**(473)**	(21)
Subsidiaries	**–**	–	**6 967**	15 366
Subsidiaries	**–**	–	**(363)**	(5 752)
Associates	**–**	(1 799)	**–**	–
Common controlled entities	**(1 978)**	(777)	**–**	184
Common controlled entities	**156**	807	**–**	–
Joint arrangements	**4 703**	–	**–**	–
Related party transactions				
Interest paid to/(received from) related parties				
Subsidiaries	**–**	–	**(25 193)**	(19 617)
Subsidiaries	**–**	–	**10 402**	6 333
Holding company	**(177)**	7 948	**(177)**	7 948
Administration fees paid to/(received from) related parties				
Subsidiaries	**–**	–	**2 279**	621
Subsidiaries	**–**	–	**(28 582)**	(18 566)
Other transactions with related parties				
Common controlled entities	**5 213**	2 070	**8 000**	1 291
Common controlled entities	**(9 271)**	–	**–**	–
Associates	**–**	6 000	**–**	–
Joint arrangements	**(1 256)**	–	**–**	–
Subsidiaries	**–**	–	**18 004**	736
Holding company	**(2 733)**	1	**–**	–
Compensation to directors and other key management personnel				
Salaries and other short-term employee benefits	**43 185**	35 629	**5 654**	3 891
Employee benefits	**227**	–	**112**	113
Travel allowance	**526**	1 052	**300**	120
Bonus	**3 096**	64	**1 450**	2 557
Medical aid contributions	**331**	–	**118**	–
Pension and provident fund contribution	**1 590**	586	**551**	414

Refer to note 38 for a detailed breakdown of directors' emoluments.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS – continued

38. DIRECTORS' EMOLUMENTS

Executive

2016	Emolu-ments R'000	Bonus R'000	Provident fund R'000	Expense allowance R'000	Total R'000
K Abdulla	2 226	700	294	31	3 251
C Ah Sing	1 077	200	147	15	1 439
CF Hendricks	748	200	169	12	1 130
	4 051	1 100	610	58	5 820

2015	Emolu-ments R'000	Bonus R'000	Provident fund R'000	Expense allowance R'000	Total R'000
K Abdulla	1 854	225	246	14	2 339
C Ah Sing	1 017	110	137	14	1 278
CF Hendricks	709	150	156	11	1 026
	3 580	485	539	39	4 643

SERVICE CONTRACTS

Non-executive

2016	Directors' fees R'000	Total R'000
Prof VC Mehana	371	371
S Young	318	318
JM Gaomab	185	185
A Amod	185	185
	1 059	1 059

2015	Directors' fees R'000	Total R'000
Prof VC Mehana	350	350
S Young	300	300
JM Gaomab	175	175
A Amod	201	201
	1 026	1 026

39. RISK MANAGEMENT

CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Group consists of debt, which includes the borrowings (excluding derivative financial liabilities) disclosed in notes 8, 9, 19 and 20 cash and cash equivalents disclosed in note 15, and equity as disclosed in the 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.

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

FINANCIAL RISK MANAGEMENT

Fair value

The carrying amounts of the Group's financial instruments approximate their fair values as carried in the financial statements.

The directors monitor the fair value of financial assets by forecasting expected cash flows in respect of the financial assets. Where cash flows can not be adequately demonstrated over a five-year period the terms of the financial assets are reviewed and renegotiated.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial instruments. The following policy and procedures are in place to mitigate the Company's exposure to liquidity risk:

The Group's liquidity risk is managed by holding financial assets for which there is a liquid market and holding deposits at recognised financial institutions to meet any negotiated upcoming liquidity requirements. There has been no change in the Group liquidity risk management policy.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS – continued

39. RISK MANAGEMENT – continued

Maturity profiles

At 31 August 2016	Up to one year R'000	Two – five years R'000	Over five years R'000	Total R'000
Bank overdraft	**9 771**	**–**	**–**	**9 771**
Trade and other payables	**74 262**	**–**	**–**	**74 262**
Finance lease obligations	**225**	**117**	**–**	**342**
Other financial liabilities	**12 587**	**253 004**	**–**	**265 591**

At 31 August 2015	Up to one year* R'000	Two – five years R'000	Over five years R'000	Total R'000
Bank overdraft	13 419	–	–	13 419
Dividend payable	750	–	–	750
Trade and other payables	76 818	–	–	76 818
Finance lease obligations	98	109	–	207
Other financial liabilities	45 609	112 800	–	158 409

COMPANY

At 31 August 2016	Up to one year R'000	Two – five years R'000	Over five years R'000	Total R'000
Bank overdraft	**9 771**	**–**	**–**	**9 771**
Trade and other payables	**5 116**	**–**	**–**	**5 116**
Finance lease obligations	**–**	**117**	**–**	**117**
Other financial liabilities	**9 636**	**31 233**	**–**	**40 869**

At 31 August 2015*	Up to one year* R'000	Two – five years R'000	Over five years R'000	Total R'000
Trade and other payables	8 556	–	–	8 556
Other financial liabilities	44 783	–	–	44 783
Loans from Group companies	–	66 215	–	66 215
Bank overdraft	4 690	–	–	4 690
Finance lease obligation	98	109	–	207

* *Up to one year includes all commitments which are either due within the time frame, or are payable on demand.*

The Group has no significant concentration of liquidity risk.

