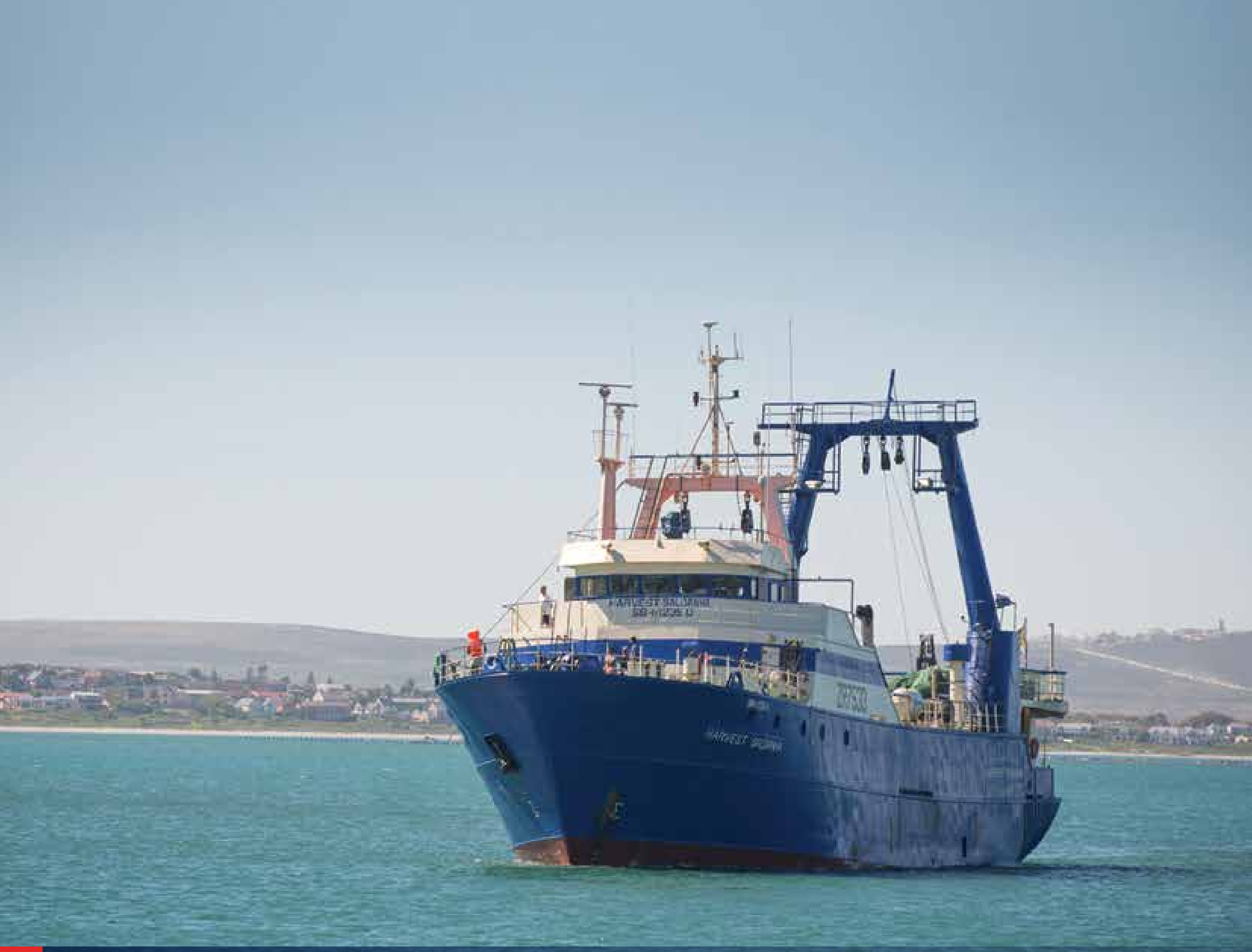
Sea Harvest

GROUP



AUDITED ANNUAL **FINANCIAL STATEMENTS** FOR THE YEAR ENDED 31 DECEMBER 2018

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APPROVAL OF ANNUAL FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation, integrity and objectivity of the consolidated and separate annual financial statements.

To fulfil this responsibility, the Group and Company maintain controls to provide reasonable assurance that assets are safeguarded and that records accurately reflect the transactions of the Group and Company.

The Group and Company annual financial statements are prepared in terms of International Financial Reporting Standards and have been reported on by our auditors in conformity with International Standards of Auditing and the Companies Act. The Group and Company annual financial statements for the year ended 31 December 2018 which appear on pages 7 to 104 were approved by the Board of Directors on 29 of March 2019 and signed on its behalf by:

F Robertson
Chairman

F Ratheb
Chief Executive Officer

PREPARATION OF ANNUAL FINANCIAL STATEMENTS

The Group and Company annual financial statements of Sea Harvest Group Limited for the year ended 31 December 2018 were prepared under the supervision of the Chief Financial Officer, JP de Freitas CA(SA).

REPORT OF THE COMPANY SECRETARY

In terms of section 88(2)(e) of the Companies Act, I certify that the Company has lodged with the Commissioner all such returns and notices as are required by the Companies Act, and that all such returns and notices are true, correct and up to date.

N Aston
Company Secretary

29 March 2019

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF SEA HARVEST GROUP LIMITED

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

OPINION

We have audited the consolidated and separate financial statements of Sea Harvest Group Limited (the Group) set out on pages 16 to 101, which comprise the statements of financial position as at 31 December 2018, and the statements of comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Group as at 31 December 2018, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report. We are independent of the Group in accordance with the Independent Regulatory Board for Auditors *Code of Professional Conduct for Registered Auditors (IRBA Code)* and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants (Parts A and B).* We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The reported key audit matters apply to the consolidated financial statements and there are no key audit matters for the separate financial statements.

KEY AUDIT MATTER	HOW THE MATTER WAS ADDRESSED IN THE AUDIT

ACQUISITION OF VIKING FISHING AND VIKING AQUACULTURE AND APPLICATION OF PURCHASE PRICE ALLOCATION AND VALUATION (GROUP)

Key audit matter

With effect from 2 July 2018, Sea Harvest Group Limited acquired selected assets and liabilities of Viking Fishing Holdings Proprietary Limited and 51% of the issued share capital of Viking Aquaculture Proprietary Limited for a total consideration of R722 million.

The accounting for such acquisitions is determined by IFRS 3 Business Combinations (IFRS 3) whose requirements can be complex and requires the directors to exercise significant judgement in identification and valuation of assets and liabilities acquired. The most significant is the determination of the Purchase Price Allocation and Valuation (PPAV) which encompasses:

- Identifying the assets and liabilities acquired;
- Valuation of such assets and liabilities acquired with reference to their fair value;
- Determination of goodwill to be recognised on acquisition; and
- Determining the value of the considerations transferred.

The directors engaged external experts to assist with the determination of the PPAV for this acquisition. Due to the value of the current year acquisitions and the level of judgement applied by the directors, the identification of assets and liabilities acquired and the fair value estimate thereof is a key audit matter.

The disclosures pertaining to the business combination is included in the judgements and estimates section of the accounting policies and in note 30 of the consolidated financial statements.

How the matter was addressed in the audit

Our audit procedures have included the following:

- Evaluating the design and implementation of key controls to mitigate the risk of inaccurate identification of assets and liabilities acquired;
- Evaluating the design and implementation of key controls to mitigate the risk of inaccurate judgements in determining estimates in valuation of assets and liabilities identified in the business acquisition;
- Inspecting the sale and purchase agreements to understand the key terms and conditions and evaluate whether the directors have appropriately applied the requirements of IFRS 3;
- Assessing the purchase price allocation valuation for accuracy, completeness and compliance with IFRS 3;
- Involvement of our internal PPAV experts in the identification and valuation of assets and liabilities acquired. It included an assessment of the reasonability of the valuation methods used and the appropriateness of key assumptions applied;
- Assessing the objectivity, expertise and experience of the director's experts;
- Assessing management's calculation of the resulting goodwill to be recognised on acquisition;
- Assessing management's calculation of the value of the considerations transferred with reference to the purchase agreements; and
- Assessing the adequacy of the group's disclosures in the financial statements in respect of the acquisition.

The PPAVs and the accounting for the acquisition transactions was assessed to be appropriate based on the evidence obtained. We consider the disclosures related to the acquisitions to be appropriate.

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF SEA HARVEST GROUP LIMITED (CONTINUED)

KEY AUDIT MATTER	HOW THE MATTER WAS ADDRESSED IN THE AUDIT
LONG-TERM FISHING PERMIT CONDITIONS (GROUP)	
The Group holds long-term fishing rights in South Africa and Australia which entitles it to quota allocations annually, enabling it to fish commercially. The long term fishing rights are subject to compliance with regulatory and financial obligations. Non-compliance with long-term fishing permit conditions could lead to reputational damage, penalties and to quota being withdrawn. This could negatively impact the Group's ability to continue as a going concern. Given the severe implications of potential non-compliance with long-term fishing permit conditions, this has resulted in significant work effort from the audit team and is therefore considered to be a key audit matter.	Our audit procedures included the following: • Evaluating the design and implementation of the controls to address the risk of non-compliance; • Reviewing compliance with regulatory and financial obligations of all long-term fishing permit conditions through, inter alia, assessment of the following: – Recalculating the total annual landings to assess whether the allocated annual quotas have been exceeded; – Review of correspondence with the regulatory body where there have been developments in the industry imposing additional regulatory or financial compliance requirements; and – Determining whether there have been any quota breaches which may impact the consolidated financial statements. There was sufficient and appropriate evidence that the long-term fishing permit conditions were adhered to.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the Report of the Directors, the Report of the Audit and Risk Committee and the Report of the Company Secretary as required by the Companies Act of South Africa, which we obtained prior to the date of this report, and the Integrated Report, which is expected to be made available to us after that date. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and / or the Company to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF SEA HARVEST GROUP LIMITED (CONTINUED)

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Deloitte & Touche has been the auditor of Sea Harvest Group Limited for 10 years.

Deloitte & Touche

Deloitte & Touche
Registered Auditor

Per: **Michael van Wyk**
Partner

29 March 2019

Unit 11 Ground Floor
La Gratitude
97 Dorp Street
Stellenbosch 7600

REPORT OF THE DIRECTORS

The directors have pleasure in submitting their report which forms part of the annual financial statements for Sea Harvest Group Limited and its subsidiaries ("the Group") for the year ended 31 December 2018.

NATURE OF BUSINESS AND OPERATIONS

Sea Harvest is a leading black-controlled and internationally recognised vertically integrated fishing and branded Fast-Moving Consumer Goods ("FMCG") business established in 1964. The Group's principal business is deep-sea trawling, the processing of its catch into a range of value-added frozen and chilled seafood and the marketing of its produce nationally and internationally.

The Group also includes Mareterram Limited, a vertically integrated agri-business listed on the Australian Stock Exchange that catches, processes and packs king and tiger prawns for the Australian domestic and international markets, and operates a nationwide food service sales and distribution business.

The acquisition of Viking Fishing Group as part of a B-BBEE consortium, and 51% of the shares of Viking Aquaculture, became effective on 2 July 2018 and was a transformational transaction for the Group, delivering diversification into other species and high value aquaculture.

FINANCIAL RESULTS AND GENERAL REVIEW

The results for the year under review are reflected in the Statement of Comprehensive Income on pages 16 to 17, for the Group and page 87 for the Company.

The profit attributable to ordinary shareholders for the year is R281.2 million (2017: R259.3 million).

SHARE CAPITAL

The following share movements occurred during the year under review:

	TOTAL SHARES IN ISSUE	LESS TREASURY SHARES	TOTAL NET SHARES IN ISSUE
Balance at the beginning of the year	**251 362 907**	**11 389 304**	**239 973 603**
Shares vested in terms of the Group's forfeitable share plan	**-**	**(646 884)**	**646 884**
Shares repurchased	**-**	**2 671 642**	**(2 671 642)**
Shares issued	**19 230 769**	**-**	**19 230 769**
Allotment of shares (Group's forfeitable share plan)	**2 271 567**	**2 271 567**	**-**
Closing balance	**272 865 243**	**15 685 629**	**257 179 614**

As part of the total purchase consideration for the acquisition of the Viking Fishing business on 2 July 2018, a total of 19 230 769 ordinary shares were issued to Viking Fishing shareholders at R13 per share amounting to R250 million.

Details of the authorised and issued share capital of the Company are set out in note 20.

REPORT OF THE DIRECTORS
(CONTINUED)

SPECIAL RESOLUTIONS

During the 2018 financial year, the shareholders of the Company passed the following special resolutions:

- The approval of the general authority to re-purchase the Company's shares, the effect of which was to authorise the Company and or its subsidiaries to re-purchase its own securities.
- The approval of the non-executive directors' remuneration, the effect of which was to approve the annual remuneration of non-executive directors for the period from 1 July 2018 to 30 June 2019.
- The general approval to provide financial assistance to related or inter-related companies, the effect of which was to authorise the Company to provide direct and indirect financial assistance to related or inter-related companies or corporation in terms of section 45 of the Companies Act.
- The general approval of provision of financial assistance for the acquisition of shares, the effect of which was to grant the Board of Directors of the Company the general authority to provide such direct or indirect financial assistance.
- The approval to issue 21 428 571 ordinary shares of no par value at a price of R14.00 per share, resulting in an aggregate subscription consideration of R300 million received from Brimstone Investment Corporation Limited on 8 January 2019.

CHANGES TO THE BOARD

LJ Penzorn retired from the Board effective 2 July 2018. KA Lagler, T Moodley and CK Zama were appointed to the Board effective 2 July 2018.

DIRECTORS

The names of the directors in office at the date of this report appear on the inside back cover of the annual financial statements, along with the name, business and postal address of the Company Secretary.

SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Details of the Company's interest in and share of aggregate profits and losses of its subsidiaries, associate and joint venture are given in separate schedules on pages 102 and 103.

PROPERTY, PLANT AND EQUIPMENT

Capital expenditure during the year amounted to R319.3 million (2017: R369.9 million). Further details are disclosed in note 7. During the year there was no major change in the nature of the assets or in the policy relating to their use.

DIRECTORS' RESPONSIBILITY FOR ANNUAL FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of the Group and Company annual financial statements of Sea Harvest Group Limited, comprising the statements of financial position as at 31 December 2018, and the statements of comprehensive income, statements of changes in equity and cash flows for the year ended, and the notes to the annual financial statements which includes a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and the requirements of the Companies Act and the JSE Listings Requirements.

INTERNAL CONTROL

The directors are responsible for such internal controls as the directors determine are necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and effective systems of risk management as well as the preparation of the supplementary schedules included in these annual financial statements.

GOING CONCERN

The directors believe that the Group and Company have adequate financial resources to continue in operation for the foreseeable future and accordingly the financial statements have been prepared on the going concern basis.

LITIGATION

There is no material litigation outstanding for the Company or its subsidiaries.

DIRECTORS' INTEREST IN SHARES

The aggregate direct and indirect beneficial interest of the directors in the issued share capital of the Company at 31 December was as follow:

	NUMBER OF SHARES			
2018	**DIRECT BENEFICIAL**	**INDIRECT BENEFICIAL**	**TOTAL**	**PERCENTAGE OF ISSUED ORDINARY SHARE CAPITAL**
M Brey	**1 035 658**	**-**	**1 035 658**	**0.38%**
JP De Freitas	**1 064 524**	**-**	**1 064 524**	**0.39%**
WA Hanekom	**-**	**730 009**	**730 009**	**0.27%**
MI Khan	**8 000**	**-**	**8 000**	**0.00%**
T Moodley	**-**	**8 000**	**8 000**	**0.00%**
LJ Penzhorn	**16 800**	**-**	**16 800**	**0.01%**
BM Rapiya	**40 000**	**-**	**40 000**	**0.01%**
F Ratheb	**2 414 407**	**-**	**2 414 407**	**0.88%**
F Robertson	**5 600**	**221 390**	**226 990**	**0.08%**
TOTAL	**4 584 989**	**959 399**	**5 544 388**	**2.02%**
2017*				
M Brey	750 314	–	750 314	0.30%
JP De Freitas	815 609	–	815 609	0.32%
WA Hanekom	-	730 009	730 009	0.29%
MI Khan	8 000	–	8 000	0.00%
T Moodley	-	8 000	8 000	0.00%
LJ Penzhorn	16 800	–	16 800	0.01%
BM Rapiya	40 000	–	40 000	0.02%
F Ratheb	1 881 169	–	1 881 169	0.75%
F Robertson	5 600	218 300	223 900	0.09%
TOTAL	**3 517 492**	**956 309**	**4 473 801**	**1.78%**

** Prior year indirect beneficial interest adjusted to exclude unvested shares held by The Sea Harvest Management Trust No. 2 and to reclassify shares held under the forfeitable shares scheme from indirect to direct beneficial interest.*

The following shares have been issued to directors in terms of the forfeitable share plan since 31 December 2018 and the date of approval of the financial statement:

M Brey	263 440
JP De Freitas	237 391
F Ratheb	498 456

Details of directors' individual interests in shares held in terms of the forfeitable share plan are set out in note 35.

REPORT OF THE DIRECTORS
(CONTINUED)

EVENTS SUBSEQUENT TO THE REPORTING DATE

On 2 January 2019, Sea Harvest Group Limited has, through its wholly-owned subsidiary Cape Harvest Food Group Proprietary Limited, acquired the entire issued share capital of Ladismith Cheese Company Proprietary Limited for a consideration of R573 million, settled in cash. Part of the consideration was funded by way of a vendor consideration placement, whereby Sea Harvest's holding company, Brimstone Investment Corporation Limited, through its wholly-owned subsidiary Newshelf 1169 Proprietary Limited, subscribed for 21 428 571 shares at a price of R14 per share, resulting in a total subscription of R300 million. This increases Brimstone Investment Corporation Limited's investment in Sea Harvest from 50.59%[1] at 31 December 2018 to 54.19%[1] at 7 January 2019. The Group is in the process of determining the fair values of the assets and liabilities of Ladismith Cheese for IFRS 3: Business Combinations purposes.

On 5 February 2019, the Group announced that, through its wholly-owned subsidiary Sea Harvest International Proprietary Limited, it had entered into a binding bid implementation agreement with its 56.3% held Australian subsidiary, Mareterram Limited, whose shares are listed on the Australian Securities Exchange, regarding the potential acquisition of all of the fully paid ordinary shares in the issued share capital of Mareterram not currently owned by Sea Harvest by way of an off-market takeover offer.

The Board of Directors has recommended a gross full and final cash dividend of 40 cents (2017: 31 cents) per share on 11 March 2019 in respect of the year ended 31 December 2018.

Other than as outlined above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect substantially the operations of the Group, the results of its operations or the state of affairs of the Group.

[1] *Including treasury shares in the calculation of the shareholding interest*

REPORT OF THE AUDIT AND RISK COMMITTEE

The Audit and Risk Committee ("the Committee") is pleased to present its report to the shareholders of the Sea Harvest Group Limited for the year ended 31 December 2018. This report is prepared in line with the Committee's responsibilities as defined in the Companies Act of South Africa (No. 71 of 2008) ("the Act"), the King IV Report on Corporate Governance™ ("King IV") for South Africa and the JSE Listings Requirements.

THE COMMITTEE'S TERMS OF REFERENCE

The Committee is governed by formal terms of reference which have been approved by the Board and which are reviewed regularly. The terms of reference include the Committee's statutory duties as described in the Act, King IV and the additional responsibilities assigned to it by the Board. A copy of the Committee's terms of reference can be found on the Group's website: www.seaharvest.co.za.

The Committee is satisfied that it has satisfactorily discharged all of its responsibilities as mandated by its terms of reference.

ROLES AND RESPONSIBILITIES

In addition to its statutory duties prescribed in the Act, the Committee is required to provide independent oversight of the system of internal controls and risk management, and the effectiveness of the internal financial controls, to assist the Board in monitoring the integrity of the Group's annual financial statements and other performance related external reports. The Committee further oversees the effectiveness and independence of the Group's external and internal assurance functions and services that contribute to the Group's financial and integrated reporting.

This report sets out the manner in which the Committee has fulfilled these responsibilities during the year under review.

COMPOSITION OF THE COMMITTEE

The Committee comprises 4 (four) independent Non-Executive Directors. Mr LJ Penzhorn retired as Chairperson and member of the Committee on 2 July 2018. Ms KA Lagler was appointed as Chairperson of the Committee with effect from 2 July 2018. In addition, Ms CK Zama was appointed as a member of the Committee on 2 July 2018.

The Nominations Committee and the Board are satisfied that the members of the Committee have the requisite knowledge and experience as set out in Section 94(5) of the Act and Regulation 42 of the Companies Regulations, 2011.

The Committee Chairperson, Ms KA Lagler, and members Mr BM Rapiya, Mr WA Hanekom and Ms CK Zama will hold office until the upcoming Annual General Meeting on 27 May 2019, where their re-election will be a matter for shareholder consideration.

The Group Chairman, Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO"), Chief Investment Officer ("CIO"), Mr MI Khan (Non-Executive Director), senior executives, internal auditors and external auditors attend the meetings of the Committee by invitation.

MEETINGS AND WORK PLAN

The agenda of the meetings are derived from the adopted work plan of the Committee which ensure that the Committee discharges its responsibilities in a structured manner.

The external and internal auditors attend committee meetings and have unrestricted access to the Committee and its Chairperson and have had the opportunity to address the Committee and its Chairperson without management being present to ensure their independence. The Committee reviewed detailed reports from the external auditors and internal auditors, the outcome of which were reported to the Board by the Chairperson of the Committee.

REPORT OF THE AUDIT AND RISK COMMITTEE
(CONTINUED)

Three Audit and Risk Committee meetings were held during the year under review and the members attendance records are set out in the table below.

MEMBERS	ATTENDANCE
LJ Penzhorn (Committee Chairperson) BCom Retired 2 July 2018	Attended 1 of 1 meetings
KA Lagler (Committee Chairperson) CA(SA) Appointed 2 July 2018	Attended 2 of 2 meetings
WA Hanekom CA(SA)	Attended 3 of 3 meetings
BM Rapiya BA Economics	Attended 2 of 3 meetings
CK Zama CA(SA) Appointed 2 July 2018	Attended 2 of 2 meetings

KEY FUNCTIONS OF THE COMMITTEE

The committee performed the following duties during the year under review:

- Reviewed the interim and annual financial statements of Sea Harvest Group Limited and recommended them to the Board for approval;
- Satisfied itself as to the adequacy of the Group's internal controls, including financial internal controls;
- Reviewed the solvency and liquidity, working capital, and going concern statements;
- Reviewed the annual dividend proposal;
- Reviewed the expertise and experience of the Group's Chief Financial Officer and finance function;
- Considered and nominated for appointment at the Annual General Meeting (AGM) the external auditors and the designated auditor for the financial year under review;
- Considered the independence and effectiveness of the external auditors;
- Determined the fees to be paid to the external auditors and the auditor's terms of engagement;
- Determined the nature and extent of non-audit services and pre-approval of such services as the Committee deemed appropriate, in accordance with the Non-Audit Services approved policy;
- Reviewed and approved the internal audit terms of reference and annual audit plan;
- Considered the effectiveness and independence of the head of internal audit and the internal audit function;
- Received and considered the Proactive Monitoring report of general findings from the JSE;
- Confirmed that there were no concerns nor complaints raised in relation to financial reporting matters and internal controls;
- Provided oversight of Information Technology governance and risk management;
- Assessed the Group's combined assurance model and risk management framework; and
- Assessed the Group's application of the King IV Principles as set out in the King IV Application Register.

