



# UNAUDITED INTERIM RESULTS

FOR THE SIX MONTHS ENDED 30 JUNE 2017

# CORPORATE INFORMATION

## **Sea Harvest Group Limited**

(Formerly Sea Harvest Holdings Proprietary Limited)

(Incorporated in the Republic of South Africa)

Registration number: 2008/001066/06

JSE Code: SHG

ISIN: ZAE000240198

“Sea Harvest” or “the Company” or “the Group”

Registered address:     The Boulevard Office Park  
                                  1<sup>st</sup> Floor, Block C  
                                  Searle Street  
                                  Woodstock  
                                  Cape Town  
                                  7925  
                                  South Africa

Directors:                 F Robertson \* (Chairperson)  
                                  BM Rapiya \*\*  
                                  WA Hanekom \*  
                                  L Penzhorn \*  
                                  MI Khan \*  
                                  T Moodley \*\*\*  
                                  F Ratheb (Chief Executive Officer)  
                                  JP de Freitas (Chief Financial Officer)  
                                  Mo Brey (Chief Investment Officer)

\* Non-Executive

\*\* Lead Independent Non-Executive

\*\*\* Non-Executive Alternative

There have been no changes to the board of directors since listing.

Company Secretary:     Nana Aston

Transfer Secretary:     Computershare Investor Services Proprietary Limited  
                                  15 Biermann Avenue, Rosebank, 2196

Sponsor:                 The Standard Bank of South Africa

Auditors:                 Deloitte & Touche

# COMMENTARY

## KEY PERFORMANCE INDICATORS

YEAR ENDED 31 DECEMBER 2016 R'000		SIX MONTHS ENDED 30 JUNE 2017 R'000	SIX MONTHS ENDED 30 JUNE 2016 R'000
1,931,979	Revenue	<b>1,056,961</b>	844,515
59%	International revenue mix (%)	<b>61%</b>	54%
605,458	Gross profit	<b>353,515</b>	270,282
31.3%	Gross profit margin (%)	<b>33.4%</b>	32.0%
250,188	Profit before net finance costs and taxation (EBIT)	<b>205,597</b>	83,253
12.9%	EBIT margin (%)	<b>19.5%</b>	9.9%
131,514	Profit for the period	<b>135,888</b>	36,943
86.1	Earnings per share (cents)	<b>67.0</b>	26.1
80,142	Headline earnings	<b>110,664</b>	34,874
56.6	Headline earnings per share (cents)	<b>56.6</b>	24.6
60.9	Net asset value per share (cents)	<b>531.9</b>	24.7
365.6	Adjusted net asset value per share (cents) <sup>1</sup>	<b>531.9</b>	148.2
16.19	ZAR: Euro average exchange rate <sup>2</sup>	<b>14.29</b>	17.12
10.98	ZAR: AUD average exchange rate <sup>2</sup>	<b>10.06</b>	11.29
-	Closing share price (cents)	<b>1,370</b>	-

<sup>1</sup> Prior period shares in issue adjusted for 1:6 share consolidation

<sup>2</sup> Average spot exchange rate at which sales were recorded

## TRADING AND FINANCIAL PERFORMANCE

The period was dominated by the successful listing on the JSE of Sea Harvest Group Limited on 23 March 2017. The Group issued 106,333,334 shares at a price of R12.50 per share, raising R1.329 billion of capital. The Company's shares have traded positively since listing, ending the period 9% up at R13.70 per share.

Sea Harvest delivered headline earnings of R111 million for the six months to 30 June 2017 (2016: R35 million), up 217% on the same period last year, benefiting from the improved performance of its South African operations as a result of investments in both fleet and land-based operations; continued strong global demand for Cape Hake; the acquisition of a controlling interest in ASX listed Mareterram in July 2016; and the deleveraging effect on the balance sheet post listing the Group on the JSE.

Sea Harvest acquired an initial stake of 19.9% in Mareterram Limited in January 2016 and during the six months ended 30 June 2016 Mareterram was accounted for as an associate. In July 2016, Sea Harvest acquired a controlling stake in Mareterram and it was consolidated into the Group's results. The comparability of the financial information for six months ended 30 June 2017 with the same period in 2016 is impacted by the consolidation of Mareterram into the Group with effect from 1 July 2016.