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).

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.

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.

At 31 August 2015 and 31 August 2016, if the interest rate had 1% lower or higher with all other variables held constant, post tax profit for the year would have been R2 214 102 (2015: R1 633 780) lower or higher, based on the 1% interest rate for the year.

Cash flow interest rate risk – 2016

Financial instrument	Current interest rate %	Due in one year R'000	Due in two – five years R'000
Trade and other receivables – normal credit terms	–	96 482	–
Cash in current banking institutions	4.75	64 752	–
Trade and other payables – normal credit terms	10.50	24 802	–
Overdraft facilities used	10.50	9 771	–
Other financial liabilities	8.91– 15.50	12 587	253 004
Finance lease obligations	11	225	117

Cash flow interest rate risk – 2015

Financial instrument	Current interest rate %	Due in one year R'000	Due in two – five years R'000
Trade and other receivables – normal credit terms	–	71 833	–
Cash in current banking institutions	4.75	32 066	–
Trade and other payables – normal credit terms	9.50	45 429	–
Overdraft facilities used	10.50	45 430	–
Other financial liabilities	9.50 – 14.50	45 609	112 800
Finance lease obligations	9.50	98	109

ECONOMIC ASSUMPTIONS

Investment return

The investment return for all classes of business, except those where the liability has a specific asset backing it, was determined as the expected return on the underlying assets backing the liabilities of the Group less an allowance for credit risk and a compulsory margin of 0.25%.

The following long-term assumptions were assumed for each asset class:

- Bonds 10.50%
- Cash 5.75%
- Equities 12.75%

NOTES TO THE ANNUAL FINANCIAL STATEMENTS – continued

39. RISK MANAGEMENT – continued

Inflation

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

Foreign exchange risk

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and the euro. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

The Group does not hedge foreign exchange fluctuations.

At 31 August 2016, if the currency had been 10% higher or lower against the US dollar with all other variables held constant, post-tax profit for the year would have been R627 030 higher or lower (2015: R3 999 648), mainly as a result of foreign exchange gains/losses on translation of US dollar-denominated trade receivables, financial assets at fair value through profit or loss.

Profit is more sensitive to movement in rand/US dollar exchange rates in 2016 than 2015 because of the increased amount of US dollar-denominated sales.

Foreign currency exposure at the statement of financial position date

	GROUP		COMPANY	
	2016 R'000	2015 R'000	2016 R'000	2015 R'000
Current assets				
Trade debtors, USD	**408**	705	**–**	–
Trade debtors, EUR	**7**	3	**–**	–
Cash and cash equivalents, USD	**–**	42	**–**	–
Current liabilities				
Income received in advance, USD	**196**	9	**–**	–
Income received in advance, EUR	**3**	–	**–**	–
Exchange rates used for conversion of foreign items were:				
USD	**14.44**	13.28		
EUR	**15.88**	14.93		

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

Risk from biological assets

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

Credit risk

Credit risk is managed on a Group basis.

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. Credit risk consists mainly of cash deposits, cash equivalents, trade debtors and loans and other receivables. The Group only deposits cash with major banks having high-quality credit standing and limited exposure to any one counterparty. Trade receivables comprise a widespread customer base. Management evaluates credit risk relating to customers on an ongoing basis. Internal risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal ratings in accordance with criteria set by the board. The utilisation of credit limits is regularly monitored.

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

- A Group credit risk policy setting out the assessment and determination of what constitutes credit risk for the Group. Compliance with the policy is monitored and exposures and breaches are reported to the board of directors. The policy is regularly reviewed for pertinence and for changes in the risk environment.
- Net exposure limits are set for each counterparty (i.e. limits are set for investments and cash deposits and minimum credit ratings for investments that may be held).
- The Group sets the maximum amounts and limits that may be advanced to corporate counterparties by reference to their long-term credit ratings.

Credit exposure

The maximum exposure to credit risk is the carrying amount of the financial assets as reflected on the statement of financial position at year-end as well as in relation to guarantees disclosed in note 15.

Price risk

Price risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate or currency risk), whether the changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting similar financial instruments traded in the market.

The investment profiles are monitored and reviewed from time to time to ensure that they remain in line with the Company risk appetite and long-term capital management framework. Group investments at fair value through profit and loss are affected by fair value price risk. Refer to note 45 for sensitivity analysis done on investments subject to fair value.

Post–tax profit for the year would increase/decrease as a result of gains or losses on equity securities classified as at fair value through profit or loss. Other components of equity would increase/decrease as a result of gains or losses on equity securities classified as available for sale.

