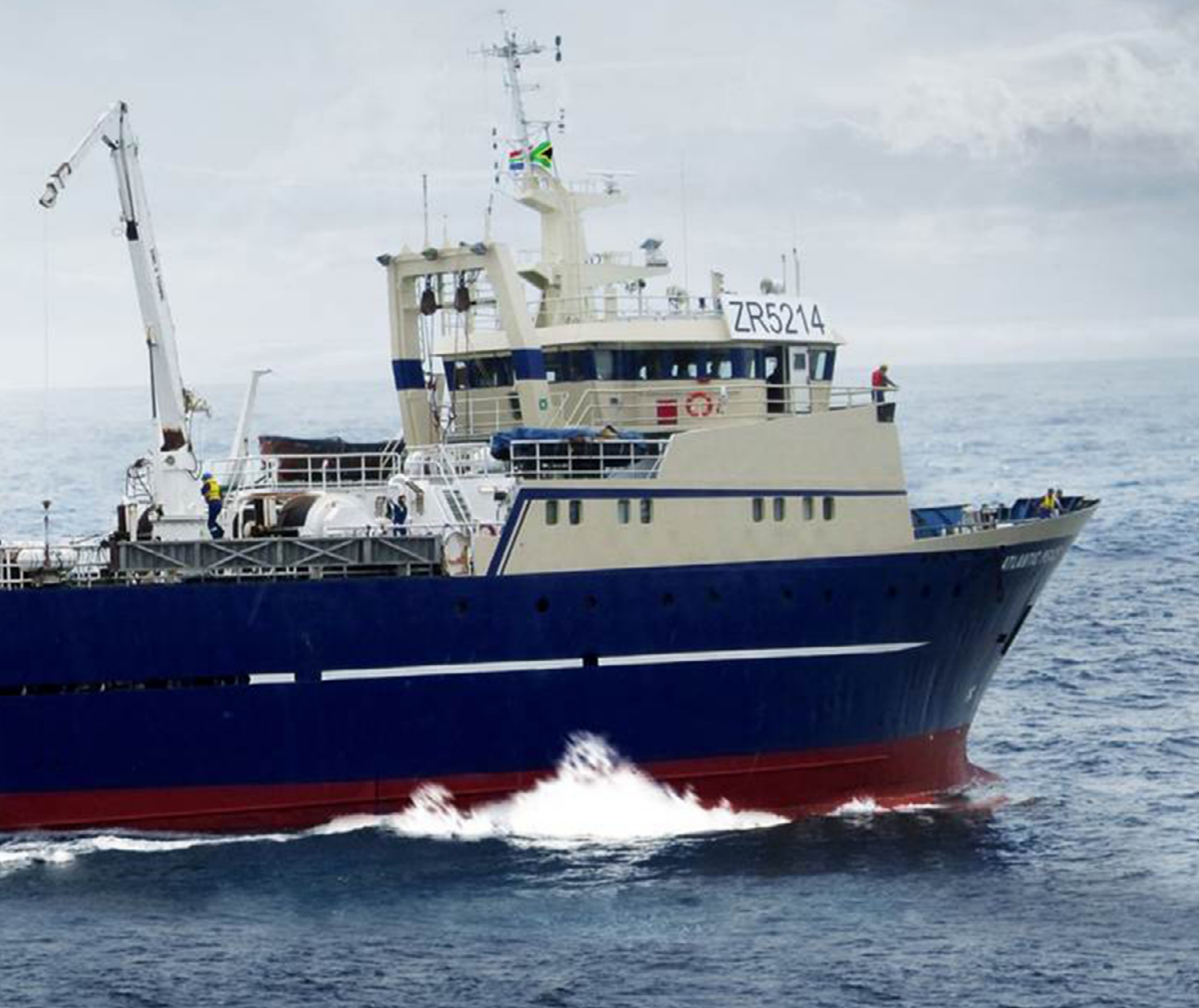
Sea Harvest

Savour the sea



AUDITED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

CONTENTS

APPROVAL OF ANNUAL FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation, integrity and objectivity of the Group and Company 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 2017, which appear on pages 7 to 101, were approved by the Board of Directors on 6 March 2018 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 2017 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

6 March 2018

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 99, which comprise the statements of financial position as at 31 December 2017, 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 2017, 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.

KEY AUDIT MATTER	HOW THE MATTER WAS ADDRESSED IN THE AUDIT

VALUATION OF COMPLEX OPTIONS AND SHARE-BASED PAYMENTS (GROUP AND COMPANY)

Significant assumptions and complex calculations are required in performing the valuations of the options and share-based payments.

Key sensitive assumptions used in the valuations are:

- Yield curves;
- Derivative value; and
- Volatility.

Other key inputs in the valuations include:

- Foreign exchange rates; and
- Effective interest rates.

The directors engage with specialists to assist with the valuations.

As a result of these sensitive assumptions and key inputs, this was identified as a key audit matter.

These instruments are disclosed in Notes 23 and 27.

In evaluating the valuations of the options and share-based payments, we have focused our attention on the key sensitive assumptions and inputs used in the calculations.

Our audit procedures have included the following:

- Evaluating the design and implementation of the controls to address the risk;
- Performing the following valuation reasonability assessments:
    - Critically evaluating whether the method used by the directors to value the options and share-based payments is appropriate considering the nature of the instrument;
    - Evaluating the directors' specialists to assess the sufficiency and appropriateness of valuations performed;
    - Validating the key sensitive assumptions used in the valuations by comparing them to relevant market information; and
    - Testing of inputs used in the valuations by comparing them to source information.
- Assessing the appropriateness of the disclosures in the financial statements.

We are satisfied that the assumptions used in the valuation of the options and share-based payments were appropriately considered and the transactions overall were appropriately accounted for and disclosed.

COMPLIANCE WITH LONG-TERM FISHING RIGHTS (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 rights could lead to reputational damage and 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 rights, the internal controls around this process are considered a key audit matter.

Our audit procedures have included the following:

- Evaluating the design and implementation of the controls to address the risk;
- Reviewing compliance with regulatory and financial obligations of all long-term fishing rights 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.

The design and implementation of controls was found to be effective and there was sufficient and appropriate evidence to support compliance with the long-term fishing rights conditions.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF SEA HARVEST GROUP LIMITED (CONTINUED)

KEY AUDIT MATTER	HOW THE MATTER WAS ADDRESSED IN THE AUDIT
LISTING TRANSACTION COSTS AND UNWINDING OF TRUSTS (GROUP AND COMPANY)	
The Group listed on the Johannesburg Stock Exchange in March 2017 and as a result of this listing incurred transaction costs related to the issuance of the share capital and initiated certain share capital buy-backs from The New Sea Harvest Management Investment Trust ("MIT 1"), The Sea Harvest Management Investment Trust No. 2 ("MIT 2"), and Sea Harvest Employee Share Trust ("EST"), collectively referred to as the "Trusts". Given the significant amounts involved, there is a need to ensure that the transaction costs related to the listing are appropriately allocated to equity or profit or loss. The share buy-backs resulted in material payments to related parties. It is therefore important to ensure that these were accounted for at arm's length values, the tax implications are appropriately treated, and that these transactions are appropriately accounted for and disclosed in the consolidated financial statements. As a result of the significance of the transactions, this was identified as a key audit matter. These transactions are disclosed in the Statement of Changes in Equity.	Our audit procedures have included the following: • Evaluating the design and implementation of the controls to address the risk; • Reviewing the settlement arrangements for the share buy-backs to ensure all recorded balances have been identified and accounted for appropriately; • Evaluating the directors' specialists to assess the sufficiency and appropriateness of the valuations performed to determine the price at which the share buy-backs were set; • Engaging with our tax specialists to assess the appropriateness of the related taxation implications; • Assessing the business rationale for a sample of transaction costs to ascertain the appropriate accounting treatment thereof; and • Reviewing disclosure in the financial statements of the share buy backs and transaction costs to ensure that it is adequate and appropriate. We are satisfied that the above transactions were appropriately accounted for and disclosed in the consolidated and separate financial statements.

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 of South Africa, 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 control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's 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.
- 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 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.

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

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 9 years.

Deloitte & Touche
Registered Auditor

Per: **Lester Cotten**
Partner

6 March 2018

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 2017.

NATURE OF BUSINESS AND OPERATIONS

Sea Harvest is a leading black-controlled and internationally recognised vertically integrated fishing and branded 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.

In December 2016 the entity was converted from a private company to a public company and accordingly its name was changed from Sea Harvest Holdings Proprietary Limited to Sea Harvest Group Limited.

Following this, on 23 March 2017, the Group was listed on the main board of the Johannesburg Stock Exchange ("JSE") (JSE share code: SGH).