**Group revenue** for the period increased by 25% to R1.06 billion compared to the same period last year (2016: R845 million).

# COMMENTARY

(CONTINUED)

The Rand strengthened by 16% in the period compared with the same period last year, which impacted South African operations' revenue. However this was offset by firm pricing and strong demand across all channels and markets, resulting in South African operations' revenue decreasing marginally by 2%. Sales volumes were in line with the same period last year, after a 5% quota reduction.

South African operations' export volumes increased by 11% and export volume mix grew to 43% from 39% in the same period last year, as the business continued to focus on higher margin sales. Export revenue increased by 3% after a 16% strengthening of the Rand across the currencies in which Sea Harvest trades.

Revenue from Mareterram, which was consolidated from July 2016, contributed R227 million to the Group's revenue for the period. Mareterram's revenue for the period increased by 42% compared to the first half of 2016, which was its first six months of trading since listing on the ASX in January 2016, driven by volume growth and favourable pricing.

The Group delivered **gross profit** of R354 million for the period (2016: R270 million) and the **gross profit margin** improved to 33% (2016: 32%), despite the impact of the stronger Rand. The South African operations contributed R291 million to gross profit. The expansion in gross profit margin was driven by efficiency improvements as a result of the investments in factory freezer vessel capacity and land-based factory efficiency improvements, together with higher export volumes and price increases across the board, which buffered the impact of the stronger Rand. Mareterram contributed R63 million to gross profit, with a gross profit margin of 28%.

**Other operating income** of R44 million (2016: R5 million) includes a R30 million foreign exchange hedge gain and a R14 million fair value gain.

**Group operating expenses** for the period increased by 9% from R198 million in 2016 to R216 million in 2017. This increase included once-off costs of R18 million relating to the restructuring of the Group and the listing on the JSE.

The Group delivered **EBIT** of R206 million during the period (2016: R83 million), an increase of 147% over 2016, and an **EBIT margin** of 19.5% (2016: 9.9%). Mareterram contributed R13 million to EBIT for the period. In addition, Group EBIT for the period included a R23 million gain on the disposal of Sea Harvest's 49.81% interest in a joint venture on 1 January 2017.

The Group reported **earnings per share** (EPS) of 67.0 cents (2016: 26.1 cents) and **headline earnings per share** (HEPS) of 56.6 cents (2016: 24.6 cents), an increase of 157% and 130% respectively, with both measures benefiting from the improved operating performance of the South African operation and the inclusion of Mareterram's result.

The **weighted average number of shares** (WANOS) for the period used for the calculation of EPS and HEPS is 195,379,525 and there were 239,973,603 shares (excluding treasury shares) in issue at the reporting date. At the beginning of the period, there were 849,242,000 shares (excluding treasury shares) in issue. During the period, there was a 1:6 share consolidation and 3,500,000 shares (excluding treasury shares) were repurchased. On 23 March 2017, the Group listed on the JSE and 101,933,269 shares (excluding treasury shares) were issued.

## CASH FLOW AND FINANCIAL POSITION

Group **cash generated from operations** for the period of R142 million, was 8% higher than the prior year, with the improved operating performance being partly offset by higher levels of working capital. The Group utilised R48 million in **investing activities** relating to the acquisition of property, plant and equipment during the period. At the end of the period the group had a **positive cash balance of R316 million**.

Following the listing and capital raise, the Group is well capitalised. All preference share capital, including accrued dividends, shareholder loans and third party debt in the South African operations were settled at listing.

To supplement the cash on hand, Sea Harvest has concluded a revolving credit facility, the proceeds of which are earmarked for internal projects and acquisitions in South Africa and Australia.

## DIVIDENDS

No interim dividend is declared or proposed for the six months ended 30 June 2017.

## OUTLOOK

International demand continues to be strong for high value wild caught species such as Cape Hake and Shark Bay Prawns. The Rand has weakened compared to the average for the first half of the year and the hedges in place for the second half of the year are more favourable than the first half of the year. Local market volumes have declined as a result of a stagnant economic environment, but this is expected to be offset by continued inflation in the category due to limited supply.

Revenue from Mareterram in the second half of the year is expected to be higher than the first half of the year due to the seasonal nature of the business.