Post-tax profit for the year would increase/decrease by R2 124 397 (2015: R1 492 550) if adjusted by 1% as a result of gains or losses on equity securities classified as at fair value through profit or loss. Other components of equity would increase/decrease as a result of gains or losses on equity securities classified as available for sale.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS – continued

40. FINANCIAL ASSETS BY CATEGORY

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

GROUP – 2016	Loans and receivables R'000	Fair value through profit or loss – designated R'000	Total R'000
Other financial assets	–	856 571	856 571
Trade receivables	60 335	–	60 335
Cash and cash equivalents	64 840	–	64 840
Other loan receivables	16 301	–	16 301
	141 476	856 571	998 047

GROUP – 2015	Loans and receivables R'000	Fair value through profit or loss – designated R'000	Total R'000
Other financial assets	–	524 984	524 984
Trade receivables	102 992	–	102 992
Cash and cash equivalents	32 066	–	32 066
Other loan receivables	13 016	–	13 016
	148 074	524 984	673 058

COMPANY – 2016	Loans and receivables R'000	Fair value through profit or loss – designated R'000	Total R'000
Loans to Group companies	247 396	–	247 396
Other financial assets	–	34 703	34 703
Trade receivables	11 987	–	11 987
Cash and cash equivalents	2 776	–	2 776
Investments in subsidiaries	–	2 106 545	2 106 545
	262 159	2 141 248	2 403 407

COMPANY – 2015	Loans and receivables R'000	Fair value through profit or loss – designated R'000	Total R'000
Loans to Group companies	198 134	–	198 134
Other financial assets	–	22 106	22 106
Trade receivables	15 621	–	15 621
Cash and cash equivalents	612	–	612
Investments in subsidiaries	–	976 789	976 789
	214 367	998 895	1 213 262

Employee costs in advance, prepayments and VAT have been excluded from the trade receivables amount.

41. FINANCIAL LIABILITIES BY CATEGORY

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

GROUP – 2016	Financial liabilities at amortised cost R'000	Total R'000
Other financial liabilities	265 591	265 591
Trade payables	56 847	56 847
Bank overdraft	9 771	9 771
Finance lease obligation	342	342
	332 551	332 551

GROUP – 2015	Financial liabilities at amortised cost R'000	Total R'000
Other financial liabilities	158 409	158 409
Trade payables	76 818	76 818
Bank overdraft	13 419	13 419
Finance lease obligation	207	207
	248 853	248 853

Employee costs in advance, prepayments and VAT have been excluded from the trade receivables amount.

COMPANY – 2016	Financial liabilities at amortised cost R'000	Total R'000
Loans from Group companies	83 371	83 371
Other financial liabilities	40 869	40 869
Trade payables	4 319	4 319
Bank overdraft	9 771	9 771
Finance lease obligation	117	117
	138 447	138 447

COMPANY – 2015	Financial liabilities at amortised cost R'000	Total R'000
Loans to Group companies	66 215	66 215
Other financial liabilities	44 783	44 783
Trade payables	8 285	8 285
Bank overdraft	4 690	4 690
Finance lease obligation	207	207
	124 180	124 180

Trade payable excludes all salary accruals, VAT amounts and income received in advance.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS – continued

42. COMMITMENTS

	GROUP		COMPANY	
	2016 R'000	2015 R'000	2016 R'000	2015 R'000
Authorised capital expenditure				
– Authorised by directors and not yet contracted for	**12 491**	8 060	**–**	–
This committed expenditure relates to plant and equipment and will be financed by available bank facilities over the next 12 months.				
Operating leases – as lessee (expense)				
Smoothed lease payments due				
– within one year	**8 234**	8 288	**–**	–
– in second to fifth year inclusive	**6 896**	12 769	**–**	–
– later than five years	**407**	4 946	**–**	–
	15 537	26 003	**–**	–
Minimum lease payments due (contractual amounts)				
– within one year	**9 032**	8 288	**–**	–
– in second to fifth year inclusive	**8 196**	17 102	**–**	–
– later than five years	**487**	613		
	17 715	26 003	**–**	–

The Fishing division rents all its premises from Lexshell (Pty) Ltd and the Department of Public Works in terms of operating leases. The lease contract with Lexshell (Pty) Ltd is for a period of 25 years and escalating rentals are negotiated every five years. The lease contract with the Departments of Public Works is for a period of nine years and 11 months.

The Events and Tourism division operating lease payments represent rentals payable by the Company for certain of its office properties, and parking to Tripos Travel (Pty) Ltd and Magic 828 (Pty) Ltd. Leases are negotiated for an average term of five to ten years and rentals are fixed, escalating at 7% to 10% per annum. No contingent rent is payable.