FINANCIAL RESULTS AND GENERAL REVIEW

The results for the year under review are reflected in the Statement of Comprehensive Income on pages 16 and 17. The profit attributable to ordinary shareholders for the year is R259.3 million (2016: R121.9 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		**974 402 360**	**125 160 360**	**849 242 000**
Share consolidation	15 February 2017 (1:6)	**(812 001 966)**	**(104 300 300)**	**(707 701 666)**
Shares repurchased	17 February 2017 & 23 March 2017	**(17 370 821)**	**(13 870 821)**	**(3 500 000)**
Shares issued	23 March 2017	**106 333 334**	**4 400 065**	**101 933 269**
Closing balance		**251 362 907**	**11 389 304**	**239 973 603**

Following the listing on 23 March 2017 the Company issued 106 333 334 ordinary shares (2016: nil), which included 4 400 065 treasury shares, at a price of R12.50 per share, increasing stated capital by R1.2 billion. Listing costs of R35.1 million were charged against stated capital.

Details of the authorised and issued share capital of the Company are set out in note 19.

REPORT OF THE DIRECTORS
(CONTINUED)

SPECIAL RESOLUTIONS

On 16 February 2017, prior to listing and as part of the Group restructure, the shareholders of the Company passed the following special resolutions:

- The approval of the decrease of the authorised share capital by the removal of the A, B and C preference shares from the authorised share capital of the company as well as the approval of the consequential amendments to the MOI, deleting the paragraphs relating to A, B and C Preference Shares and deleting related schedules 1A, 1B and 1C and replacing these with "nil".
- The approval of the Company to enter into the following repurchase agreements with:
  - The New Sea Harvest Management Investment Trust ("MIT 1"): the "Amendment and Repurchase Agreement" repurchasing 3 500 000 ordinary shares from MIT 1;
  - The Sea Harvest Management Investment Trust No.2 ("MIT 2"): the "Amendment and Repurchase Agreement" repurchasing 10 322 373 ordinary shares from MIT 2; and
  - Sea Harvest Employee Share Trust ("SHEST"): the "Staff Trust Amendment and Repurchase Agreement" repurchasing 3 548 448 ordinary shares from the SHEST.
- The authorisation of the Company to repurchase from the shareholders the ordinary shares as contemplated in the Repurchase Agreement.
- The approval of the Listing on the JSE and that application be made to the JSE for the placement of the required number of shares.
- The approval to issue shares to any director, future director, prescribed officer or future prescribed officer of the Company, or to a person related or inter-related to the Company, or to a person related or inter-related to a director or prescribed officer of the Company, or to any nominee of such person, in terms of Section 41(1) of the Companies Act.
- The approval to issue up to 125 733 445 shares in terms of the private placement in terms of section 41(3) of the Companies Act to the extent that such share issue is equal to or exceeds 30% of the company's issued ordinary share capital.
- The approval of provision of financial assistance for the acquisition of shares in the Company in terms of section 44(3) of the Companies Act.
- The approval of provision of financial assistance in terms of section 45(3) of the Companies Act for to any director or prescribed officer of the company or of a related or inter-related company, or to a related or inter-related company or corporation, or to a member of a related or inter-related corporation, or to a person related to any such company, corporation, director, prescribed officer or member.
- The authorisation of the Company or its subsidiaries to acquire ordinary shares in the capital of the Company (repurchase of shares).
- The approval to issue shares in terms of Section 41(1) of the Companies Act in respect of the forfeitable share plan ("FSP") to any director, future director, prescribed officer or future prescribed officer/s of the Company, or to a person related or inter-related to the Company, or to a person related or inter-related to a director or prescribed officer of the Company, or to any nominee of such person, in terms of Section 41(1) of the Companies Act.
- The approval of director's remuneration for their services as directors.

CHANGES IN THE BOARD

There were no changes to the Board during the year under review.

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.

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 follows:

	NUMBER OF SHARES			
2017	**DIRECT BENEFICIAL**	**INDIRECT BENEFICIAL**	**TOTAL**	**PERCENTAGE OF ISSUED ORDINARY SHARE CAPITAL**
Mo Brey	**113 000**	**637 314**	**750 314**	**0.30%**
JP de Freitas	**437 000**	**987 608**	**1 424 608**	**0.57%**
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	**752 000**	**2 176 890**	**2 928 890**	**1.17%**
F Robertson	**5 600**	**218 300**	**223 900**	**0.09%**
TOTAL	**1 372 400**	**4 758 121**	**6 130 521**	**2.45%**
2016[1]				
JP de Freitas	–	2 435 998	2 435 998	1.50%
F Ratheb	–	6 690 883	6 690 883	4.12%
TOTAL	**-**	**9 126 881**	**9 126 881**	**5.62%**

There have been no changes in the above interests since the year-end. Details of directors' individual interests in terms of the forfeitable share plan are set out in note 33.

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 98 and 99.

PROPERTY, PLANT AND EQUIPMENT

Capital expenditure during the year amounted to R369.9 million (2016: R105.7 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.

Note:
[1] Prior year shares in issue adjusted for 1:6 share consolidation before dilution at listing

REPORT OF THE DIRECTORS
(CONTINUED)

DIRECTORS' RESPONSIBILITY FOR ANNUAL FINANCIAL STATEMENTS

The directors are responsible for the preparation of the Group and Company annual financial statements of Sea Harvest Group Limited in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

INTERNAL CONTROL

The directors are responsible for such internal control as the directors determine is 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.

DIVIDENDS

The board of directors has declared a gross full and final cash dividend of 31 cents (2016: nil) per share on 6 March 2018 in respect of the year ended 31 December 2017.

EVENTS SUBSEQUENT TO THE REPORTING DATE

On 3 November 2017, Mareterram Limited announced to the market that it would be acquiring two mackerel licence packages in the Western Australia Mackerel Managed Fishery with associated fishing vessels for a combined purchase consideration of R47.78 million (AUD 4.95 million). The transaction was completed in January 2018, per the terms of the sale and purchase agreements.

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.

REPORT OF THE AUDIT AND RISK COMMITTEE

ROLE, RESPONSIBILITIES AND FUNCTIONS

In addition to its statutory duties prescribed in the Companies Act, King IV and the JSE Listing requirements the Audit and Risk Committee ("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 inaugural report of the Audit and Risk Committee of the Sea Harvest Group sets out the manner in which the Committee has fulfilled these duties during the year under review.

COMPOSITION OF THE COMMITTEE

The Committee was appointed by the Board in February 2017 upon recommendation of the Nominations and Remuneration Committee. The Committee comprises of 3 (three) independent, non-executive directors. The Committee chairperson Mr LJ Penzhorn, and members Messrs. BM Rapiya and WA Hanekom hold office until the upcoming annual general meeting scheduled for 8 May 2018.

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

THE AUDIT & RISK COMMITTEE MANDATE AND TERMS OF REFERENCE

The Audit and Risk Committee operates in accordance with its terms of reference which were approved by the Board in February 2017 and which are reviewed on an annual basis. The terms of reference include the Committee's statutory duties as described in the Companies Act 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.

In accordance with the JSE Listings Requirements the application of the principles set out in the King IV Report on Corporate Governance became mandatory from 1 October 2017. The terms of reference of the Committee have been evaluated and aligned to the requirements of King IV.

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

MEETINGS AND WORK PLAN

The agenda of the meetings are derived from the adopted work plan of the Committee which ensures 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 chair and have had the opportunity to address the committee and its chairman without management being present to ensure their independence. The Committee reviewed detailed reports from the external auditors and internal auditors, the outcome of which was reported to the Board by the chairman of the Committee.

Three Audit and Risk Committee meetings were held during the year under review with 100% attendance of members overall.

MEMBERS	ATTENDANCE
LJ Penzhorn (Committee Chairman) BCom Appointed to the Committee February 2017	Attended 3 of 3 meetings
WA Hanekom CA(SA) Appointed to the Committee February 2017	Attended 3 of 3 meetings
BM Rapiya BA Economics Appointed to the Committee February 2017	Attended 3 of 3 meetings

REPORT OF THE AUDIT AND RISK COMMITTEE
(CONTINUED)

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 with the adequacy of the Group's internal controls, including financial internal controls and reporting procedures;
- Reviewed the solvency and liquidity, working capital and going concern statements in support of the Group's listing on the JSE in March 2017;
- Reviewed the expertise and experience of the Group's Chief Financial Officer and finance function;
- Considered and appointed 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;
- Reviewed and approved the internal audit charter and annual audit plan;
- Considered the effectiveness and independence of the head of internal audit and the internal audit function;
- Received and considered the most recent Proactive Monitoring report from the Johannesburg Stock Exchange;
- Confirmed that there were no concerns or 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
- Reviewed the Group's King IV implementation plans 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 was completed under the supervision of Mr JP de Freitas (CA) SA. The Committee reviewed and satisfied itself that the expertise and experience of Mr de Freitas, the Group's Chief Finance Officer, is appropriate. The Committee further reviewed and was satisfied that the expertise and resources within the finance function were appropriate and effective.