All bank debt and shareholder loans within the South African operations were settled on listing and as a result, finance costs in the second half of the year are expected to reduce considerably, unless cash on hand and available facilities are utilised to fund growth.

There is a good pipeline of organic growth projects. The Group has announced the acquisition of a new freezer trawler (M.V. Therney) from listed Icelandic Fishing Company, HB Grandi, for \$13.5 million. The M.V. Therney was built in the Sterkoder yard in Norway, and is a sister vessel to the Harvest Atlantic Peace which was acquired by Sea Harvest in 2014. Delivery of the vessel is expected in mid-November this year, at a total cost of R250 million, and is anticipated to commence fishing in April/May 2018.

On behalf of the board

**F Robertson**

*Chairman*

**F Ratheb**

*Chief Executive Officer*

Cape Town

23 August 2017

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 30 JUNE 2017

AUDITED YEAR ENDED 31 DECEMBER 2016 R'000		UNAUDITED SIX MONTHS ENDED 30 JUNE 2017 R'000	UNAUDITED SIX MONTHS ENDED 30 JUNE 2016 R'000
1,931,979	Revenue	<b>1,056,961</b>	844,515
(1,326,521)	Cost of sales	<b>(703,446)</b>	(574,233)
605,458	<b>Gross profit</b>	<b>353,515</b>	270,282
31,607	Other operating income	<b>43,899</b>	5,141
(111,704)	Selling and distribution expenses	<b>(62,301)</b>	(50,023)
(13,372)	Marketing expenses	<b>(6,662)</b>	(5,405)
(314,810)	Other operating expenses	<b>(147,009)</b>	(142,564)
197,179	<b>Operating profit before joint venture and associate profit</b>	<b>181,442</b>	77,431
13,369	Share of profit of joint venture and associate	<b>1,000</b>	5,822
-	Gain on the disposal of interest in joint venture	<b>23,155</b>	-
39,640	Gain on remeasurement of previously held interest in subsidiary	-	-
250,188	<b>Profit before net finance costs and taxation</b>	<b>205,597</b>	83,253
2,075	Investment income	<b>5,862</b>	516
(77,892)	Finance costs	<b>(30,045)</b>	(30,020)
174,371	<b>Net profit before taxation</b>	<b>181,414</b>	53,749
(42,857)	Taxation	<b>(45,526)</b>	(16,806)
131,514	<b>Profit for the period</b>	<b>135,888</b>	36,943
	Profit for the period attributable to:		
121,876	Shareholders of Sea Harvest Group Limited	<b>130,955</b>	36,943
9,638	Non-controlling interest	<b>4,933</b>	-
131,514		<b>135,888</b>	36,943
	<b>Earnings per share (cents)</b>		
86.1	- Basic	<b>67.0</b>	26.1
75.1	- Diluted	<b>66.1</b>	22.8

# CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2017

AUDITED YEAR ENDED 31 DECEMBER 2016 R'000		UNAUDITED SIX MONTHS ENDED 30 JUNE 2017 R'000	UNAUDITED SIX MONTHS ENDED 30 JUNE 2016 R'000
131,514	<b>Profit for the period</b>	<b>135,888</b>	36,943
	<b>Other comprehensive income</b>		
	Items that may be reclassified subsequently to profit or loss:		
94,728	Movement on cash flow hedging reserve	<b>(17,917)</b>	47,041
(44,361)	Exchange differences on foreign operations	<b>7,382</b>	-
50,367	<b>Other comprehensive (loss)/income, net of tax</b>	<b>(10,535)</b>	47,041
181,881	<b>Total comprehensive income for the period</b>	<b>125,353</b>	83,984
	Total comprehensive income/(loss) attributable to:		
186,670	Shareholders of Sea Harvest Group Limited	<b>119,050</b>	83,984
(4,789)	Non-controlling interest	<b>6,303</b>	-
181,881		<b>125,353</b>	83,984