43. SEGMENTAL INFORMATION

	Fishing R'000	Tech-nology R'000	Health Care R'000	Bio-tech-nology R'000	Tourism and Events R'000	Corporate R'000	Food R'000	Tele-communi-cation R'000	Combined Corporate and Strategic Invest-ments R'000	Group R'000
31 August 2016										
Revenue	401 692	216 602	4 292	4	127 980	33 307	–	–	33 307	783 877
External sales	401 210	215 358	4 292	4	126 958	4 381	–	–	4 381	752 203
Intergroup sales	482	1 244	–	–	1 022	28 926	–	–	28 926	31 674
Segment results	–	–	–	–	–	–	–	–	–	–
Operating profit/(loss)	74 814	34 805	(1 850)	(3 166)	5 189	4 330	(38 731)	209 109	174 708	284 500
Discontinued operations	–	–	(3 134)	–	–	97	–	–	97	(3 037)
Included in segment results:	(13 608)	(2 059)	(851)	3 793	(281)	22 169	(38 644)	209 109	192 635	179 628
(Impairments)/reversals of impairments	–	–	–	6 402	–	(1 039)	–	–	(1 039)	5 363
Depreciation and amortisation	(13 608)	(2 073)	(851)	(2 609)	(254)	(1 286)	–	–	(1 286)	(20 681)
Fair valuation of investments	–	14	–	–	(27)	24 495	(38 644)	209 109	194 960	194 947
Non-current assets	149 831	15 503	21 770	350 375	12 950	183 901	284 478	409 211	877 590	1 428 019
Current assets	159 452	67 424	7 944	2 223	19 282	6 868	–	7	6 875	263 200
Non-current liabilities	94 692	270	183	89 367	1 907	141 039	146 947	85 603	373 589	560 008
Current liabilities	58 968	20 978	2 567	1 078	16 047	30 506	–	32	30 538	130 176
Profit from associates	–	160	82	–	–	–	–	–	–	242
Capital expenditure	9 295	1 121	–	527	287	1 261	–	–	1 261	12 491
31 August 2015										
Revenue	348 393	217 335	9 620	–	98 069	26 726	–	–	26 726	700 143
External sales	348 743	216 513	9 620	–	97 309	–	–	–	–	672 185
Intergroup sales	(350)	822	–	–	760	26 726	–	–	26 726	27 958
Segment results	–	–	–	–	–	–	–	–	–	–
Operating profit/(loss)	68 157	33 071	(6 110)	(14 862)	8 951	(18 745)	123 527	(8 431)	96 351	185 558
Included in segment results:	(14 898)	(1 335)	(1 703)	(8 983)	(184)	(8 732)	123 617	(8 412)	106 473	79 370
(Impairments)/reversals of impairments	–	–	–	(6 067)	–	288	–	–	288	(5 779)
Depreciation and amortisation	(14 898)	(1 335)	(1 703)	(2 916)	(229)	(175)	–	–	(175)	(21 256)
Fair valuation of investments	–	–	–	–	45	(8 845)	123 617	(8 412)	106 360	106 405
Non-current assets	157 067	21 870	16 710	344 620	20 526	32 580	323 122	200 024	555 726	1 116 519
Current assets	120 244	74 864	13 662	777	12 228	7 216	–	1	7 217	228 952
Non-current liabilities	77 033	1 253	–	87 679	2 552	14 589	139 233	32 298	186 120	354 637
Current liabilities	54 972	43 062	12 272	789	14 432	60 740	–	18	60 758	186 285
Loans from equity accounted investments	–	9	–	–	(325)	–	–	–	–	(316)
Capital expenditure	24 082	4 080	1 615	68	195	7 645	–	–	7 645	37 685

NOTES TO THE ANNUAL FINANCIAL STATEMENTS – continued

43. SEGMENTAL INFORMATION – continued

Information on geographical regions

The operations of the Group are domiciled in South Africa. A total of 28% of external revenue is attributable to foreign sales mainly to the Far East, United States of America (26%) and Europe (14%).

Information on customers

16% of the Group's revenue comes from the public sector mainly in the Western Cape. The balance comes sales from the private sector. National Health Laboratory Services accounts for more than 9% of the Groups revenue.

National Health Laboratory Services accounts for more than 9% of the Groups revenue.

Additional information

During the year, the Group purchased an investment forming part of the Corporate division. After the purchase, the corporate division made up more than 10% of the Group's total assets.

44. INFORMATION ON JOINT ARRANGEMENTS

Name of joint arrangement	Date of acquisition	Effective % held		Nature of business
		2016	2015	
Bloudam Fishing (Pty) Ltd	1 September 2003	**38.00**	38.00	Packaging of west coast rock lobster
Contronics (Pty) Ltd	1 September 2015	**50.00**	50.00	Leasing of assets
Premier – BCP Hake	1 March 2003	**48.00**	48.00	Catching of hake
Premier Seacat	1 November 2002	**50.00**	50.00	Catching of squid
Premier Select (Pty) Ltd	1 September 2006	**50.00**	50.00	Dormant
Amethst (Pty) Ltd	1 September 2008	**47.02**	47.02	Information Technology
Exaro HST Ltd	1 September 2013	**47.02**	47.02	Information Technology

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

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

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

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

45. INFORMATION ON ASSOCIATES

Name of associate	Date of acquisition	Effective % held		Nature of business
		2016	2015	
Emergent Energy (Pty) Ltd	1 November 2010	**23.51**	23.51	Renewable energy