COMBINED ASSURANCE

The Group has developed a combined assurance model in response to the risks facing the Group, which incorporates the "3 lines of defence" strategy. Assurance is obtained from a number of assurance providers in a co-ordinated 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 2017 financial year the Committee has considered the risks presented by management, evaluated and approved the plans of the internal auditor 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 Chairman 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 control 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 against its objectives and the related mitigation plans and considered these appropriate.

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

INFORMATION TECHNOLOGY ("IT") GOVERNANCE

The Committee has oversight responsibility for IT governance and risk management. IT governance and risk management are 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 Audit and Risk 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 strategy and policy, systems and network architecture, applications, disaster recovery and security management.

EXTERNAL AUDITORS

Deloitte & Touche ("Deloitte") are the Group's external auditors and were appointed in 2008. Deloitte remains independent from the Group through, *inter alia,* the appointment, resignation and re-assignment of directors, in particular the former CEO and CFO, and senior management during the tenure of the Group's external auditors. Mr Lester Peter Cotten is currently the designated audit partner and was appointed as such in 2014. Mr Cotten 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.

At the conclusion of the 2017 audit Mr Cotten will retire from Deloitte and will be replaced by Mr Michael Andre van Wyk as designated auditor subject to shareholder approval. Mr van Wyk's experience and knowledge has been assessed in terms of section 22 of the JSE Listing Requirements and is considered appropriate, and as such the Committee recommends to the shareholders the approval of his appointment at the annual general meeting scheduled for 8 May 2018. This change in the designated auditor provides further independence to the external audit function. The Committee wishes to extend its thanks and gratitude to Mr Cotten for his contributions to the Committee and the Group during his tenure as designated auditor.

The Committee approved the level of scope, external audit fees and extent of non-audit services for the 2017 audit. In accordance with the approved policy in respect of non-audit services, the Committee is satisfied that the fees paid to the external auditors did not exceed the approved limits. The fees for non-audit services performed by Deloitte in 2017 related to taxation work and agreed upon procedures in respect of royalty certificates issued to the Marine Stewardship Council. The Committee has also evaluated the performance and conduct of the external auditors for the reporting period and is satisfied with the quality of the external audit function.

KEY AUDIT MATTERS RELATING TO THE 2017 AUDIT

The report of the independent auditors containing the following key audit matters and the response to these matters by Management in relation to the 2017 annual financial statements were considered by the Committee:

- The valuation of complex options and share-based payments;
- Compliance with long-term fishing rights; and
- Listing transaction cost and unwinding of trusts.

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

REPORT OF THE AUDIT AND RISK COMMITTEE

(CONTINUED)

INTERNAL AUDITORS

The Committee has considered the independence and effectiveness of the in-house internal audit function and the Head of Internal Audit. The Committee has reviewed and approved the internal audit charter and the coverage plans for 2017 and is satisfied, through the declarations made by the internal auditors, that the assurances provided to the Committee are aligned to the Code of Ethics of the Institute of Internal Auditors.

The Head of Internal Audit reports to the Committee at each meeting and through these reports provides the Committee with a reflection of the internal control environment. An independent external quality assurance review of the internal audit function is scheduled for 2018 which will further improve the Combined Assurance initiatives commenced during this reporting period.

INTERNAL FINANCIAL CONTROLS

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 reporting procedures. Based on the results of this review, information provided by management, and in conjunction with the independent assurance providers, the Committee is of the opinion that the internal financial controls and reporting procedures are suitable and effective and provide a sound basis for the preparation of reliable financial information.

ANNUAL FINANCIAL STATEMENTS

The Committee reviewed the annual financial statements for the period ended 31 December 2017 and is 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 will continue to be considered 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.

SOUTH AFRICAN AND AUSTRALIAN GOVERNANCE STANDARDS

In accordance with the JSE Listing Requirements, the application of the principles contained in the King IV Report on Corporate Governance became mandatory from 1 October 2017. The Committee has reviewed the King IV compliance gap analysis undertaken by management and considered it appropriate and have, throughout the year, monitored progress against the implementation plans to address gaps identified. The Committee is satisfied that the Group have met the requirements of King IV and are 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 complied with.

EVALUATION AND RE-ELECTION

The committee's effectiveness for the period under review was evaluated via a self-assessment process. The Board is satisfied, based on the results of the self-assessment that the Committee has adequately performed its duties in accordance with its mandate set out in the Committee's terms of reference and that the committee's members as a whole have the necessary skills and experience to discharge their duties effectively.

The qualification and experience of members is assessable on the Group's website: www.seaharvest.co.za

The Board, on the recommendation of the Nomination and Remuneration Committee have nominated the members for re-election at the up-coming Annual General Meeting on 8 May 2018.

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.

LJ Penzhorn
6 March 2018

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 R'000	RESTATED* 2016 R'000
Revenue	1	**2 131 054**	1 931 979
Cost of sales		**(1 414 264)**	(1 326 521)
Gross profit		**716 790**	605 458
Other operating income		**74 707**	31 607
Selling and distribution expenses		**(114 771)**	(111 704)
Marketing expenses		**(15 166)**	(13 372)
Administration expenses		**(4)**	(243)
Other operating expenses		**(327 743)**	(314 567)
Operating profit before associate and joint venture income	2	**333 813**	197 179
Fair value gains		**24 825**	–
Share of loss from associate		**-**	(171)
Share of profit from joint venture		**1 000**	13 540
Gain recognised on disposal of interest in joint venture		**23 155**	–
Gain on remeasurement of previously held interest in associate		**-**	39 640
Operating profit before finance costs and taxation		**382 793**	250 188
Investment income	3	**17 206**	2 075
Interest expense	4	**(38 848)**	(77 892)
Profit before taxation		**361 151**	174 371
Taxation	5	**(94 206)**	(42 857)
Profit after taxation		**266 945**	131 514
Other comprehensive income			
Items that may not be reclassified subsequently to profit or loss:		**1 625**	–
Remeasurement gain on defined benefit plan		**1 625**	–
Items that may be reclassified subsequently to profit or loss:		**(31 800)**	48 783
Exchange differences on translation of foreign operations		**(11 576)**	(45 945)
Net fair value (loss)/gain on hedging instruments entered into for cash flow hedges		**(28 223)**	134 491
Deferred taxation effect		**7 999**	(39 763)
Other comprehensive (loss)/income, net of taxation		**(30 175)**	48 783
Total comprehensive income for the year		**236 770**	180 297

	Notes	2017 R'000	RESTATED* 2016 R'000
Profit after taxation attributable to:			
Shareholders of Sea Harvest Group Limited		**259 344**	121 876
Non-controlling interests		**7 601**	9 638
		266 945	131 514
Total comprehensive income/(loss) for the year attributable to:			
Shareholders of Sea Harvest Group Limited		**233 403**	186 670
Non-controlling interests		**3 367**	(6 373)
		236 770	180 297
Earnings per share (cents)			
– Basic[1]	6	**119.0**	86.4
– Diluted[1]	6	**114.7**	75.0

Notes:
*Please see note 28.
[1] Prior year shares in issue adjusted for 1:6 share consolidation.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Notes	2017 R'000	RESTATED* 2016 R'000
ASSETS			
Non-current assets			
Property, plant and equipment	7	**808 192**	541 513
Intangible assets	8	**489 805**	501 334
Goodwill	9	**84 220**	86 033
Investment in joint venture	11	**-**	21 845
Available-for-sale investment	13	**25 264**	25 264
Loans to supplier partners	14	**1 959**	–
Long-term other financial assets	23	**24 825**	1 233
Loans to related parties	32	**72 489**	4 389
Deferred tax assets	15	**243**	33 545
Total non-current assets		**1 506 997**	1 215 156
Current assets			
Inventories	16	**304 001**	291 758
Trade and other receivables	17	**332 578**	282 750
Cash and bank balances	18	**383 047**	154 404
Short-term other financial assets	23	**41 896**	46 629
Tax assets		**-**	6 370
Total current assets		**1 061 522**	781 911
TOTAL ASSETS		**2 568 519**	1 997 067