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2017

AUDITED 31 DECEMBER 2016 R'000	Notes	UNAUDITED 30 JUNE 2017 R'000	UNAUDITED 30 JUNE 2016 R'000
<b>ASSETS</b>			
541,513	Property, plant, equipment and vehicles	<b>531,180</b>	449,522
359,346	Intangible assets	<b>363,742</b>	84,441
104,224	Goodwill	<b>106,001</b>	-
21,845	Investment in joint venture	-	13,953
-	Investment in associate	-	54,542
25,264	Available-for-sale investment	<b>25,264</b>	25,264
1,233	Financial assets	<b>13,953</b>	-
4,389	Loans to related parties	<b>70,501</b>	4,357
33,545	Deferred tax assets	<b>50,313</b>	-
1,091,359	<b>Non-current assets</b>	<b>1,160,954</b>	632,079
291,758	Inventories	<b>324,982</b>	174,069
282,750	Trade and other receivables	<b>359,280</b>	274,694
46,629	Financial assets	<b>27,687</b>	-
6,370	Tax assets	-	-
154,404	Cash and bank balances	<b>316,222</b>	129,377
781,911	<b>Current assets</b>	<b>1,028,171</b>	578,140
1,873,270	<b>TOTAL ASSETS</b>	<b>2,189,125</b>	1,210,219



AUDITED 31 DECEMBER 2016 R'000	Notes	UNAUDITED 30 JUNE 2017 R'000	UNAUDITED 30 JUNE 2016 R'000	
<b>EQUITY AND LIABILITIES</b>				
849	Stated capital	6	1,295,771	849
368,409	Preference share capital and premium		-	168,409
-	FSP reserve		(55,000)	-
17,309	Revaluation reserve		17,309	17,309
22,079	Cash flow hedging reserve		5,264	(25,539)
6,507	Share-based payment reserve		(5,203)	-
(29,865)	Foreign currency translation reserve		(24,956)	-
132,116	Retained earnings		43,302	48,740
517,404	Attributable to shareholders of Sea Harvest Group Limited		1,276,487	209,768
137,687	Non-controlling interest		138,636	4,428
655,091	<b>Capital and reserves</b>		<b>1,415,123</b>	214,196
371,917	Long-term interest-bearing borrowings		121,398	285,648
54,664	Loans from related parties	5	-	54,664
31,209	Employee related liabilities		26,703	25,427
13,733	Deferred grant income		12,920	14,778
82,450	Financial liabilities	4	61,267	-
133,410	Deferred tax liabilities		123,117	94,589
135,404	Shareholders for dividends		-	123,526
822,787	<b>Non-current liabilities</b>		<b>345,405</b>	598,632
52,536	Short-term interest bearing borrowings		72,150	41,931
291,568	Trade and other payables		310,695	277,129
1,551	Short-term deferred grant income		1,581	1,555
21,121	Financial liabilities	4	22,548	53,862
17,843	Short-term provisions		-	5,725
2,431	Short-term shareholders for dividends		-	-
8,342	Tax liabilities		21,623	17,189
395,392	<b>Current liabilities</b>		<b>428,597</b>	397,391
1,873,270	<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,189,125</b>	1,210,219
60.9	NAV per share (cents)		531.9	24.7
849,242	Net shares in issue at end of period (000's)		239,974	849,242
365.6 <sup>1</sup>	Adjusted NAV per share (cents) <sup>1</sup>		531.9	148.2 <sup>1</sup>
141,540 <sup>1</sup>	Adjusted shares in issue at end of period (000's) <sup>1</sup>		239,974	141,540 <sup>1</sup>

<sup>1</sup> Prior period shares in issue adjusted for 1:6 share consolidation.

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2017

AUDITED YEAR ENDED 31 DECEMBER 2016 R'000		UNAUDITED SIX MONTHS ENDED 30 JUNE 2017 R'000	UNAUDITED SIX MONTHS ENDED 30 JUNE 2016 R'000
130,092	<b>Balance at the beginning of the period</b>	<b>655,091</b>	130,092
	Attributable to:		
130,092	Shareholders of Sea Harvest Group Limited	<b>517,404</b>	130,092
-	Non-controlling interests	<b>137,687</b>	-
	Total comprehensive income for the period attributable to shareholders of Sea Harvest Group Limited		
186,670		<b>119,050</b>	83,984
121,876	Profit for the period	<b>130,955</b>	36,943
64,794	Movements in other items of comprehensive income, net of tax	<b>(11,905)</b>	47,041
	Movements attributable to shareholders of Sea Harvest Group Limited		
-	Shares issued <sup>1</sup>	<b>1,294,943</b>	-
-	Shares repurchased <sup>2</sup>	<b>(51,450)</b>	-
-	Recognition of FSP reserve <sup>3</sup>	<b>(55,000)</b>	-
200,000	Preference shares issued	-	-
-	Redemption of preference shares <sup>4</sup>	<b>(368,409)</b>	-
-	Distributions to participants of share trusts <sup>5</sup>	<b>(167,321)</b>	-
(4,308)	Recognition of treasury shares	-	(4,308)
(1,557)	Recognition of share option liability directly in equity	-	-
6,507	Share-based payment expense	<b>10,403</b>	-
-	Reclassification of share-based payment reserve <sup>6</sup>	<b>(23,133)</b>	-
137,687	Movement attributable to non-controlling interests	<b>949</b>	4,428
655,091	<b>Balance at the end of the period</b>	<b>1,415,123</b>	214,196