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

46. INFORMATION ON SUBSIDIARIES

Name of subsidiary	Issued capital 2016 R'000	Issued capital 2015 R'000	Effective % held 2016 %	Effective % held 2015 %	Nature of business
AEEI Events and Tourism (Pty) Ltd	**100**	100	**100**	100	Media investments
AEEI Properties (Pty) Ltd	**100**	–	**100**	–	Properties
African Biotechnological and Medical Innovations Investments (Pty) Ltd	**300**	300	**100**	100	Biotechnology investments
Afrozaar Consulting (Pty) Ltd	**100**	100	**32**	32	Information technology
Atlantic Fishing Enterprises (Pty) Ltd	**100**	100	**100**	100	Fishing
Bioclones (Pty) Ltd	**85 389**	85 389	**50**	50	Biotechnology investments
Bowwood and Main No 180 (Pty) Ltd	**300 000**	–	**60**	–	Investment holding
Business Venture Investments No 1581 (Pty) Ltd	**8 767**	8 767	**100**	100	Investments in food
Chapman's Peak Fisheries (Pty) Ltd	**18 000**	18 000	**100**	100	Fishing
Digital Matter (Pty) Ltd	**100**	100	**32**	32	Information technology
espAfrika (Pty) Ltd	**100**	100	**51**	51	Event management
Fish Drying Corporation (Pty) Ltd	**4**	4	**80**	80	Dormant company
Friedshelf 860 (Pty) Ltd	**100**	100	**80**	80	Media investments
Health System Technologies (Pty) Ltd	**2 000**	2 000	**94**	94	Information technology
– Voting	**–**	–	**94**	94	
Integrated Bioworks (Pty) Ltd	**100**	100	**50**	50	Biotechnology investments
John Ovenstone Ltd	**1 042 000**	1 042 000	**100**	100	Dormant company
John Quality (Pty) Ltd	**6 000**	6 000	**100**	100	Dormant company
Kuttlefish (SA) (Pty) Ltd	**10**	10	**100**	100	Dormant company
Kilomax (Pty) Ltd	**100**	100	**100**	100	Investments in telecommunication
Magic 828 (Pty) Ltd	**100**	100	**40**	40	Radio station
Marine Growers (Pty) Ltd	**1 694 500**	1 694 500	**100**	100	Aquaculture
Opispex (Pty) Ltd	**120**	120	**65**	65	Leasing of broadcast mast and studio equipment
Premier Fishing (SA) (Pty) Ltd	**100 000**	100 000	**100**	100	Fishing
Premfresh Seafoods (Pty) Ltd	**100**	100	**100**	100	Fishing
Ribotech Pty Ltd		5		30	Biotechnology
Saratoga Software (Pty) Ltd	**8 073**	8 073	**43**	40	Information technology
Seagro Fertilisers (Pty) Ltd	**8**	8	**100**	100	Marine agriculture
Sekfish Investments (Pty) Ltd	**200**	200	**100**	100	Fishing investments
Sekpharma (Pty) Ltd	**–**	100	**–**	100	Pharmaceuticals
– Voting	**–**	100	**–**	100	
Sekunjalo Aquaculture (Pty) Ltd	**100**	100	**100**	100	Marine agriculture

NOTES TO THE ANNUAL FINANCIAL STATEMENTS – continued

46. INFORMATION ON SUBSIDIARIES – continued

Name of subsidiary	Issued capital 2016 R'000	Issued capital 2015 R'000	Effective % held 2016 %	Effective % held 2015 %	Nature of business
Sekunjalo Consumer Products (Pty) Ltd	**8 767**	8 767	**100**	100	Investments in food
Sekunjalo Empowerment Fund (Pty) Ltd	**1 000**	1 000	**100**	100	Dormant company
Sekunjalo Enterprise Development (Pty) Ltd	**1 000**	1 000	**100**	100	Dormant company
Sekunjalo Food and Fishing (Pty) Ltd	**100**	100	**100**	100	Fishing investments
Sekunjalo Technology Solutions Ltd	**716 052**	716 052	**94**	94	Medical investments
– Voting	**–**	–	**94**	94	
Sekunjalo Health and Medical Commodities (Pty) Ltd	**100**	100	**76**	100	Medical manufacturing
Sekunjalo Industrial Holdings (Pty) Ltd	**100**	100	**100**	100	Fishing investments
Sekunjalo Medical Services (Pty) Ltd	**100**	100	**94**	94	IT investments
– Voting	**–**	–	**94**	94	IT investments
Sekunjalo Properties (Pty) Ltd	**–**	100	**–**	100	Properties
Sekunjalo Technologies Solutions Group (Pty) Ltd	**100**	100	**100**	100	IT investments
South Atlantic Jazz Festival (Pty) Ltd	**100**	100	**51**	51	Media
Southern Ocean Fishing (Pty) Ltd	**100**	100	**80**	80	Dormant company
Tripos Travel (Pty) Ltd	**100**	100	**56**	51	Travel
World Wide Creative (Pty) Ltd	**100**	100	**32**	32	Information technology
Wynberg Pharmaceuticals (Pty) Ltd	**100**	100	**100**	94	Medical Manufacturing
– Voting	**–**	–	**100**	94	