FINANCE FUNCTION

The preparation of financial reports including the annual financial statements were completed under the supervision of the Group's Chief Financial Officer, Mr JP de Freitas CA(SA). The Committee reviewed and satisfied itself that the expertise and experience of Mr de Freitas, is appropriate. The Committee further reviewed and was satisfied that the expertise and resources within the finance function were appropriate.

COMBINED ASSURANCE

The Committee continues to have oversight of the Group's approach to Combined Assurance in response to the risks facing the Group, and which incorporates the "3 lines of defence" strategy. Assurance is obtained from various assurance providers in a coordinated manner, to avoid duplication of effort. The Combined Assurance framework was presented to and evaluated by the Committee during the reporting period and deemed to be appropriate.

The internal audit plan is compiled using a risk-based methodology, in consultation with management. In addition, internal and external auditors work in a collaborative manner. For the 2018 financial year, the Committee has considered the risk assesments and mitigation plans presented by management, evaluated and approved the plans of the internal audit function and the external auditors, and the outcomes of the audit work performed. The Committee is satisfied that the combined assurance framework is appropriate and provides sufficient assurance over the Group's risk universe.

The Committee meets with the external auditors without management's presence and the Chairperson of the Committee has regular meetings with the head of internal audit. The Committee is satisfied that the independent assurance providers' work undertaken together with the internal controls designed by management are adequate.

RISK MANAGEMENT AND FRAUD PREVENTION

The Group has developed a Risk Management Framework which was presented to the Committee during the year and deemed appropriate for the size and complexity of the Group. In accordance with this framework the Committee reviewed the strategic risks which could materially impact the ability of the Group to deliver its objectives and the related mitigation plans and considers these appropriate.

The Committee has also evaluated the fraud prevention strategies adopted by the Group. In the fulfilment of its oversight function the Committee is satisfied that the reported risks and fraud prevention strategies adopted are appropriate.

INFORMATION TECHNOLOGY (IT) GOVERNANCE

The Committee has oversight responsibility for IT governance and risk management. IT governance is managed through various charters, plans, policies, procedures and practices. The IT policies, in particular those pertaining to disaster recovery, have been presented and approved by the Committee. An IT Steering Committee has been established to actively manage the IT governance and risk management matters and is responsible for the Group's adherence to the various IT policies and procedures. The IT Steering Committee meets quarterly and provides formal feedback to the Committee in the form of an IT Steering Committee feedback report. The Committee is satisfied that the report of the IT Steering Committee adequately addresses IT governance and risk management requirements, including the appropriateness of IT strategies and policies, systems and network architecture, applications, disaster recovery and security management.

REPORT OF THE AUDIT AND RISK COMMITTEE
(CONTINUED)

EXTERNAL AUDITORS

Deloitte & Touche ("Deloitte") are the Group's external auditors and were appointed in 2008. Mr M van Wyk is currently the designated audit partner and was appointed as such in 2018. Mr M van Wyk has confirmed to the Committee that Deloitte have complied with the independence requirements in terms of the Independent Regulatory Board for Auditors and the South African Institute of Chartered Accountants standards.

The Committee gave due consideration to the external auditors and is satisfied that Deloitte is independent of the Group, executive and senior management and therefore able to express an independent opinion on the Group's annual financial statements.

The Committee approved the level of scope, external audit fees and extent of non-audit services for the 2018 audit. In accordance with the approved policy in respect of non-audit services performed by Deloitte, the Committee is satisfied that the fees paid to the external auditors did not exceed approved limits. The fees paid to Deloitte for non-audit services in 2018 related to taxation work and agreed upon procedures in respect of royalty certificates issued to the Marine Stewardship Council and the application for Fish Processing Establishment Rights within Cape Harvest Foods Proprietary Limited.

The Committee has evaluated the performance and conduct of the external auditor for the reporting period and is satisfied with the quality of the external auditors.

The Committee, after appropriate consideration, has nominated for approval at the upcoming AGM on 27 May 2019, Deloitte as the external auditor, and Mr M van Wyk as the designated audit partner.

SUITABILITY OF EXTERNAL AUDITOR AND DESIGNATED PARTNER

The committee reviewed and was comfortable with the performance of the external auditor during the reporting period and with the quality of the external audit process and have obtained the confirmation required in terms of section 3.84 (g) and 22.15 (h) of the Listings Requirements of the JSE.

KEY AUDIT MATTERS RELATING TO THE 2018 AUDIT

The report of the independent auditors for the year ended 31 December 2018 contained the following key audit matters and the responses to these matters by management in relation to the 2018 annual financial statements were considered by the Committee:

- Acquisition of Viking Fishing and Viking Aquaculture and application of purchase price allocation and valuation; and
- long-term fishing permit conditions;

Within the context of the audit of the annual financial statements, the Committee is satisfied that these items were suitably addressed.

INTERNAL AUDITORS

The Committee has considered the independence and effectiveness of the in-house internal audit function. The Committee has reviewed and approved the internal audit terms of reference and the coverage plans for 2018 and is satisfied, through the declarations made by the internal auditors, that the assurances provided to the Committee is aligned to the Code of Ethics of the Institute of Internal Auditors.

The head of internal audit reported to the Committee at each meeting and through these reports provided the Committee with a detailed evaluation of the internal control environment within the Group.

INTERNAL FINANCIAL CONTROLS AND FINANCIAL REPORTING PROCEDURES

The Committee has reviewed the written assessment performed by internal audit on the design, implementation and effectiveness of the Group's internal financial controls and financial reporting procedures. Based on the results of this review, information provided by management, and in conjunction with the independent assurance providers, the Committee believes the internal financial controls and financial reporting procedures are suitable and effective and provide a sound basis for the preparation and reporting of reliable financial information.

ANNUAL FINANCIAL STATEMENTS

The Committee reviewed the annual financial statements for the year ended 31 December 2018 and are satisfied that they comply with International Financial Reporting Standards. Accordingly the Committee recommended the annual financial statements to the Board for approval, which the Board subsequently approved.

GOING CONCERN, SOLVENCY AND LIQUIDITY

The Committee reviewed the going concern status of the Group and recommended to the Board that the Group is expected to operate on a going concern basis for the foreseeable future and that the Company is considered solvent and able to distribute its proposed dividend to shareholders.

JSE AND ASX REPORTING REQUIREMENTS

The Committee is satisfied that the Group has met the JSE Listing Requirements and the requirements of King IV and is satisfied with the disclosures contained in the King IV Application Register which can be found on the Group's website: **www.seaharvest.co.za.**

The governance of the Group's Australian Securities Exchange (ASX) listed subsidiary, Mareterram, is managed through representation of the Group's Chairman, CEO and CIO as non-executive directors on the Mareterram board and audit committee. The Committee is satisfied that the necessary governance standards as promulgated by the ASX Listing Rules and the ASX Corporate Governance Council have been materially complied with and where not so, appropriately disclosed.

CONCLUSION

I wish to extend my thanks to my fellow committee members for the work undertaken during this exciting period. On behalf of the Committee I wish to also thank the invitee non-executive and executive directors, management and assurance providers for their contributions to the Committee during the year.

KA Lagler
CA(SA)
29 March 2019

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 R'000	2017 R'000
Revenue	1	**2 583 341**	2 131 054
Cost of sales		**(1 675 097)**	(1 414 264)
Gross profit		**908 244**	716 790
Other operating income		**72 240**	74 707
Selling and distribution expenses		**(123 897)**	(114 771)
Marketing expenses		**(13 248)**	(15 166)
Other operating expenses		**(454 720)**	(327 747)
Operating profit before fair value gains, joint venture and associate income	2	**388 619**	333 813
Share of profit from associate		**647**	–
Share of profit from joint venture		**-**	1 000
Gain recognised on disposal of interest in joint venture		**-**	23 155
Fair value gains		**48 743**	24 825
Operating profit before net finance costs and taxation		**438 009**	382 793
Investment income	3	**46 125**	17 206
Finance costs	4	**(90 130)**	(38 848)
Profit before taxation		**394 004**	361 151
Taxation	5	**(100 871)**	(94 206)
Profit after taxation		**293 133**	266 945
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:		**2 149**	1 625
Remeasurement gain on defined benefit plan		**2 149**	1 625
Items that may be reclassified subsequently to profit or loss:		**(8 261)**	(31 800)
Exchange differences on foreign operations		**22 275**	(11 576)
Movement in cash flow hedging reserve		**(24 585)**	19 119
Cash flow hedging reserve recycled to other operating income		**20 614**	(47 342)
Cost of hedging reserve		**(37 769)**	–
Deferred taxation effect		**11 204**	7 999
Other comprehensive loss, net of taxation		**(6 112)**	(30 175)
Total comprehensive income for the year		**287 021**	236 770

	Notes	2018 R'000	2017 R'000
Profit after taxation attributable to:			
Shareholders of Sea Harvest Group Limited		**281 209**	259 344
Non-controlling interests		**11 924**	7 601
		293 133	266 945
Total comprehensive income for the year attributable to:			
Shareholders of Sea Harvest Group Limited		**271 525**	233 403
Non-controlling interests		**15 496**	3 367
		287 021	236 770
Earnings per share (cents)			
– Basic	6	**112.8**	119.0
– Diluted	6	**108.6**	114.7

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Notes	2018 R'000	2017 R'000
ASSETS			
Property, plant, equipment and vehicles	7	**1 604 800**	808 192
Biological assets	8	**107 646**	–
Intangible assets	9	**616 163**	489 805
Goodwill	10	**621 549**	84 220
Investment in associate	12	**5 316**	–
Available-for-sale investment	13	**-**	25 264
Investment at fair value through other comprehensive income	14	**25 264**	–
Loans to supplier partners	15	**72 182**	1 959
Financial assets	25	**25 912**	24 825
Loans to related parties	34	**72 489**	72 489
Deferred tax assets	16	**333**	243
Non-current assets		**3 151 654**	1 506 997
Trade and other receivables	18	**507 500**	332 578
Inventories	17	**396 471**	304 001
Financial assets	25	**994**	41 896
Tax assets		**9 986**	–
Cash and bank balances	19	**781 679**	383 047
Current assets		**1 696 630**	1 061 522
Total assets		**4 848 284**	2 568 519

	Notes	2018 R'000	2017 R'000
EQUITY AND LIABILITIES			
Stated capital	20	**1 538 762**	1 294 875
Other reserves	20	**(102 008)**	(71 476)
Retained earnings		**377 911**	174 267
Equity attributable to the owners of the Company		**1 814 665**	1 397 666
Non-controlling interests		**254 662**	168 313
Total equity		**2 069 327**	1 565 979
Long-term borrowings	21	**1 517 683**	315 825
Employee-related liabilities	22	**25 229**	26 342
Share-based payment liabilities	29	**27 626**	18 789
Long-term deferred grant income	23	**20 026**	12 110
Contingent consideration	24	**121 910**	–
Financial liabilities	25	**41 806**	59 348
Deferred taxation	16	**374 551**	205 277
Non-current liabilities		**2 128 831**	637 691
Short-term borrowings	21	**174 955**	31 298
Trade and other payables	26	**410 211**	269 356
Short-term deferred grant income	23	**2 317**	1 505
Financial liabilities	25	**36 726**	20 848
Short-term provisions	27	**25 121**	30 980
Taxation		**796**	10 862
Current liabilities		**650 126**	364 849
Total equity and liabilities		**4 848 284**	2 568 519

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

	ATTRIBUTABLE TO EQUITY OWNERS OF THE PARENT				
	STATED CAPITAL R'000	PREFERENCE SHARE CAPITAL AND SHARE PREMIUM R'000	INVESTMENT REVALUATION RESERVE R'000	CASH FLOW HEDGING RESERVE R'000	COST OF HEDGING RESERVE R'000
Balance as at 1 January 2017	849	368 409	17 309	22 079	–
Issue of shares	1 294 047	–	–		
Recognition of forfeitable share plan reserve	–	–	–	–	–
Redemption of preference share capital and premium	–	(368 409)	–	–	–
Rights issue by subsidiary	–	–	–	–	–
Acquisition of non-controlling interest in subsidiary	–	–	–	–	–
Profit for the year	–	–	–	–	–
Other comprehensive income for the year	–	–	–	(20 376)	–
Recognition of share-based payments	–	–	–	–	–
Transfer to share-based payment liability subsequent to modification date	–	–	–	–	–
Reclassified during the year	–	–	–	–	–
Transfer to share-based payment liability (modification)	–	–	–	–	–
Shares repurchased and distributions to participants of share trusts	(21)	–	–	–	–
Balance as at 1 January 2018	**1 294 875**	**-**	**17 309**	**1 703**	**-**
Issue of shares	**250 000**	**-**	**-**	**-**	**-**
Recognition of forfeitable share plan reserve	**-**	**-**	**-**	**-**	**-**
Shares repurchased for purposes of forfeitable share plan	**(38 526)**	**-**	**-**	**-**	**-**
Non-controlling interest at acquisition of a subsidiary	**-**	**-**	**-**	**-**	**-**
Profit for the year	**-**	**-**	**-**	**-**	**-**
Other comprehensive income for the year	**-**	**-**	**-**	**(2 542)**	**(27 194)**
Recognition of share-based payments	**-**	**-**	**-**	**-**	**-**
Transfer to share-based payment liability subsequent to modification date	**-**	**-**	**-**	**-**	**-**
Shares vested in terms of forfeitable share plan	**-**	**-**	**-**	**-**	**-**
Dividends declared and paid	**-**	**-**	**-**	**-**	**-**
Shares awarded in terms of forfeitable share plan	**32 413**	**-**	**-**	**-**	**-**
Balance as at 31 December 2018	**1 538 762**	**-**	**17 309**	**(839)**	**(27 194)**

Attributable to equity owners of the parent								
Share-based payments reserve R'000	**Foreign currency translation reserve R'000**	**Forfeitable share plan reserve (treasury shares) R'000**	**Actuarial gains/losses reserve R'000**	**Change of ownership R'000**	**Retained earnings R'000**	**Total R'000**	**Non-controlling interests R'000**	**Total equity R'000**
6 507	(29 865)	–	–	–	132 116	517 404	152 043	669 447
–	–	–	–	–	–	1 294 047	–	1 294 047
–	–	(55 000)	–	–	–	(55 000)	–	(55 000)
–	–	–	–	–	–	(368 409)	–	(368 409)
–	–	–	–	–	–	–	14 971	14 971
–	–	–	–	(399)	–	(399)	(1 080)	(1 479)
–	–	–	–	–	259 344	259 344	7 601	266 945
–	(7 190)	–	1 625	–	–	(25 941)	(4 234)	(30 175)
20 794	–	–	–	–	–	20 794	–	20 794
(5 614)	–	–	–	–	–	(5 614)	(988)	(6 602)
(1 557)	–	–	–	–	1 557	–	–	–
(19 789)	–	–	–	–	–	(19 789)	–	(19 789)
–	–	–	–	–	(218 750)	(218 771)	–	(218 771)
341	**(37 055)**	**(55 000)**	**1 625**	**(399)**	**174 267**	**1 397 666**	**168 313**	**1 565 979**
-	**-**	**-**	**-**	**-**	**-**	**250 000**	**-**	**250 000**
-	**-**	**(32 413)**	**-**	**-**	**-**	**(32 413)**	**-**	**(32 413)**
-	**-**	**-**	**-**	**-**	**-**	**(38 526)**	**-**	**(38 526)**
-	**-**	**-**	**-**	**-**	**-**	**-**	**71 348**	**71 348**
-	**-**	**-**	**-**	**-**	**281 209**	**281 209**	**11 924**	**293 133**
-	**17 903**	**-**	**2 149**	**-**	**-**	**(9 684)**	**3 572**	**(6 112)**
23 183	**-**	**-**	**-**	**-**	**-**	**23 183**	**-**	**23 183**
(11 618)	**-**	**-**	**-**	**-**	**-**	**(11 618)**	**446**	**(11 172)**
(8 086)	**-**	**8 086**	**-**	**-**	**-**	**-**	**-**	**-**
-	**-**	**-**	**-**	**-**	**(77 565)**	**(77 565)**	**(941)**	**(78 506)**
-	**-**	**-**	**-**	**-**	**-**	**32 413**	**-**	**32 413**
3 820	**(19 152)**	**(79 327)**	**3 774**	**(399)**	**377 911**	**1 814 665**	**254 662**	**2 069 327**

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 R'000	2017 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated by operations	A	**539 159**	430 241
Working capital changes	B	**11 746**	(89 250)
Cash generated by operating activities		**550 905**	340 991
Interest received		**42 425**	17 206
Dividends received		**3 700**	
Interest paid		**(83 963)**	(25 544)
Income tax paid		**(36 569)**	(80 011)
Net cash generated from operating activities		**476 498**	252 642
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property plant and equipment		**(319 275)**	(369 876)
Proceeds from the disposal of property, plant and equipment		**75 543**	2 855
Acquisition of intangible assets		**(38 925)**	(1 526)
Acquisition of a subsidiary/business	30	**(181 339)**	–
Additions to biological assets		**(37 149)**	–
Net cash utilised in investing activities		**(501 145)**	(368 547)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of equity instruments of the Company		**-**	1 239 025
Shares repurchased for purposes of forfeitable share plan		**(38 526)**	–
Shares repurchased from share trusts and distributions to participants of share trusts		**-**	(218 771)
Proceeds from borrowings		**1 271 051**	257 968
Repayment of borrowings		**(641 514)**	(332 024)
Amounts advanced to supplier partners[1]		**(68 000)**	–
Amounts advanced to related parties		**-**	(80 194)
Repayment of other financial liabilities		**(21 266)**	(22 256)
Dividends paid		**(78 506)**	–
Redemption of B and C preference share capital		**-**	(368 409)
Payment of B and C preference share dividend		**-**	(144 269)
Rights issue by subsidiary		**-**	14 971
Further investment in subsidiary		**-**	(1 479)
Net cash generated from financing activities		**423 239**	344 562
Net increase in cash and cash equivalents		**398 592**	228 657
Cash and cash equivalents at the beginning of the year		**383 047**	154 404
Effects of exchange rate changes on the balance of cash held in foreign currencies		**40**	(14)
Cash and cash equivalents at the end of the year	19	**781 679**	383 047

[1] *Relates to loans to Nalitha Investments Proprietary Limited and South African Fishing Empowerment Corporation Proprietary Limited as part of the Viking Group acquisition. These loans carry an interest at JIBAR plus 2.65%.*

	2018 R'000	2017 R'000
A. Cash generated by operations		
Profit after taxation	**293 133**	266 945
Adjustments for:		
Interest expense	**90 130**	38 848
Taxation charge	**100 871**	94 206
Investment income	**(46 125)**	(17 206)
Profit on disposal of property, plant and equipment	**(4 636)**	(3 885)
Loss on disposal of property, plant and equipment	**40**	9
Unrealised foreign exchange loss/(gains)	**14 112**	(22 606)
Depreciation and amortisation on non-current assets	**116 750**	103 063
Share of profit of associate	**(647)**	–
Share of profit of joint venture	**-**	(1 000)
Gain recognised on disposal of interest in joint venture	**-**	(23 155)
Government grant income	**(1 528)**	(1 669)
Non-cash movements in relation to share-based payments	**20 849**	13 193
Fair value gain on option	**(1 086)**	(24 825)
Fair value adjustment on contingent consideration	**(35 600)**	–
Fair value adjustment on biological assets	**(8 057)**	–
Fair value adjustment on loan receivable	**(4 000)**	–
Non-cash movement on biological assets	**22 928**	–
Movement in provisions and other non-cash movements	**(17 975)**	8 323
	539 159	430 241
B. Movements in working capital	**11 746**	(89 250)
Increase in trade receivables	**(60 201)**	(53 547)
Increase/(decrease) in trade payables	**86 502**	(21 448)
Increase in inventory	**(14 555)**	(14 255)
Cash generated by operating activities	**550 905**	340 991

SEGMENT REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

As a result of the business combination, the South African Operations, as reported in prior years, now include the Viking Fishing business forming the South African Fishing segment and a new reportable segment, Aquaculture, was formed.

BASIS OF SEGMENT PRESENTATION

The segment information has been prepared in accordance with IFRS 8 – Operating Segments which defines requirements for the disclosure of financial information of an entity's operating segments. The standard requires segmentation based on the Group's internal organisation and internal accounting presentation of revenue and operating income.

IDENTIFICATION OF REPORTABLE SEGMENTS

The Group discloses its reportable segments according to the entity components that the chief operating decision maker monitors regularly in making decisions about operating matters. The Group has three reportable segments being the South African Fishing, Aquaculture and Australian operations.

Segment information is prepared in conformity with the basis that is reported to the CEO, who is the chief operating decision maker, in assessing segment performance and allocating resources to segments. These values have been reconciled to the consolidated financial statements. The basis reported by the Group is in accordance with the accounting policies adopted for preparing and presenting the consolidated financial statements.

South African Fishing predominantly fish Cape Hake, Pilchards and Horse Mackerel; Aquaculture farms and sells Abalone, Mussels, Oysters and Trout and the Australian operations predominantly fish Shark Bay Prawns. The resultant products are marketed nationally and internationally.

The following tables are an analysis of the Group's revenue and results by reportable segment for the year ended 31 December 2018:

2018	SOUTH AFRICAN FISHING R'000	AUSTRALIAN OPERATIONS R'000	AQUACULTURE* R'000	TOTAL R'000
Revenue	**2 085 972**	**442 837**	**54 532**	**2 583 341**
Depreciation and amortisation	**(96 119)**	**(13 292)**	**(7 339)**	**(116 750)**
Foreign currency and commodity price gains	**39 371**	**147**	**606**	**40 124**
Employee-related expenses	**(596 748)**	**(38 383)**	**(18 725)**	**(653 856)**
Other expenses	**(1 063 068)**	**(374 991)**	**(26 181)**	**(1 464 240)**
Operating profit before fair value (loss)/gain, joint venture and associate income	**369 408**	**16 318**	**2 893**	**388 619**
Investment income	**45 992**	**4**	**129**	**46 125**
Finance costs	**(78 261)**	**(11 861)**	**(8)**	**(90 130)**
Fair value (loss)/gain	**(2 744)**	**-**	**51 487**	**48 743**
Share of profits of associate and joint venture	**-**	**-**	**647**	**647**
Profit before taxation	**334 395**	**4 461**	**55 148**	**394 004**
Taxation	**(102 019)**	**(1 618)**	**2 766**	**(100 871)**
Profit after taxation	**232 376**	**2 843**	**57 914**	**293 133**
Segment assets	**3 338 053**	**873 809**	**636 422**	**4 848 284**
Segment liabilities	**1 958 850**	**376 482**	**443 625**	**2 778 957**
Non-current assets	**1 822 899**	**715 194**	**613 561**	**3 151 654**
Additions to non-current assets[1]	**269 201**	**81 755**	**44 393**	**395 349**
The above amounts of assets and liabilities include the following:				
Investment in associate	**-**	**-**	**5 316**	**5 316**

Revenue excludes the following inter-segmental revenues between South Africa and Australia which are eliminated on consolidation: R98.2 million (2017: R100.9 million) and R2.2 million between Aquaculture and South African Fishing. South African Fishing assets include assets of R1.1 billion acquired through business combination. Refer to note 30.