	Notes	2017 R'000	RESTATED* 2016 R'000
EQUITY AND LIABILITIES			
Capital and reserves			
Stated capital	19	**1 294 875**	849
Preference share capital and share premium	19	**-**	368 409
Other reserves	19	**(71 476)**	16 030
Retained earnings		**174 267**	132 116
Equity attributable to shareholders of the parent		**1 397 666**	517 404
Non-controlling interests		**168 313**	152 043
TOTAL EQUITY		**1 565 979**	669 447
Non-current liabilities			
Long-term interest bearing borrowings	20	**315 825**	371 917
Loans from related parties	32	**-**	54 664
Employee related liabilities	21	**26 342**	31 209
Deferred grant income	22	**12 110**	13 733
Share-based payment liabilities	27	**18 789**	-
Long-term other financial liabilities	23	**59 348**	82 450
Deferred tax liabilities	15	**205 277**	242 851
Shareholders for dividends		**-**	135 404
Total non-current liabilities		**637 691**	932 228
Current liabilities			
Trade and other payables	24	**269 356**	291 568
Short-term interest bearing borrowings	20	**31 298**	52 536
Deferred grant income	22	**1 505**	1 551
Short-term other financial liabilities	23	**20 848**	21 121
Provisions	25	**30 980**	17 843
Tax liabilities		**10 862**	8 342
Shareholders for dividends		**-**	2 431
Total current liabilities		**364 849**	395 392
TOTAL EQUITY AND LIABILITIES		**2 568 519**	1 997 067

Note:
*Please see note 28.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

	STATED CAPITAL R'000	PREFERENCE SHARE CAPITAL AND SHARE PREMIUM R'000	INVESTMENT REVALUATION RESERVE R'000	CASH FLOW HEDGING RESERVE R'000
Balance as at 1 January 2016	5 180	168 409	17 309	(72 580)
Issue of shares	–	200 000	–	–
Recognition of treasury shares and non-controlling interest arising from share trusts	(4 331)	–	–	–
Recognition of non-controlling interest arising on the acquisition of Mareterram Limited	–	–	–	–
Profit after taxation	–	–	–	–
Other comprehensive income for the year	–	–	–	94 659
Recognition of change in value of share-based payment asset directly in equity	–	–	–	–
Recognition of share-based payments	–	–	–	–
Balance as at 1 January 2017*	**849**	**368 409**	**17 309**	**22 079**
Issue of shares, net of listing costs	**1 294 047**	**-**	**-**	**-**
Recognition of forfeitable share plan reserve	**-**	**-**	**-**	**-**
Redemption of preference share capital and premium	**-**	**(368 409)**	**-**	**-**
Rights issue of subsidiary	**-**	**-**	**-**	**-**
Acquisition of non-controlling interest in subsidiary	**-**	**-**	**-**	**-**
Profit after taxation	**-**	**-**	**-**	**-**
Other comprehensive income/(loss) for the year	**-**	**-**	**-**	**(20 376)**
Recognition of share-based payments	**-**	**-**	**-**	**-**
Reclassified during the year	**-**	**-**	**-**	**-**
Recognition of change in value of share-based payment liability directly in equity	**-**	**-**	**-**	**-**
Transfer to share-based payment liability (modification)	**-**	**-**	**-**	**-**
Shares repurchased and distributions to participants of share trusts	**(21)**	**-**	**-**	**-**
Balance as at 31 December 2017	**1 294 875**	**-**	**17 309**	**1 703**

Note:
*Restated. Please see note 28.

SHARE-BASED PAYMENTS RESERVE R'000	FOREIGN CURRENCY TRANSLATION RESERVE R'000	FORFEITABLE SHARE PLAN RESERVE 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
–	–	–	–	–	11 774	130 092	–	130 092
–	–	–	–	–	–	200 000	–	200 000
–	–	–	–	–	23	(4 308)	4 428	120
–	–	–	–	–	–	–	153 486	153 486
–	–	–	–	–	121 876	121 876	9 638	131 514
–	(29 865)	–	–	–	–	64 794	(16 011)	48 783
–	–	–	–	–	(1 557)	(1 557)	–	(1 557)
6 507	–	–	–	–	–	6 507	502	7 009
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
(1 557)	–	–	–	–	1 557	–	–	–
(5 614)	–	–	–	–	–	(5 614)	(988)	(6 602)
(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**

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 R'000	2016 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash operating profit	A	**430 241**	317 415
Working capital changes	B	**(89 250)**	11 003
Cash generated from operations		**340 991**	328 418
Investment income received		**17 206**	2 075
Interest paid		**(25 544)**	(50 943)
Income tax paid		**(80 011)**	(30 310)
Net cash generated from operating activities		**252 642**	249 240
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property plant and equipment		**(369 876)**	(107 449)
Proceeds from the disposal of property, plant and equipment		**2 855**	3 830
Acquisition of intangible assets		**(1 526)**	(3 164)
Acquisition of investment in subsidiary	28	**-**	(195 990)
Net cash utilised in investing activities		**(368 547)**	(302 773)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares of the Company, net of listing costs		**1 239 025**	–
Repurchase of shares and distributions of participants of share trusts		**(218 771)**	–
Proceeds from borrowings		**257 968**	–
Repayment of borrowings		**(332 024)**	(55 806)
Amounts advanced to related parties		**(80 194)**	(103)
Repayment of other financial liabilities		**(22 256)**	(12 519)
Proceeds on the issue of C preference shares		**-**	200 000
Redemption of B and C preference share capital		**(368 409)**	–
Payment of B and C preference share dividend		**(144 269)**	–
Rights issue in subsidiary		**14 971**	–
Further investment in subsidiary		**(1 479)**	–
Net cash generated from financing activities		**344 562**	131 572
Net increase in cash and cash equivalents		**228 657**	78 039
Cash and cash equivalents at the beginning of the year		**154 404**	76 418
Effects of exchange rate changes on the balance of cash held in foreign operations		**(14)**	(53)
Cash and cash equivalents at the end of the year	18	**383 047**	154 404

	2017 R'000	2016 R'000
A. Cash generated from operations		
Profit after taxation	**266 945**	131 514
Adjustments for:		
Interest expense	**38 848**	77 892
Taxation charge	**94 206**	42 857
Investment income	**(17 206)**	(2 075)
Profit on the disposal of property, plant and equipment	**(3 885)**	(3 057)
Loss on the disposal of property, plant and equipment	**9**	116
Unrealised foreign exchange gains	**(22 606)**	–
Depreciation and amortisation on non-current assets	**103 063**	118 712
Share of loss from associate	**-**	171
Share of profit from joint venture	**(1 000)**	(13 540)
Gain recognised on disposal of interest in joint venture	**(23 155)**	–
Unrealised profits included in joint venture inventory (net of tax)	**-**	(446)
Government grant income	**(1 669)**	(2 098)
Non cash movements in relation to share-based payments	**13 193**	7 009
Gain on remeasurement of previously held interest in associate	**-**	(39 640)
Fair value gain on option	**(24 825)**	–
Movement in provisions and other non cash movements	**8 323**	–
	430 241	317 415
B. Working capital changes	**(89 250)**	11 003
(Increase)/decrease in trade receivables	**(53 547)**	32 252
Decrease in trade payables	**(21 448)**	(672)
Increase in inventory	**(14 255)**	(20 577)
Cash generated from operations	**340 991**	328 418

SEGMENT REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

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 management monitor regularly in making decisions about operating matters. The Group has two reportable segments, being the South African 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.

The South African operations predominantly fish Cape Hake 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 2017:

2017	SOUTH AFRICAN OPERATIONS	AUSTRALIAN OPERATIONS	TOTAL
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 associate and joint venture income	312 262	21 551	333 813
Investment income	17 206	-	17 206
Interest expense	(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 profit from 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

Revenue excludes the following intersegmental revenues between South Africa and Australia which are eliminated on consolidation: R100.9 million (2016: R 41.5 million).

Additions to property, plant and equipment in the South African Operations include the acquisition of a new freezer vessel which amounted to R214.4 million at the end of the year.

2016	SOUTH AFRICAN OPERATIONS	AUSTRALIAN OPERATIONS	TOTAL
Revenue	1 652 236	279 743	1 931 979
Depreciation and amortisation	(115 270)	(3 442)	(118 712)
Foreign currency and commodity price losses	(55 027)	–	(55 027)
Employee related expenses	(493 608)	(29 119)	(522 727)
Other expenses	(817 081)	(221 255)	(1 038 334)
Operating profit before associate and joint venture income	171 250	25 929	197 179
Investment income	1 980	95	2 075
Interest expense	(74 886)	(3 006)	(77 892)
Gain on remeasurement of interest in previously held associate	39 640	–	39 640
Share of profits of associate and joint venture	13 369	–	13 369
Profit before taxation	151 353	23 018	174 371
Taxation	(41 686)	(1 171)	(42 857)
Profit after taxation	109 667	21 847	131 514
Segment assets*	1 183 021	814 046	1 997 067
Segment liabilities*	945 267	382 353	1 327 620
The above amounts of assets and liabilities include the following:			
Interest in joint venture	21 845	–	21 845

Mareterram Limited has been consolidated from 1 July 2016.

Note:
*Segment assets and liabilities have been restated. Please see note 28.