1 Following the listing on 23 March 2017, Sea Harvest successfully placed 101,933,269 ordinary shares (excluding shares referred to in footnote 3) at a price of R12.50 per share. Listing costs of R34 million were charged against equity.

2 100% of the ordinary shares held by The New Sea Harvest Management Investment Trust were repurchased and cancelled.

- 3 *4,400,065 ordinary shares were awarded to key Sea Harvest employees in terms of a long-term Forfeitable Share Plan ("FSP") incentive scheme and R55 million representing the market value of the shares was debited to a reserve and credited to stated capital.*
- 4 *During the period, Sea Harvest redeemed all of the issued B and C redeemable preference shares, including all accrued preference dividends, all of which were held by Brimco Proprietary Limited.*
- 5 *In accordance with the repurchase and amendment agreements entered into during the period, 75% of the ordinary shares held by The Sea Harvest Management Investment Trust No.2 and 50% of the ordinary shares held by The Sea Harvest Employee Share Trust, both controlled entities of the Group, were repurchased and cancelled.*
- 6 *During the period, The Sea Harvest Management Investment Trust No. 2 and The Sea Harvest Employee Share Trust were reclassified from equity-settled share-based payment schemes to cash-settled share-based payment schemes. The IFRS 2 calculated liability was raised and debited to the equity-settled share-based payment reserve at the reclassification date.*

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2017

AUDITED YEAR ENDED 31 DECEMBER 2016 R'000		UNAUDITED SIX MONTHS ENDED 30 JUNE 2017 R'000	UNAUDITED SIX MONTHS ENDED 30 JUNE 2016 R'000
	<b>Operating activities</b>		
131,514	Profit for the period	<b>135,888</b>	36,943
185,901	Adjustments for non-cash and other items	<b>93,190</b>	95,173
317,415	Operating cash flows before movements in working capital	<b>229,078</b>	132,116
(20,577)	Increase in inventories	<b>(31,627)</b>	(5,162)
32,252	(Increase)/decrease in trade and other receivables	<b>(74,873)</b>	(35,263)
(672)	Increase/(decrease) in trade and other payables	<b>19,745</b>	39,830
328,418	Cash generated from operations	<b>142,323</b>	131,521
2,075	Interest received	<b>5,862</b>	516
(50,943)	Interest paid	<b>(21,177)</b>	(14,933)
(30,310)	Income taxes paid	<b>(44,142)</b>	-
249,240	Net cash generated from operating activities	<b>82,866</b>	117,104
	<b>Investing activities</b>		
(195,990)	Acquisition of investment in subsidiary	-	-
3,830	Proceeds on disposal of property, plant, equipment and vehicles	-	3,830
(107,449)	Acquisition of property, plant, equipment and vehicles	<b>(48,386)</b>	(55,154)
(3,164)	Acquisition of intangible assets	<b>(1,494)</b>	-
(302,773)	Net cash utilised by investing activities	<b>(49,880)</b>	(51,324)