* Acquaculture has been consolidated from 2 July 2018.
[1] Additions exclude non-current assets acquired through business combination as detailed in note 30.

2017	SOUTH AFRICAN OPERATIONS R'000	AUSTRALIAN OPERATIONS R'000	TOTAL R'000
Revenue	1 644 206	486 848	2 131 054
Depreciation and amortisation	(93 691)	(9 372)	(103 063)
Foreign currency and commodity price gains/(losses)	63 804	(675)	63 129
Employee-related expenses	(498 839)	(48 344)	(547 183)
Other expenses	(803 218)	(406 906)	(1 210 124)
Operating profit before fair value gain, joint venture and associate income	312 262	21 551	333 813
Investment income	17 206	–	17 206
Finance costs	(30 521)	(8 327)	(38 848)
Fair value gain	24 825	–	24 825
Gain recognised on disposal of interest in joint venture	23 155	–	23 155
Share of profits of associate and joint venture	1 000	–	1 000
Profit before taxation	347 927	13 224	361 151
Taxation	(96 172)	1 966	(94 206)
Profit after taxation	251 755	15 190	266 945
Segment assets	1 732 386	836 133	2 568 519
Segment liabilities	638 084	364 456	1 002 540
Non-current assets	872 534	634 463	1 506 997
Additions to non-current assets[1]	340 530	30 873	371 403

INFORMATION REGARDING MAJOR CUSTOMERS

No customers (2017: nil) individually contribute 10% or more of the Group's revenue arising from the South African Fishing, Aquaculture and Australian operations.

GROUP AND COMPANY ACCOUNTING POLICIES

STATEMENT OF COMPLIANCE

The consolidated (or "Group") and separate (or "Company") financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), in compliance with the JSE Listings Requirements, the interpretations adopted by the International Accounting Standards Board ("IASB"), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, and the requirements of the South African Companies Act, 71 of 2008. The financial statements were approved for issue by the Board of Directors on 29 March 2019.

BASIS OF PREPARATION

The Group and Company financial statements are prepared in accordance with the going concern and historical cost basis except for the revaluation of certain assets and liabilities detailed in note 8 and note 31.

The presentation currency of the Group and Company financial statements is South African Rand and all amounts are rounded to the nearest thousand, except when stated otherwise.

The preparation of the Group and Company financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that may affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision only affects that period, or in the period of the revision and future periods if the revision affects both current and future periods.

JUDGEMENTS AND ESTIMATES

The following are the critical judgements that the directors have made in the process of applying the Group's and Company's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements:

- Estimates of asset useful lives and depreciation methods

  Intangibles and property, plant and equipment are depreciated over their useful lives taking into account the estimated residual values at the end of their useful life. Useful lives and residual values are assessed annually by management and are based on historical experience with similar assets as well as management's anticipation of future events and market conditions.

  Significant judgement was made by management in estimating the useful life of abalone plants that were acquired through business combination. A useful life of 40 years was determined by management adjusted for wear and tear as these plants have been in operation for 5 years.

  Refer to note 7 and 9 for further detail.
- Impairment of intangible assets including goodwill

  Indefinite useful life intangible assets and goodwill are assessed for impairment annually. The value in use calculation requires management to estimate future cashflows and a suitable discount rate in order to calculate present value.

  Refer to note 9 and 10 for further detail.
- Fair value adjustment on biological assets

  In measuring the fair value of abalone, fish, oysters and mussels, various management estimates and judgements are required. The fair value is determined based on market prices of abalone, fish, oysters and mussels of a similar age, breed and generic merit. In order to measure and value biological assets, management uses a growth-formula and drip- and purge-loss factors to determine the weight of the animals at the reporting date. These formulas are based on empirical evidence and confirmed industry norms.

  Refer to note 8 for further detail.
- Financial instruments

  Management uses their judgment in selecting an appropriate valuation technique for financial instruments which are not quoted in an active market. Valuation techniques commonly used by market practitioners are applied.

  Refer to note 13,14 and 25 for further detail.
- Post-retirement medical aid benefits

  The assumptions and estimates made in in the valuation of the defined benefit plans are set out in note 22.
- Share-based payments

The value attached to share-based payments is estimated using valuation models requiring inputs that are based on estimates derived from available data. Refer to note 29 for more detail.

- Business combinations

  Management have made judgements and estimates in determining the fair value of the assets and liabilities purchased in a business combination, in particular intangible assets, fishing trawlers and abalone plants. Industry specialists were consulted where necessary.

The principal accounting policies adopted in the preparation of the Group and Company financial statements are set out below. The accounting policies have been consistently applied, in all material respects, unless stated otherwise. Accounting policies which are not applicable from time to time have been removed, but will be included if the type of transaction occurs in future.

BASIS OF CONSOLIDATION

The Group financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company has power over the investee; is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in the net assets of subsidiaries are identified separately from the Group's equity. Non-controlling interests consist of the amount of the non-controlling shareholder's interest at the date of the original business combination and their share of changes in equity since the date of the acquisition.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent Company using consistent accounting policies.

INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

An associate is an entity over which the Group has significant influence. 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.

A joint venture is a contractual arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results, assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities.

Unrealised profits or losses from transactions between Group entities and an associate or joint venture are eliminated to the extent of the Group's interest therein. Unrealised losses on transactions with joint ventures are eliminated in the same way as unrealised gains except that they are only eliminated to the extent that there is no evidence of impairment.

Loans extended to an associate or joint venture is regarded as part of the entity's net investment in the associate or joint venture for purposes of recognising losses and for impairment purposes. The loan however still represents a financial instrument that should be measured in accordance with IFRS 9: Financial Instruments and which should be disclosed in accordance with IFRS 7 Financial Instruments: Disclosure

GROUP AND COMPANY ACCOUNTING POLICIES
(CONTINUED)

BUSINESS COMBINATIONS

The acquisition of businesses is accounted for using the acquisition method. Consideration transferred in a business combination is measured at fair value at the date of acquisition as being the sum of assets transferred, liabilities incurred or assumed and the equity interests issued by the Group in exchange for control of the acquiree.

Goodwill is measured as the excess of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis.

It is the Group's policy to subsume into goodwill any intangible that does not qualify for separate recognition such as non-contractual customer relationships.

All acquisition-related costs are charged to the statement of comprehensive income as expenses except for qualifying costs relating to the issuance of debt or equity instruments which are either capitalised to the carrying value of the debt instrument or charged directly to equity.

Contingent consideration that are not linked to continued employment for key management personnel or founders in the acquiree are included as part of the consideration transferred as part of the business combination at fair value at acquisition date and subsequently accounted for at fair value at every reporting date.

GOODWILL

Goodwill is classified as an intangible asset with an indefinite useful life and is initially recognised at cost and is subsequently measured at cost less accumulated impairment.

If the initial accounting for business combinations has been determined provisionally, then adjustments to the fair values of assets and liabilities resulting from the emergence of new information within the measurement period relating to the acquisition date are made against goodwill. In addition, goodwill is adjusted for changes in the fair value of contingent considerations that qualify as measurement period adjustments.

IMPAIRMENT

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable, excluding value added tax. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue from the sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery. The normal credit terms are 30 to 90 days upon delivery.

The Group considers whether there are other promises in the sales order that are separate performance obligations to which a portion of the transaction price needs to be allocated such as warranties and customer loyalty points.

Dividend income is recognised when the shareholder's right to receive payment has been established.

GOVERNMENT GRANTS

Government grants are initially recognised as deferred income when there is reasonable assurance that they will be received and that there is reasonable assurance that the Group will comply with the conditions attaching to them.

Government grants that compensate the Group for expenses incurred are recognised as income over the period necessary to match them with the related costs for which the grants are intended to compensate. Government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

LEASES

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

EMPLOYEE BENEFITS

SHORT-TERM EMPLOYEE BENEFITS

The cost of all short-term employee benefits is recognised as an expense during the period in which the employee renders the related service.

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave, and other short-term benefits at the undiscounted amount of the benefits expected to be paid in exchange for that service.

OTHER LONG-TERM EMPLOYEE BENEFITS

Liabilities recognised in respect of long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

DEFINED CONTRIBUTION PLANS

The Groups' contribution to defined contribution plans is recognised as an expense when employees have rendered service entitling them to the contributions.

DEFINED BENEFIT PLANS

The Group provides post-retirement medical aid benefits to certain of its retirees. This practice has been discontinued and this benefit is no longer offered to current or new employees. The Group's obligation is calculated by estimating the amount of future benefits that qualifying employees have earned in return for their service in current and prior periods. The cost of providing these benefits is determined using the projected unit credit method, with actuarial valuations being carried out by independent actuaries at the end of each annual reporting period.

Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements) and net interest costs are recognised in profit or loss in the period of a plan amendment.

Actuarial gains or losses and the return on plan assets (excluding interest) from defined benefit plans are recognised immediately in other comprehensive income and will not be reclassified to profit or loss.

SHARE-BASED PAYMENT TRANSACTIONS

EQUITY-SETTLED SHARE-BASED BENEFITS

In terms of the Group's share plans, executive directors and senior managers are awarded forfeitable shares in the Group. Refer to note 29 for a detailed description of the plans.

The equity settled share-based payment reserve is measured at the fair value of share instruments granted to Group employees at grant date with a corresponding charge to profit or loss over the period during which the employee becomes unconditionally entitled to the instruments.

The fair value of the instruments granted is measured using generally accepted valuation techniques, taking into account the terms and conditions upon which the instruments are granted.

RECLASSIFICATION FROM EQUITY SETTLED TO CASH SETTLED

The Group has two controlled trusts which have been established as vehicles through which certain executives, senior managers and employees have made an investment in or acquired an economic exposure to shares in the Group.

The Group measured the liability initially using the reclassification date fair value of the equity award based on the elapsed portion of the vesting period. This amount is recognised as a liability with the corresponding entry in equity.

Subsequent to the modification of the share schemes, the Group recognises, as a minimum, the services received measured at the grant date fair value of the equity instruments granted.

CASH-SETTLED TRANSACTIONS

The fair value of the amount payable to employees in respect of these shares, which are now settled in cash, is recognised as an expense, with a corresponding increase in liabilities, over the period in which the employee becomes unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date. Any changes in the fair value of the liability are recognised in profit or loss.

BORROWING COSTS

Interest costs are charged against income in the period in which incurred, unless they are directly attributable to the acquisition, construction or production of a qualifying asset, in which case they are capitalised to the cost of the asset.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

GROUP AND COMPANY ACCOUNTING POLICIES
(CONTINUED)

TAXATION

Income tax expense on the profit or loss for the year represents the sum of the tax currently payable and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity in which case the tax is recognised in other comprehensive income or in equity, respectively.

CURRENT TAX

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

DEFERRED TAX

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

Deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and differences relating to investments in subsidiaries and jointly controlled entities to the extent that they will probably not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

PROPERTY, PLANT AND EQUIPMENT

INITIAL RECOGNITION

Property, plant and equipment are initially recognised at cost, being the cash price equivalent at the recognition date. The cost of an asset comprises any costs incurred in bringing the asset to the location and condition necessary for it to operate as intended by management.

FREEHOLD LAND AND BUILDINGS

Immovable property owned by the Group is classified as owner-occupied property and carried at cost less accumulated depreciation and impairment. Land is shown at cost less impairment and is not depreciated.

LEASEHOLD LAND AND BUILDINGS

Improvements to leasehold property are capitalised and depreciated over the remaining period of the lease.

PLANT, MACHINERY, EQUIPMENT, MOTOR VEHICLES AND FISHING TRAWLERS AND REFITS

Plant, machinery, equipment, motor vehicles and fishing trawlers and refits are carried at cost less any accumulated depreciation and impairment losses. When plant, machinery and equipment comprise major components with different useful lives, these components are depreciated as separate items. In the case of fishing trawler refits, these costs are depreciated over the period between each vessel refit.

Subsequent costs are included in the assets carrying amount or recognised as a separate asset only when it is probable that future economic benefits associated with the item can be measured reliably. All other repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

DEPRECIATION

Depreciation begins when the asset is ready for its intended use and is recognised so as to write off the cost of the asset less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The anticipated useful lives for classes of property, plant and equipment are as follows:

	Useful life
Freehold buildings	1 – 50 years
Leasehold improvements	term of lease
Fishing trawlers	3 – 45 years
Refits	2 – 2.5 years
Plant, machinery and equipment	1 – 40 years
Motor vehicles	2 – 14 years
Office equipment	2 – 26 years

DERECOGNITION

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

IMPAIRMENT

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss and that the carrying amount might not be recoverable.

Recoverable amount is the higher of fair value less costs of disposal and value in use. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

INTANGIBLE ASSETS (OTHER THAN GOODWILL)

Intangible assets consist of fishing licenses, fishing rights, retail agency rights, trade names, brands, maritime aquaculture and seaweed rights.

INITIAL RECOGNITION AND MEASUREMENT

Intangible assets that are acquired separately are initially measured at cost. The cost of intangible assets acquired as part of a business combination and recognised separately from goodwill is recognised at fair value at the date of acquisition.

SUBSEQUENT MEASUREMENT

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

The anticipated useful lives used in the determination of the amortisation charge on initial recognition are as follows:

	Useful life
Fishing rights	Two allocation cycles
Fishing licences	Indefinite
Trade names	5 years
Maritime and Seaweed rights	8 – 14 years

DERECOGNITION

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

IMPAIRMENT

Intangible assets are tested for impairment on an annual basis, or more frequently if events or changes in circumstances indicate that the carrying value may be have suffered an impairment loss and that the carrying amount might not be recoverable.

Recoverable amount is the higher of fair value less costs of disposal and value in use. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit of loss.

BIOLOGICAL ASSETS

Biological assets consist of abalone, mussels, oysters and fish in the water cultivated at aquaculture farms and are measured at their fair value less estimated point-of-sale costs. Fair value is determined based on the market prices of biological assets of similar age, breed and genetic merit. Point of sale costs includes all costs that would be incurred in order to get the biological assets` to the customer. 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.

GROUP AND COMPANY ACCOUNTING POLICIES
(CONTINUED)

INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in-first-out basis and include expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Where necessary, the carrying amounts of inventory is adjusted for obsolete, slow-moving and defective inventories.

PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

FINANCIAL ASSETS

The following categories of financial assets are recognised in the statement of financial position: 'investments and loans', 'Investment at fair value through other comprehensive income' financial assets, 'cash and cash equivalents', 'derivative financial assets' and 'trade and other receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

INVESTMENTS

Investments consist of listed and unlisted equities and are measured at cost less impairment.

LOANS

Loans are carried at amortised cost, less provisions made for irrecoverable amounts.

INVESTMENT AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The Group elected to classify irrevocably its non-listed equity investments under this category.

Investment at fair value through other comprehensive income financial assets are measured at fair value, and any fair value changes in the carrying amount of financial assets are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. Gains and losses on these financial assets are never recycled to profit or loss.

Dividends are recognised as other income in the statement of comprehensive income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consists of cash on hand and short-term deposits held with banks that are available for use by the Group and are initially measured at fair value. Due to their short-term nature, amortised cost approximates fair value.

DERIVATIVE FINANCIAL ASSETS

Derivatives financial assets are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

TRADE AND OTHER RECEIVABLES

Trade and other receivables are recognised at originated cost less allowance for credit notes. The carrying amount of trade and other receivables is reduced by impairment allowance using lifetime expected credit loss based on reasonable and supportable information that is available at reporting date about past events, current conditions and forecast of future economic conditions, taking into account an unbiased and probability-weighted amount that is determined by evaluating range of possible outcomes and time value of money.

Changes in the carrying amount of the allowance account are written off against the allowance account and the recovery of amounts subsequent to being written off are recognised in profit or loss.

IMPAIRMENT OF FINANCIAL ASSETS

Lifetime expected credit losses are recognised for all financial assets at reporting every reporting period for which there have been significant increases in credit risk since initial recognition, whether assessed on an individual or collective basis.

For certain categories of financial assets, such as loans and trade and other receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually, where there is objective evidence of impairment on a collective basis.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

Equity instruments designated at fair value through other comprehensive income are not subject to impairment assessment.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

DERECOGNITION OF FINANCIAL ASSETS

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

INTEREST INCOME

Interest income is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

EQUITY INSTRUMENTS AND FINANCIAL LIABILITIES

CLASSIFICATION AS DEBT OR EQUITY

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

EQUITY INSTRUMENTS

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

A repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

FINANCIAL LIABILITIES

Financial liabilities are recognised when there is a contractual obligation to deliver cash or another financial asset or to exchange financial instruments with another entity on potentially unfavourable terms. Financial liabilities consist of long term loans, trade and other payables, liabilities at fair value through profit or loss ("FVTPL") and other derivative financial liabilities. Financial liabilities are initially recognised at cost and subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

LONG-TERM LOANS

Long-term loans are financial liabilities with fixed or determinable payments. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowings using the effective interest method.

TRADE AND OTHER PAYABLES

Trade and other payables are stated at amortised cost using the effective interest rate method.

FINANCIAL LIABILITIES AT FVTPL

Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value with any gains or losses arising on remeasurement recognised in profit or loss.

GROUP AND COMPANY ACCOUNTING POLICIES
(CONTINUED)

DERIVATIVE FINANCIAL LIABILITIES

Derivative financial liabilities are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

DERECOGNITION OF FINANCIAL LIABILITIES

The Group derecognises financial liabilities when the Group's obligation is discharged, cancelled or they expire.

HEDGE ACCOUNTING

Hedges of foreign exchange risk on highly probable forecast transactions are accounted for as cash flow hedges. It is the Group policy to enter into forward exchange contracts for all net foreign currency trade or capital items.

At inception of the hedge relationship, the group documents the identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

CASH FLOW HEDGES

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss and is included in the 'other gains and losses' line item.

The Group designates only the spot element of forward contracts as a hedging instrument. The forward element is recognised in other comprehensive income and accumulated in a separate component of equity under cost of hedging reserve.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in 'other gains and losses' line item.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when the hedging relationship no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

FOREIGN CURRENCIES

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for exchange differences on transactions entered into in order to hedge certain foreign currency risks which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purposes of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into South African Rand using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate).

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

SEGMENT REPORTING

The Group identifies operating segments based on internal reports and information that are regularly reviewed by the Group's chief operating decision maker ("CODM"). An operating segment is defined as a component of an entity that engages in business activities from which it may earn revenues and incur expenses whose operating results are used by the CODM to make decisions about resources allocated to the segment and to assess its performance.

DIVIDENDS

Dividends payable and the related tax are recognised as liabilities in the period in which the dividends are declared.

APPLICATION OF NEW AND REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

In the current year, the Group has applied a number of new and revised IFRS issued by the International Accounting Standards Board ("IASB") that are mandatory and effective for an accounting period that begins on or after 1 January 2018.

IFRS 15: Revenue from contracts with customers

The adoption of IFRS 15 had no material impact on the Group except for the disaggregation of revenue as provided in note 1.

IFRS 9: Financial Instruments

The implementation of IFRS 9 resulted in the reclassification of the R25 million "available-for-sale" investment to an equity instrument irrevocably designated as at fair value through other comprehensive income as disclosed in note 13 and 14. There is no reclassification of fair value changes on the "available-for-sale" investments as these are already reported in equity. As a result of adopting IFRS 9, the Group has elected to designate the spot element of the forward contracts for hedge accounting with the forward points of effective hedges deferred in other comprehensive income as the cost of hedging. Refer to note 18 for the assessment of expected credit losses.

IFRS 2: Share-based Payment (Amendments)

At the date of approval of these financial statements the following relevant new or revised standards and interpretations were in issue but not yet effective:

Standards applicable to the Group for the year ending 31 December 2019:

IFRS 16: Leases

IFRS 16 was issued in January 2016, replacing IAS 17 Leases and IFRIC 4: Determining whether an Arrangement contains a Lease. IFRS 16 contains principles for the recognition, measurement, presentation and disclosure of leases. In terms of IFRS 16, the group will recognise all leases (with limited exceptions) as right-of-use assets and obligations to make lease payments in the statement of financial position.

The Group has assessed the impact of adopting IFRS 16 and it is expected to result in the recognition of new assets estimated at an amount of R117.9 million and liabilities estimated at R137 million relating to operating leases.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 R'000	2017 R'000
1. REVENUE		
Group revenue for the year can be analysed as follows:		
Revenue from the sale of goods	**2 583 341**	2 125 028
Revenue from the performance of services[1]	**-**	6 026
	2 583 341	2 131 054
Revenue from sale of goods comprise of:		
Cape Hake	**1 351 669**	1 232 227
Traded and other	**652 359**	418 957
Prawns	**176 484**	202 133
Vegetables and meals	**108 343**	120 985
High value by-catch	**150 130**	108 828
Scallops and crabs	**43 248**	41 898
Horse Mackerel	**65 726**	–
Abalone	**35 382**	–
	2 583 341	2 125 028
Revenue is further split by geographic region as follows:		
South Africa	**1 079 820**	821 317
Southern Europe	**720 892**	551 823
Australia	**471 997**	506 069
Northern Europe	**188 439**	203 683
Other Markets	**122 193**	48 162
	2 583 341	2 131 054

[1] *With the adoption of IFRS 15: Revenue from contracts with customers, the Group recognises only service revenue if there is a contract with the customer. All other incidental income from customers is classified as other income.*

Revenue from Cape Hake, vegetables and meals and high value by-catch is disclosed in the South African Fishing Segment. Scallops, crabs and Horse Mackerel revenue is disclosed in the Australian segment. Abalone revenue is disclosed in the Aquaculture segment.