47. BUSINESS COMBINATIONS

	GROUP		COMPANY	
	2016 R'000	2015 R'000	2016 R'000	2015 R'000
Fair value of assets acquired and liabilities assumed				
Property, plant and equipment	–	65	–	–
Intangible assets	–	8 858	–	
Trade and other receivables	–	255	–	–
Cash and cash equivalents	–	150	–	–
Deferred tax	–	(2 463)	–	–
Other financial liabilities	–	(2 825)	–	–
Trade and other payables	–	(208)	–	–
Total identifiable net assets	–	3 832	–	–
Non-controlling interest	–	(2 296)	–	–
Fair value of equity interest held before the business combination	–	(2 899)	–	–
Goodwill	–	1 363	–	–
	–	–	–	–
Consideration paid				
Net cash outflow on acquisition				
Cash consideration paid	–	(866)	–	–
Cash acquired	–	150	–	–
	–	(716)	–	–

Magic 828 (Pty) Ltd

The Group initially acquired an effective 25.10% indirectly in Magic 828 (Pty) Ltd, which resulted in the company being treated as a joint venture in 2015 in terms of the shareholders' agreement. AEEI acquired an additional 15% direct shareholding in the Company on 20 July 2015, which effectively means that the Group obtained control over the Board of Magic 828 (Pty) Ltd. The Company is therefore accounted for as a subsidiary as a result of this additional shareholding.

Goodwill of R1 362 533 arising from the acquisition consists largely of the synergies and economies of scale expected from combining the operations of the entities, as well as from intangible assets which did not qualify for separate recognition. Goodwill is not deductible for income tax purposes.

Non-controlling interest

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS – continued

47. BUSINESS COMBINATIONS – continued

Receivables acquired

Receivables acquired per major class are as follows, as at acquisition date:

GROUP	2016 Fair value R'000	2016 Gross contractual amounts R'000	2016 Contractual amounts not amounts expected to be recovered R'000	2015 Fair value R'000	2015 Gross contractual amounts R'000	2015 Contractual amounts not amounts expected to be recovered R'000
Trade and other receivables	–	–	–	27	–	
Other receivables	–	–	–	228	–	
Total	–	–	–	255	–	

Acquisition-related costs

No acquisition-related costs have been incurred and included in the statement of comprehensive income.

Fair value of equity interest held before the acquisition

The measurement to fair value of the equity interest held in Magic 828 (Pty) Ltd immediately prior to the acquisition, resulted in a gain of R3 224 138, which has been included in gain on deemed disposal of the joint venture in the statement of comprehensive income.

Loss of Magic 828 (Pty) Ltd

A loss of R324 704 has been included in the Group's results since the date of acquisition.

Group revenue and profit or loss for full year

Had all the business combinations taken place at the beginning of the reporting year, the revenue for the Group would have been RNil and the net loss would have been R2 112 034.

Business combinations subsequent to financial year-end before reporting period

Effective 1 September 2016, the Group acquired 51% of the equity in Kalula Communications (Pty) Ltd trading as "Headset Solutions" for a consideration of R14m with a cash portion of R4,7m payable on the effective date and balance settled with an issue of Sekunjalo Technology Solutions Ltd shares. The company is involved in technology devices and other which enhances the Group' strategy to diversify its IT portfolio.

Effective 1 October 2016, the Group concluded the acquisition of 57% equity in Puleng Technologies ("Puleng") for which resulted in the Technology division obtaining control over the company. Puleng is involved with data and user security which complements their IT businesses.

The Board is of the view that synergies will arise from the above acquisitions, which will provide scale for the IT division as we expect to double the revenue in 2017.

The Group is unable to quantify the revenue, profit or loss at the acquisition date due to business integration with acquired companies.

Due to the impracticality of the acquisitions close to financial year-end, the fair value of the acquired assets and liabilities are provisional. Additionally, the uncertainty and nature in calculating the warranty and other provisions will be finalised during the measurement period.

48. PROFIT/LOSS FROM EQUITY ACCOUNTED INVESTMENTS

	GROUP 2016 R'000	GROUP 2015 R'000	COMPANY 2016 R'000	COMPANY 2015 R'000
Equity accounted investments				
Associate – profit/(loss)	**160**	9	**–**	–
Joint venture – profit/(loss)	**82**	(325)	**–**	–
	242	(316)	**–**	–

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.

Levels of fair value measurements

Level 1

Recurring fair value measurements

Assets	Notes	GROUP 2016 R'000	GROUP 2015 R'000	COMPANY 2016 R'000	COMPANY 2015 R'000
Financial assets designated at fair value through profit or loss	10				
Investment in listed public companies		**302 216**	323 112	**17 738**	–
Total		**302 216**	323 112	**17 738**	–