AUDITED YEAR ENDED 31 DECEMBER 2016 R'000		UNAUDITED SIX MONTHS ENDED 30 JUNE 2017 R'000	UNAUDITED SIX MONTHS ENDED 30 JUNE 2016 R'000
	<b>Financing activities</b>		
	- Shares issued	<b>1,239,943</b>	-
	- Shares repurchased	<b>(51,450)</b>	-
200,000	Proceeds on the issue of C class preference shares	-	-
	- Redemption of B and C preference share capital	<b>(368,409)</b>	-
	- Repayment of B and C preference dividends	<b>(144,269)</b>	-
(55,806)	Repayment of borrowings	<b>(301,478)</b>	(10,375)
	- Borrowings raised	<b>67,886</b>	-
(12,519)	Payments of financial liabilities	<b>(25,284)</b>	-
	- Distributions to participants of share trusts	<b>(167,321)</b>	(2,446)
(103)	Amounts (advanced) and/or (repaid) to related parties	<b>(120,776)</b>	-
131,572	Net cash generated from/(utilised by) financing activities	<b>128,842</b>	(12,821)
78,039	Net increase in cash and cash equivalents	<b>161,828</b>	52,959
76,418	Cash and cash equivalents at the beginning of the period	<b>154,404</b>	76,418
(53)	Effects of exchange rates on the balance of cash held in foreign operations	<b>(10)</b>	-
154,404	<b>Cash and cash equivalents at the end of the period</b>	<b>316,222</b>	129,377

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2017

## 1. BASIS OF PREPARATION

The condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards, IAS 34: Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the Listings Requirements of the JSE Limited and the requirements of the Companies Act of South Africa, No. 71 of 2008. The report has been prepared using accounting policies that comply with International Financial Reporting Standards which are consistent with those applied in the financial statements for the year ended 31 December 2016. The condensed financial information has been prepared under the supervision of the Chief Financial Officer, JP de Freitas CA(SA).

The information has not been audited or reviewed by the Group's auditors, Deloitte & Touche.

## 2. DETERMINATION OF HEADLINE EARNINGS

AUDITED YEAR ENDED 31 DECEMBER 2016 R'000		UNAUDITED SIX MONTHS ENDED 30 JUNE 2017 R'000	UNAUDITED SIX MONTHS ENDED 30 JUNE 2016 R'000
121,876	Profit for the period attributable to shareholders of Sea Harvest Group Limited	<b>130,955</b>	36,943
(2,992)	Loss/(profit) on disposal of property, plant, equipment and vehicles	<b>408</b>	(2,874)
-	Impairment of property, plant, equipment and vehicles	<b>1,230</b>	-
-	Reversal of impairment of property, plant, equipment and vehicles	<b>(436)</b>	-
(39,640)	Gain on remeasurement of previously held interest in subsidiary	-	-
-	Realised profit on disposal of interest in joint venture	<b>(23,155)</b>	-
898	Total tax effects of adjustments	<b>1,662</b>	805
80,142	<b>Headline earnings for the period</b>	<b>110 664</b>	34,874
141,540	Weighted average number of shares on which earnings and headline earning per share is based (000's)	<b>195,379</b>	141,540
162,400	Weighted average number of shares on which diluted earnings and diluted headline earnings per share is based (000's)	<b>198,154</b>	162,400
	<b>Headline earnings per share (cents)</b>		
56.6	- Basic	<b>56.6</b>	24.6
49.3	- Diluted	<b>55.8</b>	21.5

AUDITED YEAR ENDED 31 DECEMBER 2016 R'000		UNAUDITED SIX MONTHS ENDED 30 JUNE 2017 R'000	UNAUDITED SIX MONTHS ENDED 30 JUNE 2016 R'000
<b>3. SEGMENTAL RESULTS</b>			
The Groups' reportable segments under IFRS 8: Operating Segments, are the South African operations and the Australian operations.			
<b>Segment revenue from external customers</b>			
1,652,236	SA Operations <sup>1</sup>	<b>829,890</b>	844,515
279,743	Australia Operations	<b>227,071</b>	-
1,931,979	Total revenue	<b>1,056,961</b>	844,515
<b>Segment profit from operations</b>			
171,250	SA Operations	<b>169,836</b>	77,431
25,929	Australia Operations	<b>11,606</b>	-
<b>Operating profit before joint venture and associate profits</b>			
197,179		<b>181,442</b>	77,431
-	Gain on the disposal of interest in joint venture	<b>23,155</b>	-
39,640	Gain on remeasurement of previously held interest in subsidiary	-	-
13,369	Share of profits of joint venture and associate	<b>1,000</b>	5,822
2,075	Investment income	<b>5,862</b>	516
(77,892)	Finance costs	<b>(30,045)</b>	(30,020)
174,371	<b>Net profit before taxation</b>	<b>181,414</b>	53,749
<b>Total assets</b>			
1,183,021	SA Operations	<b>1,677,271</b>	1,210,219
690,249	Australia Operations	<b>511,854</b>	-
1,873,270		<b>2,189,125</b>	1,210,219
<b>Total liabilities</b>			
945,267	SA Operations	<b>430,746</b>	996,023
272,912	Australia Operations	<b>343,256</b>	-
1,218,179		<b>774,002</b>	996,023