	2018 R'000	2017 R'000
2. OPERATING PROFIT BEFORE FAIR VALUE GAINS, JOINT VENTURE AND ASSOCIATE INCOME		
Operating profit before fair value gains, joint venture and associate income is arrived at after taking into account the following:		
Income		
Foreign currency and commodity price gains	**40 123**	63 129
Government grant income	**2 314**	1 669
Profit on the disposal of property, plant and equipment	**4 636**	3 885
Operating expenses		
Amortisation of intangibles	**6 237**	4 029
Auditors remuneration		
– external statutory audit	**4 300**	3 827
– other	**773**	137
Depreciation	**110 513**	99 034
Inventory adjustments		
– net (decrease)/increase in the provision for obsolescence	**(2 057)**	3 789
– write downs to net realisable value	**205**	6 820
Loss on the disposal of property, plant and equipment	**40**	9
Operating lease rental expense		
– Land and buildings	**9 348**	8 420
– Property, plant and equipment	**14 214**	9 108
Employee-related expenses		
Salaries, wages and other short-term benefits	**653 855**	547 183
Share-based payments expense	**20 849**	16 471
Post-employment benefits	**23 892**	22 413
Total employee-related expenses	**698 596**	586 067
3. INVESTMENT INCOME		
Interest received on bank deposits and from external parties	**42 425**	17 206
Dividends received from investment at fair value through other comprehensive income	**3 700**	–
	46 125	17 206
4. FINANCE COSTS		
Interest on borrowings	**84 006**	27 386
Preference and participation dividends	**-**	8 864
Other	**6 124**	2 598
	90 130	38 848

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

5. TAXATION

	2018 R'000	2017 R'000
Current tax: South Africa		
In respect of the current year	**15 007**	80 425
In respect of prior years	**1 766**	(1 017)
	16 773	79 408
Deferred tax: South Africa		
In respect of the current year	**82 480**	13 909
In respect of prior years	**-**	1 395
	82 480	15 304
Securities transfer tax: South Africa		
In respect of the current year	**-**	1 460
	-	1 460
Current tax: Australia[1]		
In respect of the current year	**1**	–
In respect of prior years	**-**	7 897
	1	7 897
Deferred tax: Australia		
In respect of the current year	**1 791**	(8 694)
In respect of prior years	**(174)**	(1 169)
	1 617	(9 863)
Taxation charge	**100 871**	94 206
Deferred tax recognised through other comprehensive income		
Fair value remeasurement of cash flow hedges	**11 204**	7 999
	11 204	7 999
Tax rate reconciliation		
Profit before tax	**394 004**	361 151
Income tax expense calculated at 28% (2017: 28%)	**110 321**	101 122
Over provided previous year	**1 591**	7 106
Non taxable income[2]	**(20 583)**	(4 607)
Non-deductible expenses[3]	**10 672**	3 816
Results of joint ventures and associates	**-**	(280)
Securities transfer tax	**-**	1 460
Deferred tax asset previously not recognised	**(1 599)**	–
Deferred tax asset not recognised	**93**	54
Prior year assessed losses	**466**	(12 705)
Capital gains tax	**(194)**	(1 870)
Disposal of deferred tax	**-**	(156)
Tax effect of tax rates of subsidiary operating in other jurisdiction	**104**	266
Taxation charge	**100 871**	94 206

[1] *The Australian tax rate is 30% (2017: 30%).*

[2] *Non taxable income relates to the fair value adjustment on the deferred contingent consideration of R43.2 million. Refer to note 24.*

[3] *Non-deductible expenses mainly relates to acquisition-related costs of R29.4 million. Refer to note 30.*

	NUMBER OF SHARES 2018	2017
6. EARNINGS PER SHARE		
6.1. CALCULATION OF WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES		
Weighted average number of ordinary shares used in the calculation of basic earnings per share	**249 202 106**	217 859 827
Dilutive treasury shares	**9 786 612**	8 313 698
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	**258 988 718**	226 173 525

	GROSS OF TAX 2018 R'000	NET OF TAX AND NON-CONTROLLING INTEREST 2018 R'000	GROSS OF TAX 2017 R'000	NET OF TAX AND NON-CONTROLLING INTEREST 2017 R'000
6.2. DETERMINATION OF HEADLINE EARNINGS				
Profit attributable to shareholders of Sea Harvest Group Limited	**394 004**	**281 209**	361 151	259 344
Adjusted for:				
Gain and loss on disposal of property, plant and equipment	**(4 596)**	**(3 310)**	(3 876)	(2 791)
Gain on sale of joint venture	**-**	**-**	(23 155)	(21 236)
Headline earnings for the year	**389 408**	**277 899**	334 120	235 317

	2018	2017
Headline earnings per share (cents)		
– Basic	**111.5**	108.0
– Diluted	**107.3**	104.0
Basic earnings per share (cents)	**112.8**	119.0
Diluted earnings per share (cents)	**108.6**	114.7

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FOR THE YEAR ENDED 31 DECEMBER 2018

7. PROPERTY, PLANT AND EQUIPMENT AND VEHICLES

2018	FREEHOLD LAND AND BUILDINGS R'000	LEASEHOLD LAND AND BUILDINGS R'000	FISHING TRAWLERS AND REFITS R'000	PLANT, MACHINERY AND EQUIPMENT R'000	MOTOR VEHICLES R'000	OFFICE EQUIPMENT R'000	TOTAL R'000
Balance as at 1 January 2018	**20 658**	**9 250**	**604 204**	**153 718**	**1 439**	**18 923**	**808 192**
Cost	**22 879**	**32 274**	**837 009**	**250 531**	**4 111**	**40 028**	**1 186 832**
Accumulated depreciation and impairment	**(2 221)**	**(23 024)**	**(232 805)**	**(96 813)**	**(2 672)**	**(21 105)**	**(378 640)**
Transfers in	**-**	**-**	**20 842**	**7 235**	**-**	**7 796**	**35 873**
Transfers out	**-**	**-**	**-**	**(35 873)**	**-**	**-**	**(35 873)**
Additions	**58**	**8 183**	**157 847**	**144 209**	**199**	**8 779**	**319 275**
Acquisitions through business combinations	**52 340**	**2 116**	**186 095**	**400 679**	**8 128**	**3 106**	**652 464**
Disposals/Derecognition	**(61)**	**-**	**(70 109)**	**(561)**	**(214)**	**(3)**	**(70 948)**
Cost	**(61)**	**(155)**	**(150 478)**	**(11 236)**	**(316)**	**(264)**	**(162 510)**
Accumulated depreciation and impairment	**-**	**155**	**80 369**	**10 675**	**102**	**261**	**91 562**
Depreciation for the year	**(1 640)**	**(3 161)**	**(72 125)**	**(24 763)**	**(1 322)**	**(7 502)**	**(110 513)**
Effect of foreign currency exchange differences	**921**	**-**	**4 205**	**724**	**15**	**465**	**6 330**
Balance as at 31 December 2018	**72 276**	**16 388**	**830 959**	**645 368**	**8 245**	**31 564**	**1 604 800**
Cost	**76 271**	**42 418**	**1 056 098**	**756 340**	**12 163**	**60 139**	**2 003 429**
Accumulated depreciation and impairment	**(3 995)**	**(26 030)**	**(225 139)**	**(110 972)**	**(3 918)**	**(28 575)**	**(398 629)**
2017							
Balance as at 1 January 2017	21 202	12 435	396 623	95 528	2 020	13 705	541 513
Cost	21 705	32 192	607 143	176 347	3 863	29 932	871 182
Accumulated depreciation and impairment	(503)	(19 757)	(210 520)	(80 819)	(1 843)	(16 227)	(329 669)
Transfers in	864	–	–	655	–	228	1 747
Transfers out	–	(865)	(488)	(118)	(35)	(241)	(1 747)
Additions	235	920	283 025	74 740	199	10 757	369 876
Disposals/Derecognition	(13)	–	(865)	(10)	(7)	(43)	(938)
Cost	(13)	–	(53 072)	(46)	(54)	(221)	(53 406)
Accumulated depreciation and impairment	–	–	52 207	36	47	178	52 468
Depreciation for the year	(1 210)	(3 267)	(72 838)	(15 889)	(732)	(5 098)	(99 034)
Effect of foreign currency exchange differences	(420)	27	(1 253)	(1 188)	(6)	(385)	(3 225)
Balance as at 31 December 2017	20 658	9 250	604 204	153 718	1 439	18 923	808 192
Cost	22 879	32 274	837 009	250 531	4 111	40 028	1 186 832
Accumulated depreciation and impairment	(2 221)	(23 024)	(232 805)	(96 813)	(2 672)	(21 105)	(378 640)

In 2015, property plant and equipment with a carrying amount of approximately R62 million was acquired with the assistance of a DTI government grant. The government grant is treated as deferred income and released to the Statement of Comprehensive Income over the useful lives of the assets. (Please refer to note 23).

The moveable assets of the Group, including property, plant and equipment with a carrying amount of approximately R1.6 billion (2017: R808.2 million) have been pledged to secure long-term borrowings of the Group (see note 21).

The cost of fully depreciated property, plant and equipment amounts to R175 million (2017: R153 million).

7. PROPERTY, PLANT AND EQUIPMENT AND VEHICLES (CONTINUED)

CHANGE IN ACCOUNTING ESTIMATE

Sea Harvest has historically used the scrapping value of assets (light tonnage multiplied by steel price at year-end) to estimate the residual value of its assets. In the prior year an assessment of both the remaining useful lives and residual values of the fishing trawlers and a change in useful lives was made. In the current year, Sea Harvest Corporation Proprietary Limited disposed of a 28 year old vessel for an amount of R58 million (market value at the date of disposal), resulting in a profit of R4 million, which indicated that a second hand market exists for fishing vessels. Management therefore concluded that market value is thus a suitable estimate of residual value. The vessels' residual values have therefore been revised in line with the market values as determined by an independent valuation expert.

The impact of the above on future years is set out below.

Decrease in depreciation	R'000
Within one to five years	24 246
Within six to ten years	24 663
Thereafter	26 503
	75 412

8. BIOLOGICAL ASSETS

As result of the Viking Aquaculture acquisition in the current year, the Group owns biological assets in the form of abalone, mussels, oysters and fish. Biological assets are measured at the best estimate of fair value less anticipated marketing and other related selling costs.

8.1. RECONCILIATION OF BIOLOGICAL ASSETS

	ABALONE R'000	MUSSELS AND OYSTERS R'000	FISH R'000	TOTAL R'000
Increase due to acquisitions through business combinations	63 789	14 674	6 905	85 368
Increase due to additions and costs capitalised	20 794	6 969	9 386	37 149
Decrease due to harvests and mortalities	(9 789)	(4 674)	(8 465)	(22 928)
Fair value adjustment	5 254	1 886	917	8 057
Balance as at 31 December 2018	80 048	18 855	8 743	107 646

	ABALONE (TONS)	MUSSELS (TONS)	OYSTERS (UNITS) '000	FISH (TONS)
Quantities on hand at 31 December 2018	300	937	8 043	113
Quantities harvested during the period	79	186	1 914	56

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

8. BIOLOGICAL ASSETS (CONTINUED)

8.1 RECONCILIATION OF BIOLOGICAL ASSETS (CONTINUED)

Included in inventory finished goods is an amount of R2.7 million relating to biological assets harvested. The operating cycle is more than one year and therefore only the harvested biological assets are classified as inventory.

The fair value adjustment on biological assets of R8.1 million consists of R5.5 million relating to physical change in size and R2.6 million relating to change in market price.

The Group has budgeted to spend R3.6 million in further development and acquisition of the biological assets during the next reporting period.

There are no biological assets pledged as security for debt.

8.1.1. FAIR VALUE HIERARCHY

The fair value measurements for biological assets have been categorised as Level 3 fair values based on the inputs to the valuation techniques used.

8.1.2. LEVEL 3 FAIR VALUES

The following valuation techniques and significant unobservable inputs are used in measuring the fair value of biological assets:

Biological assets are measured at their fair value less costs to sell. The fair value of fish, mussels, oysters and abalone are determined based on market prices of these biological assets of a similar age, breed, and genetic merit. In the absence of an active market, fish, mussels, oysters and abalone are stated at cost less accumulated impairment. Subsequent expenditure incurred in the development of the fish, mussels, oysters and abalone from a certain size up to the point of maturity, is capitalised in the cost. The fair value of broodstock is determined based on market prices of broodstock of similar age, breed, and genetic merit.

Biological assets are continuously counted and weighed in predetermined cycles and at reporting dates. The present weight is calculated by extrapolating the average weight of each of the baskets on the farms at a growth rate which is equal to its life-to-date growth rate. Biological assets are then classified into weight classes for valuation purposes and valued using relevant selling prices for each weight class, adjusted for mortalities and cost to sell.

8.2. RISK MANAGEMENT STRATEGY RELATED TO AQUACULTURE ACTIVITIES

8.2.1. EXCHANGE RATE RISKS

The Group is subject to changes in the exchange rate as abalone sales prices are denominated in US dollar and biological assets are measured at fair value which is also based on the US dollar market price. The Group's currency risk management is described in note 32.

8.2.2. MECHANICAL RISKS

Reliance on plant and equipment to sustain a living environment for the abalone exposes the Group to certain risks. This risk is managed by allowing for redundancy of key equipment and generators and use of wind turbines in case of shortage of electricity supply. Critical assets are monitored with sophisticated alarm systems. Livestock mortality and asset insurance is in place.

8.2.3. DISEASE RISKS

Short-term insurance cover, as part of an overall management strategy, is utilised to protect against the replacement cost of re-stocking the farms in the event of mortalities caused by natural perils, forced de-stocking, disease or mechanical failure.

9. INTANGIBLE ASSET

2018 R'000	Indefinite useful life intangible assets: Fishing licences	Indefinite useful life intangible assets: Retail agency right	Definite useful life intangible assets: Fishing licences and permits	Definite useful life intangible assets: Maritime aqua-culture and seaweed rights	Definite useful life intangible assets: Trade names and brands	Total
Balance at the beginning of the year	**413 127**	**2 896**	**73 782**	**-**	**-**	**489 805**
Cost	**413 127**	**2 896**	**199 885**	**-**	**-**	**615 908**
Accumulated amortisation and impairment	**-**	**-**	**(126 103)**	**-**	**-**	**(126 103)**
Additions from separate acquisitions	**38 083**	**-**	**192**	**-**	**650**	**38 925**
Acquisitions through business combinations	**-**	**-**	**67 149**	**2 991**	**2 644**	**72 784**
Amortisation for the year	**-**	**-**	**(5 860)**	**(113)**	**(264)**	**(6 237)**
Effect of foreign currency exchange differences	**20 668**	**138**	**64**	**-**	**16**	**20 886**
Balance at the end of the year	**471 878**	**3 034**	**135 327**	**2 878**	**3 046**	**616 163**
Cost	**471 878**	**3 034**	**267 301**	**2 991**	**3 310**	**748 514**
Accumulated amortisation and impairment	**-**	**-**	**(131 974)**	**(113)**	**(264)**	**(132 351)**
2017 R'000						
Balance at the beginning of the year	422 020	2 958	76 356	–	–	501 334
Cost	422 020	2 958	198 437	–	–	623 415
Accumulated amortisation and impairment	–	–	(122 081)	–	–	(122 081)
Additions from separate acquisitions	–	–	1 526	–	–	1 526
Amortisation for the year	–	–	(4 029)	–	–	(4 029)
Effect of foreign currency exchange differences	(8 893)	(62)	(71)	–	–	(9 026)
Balance at the end of the year	413 127	2 896	73 782	–	–	489 805
Cost	413 127	2 896	199 885	–	–	615 908
Accumulated amortisation and impairment	–	–	(126 103)	–	–	(126 103)

The fishing licences that were acquired as part of the Mareterram Limited business acquisition in 2016 have an indefinite life. The licences represent (i) 10 of 18 licences issued by the Western Australian Department of Fisheries for the Shark Bay Prawn Managed Fishery (SBPMF) and are held in perpetuity by the Group subject to compliance with regulatory and financial obligations and (ii) two spanish mackerel licences acquired in the current year. There have been no breaches of financial or regulatory obligations.

In addition, the Group acquired retail agency rights which have an indefinite life and are assessed annually for impairment. Refer to note 10., for impairment assessment of the Australian operation.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

10. GOODWILL

	2018 R'000	2017 R'000
Balance at the beginning of the year	**84 220**	86 033
Cost	**84 220**	86 033
Accumulated impairment losses	**-**	–
Additional amounts recognised from business combinations that occurred during the year	**533 307***	–
Effect of foreign currency exchange differences	**4 022**	(1 813)
Balance at the end of the year	**621 549**	84 220
Cost	**621 549**	84 220
Accumulated impairment losses	**-**	–
Allocation of goodwill to cash-generating units for the purpose of impairment reviews and testing		
Goodwill is allocated to the consolidated entity's cash-generating units (CGUs) identified according to managements's operating view of its segments.		
Before recognition of impairment losses, the carrying amount of goodwill was allocated to CGU as follows:		
South African Fishing operations[1]	**463 324**	–
Australian operations	**88 242**	84 220
Aquaculture operations[1]	**69 983**	–
	621 549	84 220

[1] *This CGU includes goodwill from acquisitions that were made during the year. Based on the value of the recent transaction and the associated cash flows, no impairment was noted.*

* *Please see note 30.*

AUSTRALIAN OPERATIONS

The recoverable amount of this cash-generating unit is determined based on a value-in-use calculation which requires the use of certain assumptions. The calculation uses cash flow projections based on financial budgets approved by the Board, covering a five-year period. The below key estimates are used in the value-in-use calculation and have changed from the prior year as a result of inflationary targets set by the Reserve Bank of Australia and independent research data:

	2018	2017
Pre-tax discount rate	**15.00%**	14.60%
Revenue growth per annum	**3.40%**	0%
Inflation	**2.00%**	1.50%
Terminal growth	**2.50%**	0.40%

10. GOODWILL (CONTINUED)

SENSITIVITY TO CHANGE IN ASSUMPTIONS

An increase of 1.30% in the weighted average cost of capital rate used, with all other variables remaining the same, would result in an impairment.

A decrease of 2.5% in the growth of product margin, with all other variables remaining the same, would result in an impairment.

No impairment charges have been deemed necessary for the current period.

AQUACULTURE OPERATIONS

The recoverable amount of this CGU is determined based on a value-in-use calculation which requires the use of certain assumptions. The calculation uses cash flow projections based on financial budgets approved by the Board, covering a five year period. The below key estimates are used in the value in use calculation:

	2018
Pre-tax discount rate	**16.10%**
Revenue growth per annum (five years average)	**25.00%**
Inflation	**5.10%**
Terminal growth	**5.30%**

The valuations resulted in a significant surplus over the carrying values of the CGU and thus the directors believe that a reasonably possible change in the assumptions would not result in an impairment of the carrying value of goodwill.

SOUTH AFRICAN FISHING OPERATIONS

The recoverable amount of the cash-generating unit was determined on the basis of fair value less costs to sell, which amounted to R1.5 billion. The fair value less costs to sell calculation used average of actual 2018 earnings and 2019 projected earnings. A price earnings multiple of 10.73 was used in the valuation, which was an average of listed companies operating in the same industry adjusted by a 15% risk factor for size and the unlisted nature of the cash-generating unit. The valuation resulted in a significant surplus over the carrying values of the CGU and thus the directors believe that a reasonably possible change in the multiple would not result in an impairment of the carrying value of goodwill.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

11. INVESTMENTS IN SUBSIDIARIES

NON-WHOLLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Summarised financial information in respect of the Group's subsidiaries that have material non-controlling interests is set out below.

The summarised financial information below represents amounts before intra-group eliminations.

	MARETERRAM LIMITED		VIKING AQUACULTURE PROPRIETARY LIMITED
	2018 R'000	2017 R'000	2018 R'000
Current assets	**165 714**	209 842	**27 930**
Non-current assets	**470 079**	485 353	**259 393**
Current liabilities	**(113 903)**	(96 547)	**(17 804)**
Non-current liabilities	**(229 270)**	(259 954)	**(306 942)**
Net assets/(liabilities) of the subsidiary	**292 620**	338 694	**(37 423)**
Attributable to owners of the Company	**164 686**	190 617	**(18 131)**
Attributable to non-controlling interests	**127 934**	148 077	**(19 292)**
Revenue	**442 837**	486 848	**56 700**
Profit for the year	**3 223**	15 339	**25 126**
Attributable to owners of the Company	**1 814**	8 633	**12 173**
Attributable to non-controlling interests	**1 409**	6 706	**12 953**
Total profit for the year	**3 223**	15 339	**25 126**
Other comprehensive loss for the year attributable to owners of the Company	**(192)**	(403)	**-**
Other comprehensive loss for the year attributable to non-controlling interests	**(149)**	(305)	**-**
Other comprehensive loss for the year	**(341)**	(708)	**-**
Total comprehensive income for the year attributable to owners of the Company	**1 622**	8 230	**12 173**
Total comprehensive income for the year attributable to non-controlling interests	**1 260**	6 401	**12 953**
Total comprehensive income for the year	**2 882**	14 631	**25 126**

Viking Aquaculture Proprietary Limited was acquired in the current year.

No dividends were paid to non-controlling interests during the current or prior reporting period.

Refer to page 102 for details of all investment in subsidiaries.

12. INVESTMENT IN JOINT VENTURE AND ASSOCIATES

12.1. INVESTMENT IN JOINT VENTURE

In the prior year the Group disposed of its interest in its joint venture (Vuna Fishing Company Proprietary Limited) for R45 million after accounting for the share of profit of R1 million.

12.2. INVESTMENT IN ASSOCIATE

This relates to Viking Aquaculture Proprietary Limited's 30% investment in Specialised Aquatic Feeds Proprietary Limited, acquired in the current year. Specialised Aquatic Feeds Proprietary Limited provides feeds for the biological assets within the Aquaculture operations.

The following table illustrates the summarised financial information of the Group's investment in Specialised Aquatic Feeds Proprietary Limited:

	2018 R'000
Current assets	**14 523**
Non-current assets	**17 450**
Current liabilities	**(8 743)**
Non-current liabilities	**(10 447)**
Net assets of the associate	**12 783**
Revenue	**37 820**
Expenses	**(34 824)**
Operating profit before tax	**2 996**
Income tax expense	**(839)**
Profit for the year	**2 157**
Group's share of profit for the year	**647**

Reconciliation of the above summarised financial information to the carrying amount of the investment in associate recognised in the consolidated financial statements:

Net assets of the associate	**12 783**
Proportion of the Group's ownership interest in the associate	**30%**
Share of associate's net assets	**3 835**
Pre-acquisition impairment reversal not recognised	**(5 950)**
Loans to associate	**4 000**
Goodwill recognised at acquisition of the associate	**3 431**
Carrying amount of the Group's interest in the associate	**5 316**

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FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 R'000	2017 R'000
13. AVAILABLE-FOR-SALE INVESTMENT		
Desert Diamond Fishing Proprietary Limited	-	25 264
	-	25 264

The Group holds 10% of the ordinary share capital of Desert Diamond Fishing Proprietary Limited, a Company involved in the fishing and fish processing industries.

This investment was previously classified as "available-for-sale". With the adoption of IFRS 9, the Group has irrevocably elected to classify this investment as measured at fair value through other comprehensive income because it is held as a long-term strategic investment that is not expected to be sold in the short- to medium-term. As a result, the investment with a fair value of R25 million was reclassified from "available-for-sale" to investment at fair value through other comprehensive income.

14. INVESTMENT AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2018 R'000	2017 R'000
Desert Diamond Fishing Proprietary Limited	**25 264**	–
	25 264	–

The Group reassesses the valuation of the investment at fair value through other comprehensive income annually by using an asset valuation method performed by an independent valuator.

ASSUMPTION SENSITIVITY ANALYSIS

The Group has performed a sensitivity analysis relating to its exposure to a change in the assumptions used in the valuation. This sensitivity analysis demonstrates the increase/(decrease) on the investment which could result from a change in this assumption.