NOTES TO THE ANNUAL FINANCIAL STATEMENTS – continued

49. FAIR VALUE INFORMATION – continued

Level 3

Recurring fair value measurements

	Notes	GROUP 2016 R'000	GROUP 2015 R'000	COMPANY 2016 R'000	COMPANY 2015 R'000
Assets					
Biological assets	14				
Abalone		**48 169**	46 162	**–**	–
Investments in subsidiaries at fair value	5				
Investments in unlisted subsidiaries		**–**	–	**2 106 545**	1 006 948
Financial assets designated at fair value through profit or loss	10				
Endowment policy		**1 129**	985	**–**	–
Investments in unlisted public companies		**16 965**	286	**16 965**	286
Investments in unlisted private companies		**536 261**	200 591	**–**	–
Total financial assets designated at fair value through profit or loss		**554 355**	201 862	**16 965**	286
Non-recurring fair value measurements					
Other					
Radio licence	4	**–**	8 865	**–**	–
Total		**602 524**	256 889	**2 123 510**	1 007 234
Non-recurring fair value measurements					
Assets held for sale and disposal groups in accordance with IFRS 5					
Other financial assets		**–**	20 000	**–**	20 000
Total		**–**	20 000	**–**	20 000

Reconciliation of assets and liabilities measured at level 3

GROUP – 2016	Notes	Opening balance R'000	Gains/ losses recognised in profit or loss R'000	Additions R'000	Disposal R'000	Transferred to non-current assets held for sale R'000	Transfer into level 3 R'000	Other move-ments R'000	Closing balance R'000
Assets									
Biological assets	14								
Biological assets		46 162	43 230	–	(41 223)	–	–	–	48 169
Financial assets designated at fair value through profit or loss	10								
Endowment policy		985	144	–	–	–	–	–	1 129
Investments in unlisted public companies		286	16 670	–	–	–	–	–	16 956
Investments in unlisted private companies		200 591	335 670	–	–	–	–	–	536 261
Total financial assets designated at fair value through profit or loss		201 862	352 484	–	–	–	–	–	554 346
Other									
Radio licence	4	8 865	–	–	–	–	–	(70)	8 795
Total		256 889	395 714	–	(41 223)	–	–	(70)	611 310

NOTES TO THE ANNUAL FINANCIAL STATEMENTS – continued

49. FAIR VALUE INFORMATION – continued

GROUP – 2015	Notes	Opening balance R'000	Gains/ losses recognised in profit or loss R'000	Gains/ losses recognised in other compre-hensive income R'000	Sales R'000	Settle-ments R'000	Transfer into level 3 R'000	Transfer out of level 3 R'000	Closing balance R'000
Assets									
Biological assets	14								
Abalone		36 014	41 838	–	(31 690)	–	–	–	46 162
Financial assets designated at fair value through profit or loss	10								
Investments in unlisted public companies		2 106	(1 820)	–	–	–	–	–	286
Investments in unlisted private companies		235 983	(15 392)	–	–	(20 000)	–	–	200 591
Total financial assets designated at fair value through profit or loss		238 089	(17 212)	–	–	(20 000)	–	–	200 877
Other									
Radio licence	4	–	–	8 865	–	–	–	–	8 865
Total		274 103	24 626	8 665	(31 690)	(20 000)	–	–	255 904

COMPANY – 2016	Notes	Opening balance R'000	Gains/ losses recognised in profit or loss R'000	Additions R'000	Sales R'000	Settle-ments R'000	Transfer into level 3 R'000	Transfer out of level 3 R'000	Closing balance R'000
Assets									
Investments in subsidiaries at fair value	5								
Investments in unlisted subsidiaries		1 006 948	1 099 597	–	–	–	–	–	2 106 545
Financial assets designated at fair value through profit or loss	10								
Investments in listed public companies		–	7 738	10 000	–	–	–	–	17 738
Investments in unlisted public companies		286	16 679	–	–	–	–	–	16 965
Total financial assets designated at fair value through profit or loss		286	24 417	10 000	–	–	–	–	34 703
Total		1 007 234	1 124 014	10 000	–	–	–	–	2 141 248

NOTES TO THE ANNUAL FINANCIAL STATEMENTS – continued

49. FAIR VALUE INFORMATION – continued

COMPANY – 2015	Notes	Opening balance R'000	Gains/ losses recognised in profit or loss R'000	Gains/ losses recognised in other compre-hensive income R'000	Sales R'000	Settle-ments R'000	Transfer into level 3 R'000	Transfer out of level 3 R'000	Closing balance R'000
Assets									
Investments in subsidiaries at fair value	5								
Investments in unlisted subsidiaries		810 469	196 479	–	–	–	–	–	1 006 948
Financial assets designated at fair value through profit or loss	10								
Investments in unlisted public companies		2 106	(1 820)	–	–	–	–	–	286
Investments in unlisted private companies		27 025	(7 025)	–	–	–	(20 000)	–	–
Total financial assets designated at fair value through profit or loss		29 131	(8 845)	–	–	–	(20 000)	–	286
Total		839 600	187 634	–	–	–	(20 000)	–	1 007 234

Gains and losses recognised in profit or loss for biological assets are included in cost of sales in the statement of comprehensive income.

Gains and losses recognised in profit or loss for investments in subsidiaries, investments in associates and other financial assets are included in fair value adjustments in the statement of comprehensive income.