<sup>1</sup> Revenue excludes intra-segmental revenue of R18,2 million in SA Operations and inter-segmental revenue of R47,8 million which are eliminated on consolidation.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2017

AUDITED YEAR ENDED 31 DECEMBER 2016 R'000		UNAUDITED SIX MONTHS ENDED 30 JUNE 2017 R'000	UNAUDITED SIX MONTHS ENDED 30 JUNE 2016 R'000
<b>4. FINANCIAL ASSETS AND LIABILITIES</b>			
47,862	<b>Financial derivative assets</b>	<b>41,640</b>	-
1,233	Non-current portion of financial assets	<b>13,953</b>	-
46,629	Current portion of financial assets	<b>27,687</b>	-
<b>Other financial asset</b>			
25,264	Available-for-sale investment	<b>25,264</b>	25,264
<b>Financial derivative liabilities</b>			
2,698	Current portion of liabilities held at fair value through profit or loss	-	53,862
2,698	Current portion of financial liabilities	-	-
-		-	53,862
<b>Other financial liability</b>			
100,873	Fishing licence liability	<b>83,815</b>	-
82,450	Non-current portion of fishing licence liability	<b>61,267</b>	-
18,423	Current portion of fishing licence liability	<b>22,548</b>	-



## **FINANCIAL DERIVATIVE ASSETS AND LIABILITIES**

Financial assets and liabilities arise from hedging contracts entered into by the Group for the purpose of minimising the Group's exposure to foreign currency volatility. Hedging contracts are regarded as level 2 financial instruments for fair value measurement purposes. Level 2 fair value measurements are those derived from inputs that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

### **CALL OPTION DERIVATIVE**

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 30 June 2017 due to the expected exercise date thereof exceeding 12 months from the reporting date. The call option disclosed in financial assets is regarded as a level 3 financial instrument for fair value measurement purposes. Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

### **AVAILABLE-FOR-SALE INVESTMENT**

The Group holds 10% of the ordinary share capital of Desert Diamond Fishing Proprietary Limited, a company involved in the fishing and fishing processing industries. The directors of the Group do not consider that the Group is able to exercise significant influence over Desert Diamond Fishing Proprietary Limited.

The Group reassesses the valuation of the available-for-sale investment annually, by using an asset valuation method performed by an independent valuator.

The available-for-sale investment is regarded as a level 3 financial instrument. Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

### **OTHER FINANCIAL LIABILITIES**

The fishing licence liabilities relate to the Shark Bay Prawn Managed Fishery Voluntary Fisheries Adjustment Scheme ("VFAS"). The VFAS operates from 12 November 2010 until 1 July 2021. Mareterram owns ten fishing licences in the Shark Bay region. The liabilities shown represent present values discounted at the 5 year Australian Corporate Bond rate. Fishing licence liabilities are carried at amortised cost.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2017

AUDITED YEAR ENDED 31 DECEMBER 2016 R'000		UNAUDITED SIX MONTHS ENDED 30 JUNE 2017 R'000	UNAUDITED SIX MONTHS ENDED 30 JUNE 2016 R'000
<b>5. RELATED PARTY LOANS</b>			
<b>Loans to related parties</b>			
-	Vuna Fishing Company Proprietary Limited <sup>1</sup>	<b>27,420</b>	-
-	Vuna Fishing Group Proprietary Limited <sup>2</sup>	<b>43,081</b>	-
4,389	The New Sea Harvest Management Investment Trust	-	4,357
4,389	<b>Total</b>	<b>70,501</b>	4,357
<b>Loans from related parties</b>			
54,664	Brimco Proprietary Limited	-	54,664
54,664		-	54,664

<sup>1</sup> The Group extended a loan of R27 million to Vuna Fishing Company Proprietary Limited.