	2018 R'000	2017 R'000
Desert Diamond vessel valuation		
+ 5%	**1 263**	1 263
– 5%	**(1 263)**	(1 263)

15. LOANS TO SUPPLIER PARTNERS

	2018 R'000	2017 R'000
Balance at the beginning of the year	**1 959**	–
Advances to supply partners[1]	**68 000**	5 094
Interest charged	**3 323**	–
Loans repaid	**(241)**	(2 155)
Current portion transferred to accounts receivable	**(859)**	(980)
Balance at the end of the year	**72 182**	1 959

[1] *Relates to loans to Nalitha Investments Proprietary Limited and South African Fishing Empowerment Corporation Proprietary Limited as part of the Viking Group acquisition. These loans carry an interest at JIBAR plus 2.65%.*

16. DEFERRED TAXATION

	2018 R'000	2017 R'000
Deferred tax assets	**(333)**	(243)
Deferred tax liabilities	**374 551**	205 277
Net Deferred Tax Liability	**374 218**	205 034
Net deferred tax liability at the beginning of the year	**205 034**	209 306
Recognised in profit or loss	**84 097**	5 441
Recognised in other comprehensive income	**(11 204)**	(7 999)
Recognition on acquisition of subsidiary/business	**92 656**	–
Effect of foreign currency exchange differences	**3 635**	(1 714)
Net deferred tax liability at the end of the year	**374 218**	205 034

The major components of the deferred tax balances are as follows:

	2018 R'000	2017 R'000
Excess tax allowance over depreciation charges for property, plant and equipment	**341 011**	127 810
Excess of tax allowances over amortisation of intangible assets	**125 158**	113 117
Available-for-sale financial assets	**–**	957
Investment at fair value through other comprehensive income	**957**	–
Derivative financial instruments	**5 636**	9 706
Difference between tax and accounting treatment of:		
– Biological assets	**6 557**	–
– Inventory	**(3 300)**	(4 833)
– Prepayments	**384**	701
– Government grants	**2 132**	1 823
– Cash flow hedges	**(7 625)**	3 508
– Voluntary Fisheries Adjustment Scheme	**(22 540)**	(26 744)
– Leases	**(2 602)**	(2 139)
Provisions	**(24 204)**	(22 660)
Other	**(2 455)**	19 126
Effect of tax losses	**(44 891)**[1]	(15 338)
	374 218	205 034

[1] *The tax losses mainly relates to the Australian and Aquaculture operations, to the extent that they are considered recoverable in the foreseeable future. The recognition of the deferred tax asset is based on the achievement of future taxable income which is highly probable based on recent forecasts and budgets.*

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 R'000	2017 R'000
17. INVENTORIES		
Raw materials	**25 599**	36 517
Work in progress	**44 763**	36 334
Finished goods	**254 333**	183 917
Consumable stores	**78 939**	56 453
	403 634	313 221
Obsolescence provision	**(7 163)**	(9 220)
Total inventories at the lower of cost and net realisable value	**396 471**	304 001

The cost of inventories recognised as an expense during the year was R1.7 billion (2017: R1.4 billion). This is recognised in cost of sales.

The cost of inventories recognised as an expense includes R0.2 million in respect of a write down of inventory to net realisable value (2017: R6.8 million reversal of write-down).

The moveable assets of the Group including inventory with a carrying amount of approximately R396.5 million (2017: R304.0 million) have been pledged to secure long-term borrowings of the Group (see note 21).

	2018 R'000	2017 R'000
18. TRADE AND OTHER RECEIVABLES		
Trade receivables	**410 005**	229 781
Less: allowance for doubtful debts	**(666)**	–
Net trade receivables	**409 339**	229 781
Short-term loans to supply partners	**859**	980
Other receivables	**18 105**	15 031
Prepayments	**35 043**	10 960
VAT receivable	**44 154**	75 826
	507 500	332 578

Trade receivables and other receivables are non-interest-bearing and are generally on terms of 30 to 90 days. Other receivables consist of non-trade debtors and other sundry receivables.

As at 31 December, the movement in the allowance for doubtful debts is as follows:

	2018 R'000	2017 R'000
Balance at the beginning of the year	**-**	–
Assumed through business combination	**(415)**	–
Increase in allowance recognised in profit or loss	**(246)**	–
Effect of foreign currency exchange differences	**(5)**	–
Balance at the end of the year	**(666)**	–

On adoption of IFRS 9: Financial Instruments, the Group assessed the impairment provision recognised under IAS 39: Financial Instruments: Recognition and Measurement and concluded there was no significant impact on the previous provision raised.

18. TRADE AND OTHER RECEIVABLES (CONTINUED)

As at 31 December, the ageing analysis of trade receivables, is as follows:

	TOTAL R'000	NEITHER PAST DUE NOR IMPAIRED R'000	30 – 60 DAYS R'000	60 – 90 DAYS R'000	PAST DUE BUT NOT IMPAIRED 90 – 120 DAYS R'000	PAST DUE BUT NOT IMPAIRED > 120 DAYS R'000
2018	**409 339**	**252 921**	**129 446**	**19 909**	**2 603**	**4 460**
2017	229 781	133 704	85 369	9 939	423	346

Trade receivables past due and impaired at the end of the year is R0.67 million (2017: nil).

Please refer to note 32 on credit risk of trade receivables, which explains how the Group manages and measures credit quality of trade receivables that are neither past due nor impaired.

The moveable assets of the Group including trade and other receivables with a carrying amount of approximately R507.5 million (2017: R332.6 million) have been pledged to secure long-term borrowings of the Group (see note 21).

19. CASH AND BANK BALANCES

	2018 R'000	2017 R'000
Cash at banks and on hand	**781 415**	334 999
Restricted cash balances (deposit funds held in escrow)	**264**	48 048
	781 679	383 047

Cash at banks earns interest at floating rates based on daily bank deposit rates.

The Mareterram Limited cash and cash equivalents with a carrying amount of approximately R1.1 million (2017: R0.64 million) which have been pledged to secure long-term borrowings of the Mareterram Limited Group (see note 21).

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 R'000	2017 R'000
20. SHARE CAPITAL AND RESERVES		
20.1. STATED CAPITAL		
Authorised		
10 000 000 000 (2017: 10 000 000 000) ordinary shares of no par value	**-**	-
Issued and fully paid		
272 865 243 (2017: 251 362 907) ordinary shares of no par value	**1 579 536**	1 297 123
Held as treasury shares		
15 685 629 (2017: 11 389 304) ordinary shares of no par value	**(40 774)**	(2 248)
Total Stated Capital	**1 538 762**	1 294 875
20.1.1. ORDINARY SHARES		
As at 31 December, the movement in share capital is as follows:		
Balance at the beginning of the year	**1 297 123**	7 420
Reclassified during the year	**-**	139
Issue of share capital, net of issue costs	**250 000**	1 239 047
Issue of shares under the group's employee share option plan	**32 413**	55 000
Share repurchase, net of tax	**-**	(4 483)
Balance at the end of the year	**1 579 536**	1 297 123
	NUMBER OF SHARES	
Balance at the beginning of the year	**251 362 907**	974 402 360
1:6 share consolidation	**-**	(812 001 966)
Issue of share capital	**19 230 769**	101 933 269
Issue of shares under the Group's forfeitable share plan	**2 271 567**	4 400 065
Shares repurchased and cancelled	**-**	(17 370 821)
Balance at the end of the year	**272 865 243**	251 362 907

20. SHARE CAPITAL AND RESERVES (CONTINUED)

	2018 R'000	2017 R'000
20.1.2. HELD AS TREASURY SHARES		
As at 31 December, the movement in share capital is as follows:		
Balance at the beginning of the year	**(2 248)**	(6 571)
Reclassified during the year	**-**	(139)
Share repurchase, net of tax	**(38 526)**	–
Shares repurchased and cancelled	**-**	4 462
Balance at the end of the year	**(40 774)**	(2 248)
	NUMBER OF SHARES	
Balance at the beginning of the year	**11 389 304**	125 160 360
1:6 share consolidation	**-**	(104 300 300)
Issue of shares under the Group's forfeitable share plan	**2 271 567**	4 400 065
Shares repurchased and cancelled	**-**	(13 870 821)
Shares repurchased for purposes of Group's forfeitable share plan	**2 671 642**	–
Shares vested in terms of the Group's forfeitable share plan	**(646 884)**	–
Balance at the end of the year	**15 685 629**	11 389 304

	2018 R'000	2017 R'000
20.1.3. PREFERENCE SHARE CAPITAL AND PREMIUM		
As at 31 December, the movement in preference share capital is as follows:		
Balance at the beginning of the year	**-**	200 017
Issue of share capital	**-**	–
Share redemption	**-**	(200 017)
Balance at the end of the year	**-**	–

In the prior year, all the issued B and C redeemable preference shares, including all accrued preference dividends were redeemed. These shares were held by Brimco Proprietary Limited, a subsidiary of Brimstone Investment Corporation Limited.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

20. SHARE CAPITAL AND RESERVES (CONTINUED)

20.2. RESERVES (NET OF INCOME TAX)

		2018 R'000	2017 R'000
Investment Revaluation Reserve	A	**17 309**	17 309
Cash Flow Hedging Reserve	B	**(839)**	1 703
Cost of Hedging Reserve	C	**(27 194)**	–
Share-Based Payment Reserve	D	**3 820**	341
Foreign Currency Translation Reserve	E	**(19 152)**	(37 055)
Forfeitable Share Plan Reserve (Treasury Shares)	F	**(79 327)**	(55 000)
Actuarial Gains/Losses Reserve	G	**3 774**	1 625
Change in Ownership	H	**(399)**	(399)
		(102 008)	(71 476)

A

The investment revaluation reserve represents the cumulative gains and losses arising on the revaluation of the "investment at fair value through other comprehensive income" financial asset that has been recognised in other comprehensive income.

B

The cash flow hedging reserve arises from the change in fair value of foreign exchange forward contracts held by the Group and designated as effective cash flow hedging instruments at year end. The effective portion of changes in the fair value of foreign exchange forward contacts is recognised in other comprehensive income and accumulated in the cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

C

This is the forward elements of the forward exchange contracts that arise as a result of Sea Harvest choosing to designate only the spot rate as per IFRS 9.

D

The share-based payment reserve arises on the recognition of share options granted by the Group to certain employees under its employee share incentive schemes. Further information about the share-based payments are set out in note 29.

E

Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. South African Rand) are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve. Exchange differences previously accumulated in the foreign currency translation reserve are reclassified to profit or loss on the disposal of the foreign operation.

F

Ordinary shares have been awarded to key Sea Harvest employees in terms of a long-term forfeitable share plan incentive scheme and the reserve represents the market value of the shares that were issued.

G

This reserve represents the actuarial gains/losses on the defined benefit plans.

H

This reserve arose on the acquisition of additional shares in a subsidiary.

20. SHARE CAPITAL AND RESERVES (CONTINUED)

		2018 R'000	2017 R'000
	As at 31 December, the movement in the reserves (net of income tax), is as follows:		
A	**Investment Revaluation Reserve**		
	Balance at the beginning of the year	**17 309**	17 309
	Balance at end of the year	**17 309**	17 309
B	**Cash Flow Hedging Reserve**		
	Balance at the beginning of the year	**1 703**	22 079
	Net fair value (loss)/gain on cash flow hedge	**(23 785)**	18 967
	Transferred to other operating income	**20 614**	(47 342)
	Less: tax effects of the transactions above	**629**	7 999
	Balance at end of the year	**(839)**	1 703
C	**Cost of Hedging Reserve**		
	Current year movement	**(37 770)**	–
	Less: deferred taxation	**10 576**	–
		(27 194)	–
	For FEC's designated as cash flow hedges, the gains and losses transferred from equity into profit or loss are included in foreign currency and commodity price gains and losses.		
D	**Share-Based Payment Reserve**		
	Balance at the beginning of the year	**341**	6 507
	Arising on share-based payments	**23 183**	20 794
	Reclassified during the year	**-**	(1 557)
	Transfer to share-based payment liability (modification)	**-**	(19 789)
	Transfer to share-based payment liability subsequent to modification date	**(11 618)**	(5 614)
	Transfer from forfeitable share plan (shares vested)	**(8 086)**	–
	Balance at end of the year	**3 820**	341

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

20. SHARE CAPITAL AND RESERVES (CONTINUED)

		2018 R'000	2017 R'000
E	**Foreign Currency Translation Reserve**		
	Balance at the beginning of the year	**(37 055)**	(29 865)
	Net foreign currency loss on the translation of foreign operations	**17 903**	(7 190)
	Balance at end of the year	**(19 152)**	(37 055)
F	**Forfeitable Share Plan Reserve (Treasury Shares)**		
	Balance at the beginning of the year	**(55 000)**	–
	Issue of shares	**(32 413)**	(55 000)
	Shares vested and reclassified to share-based payment reserve	**8 086**	–
	Balance at end of the year	**(79 327)**	(55 000)
G	**Actuarial Gains/Losses Reserve**		
	Balance at the beginning of the year	**1 625**	–
	Net actuarial gain on post-retirement medical aid obligation	**2 149**	1 625
	Balance at end of the year	**3 774**	1 625
H	**Change in Ownership**		
	Balance at the beginning of the year	**(399)**	–
	Arising on acquisition of additional shares in subsidiary	**-**	(399)
	Balance at end of the year	**(399)**	(399)

20.3. EMPLOYEE SHARE INCENTIVE SCHEMES

The Group has two trusts which have been established as vehicles through which certain executives, senior management and employees have made an investment in or acquired an economic exposure to an investment in shares in the company. The shares held by these trusts carry rights to dividends and voting rights.

Further details of the employee share incentive schemes are provided in note 29.

21. LONG-TERM BORROWINGS

	2018 R'000	2017 R'000
Secured-at amortised cost		
Term Loans with Standard Bank of South Africa Limited:		
– Senior debt (variable interest rate)[1]	**850 000**	–
– Revolving credit facility (variable interest rate)[2]	**333 000**	180 000
Term Loans with National Australia Bank:		
– Senior debt (variable interest rate)[3]	**134 508**	135 135
– Corporate Market loan (variable interest rate)[4]	**19 822**	–
Unsecured – at amortised cost		
Corporate receivables finance loan with National Australia Bank (variable interest rate)[5]	**47 188**	30 417
Instalment sale agreements with Wesbank, a division of FirstRand Bank Limited[6]	**112**	707
Instalment sale agreements with National Australia Bank[7]	**605**	575
Instalment sale agreements with ABSA Bank Limited[8]	**36**	–
Loan from Viking Fishing Group Administration Proprietary Limited (Non-controlling shareholders of Viking Aquaculture Proprietary Limited)[9]	**307 367**	–
Insurance premium funding with Macquarie Pacific[10]	**-**	289
	1 692 638	347 123
Current portion of long-term interest-bearing liabilities	**(174 955)**	(31 298)
Non-current portion of long-term interest-bearing liabilities	**1 517 683**	315 825
Opening balance	**347 123**	424 453
Acquired through business combination	**707 320**	–
Loans raised	**1 271 051**	257 968
Interest charged	**84 006**	27 386
Interest paid	**(83 963)**	(25 730)
Capital repaid	**(641 514)**	(332 024)
Effect of foreign currency exchange differences	**8 615**	(4 930)
Transferred to short-term loans	**(174 955)**	(31 298)
Closing balance	**1 517 683**	315 825

21. LONG-TERM BORROWINGS (CONTINUED)

Notes:

[1] R127.25 million of the loan amount is payable on 30 June 2019, R161.5 million payable on 30 June 2020 and the remainder of the balance is payable in full on 25 August 2022 and is subject to a variable interest rate of three month JIBAR plus 2.13%. The loan is secured by marine bonds and a general notarial bond over all of Sea Harvest Corporation Proprietary Limited assets.

[2] R231.4 million of the loan was repaid, and an additional draw down of R384.4 million was made in the current year. The loan is repayable in full on 25 August 2022 and is subject to a variable interest rate of three month JIBAR plus 2.13%. The loan is secured by marine bonds and a general notarial bond over all of Sea Harvest Corporation Proprietary Limited assets.

[3] The loan is effective from 11 December 2015 and is subject to a variable interest rate of 100% floating at BBSY plus customer margin of 2.38%. Repayments are interest only for an initial two year period from the Commencement Date. Thereafter the principal amount and interest payments will be amortised over a maximum 15-year term on terms to be agreed between the borrower and the bank. An additional loan facility of R19.3 million (AUD 2 million), effective from 14 November 2017, was put in place to assist with the purchase of mackerel fishing vessels and mackerel fishing licences.

The loan's expiry date is 31 October 2020 and the facility limit automatically reduced to R13.1 million (AUD1.3 million) on 30 June 2018. The loan is secured by a security interest and charge in the form of a General Security Agreement on the Personal Property Securities Register (PPSR) over all of Mareterram Limited's assets.

[4] Term Finance Facility for working capital funding with expiry date of 28 February 2020. Maximum borrowing limit of R50.6 million (AUD 5 million). Subject to a variable interest rate of 100% floating at BBSY plus funding margin 0% plus drawn margin of 3.08%. Facility fee of 0.5% p.a. of the facility limit.

[5] The loan commenced on 11 December 2015 and expires 28 February 2019. Up to R70.8 million (AUD 7.0 million) available funding based on 85% of trade debtors value. Interest payments are made quarterly in arrears and the loan is subject to a variable interest rate of 100% floating at Lender Indicator rate plus customer margin of 1.39% plus purchase charge rate of 1.00% on facility limit.

[6] At the end of the reporting period, Sea Harvest Corporation Proprietary Limited has six outstanding instalment sale agreements, entered into for the purpose of funding property, plant and equipment acquisitions. The loans are repayable in full between 31 August 2018 and 30 September 2019. Interest on the loans is charged monthly, in arrears, at a fixed rate of 9.5% p.a. The assets subject to the instalment sale agreements serve as security for the outstanding loan amount.

[7] At the end of the reporting period, Mareterram Limited has two outstanding instalment sale agreements, entered into for the purpose of funding equipment acquisitions. The loans are repayable in full between 30 June 2021 and 30 November 2021. Interest on the loans is charged monthly, in arrears, at a fixed rate between 4.8% and 4.93% p.a.

The assets subject to the instalment sale agreements serve as security for the outstanding loan amount.

[8] The loan unsecured, bears interest at 10.25% and is repayable in monthly instalments. The loan will be settled in full by 1 October 2019.

[9] The loan is interest-free and has no repayment terms and was provided to fund the growth of Viking Aquaculture.

[10] Macquarie Pacific Funding (premium funding for annual insurance) was put in place for Mareterram Limited. The loan will be repaid in ten instalments at an interest rate of 2.33% p.a. with the last instalment paid in 30 September 2018.

22. EMPLOYEE-RELATED LIABILITIES

	2018 R'000	2017 R'000
Post-employment medical aid liability	**25 121**	26 191
Leave pay liability	**108**	151
	25 229	26 342

DEFINED CONTRIBUTION PLANS

The Group provides for retirement benefit plans for all qualifying employees of its subsidiary, Sea Harvest Corporation Proprietary Limited, through independent funds. These funds (listed below) are governed by the Pension Funds Act of 1956 of the Republic of South Africa.

	2018	2017
The number of employees that belong to each fund are:		
Sea Harvest Old Mutual Superfund Provident Fund	**1 687**	1 939
Sea Harvest Old Mutual Superfund Management Provident Fund	**23**	23
Sea Harvest Old Mutual Superfund Pension Fund	**116**	116

The only obligation of the Group with respect to the retirement benefit plans funds is to make the specified contributions each month.

The total expense recognised in profit or loss of R23.9 million (2017: R22.4 million) represents contributions payable to these funds by the Group at rates specified in the rules of the funds.

DEFINED BENEFIT PLANS

The Company sponsors a portion of medical aid subscriptions for all qualifying employees. The defined benefit plans are administered by a separate fund that is legally separated from the entity. The board of the Medical Assistance Fund is required by law and by its articles of association to act in the interest of the fund and of all relevant stakeholders.

The Group operates a post-employment medical benefit scheme that covers certain of its retirees. This benefit is no longer offered by the Group to current employees or new employees.

The liabilities are valued annually using the Projected Unit Credit Method and have been funded by contributions to an independent administered insurance plan. The latest full actuarial valuation was performed at 31 December 2018.

	2018	2017
The principal assumptions used for the purposes of the actuarial valuations were as follows.		
Discount rate	**10.5%**	10.4%
Health care cost inflation	**8.4% to 8.9%**	8.7% to 9.2%
Retirement age	**63 or 65**	63 or 65

	2018	2017
Amounts recognised in comprehensive income in respect of these defined benefit plan are as follows:		
Current service cost	**213**	132
Interest costs	**2 627**	2 298
Actuarial gain recognised	**(2 149)**	(1 625)
	691	805

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22. EMPLOYEE-RELATED LIABILITIES (CONTINUED)

	2018 R'000	2017 R'000
Movements in the present value of the defined benefit obligation in the current year were as follows:		
Opening defined benefit obligation	**26 191**	26 703
Current service cost	**213**	132
Interest cost	**2 627**	2 298
Actuarial gain arising during the year	**(2 149)**	(1 625)
Benefits paid	**(1 761)**	(1 317)
Closing defined benefit obligation	**25 121**	26 191

The expected contribution to the plans for the next annual reporting period is R1.8 million.

Actuarial assumption sensitivity analysis

The Group has performed a sensitivity analysis relating to its exposure to a change in the actuarial assumptions used in the valuation. This sensitivity analysis demonstrates the increase/(decrease) on the defined benefit obligation which could result from a change in these risks.

	2018 R'000	2017 R'000
Discount rate		
+ 1%	**2 233**	(2 431)
– 1%	**2 651**	2 902
Health care cost inflation		
+ 5% for five years	**4 049**	4 269
+ 10% for five years	**8 634**	9 104
Retirement age		
One year younger	**105**	83
One year older	**(69)**	(48)

LEAVE PAY LIABILITIES

	2018 R'000	2017 R'000
Balance at the beginning of the year	**22 151**	24 210
Acquisition of a subsidiary	**7 391**	–
Arising during the year	**24 962**	18 504
Utilised during the year	**(19 591)**	(20 535)
Effect of foreign exchange differences	**261**	(28)
	35 174	22 151
Current portion of leave pay liabilities	**(35 066)**	(22 000)
Non-current portion of leave pay liabilities	**108**	151

Please refer to note 32 on the liquidity risk of employee-related liabilities, which explains the Group's process for managing its liquidity risk.

	2018 R'000	2017 R'000

23. DEFERRED GRANT INCOME

	2018 R'000	2017 R'000
Balance at the beginning of the year[1]	**13 615**	15 284
Acquired through business combination[2]	**10 256**	–
Released to the statement of comprehensive income	**(1 528)**	(1 669)
Balance at the end of the year	**22 343**	13 615
Current portion of deferred government grant	**(2 317)**	(1 505)
Non-current portion of deferred government grant	**20 026**	12 110

[1] *Government grants were received in 2015 for the purchase of items of property, plant and equipment. All conditions or contingencies attached to these grants were fulfilled and the grant is treated as deferred income and released to the Statement of Comprehensive Income over the useful lives of the grant assets.*

[2] *Relates to grants awarded to Viking Aquaculture entities to acquire fixed assets – Refer to Note 30.*

24. CONTINGENT CONSIDERATION

	2018 R'000	2017 R'000
Viking Fishing Holdings Proprietary Limited	**78 770**	-
Viking Aquaculture Proprietary Limited	**78 740**	-
	157 510	-
Effect of discounting	**7 660**	-
Fair value adjustment	**(43 260)**	-
	121 910	-

The contingent consideration arrangement requires the Group to pay the former owners of Viking Fishing and Viking Aquaculture for achieving certain earn-out targets for the 2018 and 2019 financial years, up to a maximum undiscounted amount of R110 million and R88.8 million respectively.

The fair value of the contingent consideration arrangement of R157.5 million was estimated calculating the present value of the future expected cash flows. The estimates are based on a discount rate equal to the prime lending rate and the assumption that the earn-out targets will be met based on the best available forecast information at acquisition date.

As at 31 December 2018, there was a decrease of R43.3 million recognised in fair value gains in profit or loss for the contingent consideration arrangement as a result of Viking Aquaculture not achieving the 2018 minimum target.