INFORMATION REGARDING MAJOR CUSTOMERS

No customers (2016: nil) individually contribute 10% or more of the Group's revenue arising from the South African and Australian operations.

GROUP 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") and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council, the requirements of the South African Companies Act, 71 of 2008 and the Listings Requirements of the JSE Limited as required for annual financial statements.

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 financial instruments and liabilities for cash-settled share-based payment arrangements for which the fair value basis of accounting has been applied.

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.

The following are the critical judgements that management 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. Refer to note 7 and 8 for more 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 the present value. Refer to note 8 and 9 for more detail.

- Financial Instruments

  Management uses their judgement 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 23 for further detail.

- Post-retirement medical aid benefits

  The assumptions and estimates made in the valuation of the defined benefit plans are set out in note 21.

- Share-based payments

  The value attached to share-based payments is estimated using valuation models which require inputs that are based on estimates derived from available data. Refer to note 27 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. Industry specialists were consulted where necessary. Refer to note 28 for more detail.

The principal accounting policies adopted in the preparation of the Group and Company financial statements is 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 does not have 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. Joint ventures are joint arrangements whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangements.

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.

BUSINESS COMBINATIONS

The acquisition of businesses is accounted for using the acquisition method. The 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. Acquisition-related costs are expensed as incurred.

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. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum 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, the excess is recognised immediately in profit or loss as a bargain purchase gain.

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.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (which cannot exceed one year from the acquisition date), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that 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 on contingent considerations that qualify as measurement period adjustments.

GROUP ACCOUNTING POLICIES
(CONTINUED)

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 when the significant risks and rewards of ownership have been transferred to the buyer. Revenue from services rendered is recognised as the service is rendered.

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

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.

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.

LEASING

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 Group's contribution to defined contribution retirement benefit 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 forfeitable share plan, executive directors and senior managers are awarded performance shares in the Group. Refer to note 27 for a detailed description of the plan.

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. In the current year these plans have been reclassified from equity- settled to cash-settled.

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.

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

Borrowing costs are recognised in profit of loss in the period in which they are incurred.

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.

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.

GROUP ACCOUNTING POLICIES
(CONTINUED)

PROPERTY, PLANT AND EQUIPMENT

INITIAL RECOGNITION
Property, plant and equipment are initially recognised at cost. 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 accumulated depreciation and any 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 licences, fishing rights and retail agency 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

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.

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', 'available-for-sale' ("AFS") 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 unlisted equities and are measured at cost less impairment.

LOANS

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

AVAILABLE-FOR-SALE FINANCIAL ASSETS ("AFS FINANCIAL ASSETS")

The AFS financial asset consists of an investment in an unlisted equity.

AFS financial assets are measured at fair value, and any fair value changes in the carrying amount of available-for-sale financial assets are recognised in other comprehensive income and accumulated in the investments revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Dividends on AFS equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

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

Derivative 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 an allowance for credit notes. The carrying amount of trade and other receivables is reduced through the use of an allowance account when there is objective evidence of impairment.

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

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

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.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

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.

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated in the investments revaluation reserve.

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.

FINANCIAL LIABILITIES AND EQUITY INSTRUMENTS

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

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 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.

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 firm commitments are accounted for as cash flow hedges. It is the Group's policy to enter into forward exchange contracts for all net foreign currency trade or capital items.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

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 in the 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.

GROUP ACCOUNTING POLICIES
(CONTINUED)

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 the same line as the recognised hedged item.

Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it 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 2017.

IAS 7: Cash Flow Statement (Amendments)

IAS 12: Income Taxes (Amendments)

IFRS 12: Disclosure of Interests in Other Entities (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 2018

IFRS 15: Revenue from contracts with customers

IFRS 9: Financial Instruments

IFRS 2: Share-based Payment (Amendments)

Management do not believe that IFRS 9, IFRS 15 and IFRS 2 will have a material impact once adopted in the 2018 financial year.

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

IFRS 16: Leases

The Group is currently assessing the impact of the above standard and plans to adopt it on the required effective date. Management will provide commentary on the anticipated impact of IFRS 16 in the 2018 financial statements.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

	2017 R'000	2016 R'000
1. REVENUE		
Group revenue for the year can be analysed as follows:		
Revenue from the sale of goods	**2 125 028**	1 927 328
Revenue from the performance of services	**6 026**	4 651
	2 131 054	1 931 979

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:

	2017 R'000	2016 R'000
Income		
Foreign currency and commodity price gains	**63 129**	–
Government grant income	**1 669**	2 098
Profit on the disposal of property, plant and equipment	**3 885**	3 057
Inventory adjustments		
– decrease in the provision for obsolescence	**-**	1 039
– reversal of a write down to net realisable value	**-**	2 781
Operating expenses		
Amortisation of intangible assets	**4 029**	16 084
Auditors remuneration		
– external statutory audit	**3 827**	1 752
– other	**34**	41
Depreciation	**99 034**	102 629
Inventory adjustments		
– net increase in the provision for obsolescence	**3 789**	–
– write downs to net realisable value	**6 820**	–
Loss on the disposal of property, plant and equipment	**9**	116
Foreign currency and commodity price losses	**-**	55 027
Operating lease rental expense		
- Land and buildings	**8 420**	6 959
- Property, plant and equipment	**9 108**	6 143
Employee related expenses		
Salaries, wages and other short-term benefits	**547 183**	492 887
Share-based payments expense	**16 471**	7 009
Post employment benefits	**22 413**	22 831

	2017 R'000	2016 R'000
3. INVESTMENT INCOME		
Interest received on bank deposits and from external parties	**17 206**	2 075
	17 206	2 075
4. INTEREST EXPENSE		
Interest on borrowings	**27 386**	32 637
Preference and participation dividends	**8 864**	45 255
Other	**2 598**	–
	38 848	77 892

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

5. TAXATION

	2017 R'000	2016 R'000
Current tax: South Africa		
In respect of the current year	**80 425**	34 990
In respect of prior years	**(1 017)**	–
	79 408	34 990
Deferred tax: South Africa		
In respect of the current year	**13 909**	13 363
In respect of prior years	**1 395**	(6 667)
	15 304	6 696
Securities transfer tax: South Africa		
In respect of the current year	**1 460**	–
	1 460	–
Current tax: Australia		
In respect of prior years	**7 897**	–
	7 897	–
Deferred tax: Australia		
In respect of the current year	**(8 694)**	1 171
In respect of prior years	**(1 169)**	–
	(9 863)	1 171
Taxation charge	**94 206**	42 857
Deferred tax recognised through other comprehensive income		
Fair value remeasurement of cash flow hedges	**7 999**	(39 763)
	7 999	(39 763)

	2017 R'000	2016 R'000
Tax rate reconciliation		
Profit before tax	**361 151**	174 371
Income tax expense calculated at 28% (2016: 28%)	**101 122**	48 824
Under/(over) provided in previous year	**7 106**	(6 667)
Non taxable income[1]	**(4 607)**	(9 029)
Non-deductible expenses[2]	**3 816**	16 032
Results of joint ventures and associates	**(280)**	(3 354)
Securities transfer tax	**1 460**	–
Deferred tax asset previously not recognised	**-**	(116)
Deferred tax asset not recognised	**54**	–
Prior year assessed losses utilised	**(12 705)**	(3 612)
Capital gains tax	**(1 870)**	–
Disposal of deferred tax	**(156)**	–
Tax effect of tax rates of subsidiary operating in other jurisdictions	**266**	779
	94 206	42 857

Notes:
[1] Non taxable income consists primarily of exempt capital gains.
[2] Non-deductible expenses consist primarily of preference share dividends included in interest expense and other interest not incurred in the production of income.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

6. EARNINGS PER SHARE

6.1 CALCULATION OF WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES

	NUMBER OF SHARES 2017	NUMBER OF SHARES RESTATED* 2016
Weighted average number of ordinary shares used in the calculation of basic earnings per share	**217 859 827**	141 540 333
Dilutive instruments	**8 313 698**	20 860 000
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	**226 173 525**	162 400 333

6.2 DETERMINATION OF HEADLINE EARNINGS

	GROSS OF TAX 2017 R'000	NET OF TAX AND NON-CONTROLLING INTEREST 2017 R'000	GROSS OF TAX 2016 R'000	NET OF TAX AND NON-CONTROLLING INTEREST 2016 R'000
Profit attributable to shareholders of Sea Harvest Group Limited	**361 151**	**259 344**	174 371	121 876
Adjusted for:				
Gain on disposal of property, plant and equipment	**(3 876)**	**(2 791)**	(2 992)	(2 333)
Gain recognised on the remeasurement of interest in former associate	**-**	**-**	(39 640)	(39 401)
Gain on sale of joint venture	**(23 155)**	**(21 236)**	-	-
Headline earnings for the year	**334 120**	**235 317**	131 739	80 142

	2017	RESTATED* 2016
Headline earnings per share (cents)		
– Basic	**108.0**	56.4
– Diluted	**104.0**	49.2
Basic earnings per share (cents)	**119.0**	86.4
Diluted basic earnings per share (cents)	**114.7**	75.0

Note:
* Prior period shares in issue adjusted for 1:6 share consolidation.