<sup>2</sup> On 1 January 2017, the Group sold its 49.81% interest in Vuna Fishing Company Proprietary Limited to Vuna Fishing Group Proprietary Limited a company controlled by Brimstone Investment Corporation Limited.

AUDITED YEAR ENDED 31 DECEMBER 2016		UNAUDITED SIX MONTHS ENDED 30 JUNE 2017	UNAUDITED SIX MONTHS ENDED 30 JUNE 2016
<b>6. STATED CAPITAL (NUMBER)</b>			
	In issue (number)		
974,402,360	Ordinary shares	<b>251,362,907</b>	974,402,360
(125,160,360)	Held as treasury shares	<b>(11,389,304)</b>	(125,160,360)
849,242,000		<b>239,973,603</b>	849,242,000
141,540,333	Weighted average number of shares on which earnings and headline earnings per share is based:	<b>195,379,525</b>	141,540,333
162,400,393	Weighted average number of shares on which diluted earnings and diluted headline earnings per share is based:	<b>198,154,129</b>	162,400,393
	Reconciliation of weighted average number of shares used in the calculation of basic and diluted earnings per share and headline earnings and diluted headline earnings per share:		
141,540,333	Basic	<b>195,379,525</b>	141,540,333
20,860,060	Dilutive instruments	<b>2,774,604</b>	20,860,060
162,400,393	Diluted	<b>198,154,129</b>	162,400,393

The following share movements occurred during the period under review:

	TOTAL SHARES IN ISSUE	LESS TREASURY SHARES	TOTAL NET SHARES IN ISSUE
Opening balance	<b>974,402,360</b>	<b>125,160,360</b>	<b>849,242,000</b>
Share consolidation – 15 February 2017 (1:6)	<b>(812,001,966)</b>	<b>(104,300,300)</b>	<b>(701,701,666)</b>
Shares repurchased	<b>(17,370,821)</b>	<b>(13,870,821)</b>	<b>(3,500,000)</b>
Shares issued	<b>106,333,334</b>	<b>4,400,065</b>	<b>101,933,269</b>
Closing balance	<b>251,362,907</b>	<b>11,389,304</b>	<b>239,973,603</b>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2017

## 7. SHARE-BASED PAYMENTS

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 Group. During the six months ended 30 June 2017, The Sea Harvest Management Investment Trust No. 2 and The Sea Harvest Employee Share Trust share incentive schemes were reclassified from equity-settled share-based payment schemes to cash-settled share-based payment schemes.

On 23 March 2017, the Group established a forfeitable share plan. In terms of the forfeitable share plan, executive directors and senior managers will be awarded performance shares in the Group. The performance shares are linked to a requirement of continued employment over the prescribed period, the Group's performance and strategic, individual performance conditions which have to be met. Shares are granted to participants for no consideration. These shares participate in dividends and shareholder rights from grant date. The scheme is accounted for as an equity-settled share scheme.

	THE SEA HARVEST MANAGEMENT INVESTMENT TRUST NO. 2	THE SEA HARVEST EMPLOYEE SHARE TRUST	FORFEITABLE SHARE PLAN
Grant date	31 March 2014	31 March 2014	23 March 2017
Number of shares granted	8,257,898	4,258,138	4,400,065
Fair value of shares at grant date (R)	8,788,000	5,155,000	46,283,566
Expiry date	31 March 2022	31 March 2022	23 March 2020
Vesting conditions	Service	Service	Service and Performance

	THE SEA HARVEST MANAGEMENT INVESTMENT TRUST NO. 2	THE SEA HARVEST EMPLOYEE SHARE TRUST	FORFEITABLE SHARE PLAN
<b>Number of shares held at the beginning of the period</b>	<b>82,578,980</b>	<b>42,581,380</b>	-
Share consolidation – 15 February 2017 (1:6)	(68,815,817)	(35,484,483)	-
Shares repurchased	(10,322,373)	(3,548,448)	-
Granted	-	-	4,400,065
<b>Number of shares held at the end of the period</b>	<b>3,440,790</b>	<b>3,548,449</b>	<b>4,400,065</b>

Effect on financial statements	R	R	R
Share-based payment expense for the period	3,568,404	1,769,347	5,590,181
Liability for cash-settled share-based payments	13,012,744	8,389,323	-
Equity-settled share-based payment reserve	(5,348,791)	(4,845,338)	5,590,181