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	2018 R'000	2017 R'000
25. FINANCIAL ASSETS AND LIABILITIES		
Financial derivative assets	**994**	41 896
Asset held at fair value through profit or loss	**25 912**	24 825
	26 906	66 721
Current portion of other financial assets	**(994)**	(41 896)
Non-current portion of other financial assets	**25 912**	24 825
Financial derivative liabilities	**15 019**	130
Fishing licence liability	**63 513**	80 066
	78 532	80 196
Current portion of other financial liabilities	**(36 726)**	(20 848)
Non-current portion of other financial liabilities	**41 806**	59 348

FINANCIAL DERIVATIVE ASSETS AND LIABILITIES

Financial derivative assets and liabilities arise from hedging contracts entered into by the Group for the purpose of minimising the Group's exposure to foreign currency and commodity prices volatility. (Please refer to note 32 for details on the Group's hedging process).

ASSET HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

Included in non-current financial assets is a call option, entered into on 1 January 2017, to acquire 100% of the shareholding in Vuna Fishing Company Proprietary Limited from Vuna Fishing Group Proprietary Limited.

The fair value was independently determined by an expert using the Black-Scholes option pricing model. The call option financial asset has been classified as a non-current asset at year end due to the expected exercise date thereof exceeding 12 months from the reporting date. The call option is regarded as level 3 financial instrument for fair value purposes.

Fair value gain on share option of R1.1 million (2017: R24.8 million) is recognised in profit or loss.

The movement in the call option derivative is as follows:

	2018 R'000	2017 R'000
Opening balance	**24 825**	–
Fair value movement	**1 087**	24 825
Closing balance	**25 912**	24 825

	2018 R'000	2017 R'000

Assumption sensitivity analysis

The Group has performed a sensitivity analysis relating to its exposure to a change in the assumptions used in the valuation. The sensitivity analysis demonstrates the increase/(decrease) on the asset held at fair value through profit or loss which could result from a change in these assumptions.

Vuna Fishing Company valuation		
+ 5%	**1 980**	2 061
– 5%	**(1 956)**	(2 036)
Yield Curve 8.059% (2017: 7.910%)		
+ 5%	**1 324**	1 167
– 5%	**(1 285)**	(975)
Volatility 34.378% (2017: 24.146%)		
+ 1%	**1 060**	1 435
– 1%	**(1 087)**	(1 487)

As Vuna Fishing Company Proprietary Limited is unlisted, the volatility was determined using the quadratic mean volatility of peer group companies.

FISHING LICENCE LIABILITY

The fishing licence liability relates to the Shark Bay Prawn Managed Fishery Voluntary Fisheries Adjustment Scheme (VFAS), which was established on 12 November 2010 pursuant to the Fisheries Adjustment Schemes Act 1987 (WA). The VFAS operates from 12 November 2010 until 1 July 2021, and for the period 2015 to 2021 an annual fee of R1.9 million is payable by the holder of a licence that authorises fishing in the Shark Bay region. Mareterram Limited owns ten fishing licences in the Shark Bay region. The liabilities shown represent present values discounted at the 5-year Australian Corporate Bond rate.

26. TRADE AND OTHER PAYABLES

	2018 R'000	2017 R'000
Trade payables	**317 800**	219 196
Other payables	**57 345**	28 160
Leave pay accrual	**35 066**	22 000
	410 211	269 356

Trade and other payables are non-interest-bearing and are generally on terms of 30 to 90 days.

Please refer to note 32 on the liquidity risk of trade payables, which explains the Group's process for managing its liquidity risk.

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	2018 R'000	2017 R'000
27. PROVISIONS		
Bonus		
Balance at the beginning of the year	**30 850**	**17 500**
Arising during the year	**25 000**	**30 850**
Utilised during the year	**(30 850)**	**(17 500)**
Balance at the end of the year	**25 000**	**30 850**
Product claims		
Balance at the beginning of the year	**130**	**343**
Arising during the year	**121**	**130**
Utilised during the year	**(130)**	**(343)**
Balance at the end of the year	**121**	**130**
Total Provisions	**25 121**	**30 980**

BONUS

A provision is recognised for an expected bonus pay-out in the first quarter. The provision is calculated by management based on earnings targets for the year, and employee performance during the year.

PRODUCT CLAIMS

A provision is recognised for expected customer claims on defective products sold during the year. The provision is calculated based on the retail value of the defective inventory and the likelihood that a payment would need to be made to the affected customers.

28. EVENTS SUBSEQUENT TO REPORTING DATE

On 2 January 2019, Sea Harvest Group Limited has, through its wholly-owned subsidiary Cape Harvest Food Group Proprietary Limited, acquired the entire issued share capital of Ladismith Cheese Company Proprietary Limited for a consideration of R573 million, settled in cash. Part of the consideration was funded by way of a vendor consideration placement, whereby Sea Harvest's holding company, Brimstone Investment Corporation Limited, through its wholly-owned subsidiary Newshelf 1169 Proprietary Limited, subscribed for 21 428 571 shares at a price of R14 per share, resulting in a total subscription of R300 million. This increases Brimstone Investment Corporation Limited's investment in Sea Harvest from 50.59%[1] at 31 December 2018 to 54.19%[1] at 8 January 2019. The Group is in the process of determining the fair values of the assets and liabilities of Ladismith Cheese for IFRS 3: Business Combination purposes.

On 5 February 2019, the Group announced that, through its wholly-owned subsidiary Sea Harvest International Proprietary Limited, it had entered into a binding bid implementation agreement with its 56.3% held Australian subsidiary, Mareterram Limited whose shares are listed on the Australian Securities Exchange, regarding the potential acquisition of all of the fully paid ordinary shares in the issued share capital of Mareterram not currently owned by Sea Harvest by way of an off-market takeover offer.

The Board of Directors has recommended a gross full and final cash dividend of 40 cents (2017: 31 cents) per share on 11 March 2019 in respect of the year ended 31 December 2018.

Other than as outlined above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Group to affect substantially the operations of the Group, the results of its operations or the state of affairs of the Group.

[1] *Including treasury shares in the calculation of the shareholding interest.*

29. SHARE-BASED PAYMENT PLANS

The Group has two controlled trusts which have been established as vehicles through which certain executives, senior management and employees have made an investment in or acquired an economic exposure to an investment in shares in the company and a forfeitable share plan which was adopted to attract, retain, incentivise and reward the right calibre of employees.

	2018 R'000	2017 R'000
Equity-settled compensation plans		
The Sea Harvest Management Investment Trust No. 2	**(15 700)**	(8 531)
Sea Harvest Employee Share Trust	**(8 531)**	(4 844)
Mareterram Limited	**(2 636)**	(3 211)
Forfeitable share plan	**30 687**	16 927
Share-based payment reserve	**3 820**	341
Cash-settled compensation plans		
The Sea Harvest Management Investment Trust No. 2	**16 836**	11 868
Sea Harvest Employee Share Trust	**10 790**	6 921
Share-based payment liabilities	**27 626**	18 789

Staff share costs of R20.8 million (2017: R16.5 million) are accounted for as employee expenses and are included in the calculation of distributable reserves.

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FOR THE YEAR ENDED 31 DECEMBER 2018

29. SHARE-BASED PAYMENT PLANS (CONTINUED)

THE SEA HARVEST MANAGEMENT INVESTMENT TRUST NO. 2

The Sea Harvest Management Investment Trust No. 2 was established as an investment vehicle for senior executives of Sea Harvest Corporation Proprietary Limited to acquire shares in the Company.

Before the modification in 2017, the options were to vest in tranches of 40%, 30%, 20% and 10% starting in 2019 and expire eight years after grant date.

In 2017, the scheme was modified and 75% of the options were settled. 15% of the remaining options will vest in March 2019 and 10% in March 2020.

As a result of the settlement of a significant portion of the scheme in cash, it was considered to be a cash settled scheme with the fair value of the liability measured at each reporting date.

	NUMBER	EXPIRY DATE	EXERCISE PRICE	FAIR VALUE AT GRANT DATE R'000
Date of grant:				
31 March 2014	8 257 897	31 Mar 20	4.91	8 788

Movement in shares during the year	2018	2017
Balance at the beginning of the year	**3 440 790**	82 578 970
Share consolidation (1:6)	**-**	(68 815 809)
Repurchased during the year	**-**	(10 322 371)
Balance at the end of the year	**3 440 790**	3 440 790

The key assumptions used in the measurement of the fair values at year end were as follows:

	2018	2017
Dividend yield (%)	**1.87**	2.55
Historical volatility (%)	**42.13**	29.50
Risk-free interest rate (average %)	**7.00**	8.08
Expected life of options (average years)	**6.00**	6.00
Grant date share price (ZAR)	**3.57**	3.57
Model used	**Finite Difference**	Finite Difference

SEA HARVEST EMPLOYEE SHARE TRUST

The Sea Harvest Employee Share Trust, was established as an investment vehicle for employees of Sea Harvest Corporation Proprietary Limited to acquire an economic exposure to an investment in shares in the Company.

Before the modification in 2017, the options were to vest fully in 2022 and expire eight years after grant date.

In 2017, the scheme was modified and 50% of the options were settled. The remaining 50% of the options will vest in 2022.

As a result of the settlement of a significant portion of the scheme in cash, it was considered to be a cash settled scheme with the fair value of the liability measured at each reporting date.

	NUMBER	EXPIRY DATE	EXERCISE PRICE	FAIR VALUE AT GRANT DATE R'000
Date of grant:				
31 March 2014	4 258 138	31-Mar-22	5.73	5 155

Movement in shares during the year	2018	2017
Balance at the beginning of the year	**3 548 449**	42 581 380
Share consolidation (1:6)	**-**	(35 484 483)
Repurchased during the year	**-**	(3 548 448)
Balance at the end of the year	**3 548 449**	3 548 449

The key assumptions used in the measurement of the fair values at year end were as follows:

	2018	2017
Dividend yield (%)	**2.16**	2.55
Historical volatility (%)	**42.13**	29.50
Risk-free interest rate (%)	**7.42**	8.31
Expected life (years)	**8.00**	8.00
Grant date share price (ZAR)	**3.57**	3.57
Model used	**Finite Difference**	Finite Difference

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29. SHARE-BASED PAYMENT PLANS (CONTINUED)

FORFEITABLE SHARE PLAN

Sea Harvest Group Limited has a forfeitable share plan to attract, retain, incentivise and reward the right calibre of employees.

The following awards are issued:

1. Performance shares

Annual awards of performance shares to key executives and strategic management, as a percentage of guaranteed pay and the vesting of which will be subject to:

(i) the employment condition of three years post award date; and

(ii) sufficiently stretching performance conditions measured over a three year period which include a combination of total shareholder return ("TSR") in relation to a comparator Group, headline earnings per share ("HEPS"), growth and transformation.

2. Bonus shares

Annual awards of bonus shares to key executives and strategic management in the form of a matched short-term incentive ("STI"), the vesting of which will be subject to an employment condition of three years from award date.

3. Retention shares

Once-off awards of retention shares upon listing in order to retain key executives and selected members of strategic management instrumental in delivering the Group's business strategy.

The shares will vest in equal annual tranches over either five years (CEO and Key Executives) or three years (other) from award date.

Ad hoc awards of retention shares to key employees to address retention risks or sign-on requirements and the vesting of which will be subject to varying employment conditions.

2018	PERFORMANCE SHARES	BONUS SHARES	RETENTION SHARES	TOTAL
Number of shares outstanding at the beginning of the year	**1 313 246**	**621 038**	**2 465 781**	**4 400 065**
Granted during the year	**1 670 131**	**818 611**	**-**	**2 488 742**
Vested during the year	**-**	**-**	**(646 884)**	**(646 884)**
Number of shares outstanding at the end of the year	**2 983 377**	**1 439 649**	**1 818 897**	**6 241 923**
2017				
Number of shares outstanding at the beginning of the year	-	-	-	-
Granted during the year	1 313 246	621 038	2 465 781	4 400 065
Number of shares outstanding at the end of the year	1 313 246	621 038	2 465 781	4 400 065

Shares that have not been exercised in accordance with the rules of the plan are forfeited upon termination of employment, other than on death, retrenchment or retirement.

The fair value of the equity-settled shares plan is estimated at the award date using the Black-Scholes model, taking into account the terms and conditions upon which the options were granted.

The key assumptions used in the measurement of the fair values at grant date of the equity-settled share-based payment plans were as follows:

Forfeitable shares issued 23 March 2017

Fair value at grant date (R'000)	**46 284**
Dividend yield (%)	**2.50**
Expected volatility (%)	**33.00**
Risk-free interest rate (%)	**7.01**
Share price at grant date	**R12.50**
Attrition rate per annum	**5%**
Expected life of share offers	**3-5 years**
Model used	**Monte Carlo**

Expected volatility was calculated using historical market information from the peer group companies, using 1–5-year historical annualised share price volatilities on a daily, weekly and monthly basis:

Forfeitable shares issued 3 September 2018

Fair value at grant date (R'000)	**32 413**
Dividend yield (%)	**2.70**
Expected volatility (%)	**42.92**
Risk-free interest rate (%)	**6.80**
Share price at grant date	**R14.55**
Expected life of share offers	**3 years**
Model used	**Monte Carlo**

4. Unallocated shares

During the year the company bought back 2 671 642 of its own shares of which 2 454 467 shares are for the purpose of 2019 forfeitable share plan allocation.

Mareterram Limited schemes

Performance Rights and Options over Unissued Ordinary Shares

At the AGM of Mareterram Limited held on 24 May 2018, shareholders resolved to approve the cancellation of 1,562,500 performance rights previously granted to Mr James Clement and to issue up to 5,000,000 incentive options to Mr James Clement. The incentive options vest in three equal tranches on 31 December 2020, 2021 and 2022 and are subject to certain conditions, which are set out in the explanatory memorandum of the Notice of Meeting for the AGM.

There were 10,000,000 (31 December 2017: 5,000,000) options over shares remaining on issue at year end.

30. BUSINESS COMBINATION

With effect from 2 July 2018, the Group has, together with a consortium of broad-based black economic empowerment investors, acquired the entire fishing business of Viking Fishing Holdings Proprietary Limited ("Viking Fishing") by way of the purchase of selected assets, liabilities and businesses from, and selected shareholdings in, the respective Viking Fishing group businesses. As part of the same transaction, the Group acquired 51% of the issued share capital of Viking Aquaculture Proprietary Limited ("Viking Aquaculture").

Viking Fishing and Viking Aquaculture (together the "Viking Group") was founded in 1978 and 2012, respectively. The Viking Group has developed into a significant vertically integrated fishing and aquaculture business since establishment.

The acquisition of the Viking Group is in line with the Group's investment criteria and the Group is confident of the value that a combination of Sea Harvest and the Viking Group would generate through the complementary nature of the fishing businesses and the diversification into other wild caught species and aquaculture.

The Group gained a controlling interest in Viking Aquaculture through this acquisition, and has accounted for the 51% interest as a non-wholly-owned subsidiary, with its results from 2 July 2018 being fully consolidated with that of the Group's results.

The Group has elected to measure the non-controlling interest in Viking Aquaculture at its proportionate percentage of the recognised amounts of the acquiree's identifiable net assets.

The cash generating units identified for the business combination are Viking Fishing and Viking Aquaculture.

30. BUSINESS COMBINATION (CONTINUED)

The purchase price allocation is as follows:

ASSETS ACQUIRED AND LIABILITIES ASSUMED	FAIR VALUE AT ACQUISITION DATE VIKING AQUACULTURE R'000	FAIR VALUE AT ACQUISITION DATE VIKING FISHING R'000	TOTAL R'000
Property, plant and equipment	425 292	227 172	652 464
Biological assets	85 368	–	85 368
Intangible assets	5 635	67 149	72 784
Investment in associate	669	–	669
Deferred tax assets	10 750	–	10 750
Inventory	7 307	67 014	74 321
Current tax receivables	298	–	298
Trade and other receivables	17 888	97 591	115 479
Cash and bank balances	4 540	128 727	133 267
Long-term interest-bearing borrowings	–	(402 218)	(402 218)
Other long-term loans	(305 047)	–	(305 047)
Deferred-income	(9 445)	–	(9 445)
Deferred tax liabilities	(83 632)	(19 773)	(103 405)
Trade and other payables	(14 913)	(37 403)	(52 316)
Employee related liabilities	–	(12 812)	(12 812)
Total identifiable assets and liabilities	144 710	115 447	260 157
Total consideration is made up of following:			
Cash	64 605	250 001	314 606
Shares issued (19 230 769 ordinary shares at a price of R13 per share)	–	250 000	250 000
Contingent consideration	78 740	78 770	157 510
	143 345	578 771	722 116
Net cash flow on acquisition of subsidiary business			
Consideration paid in cash	64 605	250 001	314 606
Less: Cash and cash equivalent balances acquired	(4 540)	(128 727)	(133 267)
	60 065	121 274	181 339
Goodwill on acquisition			
Consideration	143 345	578 771	722 116
Less: Fair value of identifiable assets acquired and liabilities assumed	(144 710)	(115 447)	(260 157)
Non-controlling interest	71 348	–	71 348
	69 983	463 324	533 307

The initial accounting for the acquisition of Viking Fishing and Viking Aquaculture has been finalised.

Property, plant and equipment with a carrying amount of R218.4 million was revalued at acquisition date to R653.4 million, being its fair value at acquisition date. A total of R287.5 million of the fair value adjustment relates to Viking Aquaculture abalone plants, which was valued based on management estimates of what similar fully functional abalone plants with the same capacity will cost at acquisition date adjusted for wear and tear. The remaining R147.6 million fair value adjustment relates to Viking Fishing, of which a significant portion relates to Viking Fishing's fishing trawlers. These valuations were performed by an independent industry expert.

The main classes of intangible assets identified in Viking Aquaculture were trade names, maritime aquaculture rights and seaweed rights. The main class of intangible asset identified in the Viking Fishing business was its fishing rights. The fair values were determined by an external independent valuer with reference to the best estimate of market participant's ability to generate economic benefits by using the asset in its highest and best use.

The fair value of trade and other receivables is R115.5 million and includes trade receivables with a fair value of R109.6 million which approximates the gross contractual amount.

Goodwill is attributable to a control premium as well as the benefit of expected synergies, revenue growth and delivering diversification into other species and high value aquaculture.

Goodwill is not expected to be deductible for tax purposes.

Subsumed into goodwill are the assembled workforce with specialised knowledge and non-contractual customer relationships which do not qualify for separate recognition.

Impact of the acquisition on the results of the Group

Amounts included in the Group's results relating to the Viking Group since the date of acquisition:

The directors are of the opinion that it is impractical to separately disclose the earnings of Viking Group for the six months ended 31 December 2018 as the acquisition of Viking Fishing took the form of an acquisition of assets and liabilities and during the six months since acquisition the fishing operations of Sea Harvest and Viking Fishing were integrated, making it impractical to allocate revenue and operating costs between the two business operations. Separate records are being maintained on a basis agreed with the former owners for the purpose of earn-out determination.

Results of the Group if Viking Group had been consolidated from 1 January 2018:	**R'000**
Revenue	3 102 729
Profit for the year	333 088

The directors consider these amounts to represent an approximate measure of the performance of the combined group on an annualised basis and to provide a reference point for comparison in future periods.

In determining the profit of the Group had the Viking Group been acquired on 1 January 2018, the directors have taken into consideration the following:

- Additional finance costs that would have been incurred had the transaction taken place on 1 January 2018;
- The depreciation of plant and equipment and amortisation of intangibles acquired was calculated on the basis of the fair values arising in the accounting for the business combination, rather than the carrying amounts recognised in the pre acquisition financial statements; and
- Incremental operating costs that would have been incurred by the Group had the transaction taken place on 1 January 2018.

Acquisition related costs

Acquisition costs of R29.4 million were recognised in profit or loss for the 2018 year.

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31. FAIR VALUE MEASUREMENT

The following table analyses the Group's assets and liabilities that are measured at fair value subsequent to initial recognition, grouped in Levels 1 to 3 based on the degree to which fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the assets or liability that are not based on observable market data (unobservable inputs).

FAIR VALUE MEASUREMENT HIERARCHY FOR ASSETS AND LIABILITIES AS AT 31 DECEMBER 2018:

	DATE OF VALUATION	TOTAL	PRICES QUOTED IN ACTIVE MARKETS (LEVEL 1)	SIGNIFICANT OBSERVABLE INPUTS (LEVEL 2)	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)
Assets measured at fair value					
Biological assets	**31 December 2018**	**107 646**	**-**	**-**	**107 646**
Investment at fair value through other comprehensive income	**31 December 2018**	**25 264**	**-**	**-**	**25 264**
Financial assets	**31 December 2018**	**26 906**	**-**	**994**	**25 912**
Liabilities measured at fair value					
Financial derivative liabilities	**31 December 2018**	**15 019**	**-**	**15 019**	**-**
Contingent consideration liability	**31 December 2018**	**121 910**	**-**	**-**	**121 910**

FAIR VALUE MEASUREMENT HIERARCHY FOR ASSETS AND LIABILITIES AS AT 31 DECEMBER 2017:

	DATE OF VALUATION	TOTAL	PRICES QUOTED IN ACTIVE MARKETS (LEVEL 1)	SIGNIFICANT OBSERVABLE INPUTS (LEVEL 2)	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)
Assets measured at fair value					
Available-for-sale investment	31 December 2017	25 264	–	–	25 264
Financial assets	31 December 2017	66 721	–	41 896	24 825
Liabilities measured at fair value					
Financial derivative liabilities	31 December 2017	130	–	130	–

There were no transfers between level 1, 2 and 3 during the current or prior year.

Specific valuation techniques used for the Level 3 instruments are:

- Investment at fair value through other comprehensive income: Asset valuation method performed by an independent valuator.
- Financial assets: Asset valuation method performed by an independent valuator.
- Contingent consideration: Liability valuation performed by an independent valuator.

The sensitivity of the valuation assumptions for the Level 3 financial instruments are set out in note 8, 14 and 25.

32. FINANCIAL RISK MANAGEMENT

Through the Group's activities it is exposed to capital risk, market risk (currency and interest rate risk), liquidity risk and credit risk.

Risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Board and the Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

CAPITAL RISK MANAGEMENT

Capital risk is managed to ensure that entities in the Group will be able to continue as a going concern, the return to stakeholders are optimised and that expansion can be funded as and when necessary.

The capital structure of the Group consists of net debt (borrowings as detailed in note 21 offset by cash and bank balances as detailed in note 19) and equity of the Group (comprising issued capital, reserves, retained earnings and non-controlling interests as detailed in note 20). The Group manages its capital structure and makes adjustments in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2018 and 2017.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

32. FINANCIAL RISK MANAGEMENT (CONTINUED)

LIQUIDITY AND INTEREST RATE RISK MANAGEMENT

The Group is exposed to interest rate risk because entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings.

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group does this by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

	2018 R'000	2017 R'000
Unutilised banking facilities		
Total banking and loan facilities	**1 730 905**	847 585
Facilities utilised	**(1 385 271)**	(347 123)
	345 634	500 462
Unrestricted cash and cash equivalents	**781 415**	334 999
Unutilised banking facilities and cash and cash equivalents	**1 127 049**	835 461

LIQUIDITY AND INTEREST RATE RISK TABLES

The following tables detail the Group's remaining contractual maturity for derivative and non-derivative financial liabilities and assets.

The liabilities are drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the liabilities can be repaid and includes both interest and principal cash flows. The asset tables have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except when it is anticipated that the cash flow will occur in a different period.