7. PROPERTY, PLANT AND EQUIPMENT

2017	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 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	**(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	**-**	**-**	**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 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	**(2 221)**	**(23 024)**	**(232 805)**	**(96 813)**	**(2 672)**	**(21 105)**	**(378 640)**

2016	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 2016	583	13 141	332 322	86 910	1 705	8 294	442 955
Cost	588	29 571	494 496	152 154	2 888	21 843	701 540
Accumulated depreciation	(5)	(16 430)	(162 174)	(65 244)	(1 183)	(13 549)	(258 585)
Additions	22 005	931	78 671	2 846	1 051	219	105 723
Acquisitions through business combinations	1 475	1 782	72 066	23 214	44	8 868	107 449
Disposals/Derecognition	(24)	-	(307)	(516)	-	(43)	(890)
Cost	(24)	-	(29 813)	(1 479)	-	(592)	(31 908)
Accumulated depreciation	-	-	29 506	963	-	549	31 018
Depreciation for the year	(595)	(3 327)	(78 194)	(16 586)	(686)	(3 241)	(102 629)
Effect of foreign exchange differences	(2 242)	(92)	(7 935)	(340)	(94)	(392)	(11 095)
Balance as at 31 December 2016	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	(503)	(19 757)	(210 520)	(80 819)	(1 843)	(16 227)	(329 669)

7. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

In 2015, property plant and equipment with a carrying amount of approximately R62 million were 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 22)

The moveable assets of Sea Harvest Corporation Proprietary Limited, Cape Harvest Foods Proprietary Limited and all assets of Mareterram Limited, including property, plant and equipment with a carrying amount of approximately R808.2 million (2016: R529 million) have been pledged to secure long-term borrowings of the Group (see note 20).

The cost of fully depreciated property, plant and equipment amounts to R153 million (2016: R67 million).

CHANGE IN ACCOUNTING ESTIMATE

In Sea Harvest Corporation Proprietary Limited, the useful life assessment remained consistent with prior years with the exception of fishing trawlers. The useful lives of the majority of the fishing trawlers were extended by between 4 and 13 years taking into account management's operational plan to utilise these fishing trawlers. A prospective adjustment of R13.8 million has decreased the depreciation charge for the year and therefore the accumulated depreciation balance. The impact on future years is set out below.

Decrease/(Increase) in depreciation	R'000
Within one to five years	50 275
Within six to ten years	15 594
Thereafter	(79 678)
	(13 809)

8. INTANGIBLE ASSETS

2017	Indefinite useful life intangible assets		Definite useful life intangible assets	
	Australian fishing licences R'000	Retail agency right R'000	South African fishing licences and Australian fishing permits R'000	Total R'000
Balance as at 1 January 2017	**422 020**	**2 958**	**76 356**	**501 334**
Cost	**422 020**	**2 958**	**198 437**	**623 415**
Accumulated amortisation	**-**	**-**	**(122 081)**	**(122 081)**
Additions from separate acquisitions	**-**	**-**	**1 526**	**1 526**
Amortisation for the year	**-**	**-**	**(4 029)**	**(4 029)**
Effect of foreign exchange differences	**(8 893)**	**(62)**	**(71)**	**(9 026)**
Balance as at 31 December 2017	**413 127**	**2 896**	**73 782**	**489 805**
Cost	**413 127**	**2 896**	**199 885**	**615 908**
Accumulated amortisation	**-**	**-**	**(126 103)**	**(126 103)**
2016				
Balance as at 1 January 2016	–	–	92 440	92 440
Cost	–	–	198 437	198 437
Accumulated amortisation	–	–	(105 997)	(105 997)
Acquisitions through business combinations*	468 566	–	–	468 566
Additions from separate acquisitions	–	3 164	–	3 164
Amortisation for the year	–	–	(16 084)	(16 084)
Effect of foreign exchange differences*	(46 546)	(206)	–	(46 752)
Balance as at 31 December 2016	422 020	2 958	76 356	501 334
Cost	422 020	2 958	198 437	623 415
Accumulated amortisation	–	–	(122 081)	(122 081)

Note:
* Restated. Please see note 28.

8. INTANGIBLE ASSETS (CONTINUED)

The fishing licences that were acquired as part of the Mareterram Limited business acquisition (refer to note 28) have an indefinite life. The licences represent 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. 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 reviewed annually for any indications of impairment. There are no indications of impairment at the end of the reporting period.

CHANGE IN ACCOUNTING ESTIMATE

The fishing rights (that are part of the South African operations) have a definite useful life and were previously amortised over the estimated useful life ending in 2021, the date at which the Department of Agriculture, Forestry and Fisheries will perform its next review. During the current year, the useful life of these fishing rights was reassessed to take into account the renewal period after 2021 based on management's opinion that it's more than likely that these rights will be renewed for another 15 years. A prospective adjustment of R12.7 million has decreased the amortisation charge for the year and therefore the accumulated amortisation balance. The impact on future years is set out below.

Decrease/(Increase) in amortisation	R'000
Within one to five years	40 386
Within six to ten years	(19 402)
Thereafter	(33 672)
	(12 688)

	2017 R'000	RESTATED* 2016 R'000

9. GOODWILL

	2017 R'000	RESTATED* 2016 R'000
Balance at the beginning of the year	**86 033**	–
Cost	**86 033**	–
Accumulated impairment losses	**-**	–
Additional amounts recognised from business combinations that occurred during the year	**-**	95 526
Effect of foreign exchange differences	**(1 813)**	(9 493)
Balance at the end of the year	**84 220**	86 033
Cost	**84 220**	86 033
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 geographical segments.		
Before recognition of impairment losses, the carrying amount of goodwill was allocated to cash-generating units as follows:		
South African operations	**-**	–
Australian operations	**84 220**	86 033
	84 220	86 033

Note:
* Please see note 28.

AUSTRALIAN 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:

	2017	2016
Pre tax discount rate	**14.60%**	8.50%
Revenue growth per annum	**0%**	5.00%
Inflation	**1.50%**	–
Growth in product margins	**0.40%**	–

SENSITIVITY TO CHANGE IN ASSUMPTIONS

An increase in the weighted average cost of capital rate used of 3.5%, with all other variables remaining the same, would result in an impairment.

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

No impairment charges have been deemed necessary for the current or prior periods.

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10. INVESTMENTS IN SUBSIDIARIES

NON-WHOLLY OWNED SUBSIDIARY HAS MATERIAL NON-CONTROLLING INTEREST

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

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

MARETERRAM LIMITED	2017 R'000	2016 R'000
Current assets	**209 842**	179 832
Non-current assets	**485 353**	516 300
Current liabilities	**(96 547)**	(80 756)
Non-current liabilities	**(259 954)**	(203 161)
Net assets of the subsidiary	**338 694**	412 215
Attributable to owners of the Company	**190 617**	230 387
Attributable to non-controlling interests	**148 077**	181 828
Revenue	**486 848**	279 743
Profit for the year	**15 339**	27 734
Attributable to owners of the Company	**8 633**	15 500
Attributable to non-controlling interests	**6 706**	12 234
Total profit for the year	**15 339**	27 734
Other comprehensive (loss)/income for the year attributable to owners of the Company	**(403)**	88
Other comprehensive (loss)/income for the year attributable to non-controlling interests	**(305)**	70
Other comprehensive (loss)/income for the year	**(708)**	158
Total comprehensive income for the year attributable to owners of the Company	**8 230**	15 589
Total comprehensive income for the year attributable to non-controlling interests	**6 401**	12 303
Total comprehensive income for the year	**14 631**	27 892

In the prior year the Group acquired a 55.89% interest in Mareterram Limited, a fishing and fish processing business situated on the Australian West Coast and listed on the Australian Stock Exchange.

During the current year the Group increased its shareholding to 56.28%.

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

11. INVESTMENT IN JOINT VENTURE

In the prior year the Group held a 49.81% interest in Vuna Fishing Company Proprietary Limited, a joint venture involved in the fishing and processing industries.

The Group's interest in Vuna Fishing Company Proprietary Limited was accounted for using the equity method. On 1 January 2017 the Group disposed of its interest in this joint venture for R45 million resulting in a profit on disposal of R23.1 million. The investment was sold to Vuna Fishing Group Proprietary Limited, a subsidiary of Brimstone Investment Corporation Limited, on loan account.