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

Financial assets that are not measured at fair value, namely trade and other receivables, cash and cash equivalents and loans receivable are categorised as loans and receivables. It has been concluded that the carrying amounts of these assets approximate their fair values. Refer to notes 9, 13 and 15.

Financial liabilities that are not measured at fair value, namely trade and other payables and other financial liabilities are categorised as other financial liabilities. It has been concluded that the carrying amount of these liabilities approximate their fair values. Refer to notes 19 and 23.

Valuation techniques used to derive level 3 fair values

The value of abalone is calculated by taking into account the selling price of the abalone, less cost associated with the sale. The net sales 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 the 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:

	Profit after tax	
	1% increase	**1% decrease**
Weight loss	(31 962)	31 962
USD spot rate	361 580	(361 580)
Processing rate	(14 760)	14 760

No changes have been made to the valuation technique.

INFORMATION ABOUT VALUATION TECHNIQUES AND INPUTS USED TO DERIVE LEVEL 3 FAIR VALUES

Fair value of radio licence

The valuation method used in determining the fair value of the radio licence is 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 income generation and relevant expenditure in terms of advertising contracts.

Investments in subsidiaries and associates

The valuation method in subsidiaries and associates 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.

	WACC 2016	WACC 2015
Fishing division	**14% – 23%**	18% – 22%
Technology Solutions division	**14% – 26%**	23% – 29%
Investments division	**17% – 25%**	17% – 18%
Health Care division	**38% – 39%**	18% – 29%
Biotechnology division	**21% – 29%**	21% – 30%
Events and Tourism division	**32% – 36%**	27% – 29%
Other assumptions used:		
Target debt/equity ratio	**0% – 75%**	0% – 75%
Beta	**1.00 – 1.52**	1.00 – 1.52
Specific risk premium	**1% – 23%**	1% – 23%
Terminal growth rate	**4% – 7%**	4% – 5%

The potential effect of using reasonably possible alternative assumptions in the valuation, based on a change of 1% – 10% in the most significant input while holding all other variables constant, will result in the following changes in fair values.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS – continued

49. FAIR VALUE INFORMATION – continued

	Weighted average range of probabilities 2016 R'000	Weighted average range of probabilities 2015 R'000
Cost of debt	**48 012**	16 350
Beta	**46 687**	30 419
Weighted average cost of capital	**238 323**	65 254
Specific risk premium	**165 902**	54 955
Target debt/equity ratio	**144 437**	74 881
Terminal growth	**152 037**	37 750

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.

Significant assumptions	2016	2015
Weighted average cost of capital	**17% – 18%**	18% – 29%
Target debt/equity ratio	**20% – 30%**	20% – 30%
Beta	**1.00 – 1.40**	1.00 – 1.40
Specific risk premium	**1% – 2%**	1% – 10%
Terminal growth rate	**4% – 5%**	4% – 5%

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

	Change	Weighted average range of probabilities 2016 R'000	Weighted average range of probabilities 2015 R'000
Cost of debt	1%	**4 931**	2 654
Beta	0.1%	**13 225**	7 774
Weighted average cost of capital	1%	**29 916**	15 084
Specific risk premium	1%	**24 573**	17 886
Target debt/equity ratio	10%	**21 959**	15 502
Terminal growth rate	1%	**17 545**	9 564

Valuation processes applied by the Group

The fair value calculations are performed by the Group's finance department and operations team, on an annual basis. The finance department reports to the group's chief financial officer (CFO). The valuation reports are discussed with the Investment committee in accordance with the Group's reporting policies.

50. DIVIDEND PAYABLE

A final dividend of 2.5 cents was paid to shareholders during the year under review, which is reflected in the statement of changes in equity. A final dividend of 3.30 cents has been approved by the board of directors on 26 October 2016 in South African currency in respect of the year ended 31 August 2016. The dividend is payable on 13 February 2017 to shareholders recorded in the register of the Company at close of business on 10 February 2017.

51. GOING CONCERN

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

52. EVENTS AFTER THE REPORTING PERIOD

Effective 1 September 2016, the Group acquired 51% of the equity in Kalula Communications (Pty) Ltd trading as "Headset Solutions" for a consideration of R14m with a cash portion of R4,7m payable on the effective date and balance settled with an issue of Technology shares. The company is involved in headsets and communication devices, which enhance the Group' strategy to diversify its IT portfolio.

Effective 1 October 2016, the Group concluded the acquisition of 57% of voting rights of Puleng Technologies (Pty) Ltd ("Puleng") which resulted in control over the company. Puleng is involved with software development, which complements their IT businesses. Refer to note 47.

The Board of AEEI has approved the proposed listing of its Food and Fishing division in the short to medium term (short term: 6 months; medium term: 12 months).

53. DIVIDENDS PAID

	GROUP		COMPANY	
	2016 R'000	2015 R'000	2016 R'000	2015 R'000
Balance at beginning of the year	**(750)**	–	**–**	–
Dividends	**(12 292)**	(9 827)	**(12 292)**	(9 827)
Balance at end of the year	**–**	750	**–**	–
	(13 042)	(9 077)	**(12 292)**	(9 827)

Dividends paid are distributed from capital profits.