2018	INTEREST RATE	WITHIN 1 YEAR	1 TO 5 YEARS	OVER 5 YEARS	TOTAL
Financial Assets					
Investment at fair value through other comprehensive income	**0%**	**-**	**-**	**25 264**	**25 264**
Loans to related parties	**0%**	**-**	**-**	**72 489**	**72 489**
Loans to supplier partners	**JIBAR plus 2.65%**	**2 220**	**59 442**	**32 348**	**94 010**
Loans to supplier partners	**0%**	**859**	**859**	**-**	**1 718**
Financial assets	**0%**	**994**	**-**	**25 912**	**26 906**
Trade and other receivables	**0%**	**427 443**	**-**	**-**	**427 443**
Cash and bank balances	**Bank deposit rates**	**781 679**	**-**	**-**	**781 679**
		1 213 195	**60 301**	**156 013**	**1 429 509**
Financial Liabilities					
Term loan borrowings – variable rates	**Refer note 21**	**236 531**	**1 536 695**	**-**	**1 773 226**
Corporate receivables finance loan – variable rates	**Refer note 21**	**47 188**	**-**	**-**	**47 188**
Instalment sale agreement borrowings – fixed rates	**Refer note 21**	**178**	**678**	**-**	**856**
Fishing licence liability	**2.35%**	**23 771**	**43 280**	**-**	**67 051**
Financial derivative liabilities	**0%**	**14 460**	**-**	**-**	**14 460**
Trade and other payables	**0%**	**412 527**	**-**	**-**	**412 527**
		734 655	**1 580 653**	**-**	**2 315 308**

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

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32. FINANCIAL RISK MANAGEMENT (CONTINUED)

2017	INTEREST RATE	WITHIN 1 YEAR	1 TO 5 YEARS	OVER 5 YEARS	TOTAL
Financial Assets					
Available-for-sale investment	0%	–	–	25 264	25 264
Loans to related parties	0%	–	–	72 489	72 489
Loans to supplier partners	0%	980	1 959	–	2 939
Financial assets	0%	41 896	–	24 825	66 721
Trade and other receivables	0%	244 812	–	–	244 812
Cash and bank balances	Bank deposit rates	383 047	–	–	383 047
		670 735	1 959	122 578	795 272

2017	INTEREST RATE	WITHIN 1 YEAR	1 TO 5 YEARS	OVER 5 YEARS	TOTAL
Financial Liabilities					
Term Loan borrowings – variable rates	Refer note 21	16 788	378 274	–	395 062
Corporate receivables finance loan – variable rates	Refer note 21	30 417	–	–	30 417
Instalment sale agreement borrowings – fixed rates	Refer note 21	616	1 079	–	1 695
Financial liabilities	0% – 2.35%	20 848	59 348	–	80 196
Trade and other payables	0%	270 860	–	–	270 860
		339 529	438 701	–	778 230

The Group has performed a sensitivity analysis relating to its exposure to interest rate risk at the reporting date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a 50 basis point change in these risks.

	2018 R'000	2017 R'000
Increase in profits	**6 926**	1 735
Decrease in profits	**(6 926)**	(1 735)

CREDIT RISK MANAGEMENT

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

The maximum exposure to credit risk, excluding the value of any collateral or other security at the reporting date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

In South Africa credit exposure in relation to local fast-moving consumer and retail goods is largely covered by credit guarantee insurance. The insurance will settle a percentage of the amount outstanding at the bad debt date subject to certain criteria, including the adherence to procedures if the customer will pay subsequently, set out by the insurance company.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Because of this, the Group has no significant concentration of credit risk with respect to any single counter party or group of counter parties other than those receivables specifically provided for.

FOREIGN CURRENCY RISK MANAGEMENT

Foreign currency risk is the risk that the fair value of future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency).

Exchange rate exposures are managed within approved policy parameters utilising foreign currency forward exchange contracts.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	2018 R'000	2017 R'000
Assets		
USD denominated	**14 361**	8 630
GBP denominated	**2 543**	3 025
EURO denominated	**217 295**	102 434
AUD denominated	**-**	5 502
DKK denominated	**17**	–
Liabilities		
USD denominated	**350**	1 407
EURO denominated	**900**	270
SEK denominated	**-**	432
DKK denominated	**522**	–

FOREIGN CURRENCY SENSITIVITY ANALYSIS

The following table details the Group's sensitivity to a 10% increase or 10% decrease in the Rand against the respective foreign currencies. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 10% change in foreign currency rates.

This analysis has been conducted for the exposure on receivables and payables outstanding at reporting date. A positive number indicates an increase in profit where the Rand strengthens by 10% against the relevant foreign currency, if the Group is in a net receivable position. For a 10% weakening of the Rand against the relevant currency, there would be a comparable impact on the profit or equity, and the balances below would be negative.

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32. FINANCIAL RISK MANAGEMENT (CONTINUED)

	2018 R'000	2017 R'000
USD denominated		
Profit or loss	**(1 452)**	(691)
Other equity	**-**	9
GBP denominated		
Profit or loss	**240**	296
EURO denominated		
Profit or loss	**(22 507)**	(5 886)
Other equity	**-**	2 842
AUD denominated		
Profit or loss	**-**	(508)
Other equity	**-**	1 082
SEK denominated		
Profit or loss	**-**	50
DKK denominated		
Profit or loss	**73**	-

COMMODITY PRICE RISK MANAGEMENT

Commodity price risk is the risk that the fair value of future cash flows of an exposure will fluctuate because of changes in commodity prices. The Group's exposure to the risk of changes in commodity prices relates primarily to the Group's operating activities which require the ongoing purchase of diesel fuel. Due to the volatility, the Group enters into derivatives such as swaps and options for the forecasted diesel fuel purchase requirements for the 2019 fishing season.

Commodity price exposures are managed within approved policy parameters utilising a mix of cash settled commodity forward exchange contracts, swaps and options for diesel fuel.

HEDGING AND DERIVATIVES

Cash flow hedges

Due to the volatility in foreign currency rates and commodity prices, the Group enters into derivatives such as options, swaps and forward exchange contracts, for the purpose of minimising the Group's exposure to fluctuations in cash flows over the hedging period that results from the volatility.

The derivatives are designated as effective cash flow hedging instruments at year end. The effective portion of changes in the fair value of the derivatives is recognised in other comprehensive income and accumulated in the cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

The Group designates only the spot element of forward contracts as a hedging instrument. The forward element is recognised in other comprehensive income and accumulated in a separate component of equity under cost of hedging reserve. The hedges relate to highly probable forecast transactions and critical terms of both the hedged items and the hedging instruments are the same. The Group performs a qualitative assessment of effectiveness and it is expected that the value of the forward contracts and the value of the corresponding hedged items will systematically change in the opposite direction in response to the movements in the underlying exchange rates.

The main sources of ineffectiveness in these hedge relationships is the effect o counterparty and the Group's own credit risk on the fair value of the forward contracts, which is not reflected in the fair value of the hedged item attributable to changes in the foreign exchange rates. No other sources of ineffectiveness emerged from these relationships.

i. Foreign currency risk

The Group enters into forward exchange contracts to buy and sell specified amounts of various foreign currencies in the future at a predetermined exchange rate.

Within the South African operations, the contracts are entered into to manage the Group's exposure to fluctuations in foreign currency exchange rates on specific transactions.

The contracts are matched by anticipated future cash flows in foreign currencies, primarily from sales. It is the Group's policy to enter into forward exchange contracts for all net foreign currency trade or capital items. No forward exchange contract is entered into where a relatively short settlement period is involved and risk is considered to be minimal.

ii. Commodity price risk

The Group entered into commodity forward exchange contracts to reduce the volatility attributable to price fluctuations of diesel fuel. Hedging the price volatility of forecast diesel fuel purchases is in accordance with the risk management strategy outlined by the board of directors.

The following tables detail the amounts that the Group is contracted to sell under forward exchange contracts in respect of future receivables:

Foreign currency	R'000	Average contract exchange rate	Contractual expiry date
2018			
USD	**89 304**	**15.94**	18 January 2019 – 31 January 2020
EURO	**29 143**	**17.14**	31 January 2019 – 28 February 2019
EURO	**783 235**	**16.80**	3 January 2019 – 28 February 2020
AUD	**91 057**	**10.53**	4 January 2019 – 28 February 2020
2017			
USD	6 427	12.99	5 January 2018 – 6 February 2018
GBP	3 096	17.11	2 January 2018 – 9 February 2018
EURO	540 976	16.48	3 January 2018 – 28 February 2019
AUD	100 627	11.14	2 January 2018 – 28 February 2019

The following tables detail the amounts that the Group is contracted to buy under forward exchange contracts in respect of future payables:

Foreign currency	R'000	Average contract exchange rate	Contractual expiry date
2018			
USD	**7 115**	**14.55**	8 January 2019 – 29 March 2019
EURO	**550**	**16.15**	15 January 2019 – 15 February 2019
EURO	**3 075**	**16.22**	3 January 2019 – 18 March 2019
2017			
USD	14 347	13.65	5 January 2018 – 30 May 2018
EURO	26 146	16.05	5 January 2018 – 6 November 2018
SEK	137	1.55	12 January 2018
DKK	545	2.30	12 January 2018

Hedge accounting applied in respect of foreign currency and price risk cash flow hedges:

	2018 R'000	2 017 R'000
Foreign currency forward exchange contracts	**(14 460)**	41 765

The foreign exchange currency contracts have been acquired to hedge the underlying currency risk arising from firm commitments received from customers for the purchase of goods as well as forecast sales.

The majority of cash flows are expected to occur and affect profit or loss within the next 12 months.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

33. COMMITMENTS AND CONTINGENCIES

As a result of the Group's strategic and operating decisions, the Group has the following capital, lease and other commitments at the end of the reporting period.

OPERATING LEASE COMMITMENTS

Group as lessee

The Group has entered into operating leases on land and manufacturing/office buildings, with lease terms between three and ten years. The Group has the option, under some of its leases, to lease the assets for additional terms of three to five years.

Future minimum rentals payable under non-cancellable operating leases as at 31 December are, as follows:

	2018 R'000	2 017 R'000
Within one year	**22 388**	9 253
After one year but not more than five years	**78 861**	13 287
More than five years	**126 463**	1 915
	227 712	24 455

The increase in operating lease commitments is as a result of including Viking Group's leases (which were acquired through business combination). Refer to note 30.

CAPITAL COMMITMENTS

Budgeted capital expenditure is as follows:

Commitments for the acquisition of property, plant and equipment	**19 632**	155 665
Authorised by the directors but not contracted	**115 142**	123 230
	134 774	278 895

CONTINGENT LIABILITIES

The Group has no contingent liabilities at the end of the reporting period.

34. RELATED PARTY TRANSACTIONS

Balances and transactions between the Group and its subsidiaries, which are related parties of the Group, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed as follows:

A. TRADING TRANSACTIONS

	Sales to related parties[1] R'000	Purchases from related parties R'000	Recoveries and other income[2] R'000	Amounts owed by related parties* R'000	Amounts owed to related parties* R'000
2018					
SeaVuna Fishing Company Proprietary Limited (Wholly-owned subsidiary of Vuna Fishing Company Proprietary Limited*)	**43 421**	**193 157**	**46 561**	**22 623**	**44 169**
2017					
SeaVuna Fishing Company Proprietary Limited (Wholly-owned subsidiary of Vuna Fishing Company Proprietary Limited*)	34 880	165 731	18 085	10 803	20 976

** Vuna Fishing Company Proprietary Limited is a joint venture of the Brimstone Investment Corporation Limited group.*

[1] *In terms of the supply agreement with Vuna Fishing Company Proprietary Limited ("Vuna") and SeaVuna Fishing Company Proprietary Limited ("SeaVuna"), fish caught by Vuna and SeaVuna is marketed by Sea Harvest Corporation Proprietary Limited.*

[2] *Included in this amount is quota fee charged and vessels sold to SeaVuna. Recoveries relates to expenses incurred by Sea Harvest Corporation Proprietary Limited on behalf of SeaVuna and on charged to SeaVuna. This has no impact on the Group earnings.*

The amounts are classified as trade receivables and trade payables, respectively (see note 18 and 26).

All sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's-length transactions.

Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

For the year ended 31 December 2018, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (2017: nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

34. RELATED PARTY TRANSACTIONS (CONTINUED)

B. LOANS TO AND FROM RELATED PARTIES

	INTEREST PAID R'000	AMOUNTS OWED BY RELATED PARTIES R'000
2018		
Non-current		
Vuna Fishing Company Proprietary Limited (Joint venture of the Brimstone Investment Corporation Limited group)	-	**27 420**
Vuna Fishing Group Proprietary Limited (Subsidiary of Brimstone Investment Corporation Limited)	-	**45 069**
	-	**72 489**
Current		
Specialised Aquatic Feeds Proprietary Limited (Associate of Viking Aquaculture Proprietary Limited). Refer to note 12.	-	**4 000**
	-	**4 000**
2017		
Brimco Proprietary Limited (Subsidiary of Brimstone Investment Corporation Limited)	10 708	–
Vuna Fishing Company Proprietary Limited (Joint venture of Brimstone Investment Corporation Limited)		27 420
Vuna Fishing Group Proprietary Limited (Subsidiary of Brimstone Investment Corporation Limited)	–	45 069
	10 708	72 489

Loans to fellow subsidiaries are non-interest-bearing and have no fixed terms of repayment.

Loans received from equity holders are interest free. The shareholders may vary such rate, provided it does not exceed the prime rate. These loans are unsecured and are repayable only if and to the extent that such payment is permissible under the Third Party Funding Agreements and the directors resolve that they shall be repaid.

34. RELATED PARTY TRANSACTIONS (CONTINUED)

C. COMPENSATION FOR KEY MANAGEMENT PERSONNEL

	2018 R'000	2 017 R'000
Short-term benefits	**36 122**	24 839
Post-employment benefits	**2 676**	2 339
	38 798	27 178

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends. Also refer to note 35 for remuneration paid to directors and prescribed officers.

D. OTHER RELATED PARTY TRANSACTIONS

In addition to the above, the following related party transactions took place during the year:

a. Sea Harvest Corporation Proprietary Limited performed certain administrative services for the Vuna Fishing Company Proprietary Limited, for which a management fee was charged and paid.

Management fees received	**1 452**	1 452

b. Brimstone Investment Corporation Limited performed certain administrative services for Sea Harvest Corporation Proprietary Limited, for which a management fee was charged and paid.

Management fees paid to Brimstone Investment Corporation Limited	**1 454**	1 563

c. The Group has a 10-year option as from 1 January 2017 to buy 85% of the shares in Vuna Fishing Group Proprietary Limited from Brimco Proprietary Limited at fair value.

d. The Group has an option to acquire 100% of the shareholding in Vuna Fishing Company Proprietary Limited from Vuna Fishing Group Proprietary Limited. Refer to note 25.

E. HOLDING COMPANY

The intermediate holding company of Sea Harvest Group Limited is Brimco Proprietary Limited through its wholly-owned subsidiary, Newshelf 1411 Proprietary Limited and the ultimate holding company is Brimstone Investment Corporation Limited, which is based in South Africa and listed on the JSE.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

35. REMUNERATION PAID TO DIRECTORS AND PRESCRIBED OFFICERS

2018	SHORT-TERM BENEFITS				POST-EMPLOYMENT BENEFITS	
	SALARY AND FEES R'000	SHORT-TERM INCENTIVE	FORFEITABLE SHARES VESTED	OTHER R'000	PENSION/ PROVIDENT R'000	TOTAL R'000
Executive Directors						
M Brey	2 231	2 738	1 075	2 549[1]	432	9 025
JP de Freitas	2 061	2 469	816	71	399	5 816
F Ratheb	3 707	4 936	1 900	99	718	11 360
	7 999	10 143	3 791	2 719	1 549	26 201

[1] *Included a sign-on bonus of R2.5 million.*

	FORFEITABLE SHARES	VALUE OF FORFEITABLE SHARES
M Brey	833 250	10 245 389
JP de Freitas	559 652	6 615 438
F Ratheb	1 504 450	18 485 166

The remuneration of the above mentioned directors and prescribed officers is paid by Sea Harvest Corporation Proprietary Limited for services rendered to the Group.

There are no service contracts with directors of the Group with a notice period of greater than three months.

Non-Executive Directors	BOARD FEES R'000	COMMITTEE FEES R'000	TOTAL R'000
WA Hanekom	207	277	484
MI Khan[1]	207	52	259
BM Rapiya	259	164	423
F Robertson[2]	518	104	622
LJ Penzhorn	100	43	143
KA Lagler	107	70	177
CK Zama	107	64	171
T Moodley[3]	107	-	107
	1 610	764	2 386

[1] *Fees above were paid to Brimstone Investment Corporation Limited. In addition, MI Khan received R4 million (2017: R3.7 million) as remuneration from Brimstone Investment Corporation Limited in his capacity as an executive director.*

[2] *F Robertson received R7.3 million (2017: R6.3 million) as remuneration from Brimstone Investment Corporation Limited in his capacity as an executive director.*

[3] *Fees above were paid to Brimstone Investment Corporation Limited. In addition, T Moodley received R1.5 million as remuneration from Brimstone Investment Corporation Limited in her capacity as an executive director.*

2017	Short-term benefits: Salary and fees R'000	Short-term benefits: Short-term incentive	Short-term benefits: Other R'000	Post-employment benefits: Pension/ provident R'000	Total R'000
Executive Directors					
M Brey	2 100	–	2 536[1]	406	5 042
JP de Freitas	1 874	1 466	77	363	3 780
F Ratheb	3 374	2 562	87	653	6 676
	7 348	4 028	2 700	1 422	15 498

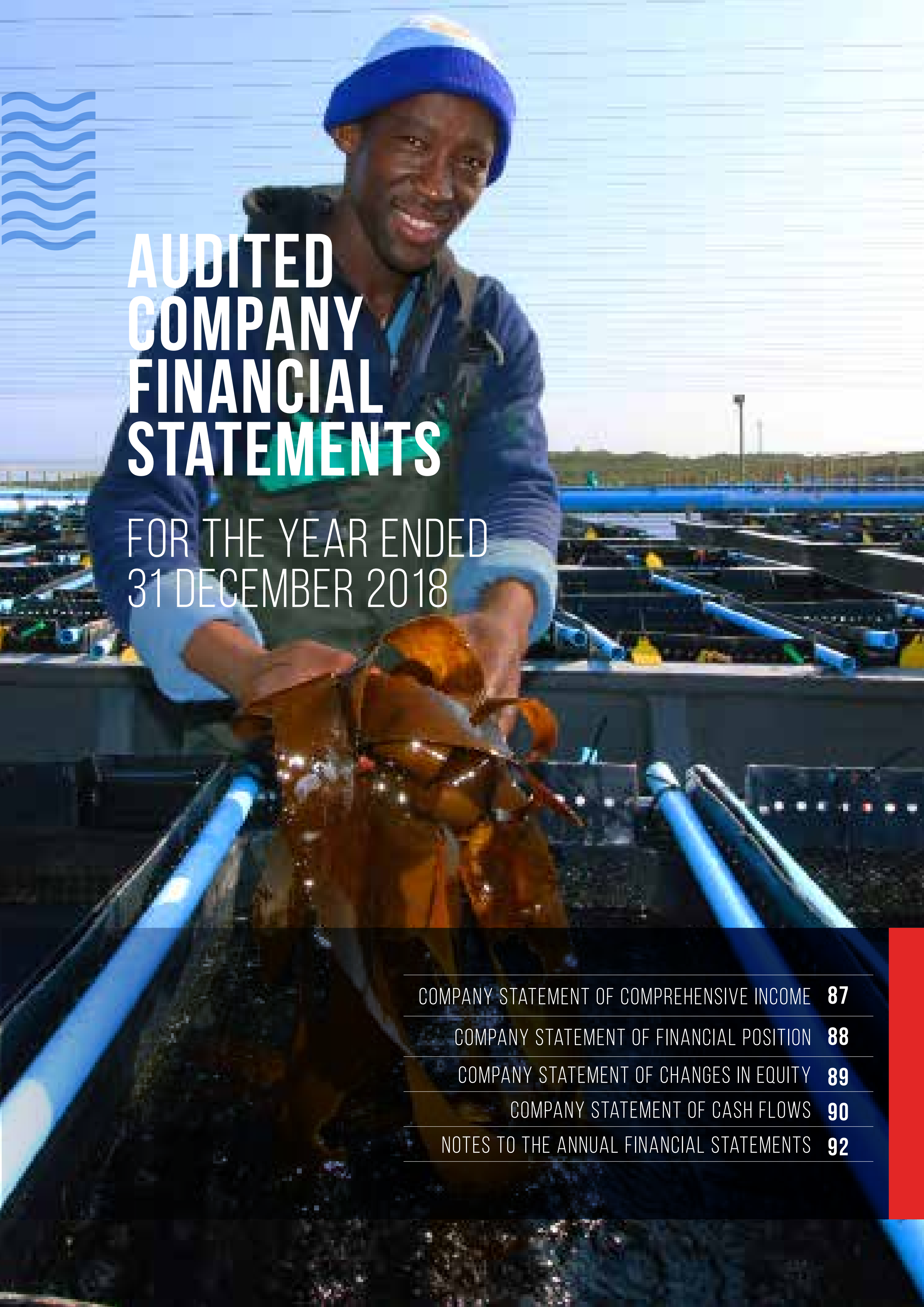
[1] *Included a sign-on bonus of R2.5 million.*

	Forfeitable shares	Value of forfeitable shares
M Brey	637 314	7 966 431
JP de Freitas	378 609	4 732 619
F Ratheb	1 129 169	14 114 612

The remuneration of the above mentioned directors and prescribed officers is paid by Sea Harvest Corporation Proprietary Limited for services rendered to the Group.

There are no service contracts with directors of the Group with a notice period of greater than three months.

Non-Executive Directors	Board fees R'000	Committee fees R'000	Total R'000
WA Hanekom	200	270	470
MI Khan	200	50	250
LJ Penzhorn	200	130	330
BM Rapiya	250	170	420
F Robertson	500	100	600
	1 350	720	2 070



AUDITED COMPANY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

COMPANY STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 R'000	2017 R'000
Revenue	1	**81 963**	–
Gross profit		**81 963**	–
Other operating income	2	**1 087**	24 825
Operating expenses	2	**(6 299)**	(3 522)
Operating profit before associate and joint venture income		**76 751**	21 303
Gain recognised on disposal of interest in joint venture		**–**	8 567
Operating profit before net investment income and taxation		**76 751**	29 870
Investment income	3	**3 176**	12 452
Finance costs	4	**(78)**	(19 572)
Profit before taxation		**79 849**	22 750
Taxation	5	**(1 916)**	(11 649)
Profit after taxation		**77 933**	11 101
Other comprehensive income, net of taxation		**–**	–
Total comprehensive income for the year		**77 933**	11 101

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Notes	2018 R'000	Restated[1] 2017 R'000
ASSETS			
Loans to related parties	15	**1 185 696**	758 640
Other financial asset[1]	9	**25 912**	24 825
Non-current assets		**1 211 608**	783 465
Cash and bank balances		**3 084**	188 855
Other receivables	6	**–**	7
Current assets		**3 084**	188 862
Total assets		**1 214 692**	972 327
EQUITY AND LIABILITIES			
Stated capital	7	**1 541 011**	1 297 124
Retained loss		**(333 518)**	(334 088)
Total equity		**1 207 493**	963 036
Loans from related parties	15	**156**	170
Deferred tax liabilities	11	**5 804**	5 561
Non-current liabilities		**5 960**	5 731
Trade and other payables	8	**443**	890
Tax liabilities		**796**	2 670
Current liabilities		**1 239**	3 560
Total equity and liabilities		**1 214 692**	972 327

[1] The Company had incorrectly classified the call option as current assets in the prior year when it should have been classified as non-current as correctly set out in note 9. The error does not have any impact on the Company's retained earnings, profit or net asset value for the prior year and has no impact on the current period.