The following table illustrates the summarised financial information of the Group's investment in Vuna Fishing Company Proprietary Limited:

	2017 R'000	2016 R'000
Current assets	-	42 070
Non-current assets	-	27 691
Current liabilities	-	(22 171)
Non-current liabilities	-	(15 584)
Net assets of the joint venture	-	32 006
Revenue	-	268 447
Expenses	-	(228 993)
Operating profit before tax	-	39 454
Income tax expense	-	(10 412)
Profit for the year	-	29 042
Group's share of profit for the year	**1 000**[1]	13 540

Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture recognised in the consolidated financial statements:

	2017 R'000	2016 R'000
Net assets of the joint venture	-	32 006
Proportion of the Group's ownership interest in the joint venture	-	49.81%
Unrealised profits (net of tax)	-	5 901
Carrying amount of the Group's interest in the joint venture	-	21 845

Note:
[1] Realisation of intra-group profit on inventory.

12. INVESTMENT IN ASSOCIATE

In the prior year the Group held a 19.9% interest in Mareterram Limited. The Group's interest in Mareterram Limited was accounted for using the equity method in the consolidated financial statements (up until June 2016).

In July 2016, the Group acquired a further 35.99% interest in Mareterram Limited from its previous equity holders through the Australian Stock Exchange.

The Group gained a controlling interest in Mareterram Limited through this acquisition, and has accounted for the increased 55.89% interest as a subsidiary, with its results from July 2016 being fully consolidated with those of the Group.

At the time of acquisition, the initial interest held (19.9%) was fair valued using the market price on the Australian Stock Exchange. The resulting gain recognised in profit or loss and the fair value of the previously held interest was used in the determination of goodwill in accordance with the provisions of IFRS 3 (Refer to note 28).

13. AVAILABLE-FOR-SALE INVESTMENT

	2017 R'000	2016 R'000
Desert Diamond Fishing Proprietary Limited	**25 264**	25 264
	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.

The directors of the Company do not consider that the Group is able to exercise significant influence over Desert Diamond Fishing Proprietary Limited as the other 90% of the ordinary share capital is held by other shareholders, and the Group does not participate in the day-to-day operations of the Company.

The Group reassesses the valuation of the available-for-sale investment 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 available for sale investment which could result from a change in these assumptions.

	2017 R'000	2016 R'000
Desert Diamond vessel valuation		
+ 5%	**1 263**	1 263
- 5%	**(1 263)**	(1 263)

14. LOANS TO SUPPLIER PARTNERS

	2017 R'000	2016 R'000
Balance at the beginning of the year	**-**	–
Advances to supplier partners	**5 094**	–
Loans repaid	**(2 155)**	–
Current portion transferred to accounts receivable	**(980)**	–
Balance at the end of the year	**1 959**	–

15. DEFERRED TAXATION

	2017 R'000	RESTATED* 2016 R'000
Deferred tax assets	**(243)**	(33 545)
Deferred tax liabilities	**205 277**	242 851
Net deferred tax liability	**205 034**	209 306
Net deferred tax liability at the beginning of the year	**209 306**	81 330
Recognised in profit or loss	**5 441**	5 854
Recognised in other comprehensive income	**(7 999)**	39 763
Recognition on acquisition of subsidiary	**-**	91 331
Effect of foreign currency exchange differences	**(1 714)**	(8 972)
Net deferred tax liability at the end of the year	**205 034**	209 306
The major components of the deferred tax balances are as follows:		
Excess tax allowance over depreciation charges for property, plant and equipment	**127 810**	114 290
Excess of tax allowances over amortisation of intangible assets	**113 117**	114 467
Available-for-sale financial assets	**957**	957
Derivative financial instruments	**9 706**	-
Difference between tax and accounting treatment of:		
- Inventory	**(4 833)**	-
- Prepayments	**701**	596
- Government grants	**1 823**	1 355
- Cash flow hedges	**3 508**	11 508
- Leases	**(2 139)**	(2 136)
Provision not allowable for tax purposes	**(22 660)**	(19 036)
Other	**(22 956)**	(12 656)
Estimated tax losses	**-**	(39)
	205 034	209 306

Note:
* Please see note 28.

16. INVENTORIES

	2017 R'000	2016 R'000
Raw materials	**36 517**	48 764
Work in progress	**36 334**	32 697
Finished goods	**183 917**	176 820
Consumable stores	**56 453**	38 908
	313 221	297 189
Obsolescence provision	**(9 220)**	(5 431)
Total inventories at the lower of cost and net realisable value	**304 001**	291 758

The cost of inventories recognised as an expense during the year was R1.4 billion (2016: R1.3 billion). This is recognised in cost of sales.

The cost of inventories recognised as an expense includes R6.8 million in respect of a write down of inventory to net realisable value (2016: R2.7 million reversal of write down).

The moveable assets of the Group including inventory with a carrying amount of approximately R304.0 million (2016: R291.8 million) have been pledged to secure long-term borrowings of the Group (see note 20).

17. TRADE AND OTHER RECEIVABLES

	2017 R'000	2016 R'000
Trade receivables	**229 781**	222 522
Less: allowance for doubtful debts	**-**	–
Net trade receivables	**229 781**	222 522
Short term loans to supply partners	**980**	–
Other receivables	**15 031**	23 633
Prepayments	**10 960**	15 059
VAT receivable	**75 826**	21 536
	332 578	282 750

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:

	2017 R'000	2016 R'000
Balance at the beginning of the year	**-**	42
Amounts written off during the year as uncollectible	**-**	(42)
Balance at the end of the year	**-**	–

17. 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	PAST DUE BUT NOT IMPAIRED 30 – 60 DAYS R'000	60 – 90 DAYS R'000	90 – 120 DAYS R'000	> 120 DAYS R'000
2017	**229 781**	**133 704**	**85 369**	**9 939**	**423**	**346**
2016	222 522	147 390	59 036	11 924	1 933	2 239

There are no trade receivables past due and impaired at the end of the year (2016: nil).

Please refer to note 30 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 R332.6 million (2016: R282.8 million) have been pledged to secure long-term borrowings of the Group (see note 20).

18. CASH AND BANK BALANCES

	2017 R'000	2016 R'000
Cash at banks and on hand	**334 999**	154 404
Restricted cash balances (deposit funds held in escrow)	**48 048**	–
	383 047	154 404

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

The assets of Mareterram Limited included in cash and cash equivalents with a carrying amount of approximately R0.64 million (2016: R0.69 million) have been pledged to secure long-term borrowings of the Group (see note 20).

19. CAPITAL AND RESERVES

19.1 STATED CAPITAL

	2017 R'000	2016 R'000
Authorised		
10 000 000 000 (2016: 1 500 000 000) ordinary shares of no par value	**-**	–
Issued and fully paid		
251 362 907 (2016: 974 402 360) ordinary shares of no par value	**1 297 123**	7 420
Held as treasury shares		
11 389 304 (2016: 125 160 360) ordinary shares of no par value	**(2 248)**	(6 571)
Total stated capital	**1 294 875**	849

19.1.1 Ordinary shares

	2017 R'000	2016 R'000
Balance at the beginning of the year	**7 420**	5 180
Recognition of additional contribution from share trust	**-**	2 240
Reclassified during the year	**139**	–
Issue of share capital, net of listing costs	**1 239 047**	–
Issue of shares under the Group's employee share option plan	**55 000**	–
Share repurchase costs, net of tax	**(4 483)**	–
Balance at the end of the year	**1 297 123**	7 420

	NUMBER OF SHARES	
	2017	2016
Balance at the beginning of the year	**974 402 360**	974 402 360
1:6 share consolidation	**(812 001 966)**	–
Issue of share capital	**101 933 269**	–
Issue of shares under the Group's employee share option plan	**4 400 065**	–
Shares repurchased and cancelled	**(17 370 821)**	–
Balance at the end of the year	**251 362 907**	974 402 360

19.1.2 Held as treasury shares

	2017 R'000	2016 R'000
As at 31 December, the movement in treasury shares is as follows:		
Balance at the beginning of the year	**(6 571)**	–
Recognition of treasury shares	**-**	(6 571)
Reclassified during the year	**(139)**	–
Issue of shares under the Group's forfeitable share plan	**-**	–
Share repurchase costs, net of tax	**4 462**	–
Balance at the end of the year	**(2 248)**	(6 571)

	NUMBER OF SHARES	
	2017	**2016**
Balance at the beginning of the year	**125 160 360**	–
Recognition of treasury shares	**-**	125 160 360
1:6 share consolidation	**(104 300 300)**	–
Issue of shares under the Group's forfeitable share plan	**4 400 065**	–
Shares repurchased and cancelled	**(13 870 821)**	–
Balance at the end of the year	**11 389 304**	125 160 360

	2017 R'000	2016 R'000
19.2 PREFERENCE SHARE CAPITAL AND PREMIUM		
Authorised		
Nil (2016: 1 000 000) Class A Cumulative redeemable preference shares of R0.01 each	**-**	10
Nil (2016: 2 000 000) Class B Cumulative redeemable preference shares of R0.01 each	**-**	20
Nil (2016: 1 000 000) Class C Cumulative redeemable preference shares of no par value	**-**	–
	-	30
Issued		
Nil (2016: 1 684 093) Class B Cumulative redeemable preference shares of R0.01 each	**-**	17
Nil (2016: 200 000) Class C Cumulative redeemable preference shares of R1 000 each	**-**	200 000
Share premium	**-**	168 392
	-	368 409
As at 31 December, the movement in preference share capital is, as follows:		
Balance at the beginning of the year	**200 017**	17
Issue of share capital	**-**	200 000
Share redemption	**(200 017)**	–
Balance at the end of the year	**-**	200 017

During the 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.