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

	Stated capital R'000	Preference share capital R'000	Preference share premium R'000	Accumulated loss R'000	Total R'000
Balance as at 1 January 2017	7 420	200 017	168 392	(130 900)	244 929
Redemption of preference share capital and premium	–	(200 017)	(168 392)	–	(368 409)
Issue of shares, net of listing costs	1 294 047	–	–	–	1 294 047
Reclassification during the year	139	–	–	–	139
Distributions to participants of the share trusts and shares repurchased	(4 482)	–	–	(214 289)	(218 771)
Profit for the year	–	–	–	11 101	11 101
Balance as at 1 January 2018	**1 297 124**	**–**	**–**	**(334 088)**	**963 036**
Issue of shares, net of listing costs	**282 413**	**–**	**–**	**–**	**282 413**
Shares repurchased	**(38 526)**	**–**	**–**	**–**	**(38 526)**
Profit for the year	**–**	**–**	**–**	**77 933**	**77 933**
Dividends paid	**–**	**–**	**–**	**(77 363)**	**(77 363)**
Balance as at 31 December 2018	**1 541 011**	**–**	**–**	**(333 518)**	**1 207 493**

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 R'000	2017 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from/(utilised in) operations	A	**75 664**	(3 522)
Working capital changes	B	**(440)**	823
Cash generated from/(utilised in) operating activities		**75 224**	(2 699)
Investment income received		**3 176**	12 452
Interest paid		**(78)**	(10 709)
Income tax paid		**(3 546)**	(1 460)
Net cash generated from/(utilised in) operating activities		**74 776**	(2 416)
CASH FLOWS FROM INVESTING ACTIVITIES			
Amounts advanced to related parties		**(144 644)**	(236 111)
Net cash utilsed in investing activities		**(144 644)**	(236 111)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from shares issued, net of listing costs		**–**	1 239 025
Redemption of B and C preference share capital		**–**	(368 409)
Repayment of B and C preference dividends		**–**	(144 269)
Repayment of related party loans		**(14)**	(80 194)
Distributions to participants of the share trusts		**–**	(218 771)
Dividends paid		**(77 363)**	–
Shares repurchased		**(38 526)**	–
Net cash (utilised in)/generated from financing activities		**(115 903)**	427 382
Net (decrease)/increase in cash and cash equivalents		**(185 771)**	188 855
Cash and cash equivalents at the beginning of the year		**188 855**	–
Cash and cash equivalents at the end of the year		**3 084**	188 855
A. Cash generated from/(utilised in) operations			
Profit for the year		**77 933**	11 101
Adjustments for:			
Finance costs		**78**	19 572
Taxation charge		**1 916**	11 649
Investment income		**(3 176)**	(12 452)
Fair value gain on financial assets		**(1 087)**	(24 825)
Profit on sale of investment in joint venture		**–**	(8 567)
		75 664	(3 522)
B. Working capital changes		**(440)**	823
Decrease/(increase)in other receivables		**7**	(7)
Decrease/(increase) in trade and other payables		**(447)**	830
Cash generated from/(utilised in) operations		**75 224**	(2 699)

NOTES TO THE COMPANY ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 R'000	2017 R'000
1. REVENUE		
Revenue consists of:		
Administration fee from subsidiaries	**4 598**	–
Dividends received from subsidiaries	**77 365**	–
	81 963	–
2. OPERATING PROFIT BEFORE ASSOCIATE AND JOINT VENTURE INCOME		
Operating profit before associate and joint venture income is arrived at after taking into account the following:		
Income		
Profit on sale of investment in joint venture	**–**	8 567
Fair value gain on option	**1 087**	24 825
Operating expenses		
Auditors' remuneration		
– external statutory audit	**860**	844
Directors' fees (refer to note 35 of the Group financial statements for more detail)	**2 807**	2 070
3. INVESTMENT INCOME		
Interest received on bank deposits and from external parties	**3 176**	12 452
	3 176	12 452
4. FINANCE COSTS		
Preference and participation dividends	**–**	8 863
Interest on loan from related party	**-**	10 709
Other	**78**	-
	78	19 572

NOTES TO THE COMPANY ANNUAL FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 R'000	2017 R'000
5. TAXATION		
Current tax		
In respect of the current year	**889**	2 670
In respect of the prior year	**783**	–
	1 672	2 670
Security transfer tax		
In respect of the current year	**–**	1 460
Deferred tax		
In respect of the current year	**244**	7 519
Total income tax expense recognised in the current year	**1 916**	11 649
Tax rate reconciliation:		
Profit before tax	**79 849**	22 750
Income tax expense calculated at 28% (2017: 28%)	**22 358**	6 370
Prior year under provision	**783**	–
Non-deductible expenses	**498**	5 650
Non-taxable income	**(21 662)**	–
Deferred tax asset not recognised	**–**	39
Securities transfer tax	**–**	1 460
Capital gains tax	**(61)**	(1 870)
	1 916	11 649

	2018 R'000	2017 R'000
6. OTHER RECEIVABLES		
Accrued interest	**–**	7
	–	7

	2018 R'000	2017 R'000
7. SHARE CAPITAL AND RESERVES		
7.1 STATED CAPITAL		
Authorised		
10 000 000 000 (2017: 10 000 000 000) ordinary shares of no par value	**–**	–
Issued and fully paid		
272 865 243 (2017: 251 362 907) ordinary shares of no par value	**1 579 536**	1 297 124
Held as treasury shares		
4 296 325 (2017: Nil) ordinary shares of no par value	**(38 526)**	–
Total stated capital	**1 541 011**	1 297 124
7.1.1. ORDINARY SHARES		
As at 31 December, the movement in share capital is as follows:		
Balance at the beginning of the year	**1 297 124**	7 420
Issue of share capital	**282 413**	1 294 047
Shares repurchased	**–**	(4 343)
Balance at the end of the year	**1 579 536**	1 297 124

	NUMBER OF SHARES	
	2018	2017
Balance at the beginning of the year	**251 362 907**	974 402 360
1:6 share consolidation	**–**	(812 001 966)
Issue of share capital	**19 230 769**	101 933 269
Issue of shares under the Group's employee share option plan	**2 271 567**	4 400 065
Share buy-back	**–**	(17 370 821)
Balance at the end of the year	**272 865 243**	251 362 907

NOTES TO THE COMPANY ANNUAL FINANCIAL STATEMENTS

(CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

		2018 R'000	2017 R'000
7.1.2.	**HELD AS TREASURY SHARES**		
	As at 31 December, the movement in share capital is as follows:		
	Balance at the beginning of the year	**–**	–
	Shares repurchased	**(38 526)**	–
	Balance at the end of the year	**(38 526)**	–

	NUMBER OF SHARES	
	2018	2017
Balance at the beginning of the year	**–**	–
Shares repurchased for purposes of group's forfeitable share plan	**2 671 642**	–
Balance at the end of the year	**2 671 642**	–

		2018 R'000	2017 R'000
7.2	PREFERENCE SHARE CAPITAL AND PREMIUM		
	As at 31 December, the movement in preference share capital is as follows:		
	Balance at the beginning of the year	**–**	200 017
	Share redemption	**–**	(200 017)
	Balance at the end of the year	**–**	–

In the prior year, all the issued B and C redeemable preference shares, including all accrued preference dividends were redeemed. These shares were held by Brimco Proprietary Limited.

		2018 R'000	2017 R'000
8.	**TRADE AND OTHER PAYABLES**		
	Other payables	**443**	890
		443	890

Trade and other payables are non-interest-bearing and are generally on terms of 30 to 90 days.

	2018 R'000	2017 R'000
9. OTHER FINANCIAL ASSET		
Asset held at fair value through profit or loss	**25 912**	24 825

ASSET HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

Included in non-current financial assets is a call option, entered into on 1 January 2017, to acquire 100% of the shareholding in Vuna Fishing Company Proprietary Limited from Vuna Fishing Group Proprietary Limited. The fair value was independently determined by an expert using the Black-Scholes option pricing model. The 10-year call option financial asset which can be exercised at any time has been classified as a non-current asset at year-end due to the expected exercise date thereof exceeding 12 months from the reporting date. The call option is regarded as a Level 3 financial instrument for fair value measurement purposes.

Fair value gain on share option of R1.1 million (2017: R24.8 million) is recognised in profit or loss.

Assumption sensitivity analysis

The Company has performed a sensitivity analysis relating to its exposure to a change in the assumptions used in the valuation. This sensitivity analysis demonstrates the increase/(decrease) on the asset held at fair value through profit or loss which could result from a change in these assumptions.

	2018 R'000	2017 R'000
Vuna Fishing Company valuation		
+ 5%	**1 980**	2 061
– 5%	**(1 956)**	(2 036)
Yield Curve 8.059% (2017: 7.910%)		
+ 5%	**1 324**	1 167
– 5%	**(1 285)**	(975)
Volatility 34.378% (2017: 24.146%)		
+ 1%	**1 060**	1 435
– 1%	**(1 087)**	(1 487)

As Vuna Fishing Company Proprietary Limited is unlisted, the volatility was determined using the quadratic mean volatility of peer group companies.

NOTES TO THE COMPANY ANNUAL FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

10. FAIR VALUE MEASUREMENT

The following table analyses the Group's assets and liabilities that are measured at fair value subsequent to initial recognition, grouped in Levels 1 to 3 based on the degree to which fair value is observable.

– Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

– Level 2 fair value measurements are those derived from input other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices).

– Level 3 fair value measurements are those derived from valuation techniques that include inputs for the assets or liability that are not based on observable market data (unobservable inputs).

Fair value measurement hierarchy for assets and liabilities as at 31 December 2018:

	DATE OF VALUATION	TOTAL	PRICES QUOTED IN ACTIVE MARKETS (LEVEL 1)	SIGNIFICANT OBSERVABLE INPUTS (LEVEL 2)	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)
Assets measured at fair value					
Other financial asset	**31 December 2018**	**25 912**	**–**	**–**	**25 912**

Fair value measurement hierarchy for assets and liabilities as at 31 December 2017:

	DATE OF VALUATION	TOTAL	PRICES QUOTED IN ACTIVE MARKETS (LEVEL 1)	SIGNIFICANT OBSERVABLE INPUTS (LEVEL 2)	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)
Assets measured at fair value					
Other financial asset	31 December 2017	24 825	–	–	24 825

There were no transfers between Levels 1, 2 and 3 during the current or prior year.

Specific valuation technicques used for the Level 3 instruments are:

Other financial assets: Black Scholes model

The sensitivity of the valuation assumptions for the Level 3 financial instruments are set out in note 9.

	2018 R'000	2017 R'000
11. DEFERRED TAXATION		
Deferred tax liabilities	**5 804**	5 561
	5 804	5 561

The movement in deferred tax liabilities can be analysed as follows:

2018	OPENING BALANCE R'000	RECOGNISED IN PROFIT OR LOSS R'000	CLOSING BALANCE R'000
Deferred tax liabilities in relation to:			
Derivative instruments	**5 561**	**243**	**5 804**
	5 561	**–**	**5 804**
2017			
Deferred tax (assets)/liabilities in relation to:			
Derivative instruments	–	5 561	5 561
Tax losses	(39)	39	–
	(39)	5 600	5 561

12. EVENTS SUBSEQUENT TO REPORTING DATE

The board of directors has declared a gross full and final cash dividend of 40 cents (2017: 31 cents) per share on 11 March 2019 in respect of the year ended 31 December 2018.

Other than as outlined above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company to affect substantially the operations of the Company, the results of those operations or the state of affairs of the Company.

13. COMMITMENTS AND CONTINGENCIES

The Company has no commitments or contingent liabilities at the end of the reporting period.

NOTES TO THE COMPANY ANNUAL FINANCIAL STATEMENTS

(CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

14. FINANCIAL RISK MANAGEMENT

The Company's financial risk management strategy is consistent with that of the Group set out in note 32 of the Group financial statements.

LIQUIDITY AND INTEREST RATE RISK MANAGEMENT

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities within agreed repayment periods.

2018	INTEREST RATE	WITHIN 1 YEAR	1 TO 5 YEARS	OVER 5 YEARS	TOTAL
Financial assets					
Asset held at fair value through profit or loss	**0%**	**–**	**–**	**25 912**	**25 912**
Loans to related parties	**0%**	**–**	**1 185 696**	**–**	**1 185 696**
Cash and bank balances	**Bank deposit rate**	**3 084**	**–**	**–**	**3 084**
		3 084	**1 185 696**	**25 912**	**1 214 692**
Financial liabilities					
Trade and other payables	**0%**	**443**	**–**	**–**	**443**
Loans from related parties	**0%**	**–**	**156**		**156**
		443	**156**	**–**	**599**

2017	INTEREST RATE	WITHIN 1 YEAR	1 TO 5 YEARS	OVER 5 YEARS	TOTAL
Financial assets					
Asset held at fair value through profit or loss	0%		–	24 825	24 825
Loans to related parties	0%	–	758 640	–	758 640
Other receivable	0%	7	–	–	7
Cash and bank balances	Bank deposit rate	188 855	–	–	188 855
		188 862	758 640	24 825	972 327
Financial liabilities					
Trade and other payables	0%	890	–	–	890
Loans from related parties	0%	–	170	–	170
		890	170	–	1 060

15. RELATED PARTY TRANSACTIONS

A. LOANS TO AND FROM RELATED PARTIES

2018	DIVIDENDS RECEIVED R'000	ADMINI-STRATION FEES RECEIVED R'000	AMOUNTS OWED BY RELATED PARTIES R'000	AMOUNTS OWED TO RELATED PARTIES R'000
Sea Harvest Corporation Proprietary Limited (Subsidiary)	**77 365**	**4 368**	**758 038**	**–**
Cape Harvest Foods Properietary Limited	**–**	**230**	**–**	**–**
Sea Harvest International Proprietary Limited (Subsidiary)	**–**	**–**	**290 564**	**–**
Vuna Fishing Group Proprietary Limited (Subsidiary of Brimstone Investment Corporation Limited)	**–**	**–**	**45 069**	**–**
Vuna Fishing Company Proprietary Limited (Joint venture of Brimstone Investment Corporation Limited)	**–**	**–**	**27 420**	**–**
Sea Harvest Aquaculture Proprietary Limited (Subsidiary)			**64 605**	
Sea Harvest Employee Share Trust (Equity holder)	**–**	**–**	**–**	**156**
	77 365	**4 598**	**1 185 696**	**156**

2017	INTEREST PAID R'000	AMOUNTS OWED BY RELATED PARTIES R'000	AMOUNTS OWED TO RELATED PARTIES R'000
Brimco Proprietary Limited (Equity holder)	10 709	–	–
Sea Harvest Corporation Proprietary Limited (Subsidiary)	–	395 861	–
Sea Harvest International Proprietary Limited (Subsidiary)	–	290 290	–
Vuna Fishing Group Proprietary Limited (Subsidiary of Brimstone Investment Corporation Limited)	–	45 069	–
Vuna Fishing Company Proprietary Limited (Joint venture of Brimstone Investment Corporation Limited)	–	27 420	–
Sea Harvest Employee Share Trust (Equity holder)	–	–	170
	10 709	758 640	170

Loans to/from subsidiaries and other related parties are interest-free. These loans are unsecured and are repayable only if and to the extent such payment is permissible under the Third Party Funding Agreements and the directors resolve that they shall be repaid.

B. KEY MANAGEMENT PERSONNEL

Details of remunerations of key management personnel are set out in note 35 of the Group financial statements.

INTEREST IN PRINCIPAL SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

AT 31 DECEMBER 2018

NAME OF COMPANY	NOTES	NATURE OF BUSINESS	ISSUED CAPITAL 2018 R	EFFECTIVE HOLDING 2018 %
South Africa				
Sea Harvest Corporation Proprietary Limited		Fishing and fish processing	100	100%
Cape Harvest Foods Proprietary Limited		FMCG agency and retail business	100	100%
Sea Harvest International Proprietary Limited		Holding Company for international operations	100	100%
Sea Harvest Employee Share Trust	1	Share Trust	n/a	–
The Sea Harvest Management Investment Trust No. 2	1	Share Trust	n/a	–
The Sea Harvest Foundation NPC	1	Non-profit organisation	n/a	–
Cape Harvest Food Group Proprietary Limited		Holding Company for Cape Harvest Foods	100	100%
Sea Harvest Aquaculture Proprietary Limited		Holding Company for acquaculture business	100	100%
Viking Aquaculture Proprietary Limited[1]	2	Abalone, mussels, oysters and trout farming	100	51%
Australia				
Cape Haddie Limited – Australia		Dormant	100	100%
Mareterram Limited – Australia		Fishing and fish processing	246 964 101	56,28%

[1] *These are the material subsidiaries held by Viking Aquaculture Proprietary Limited:*

Molapong Aquaculture Proprietary Limited	*82%*
Tuna Marine Proprietary Limited	*69%*
Buffeljags Abalone Farm Proprietary Limited	*100%*
Luderitz Mariculture Proprietary Limited	*95%*
West Coast Oyster Growers Proprietary Limited	*100%*
West Coast Aquaculture Proprietary Limited	*50%*
Diamond Coast Aquaculture Proprietary Limited	*90%*

The company's interest in the aggregate profits and losses after taxation of consolidated subsidiaries was as follows:

	2018 R'000	2017 R'000
Profits	**292 566**	258 344

Notes:

1 - Consolidated special purpose entities

2 - Subsidiary acquired 02 July 2018

ISSUED CAPITAL 2017 R	EFFECTIVE HOLDING 2017 %	COST OF SHARES 2018 R'000	INDEBTEDNESS 2018 R'000	2017 R'000
100	100%	–	758 038	395 861
100	100%	–	–	–
100	100%	–	290 564	290 290
n/a	–	–	(156)	(170)
n/a	–	–	–	–
n/a	–	–	–	–
–	–	–	–	–
–	–	–	64 605	–
–	–	–	–	–
100	100%	–	–	–
246 964 101	56,28%	–	–	–
			1 113 051	685 981

ANALYSIS OF ORDINARY SHAREHOLDERS

AT 31 DECEMBER 2018

SHAREHOLDER SPREAD	NUMBER OF SHAREHOLDERS	% OF TOTAL SHAREHOLDING	NUMBER OF SHARES	% OF ISSUED CAPITAL
1 – 1 000 shares	598	55.37%	149 375	0.05%
1 001 – 10 000 shares	207	19.17%	908 733	0.33%
10 001 – 100 000 shares	156	14.44%	6 108 074	2.24%
100 001 – 1 000 000 shares	95	8.80%	35 979 801	13.19%
1 000 000 shares and over	24	2.22%	229 719 260	84.19%
Total	1 080	100%	272 865 243	100.00%
Distribution of shareholders				
Assurance Companies	2	0.19%	241 292	0.09%
Close Corporations	9	0.83%	75 470	0.03%
Collective Investment Schemes	53	4.91%	24 950 872	9.14%
Foundations & Charitable Funds	4	0.37%	2 128 570	0.78%
Hedge Funds	15	1.39%	10 681 511	3.91%
Insurance Companies	3	0.28%	14 578	0.01%
Investment Partnerships	7	0.65%	213 200	0.08%
Managed Funds	3	0.28%	4 265 791	1.56%
Medical Aid Funds	1	0.09%	46 450	0.02%
Organs of State	1	0.09%	29 396 703	10.77%
Private Companies	45	4.17%	157 416 035	57.69%
Public Companies	2	0.19%	56 244	0.02%
Retail Shareholders	841	77.87%	12 539 963	4.60%
Retirement Benefit Funds	33	3.06%	11 417 308	4.18%
Scrip Lending	1	0.09%	266 961	0.10%
Share Schemes	1	0.09%	3 548 449	1.30%
Sovereign Funds	2	0.19%	8 708 061	3.19%
Stockbrokers and Nominees	4	0.37%	21 677	0.01%
Treasury	1	0.09%	2 531 388	0.93%
Trusts	52	4.81%	4 344 720	1.59%
Total	1 080	100.0%	272 865 243	100%

SHAREHOLDER TYPE	NUMBER OF SHAREHOLDERS	% OF TOTAL SHAREHOLDING	NUMBER OF SHARES	% OF ISSUED CAPITAL
Non-Public Shareholders	14	1.30%	179 061 260	65.62%
Directors and Associate	10	0.93%	5 544 387	2.03%
Beneficial holders greater than 10%	2	0.19%	167 437 036	61.36%
Share Schemes	1	0.09%	3 548 449	1.30%
Treasury	1	0.09%	2 531 388	0.93%
Public Shareholders	1 066	98.70%	93 803 983	34.38%
Total	1 080	100.00%	272 865 243	100.00%

Beneficial shareholders with a holding greater than 3% of the issued shares	NUMBER OF SHARES	% OF ISSUED CAPITAL
Newshelf 1411 (Pty) Ltd	138 040 333	50.59%
Government Employees Pension Fund	29 396 703	10.77%
36One	16 073 329	5.89%
Odin Investments (Pty) Ltd	12 307 692	4.51%
Total	195 818 057	71.76%

Fund managers with a holding of greater than 3% of the issued shares	NUMBER OF SHARES	% OF ISSUED CAPITAL
Public Investment Corporation	29 396 703	10.77%
36One Asset Management	19 946 004	7.31%
Visio Capital Management	15 995 884	5.86%
Kagiso Asset Management	9 130 315	3.35%
Total	74 468 906	27.29%

Total number of shareholdings	1 080
Total number of shares in issue	272 865 243

Share price performance	
Opening price 2 January 2018	R11.65
Closing price 31 December 2018	R13.75
Closing high for period	R15.40
Closing low for period	R11.50
Number of shares in issue	272 865 243
Volume traded during period	24 557 354
Ratio of volume traded to shares issued (%)	9.00%
Rand value traded during the period	R319 125 877
Price/earnings ratio as at 31 December 2018	14.06
Earnings yield as at 31 December 2018	7.11
Dividend yield as at 31 December 2018	1.80
Market capitalisation at 31 December 2018	R3 751 897 091

CORPORATE INFORMATION

(Incorporated in the Republic of South Africa)
Registration number: 2008/001066/06
JSE code: SHG
ISIN: ZAE00240198
"Sea Harvest"or "the Company"or "the Group"

Registered address:	The Boulevard Office Park 1st Floor, Block C Searle Street Cape Town 7925 South Africa
Directors:	F Robertson* (Chairman) BM Rapiya** WA Hanekom*** MI Khan* L Penzhorn*** (Retired 2 July 2018) T Moodley* (Appointed 2 July 2018) KA Lagler*** (Appointed 2 July 2018) CK Zama*** (Appointed 2 July 2018) F Ratheb (Chief Executive Officer) JP de Freitas (Chief Financial Officer) M Brey (Chief Investment Officer) ** Non-executive director* *** Lead independent non-executive director* **** Independent non-executive director*
Company Secretary:	N Aston
Transfer Secretary:	Computershare Investor Services Proprietary Limited Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196
Sponsor:	The Standard Bank of South Africa Limited
Auditors:	Deloitte & Touche

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