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19. SHARE CAPITAL AND RESERVES (CONTINUED)

19.3 RESERVES

Investment Revaluation Reserve	**A**	**17 309**	17 309
Cash Flow Hedging Reserve	**B**	**1 703**	22 079
Share-Based Payment Reserve	**C**	**341**	6 507
Foreign Currency Translation Reserve	**D**	**(37 055)**	(29 865)
Forfeitable Share Plan Reserve	**E**	**(55 000)**	–
Actuarial Gains/Losses Reserve	**F**	**1 625**	–
Change in Ownership	**G**	**(399)**	–
		(71 476)	16 030

A

The investment revaluation reserve represents the cumulative gains and losses arising on the revaluation of the available-for-sale financial asset that have been recognised in other comprehensive income.

B

The cash flow hedging reserve arises from the change in fair value of foreign exchange forward exchange 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

The share-based payment reserve arises on the recognition of shares granted by the Group to its employees and certain management under its employee share incentive schemes. Further information about the share-based payments are set out in note 27.

D

Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their IAS 1.82A 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.

E

4 400 065 ordinary shares were 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.

F

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

G

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

	2017 R'000	2016 R'000
As at 31 December, the movement in the reserves (net of income tax), is as follows:		
Investment Revaluation Reserve		
Balance at the beginning of the year	**17 309**	17 309
Balance at end of the year	**17 309**	17 309
Cash Flow Hedging Reserve		
Balance at the beginning of the year	**22 079**	(72 580)
Net fair value (loss)/gain on cash flow hedge	**(28 375)**	134 422
Less: tax effects of the transactions above	**7 999**	(39 763)
Balance at end of the year	**1 703**	22 079
For FECs 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		
Share-Based Payment Reserve		
Balance at the beginning of the year	**6 507**	–
Arising on share-based payments	**20 794**	6 507
Reclassified during the year	**(1 557)**	–
Recognition of change in value of share-based payment liability directly in equity	**(5 614)**	–
Transfer to share-based payment liability (modification)	**(19 789)**	–
Balance at end of the year	**341**	6 507
Foreign Currency Translation Reserve		
Balance at the beginning of the year	**(29 865)**	–
Net foreign currency loss on the translation of foreign operations	**(7 190)**	(29 865)
Balance at end of the year	**(37 055)**	(29 865)
Forfeitable Share Plan Reserve		
Balance at the beginning of the year	**-**	–
Issue of shares	**(55 000)**	–
Balance at end of the year	**(55 000)**	–
Actuarial Gains/Losses Reserve		
Balance at the beginning of the year	**-**	–
Net actuarial gain on defined benefit plans	**1 625**	–
Balance at end of the year	**1 625**	–
Change in Ownership		
Balance at the beginning of the year	**-**	–
Arising on acquisition of additional shares in subsidiary	**(399)**	
Balance at end of the year	**(399)**	–

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19. SHARE CAPITAL AND RESERVES (CONTINUED)

19.4 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 share-based payment plans are provided in note 27.

20. LONG-TERM INTEREST BEARING BORROWINGS

	2017 R'000	2016 R'000
Secured – at amortised cost		
Term Loans with Standard Bank of South Africa Limited:		
– Senior debt (variable interest rate)[1]	**-**	70 975
– Senior debt (variable interest rate)[2]	**-**	27 200
– Revolving credit facility (variable interest rate)[3]	**180 000**	197 000
Term Loans with National Australia Bank:		
– Senior debt (variable interest rate)[4]	**135 135**	118 323
Unsecured – at amortised cost		
Corporate receivables finance loan with National Australian Bank (variable interest rate)[5]	**30 417**	8 993
Instalment sale agreements with Wesbank, a division of FirstRand Bank Limited[6]	**707**	1 380
Instalment sale agreements with National Australian Bank[7]	**575**	582
Insurance premium funding with Macquarie Pacific[8]	**289**	–
Total interest bearing borrowings	**347 123**	424 453
Current portion of long-term interest bearing borrowings	**(31 298)**	(52 536)
Non-current portion of long-term interest bearing borrowings	**315 825**	371 917
Opening balance	**424 453**	337 870
Acquired through business combination	**-**	156 838
Borrowings raised	**257 968**	20 471
Transaction costs capitalised	**27 386**	32 482
Transaction costs amortised to profit or loss	**(25 730)**	(32 482)
Capital repaid	**(332 024)**	(76 076)
Effect of foreign exchange differences	**(4 930)**	(14 650)
Transferred to short-term borrowings	**(31 298)**	(52 536)
Closing balance	**315 825**	371 917

Notes:

[1] The loan was repaid in full on 24 March 2017 from proceeds of the listing. The loan was subject to a variable interest rate of JIBAR plus 1.8% p.a. and was effective from 31 March 2014.

[2] The loan was repaid in full on 24 March 2017 from proceeds of the listing. The loan was subject to a variable interest rate of JIBAR plus 2.1% p.a. and was effective from 31 December 2015.

[3] The loan was repaid in full on 24 March 2017 from proceeds of the listing. The loan was subject to a variable interest rate of JIBAR plus 2.1% p.a.

Subsequent to the repayment of the loans referred to in point 1, 2 and 3 above, a new facility of R550 million was negotiated of which R180 million was drawn down in November 2017. The loan is repayable in full on 25 August 2022 and is subject to a variable interest rate of three month JIBAR plus 2.45%. The loan is secured by marine bonds over vessels and a general notarial bond over all of Sea Harvest Group's (excluding Sea Harvest International Proprietary Limited and Mareterram Limited) moveable assets.

[4] 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% p.a.

Repayments are interest only for an initial two year period from the Commencement Date (Interest Only Period). Thereafter 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.

It is subject to a variable interest rate of 100% floating at BBSY plus customer margin of 2.38% p.a. The loan's expiry date is 31 October 2020 and the facility limit will automatically reduce to R12.5 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.

[5] The loan expires on 11 December 2018 and is thereafter reviewed annually on 31 October. 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% p.a. plus purchase charge rate of 1% on the facility limit (effective) from 11 December 2017.

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

	2017 R'000	2016 R'000

21. EMPLOYEE RELATED LIABILITIES

	2017 R'000	2016 R'000
Post-employment medical aid liability	**26 191**	26 703
Leave pay liability	**151**	4 506
	26 342	31 209

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.

The number of employees that belong to each fund are:

	2017	2016
Sea Harvest Old Mutual Superfund Provident Fund	**1 939**	1 961
Sea Harvest Old Mutual Superfund Management Provident Fund	**23**	24
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 R22.4 million (2016: R22.8 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 2017.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	2017	2016
Discount rate	**10.4%**	10.7%
Health care cost inflation	**8.7% to 9.2%**	9.8% to 10.3%
Retirement age	**63 or 65**	63 or 65

Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows:

	2017	2016
Current service cost	**132**	121
Interest costs	**2 298**	2 646
Actuarial gain recognised	**(1 625)**	–
	805	2 767

	2017 R'000	2016 R'000
Movements in the present value of the defined benefit obligation in the current year were as follows:		
Opening defined benefit obligation	**26 703**	25 427
Current service cost	**132**	121
Interest cost	**2 298**	2 646
Actuarial gain arising during the year	**(1 625)**	–
Benefits paid	**(1 317)**	(1 491)
Closing defined benefit obligation	**26 191**	26 703

The expected contribution to the plans for the next annual reporting period is R1.7 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.

Discount rate		
+ 1%	**(2 431)**	(2 636)
- 1%	**2 902**	3 201
Health care cost inflation		
+ 5% for 5 years	**4 269**	5 333
+ 10% for 5 years	**9 104**	11 620
Retirement age		
One year younger	**83**	90
One year older	**(48)**	(199)

LEAVE PAY LIABILITIES

Balance at the beginning of the year	**24 210**	14 428
Acquisition of a subsidiary	**-**	7 992
Arising during the year	**18 504**	26 162
Utilised during the year	**(20 535)**	(23 510)
Effect of foreign exchange differences	**(28)**	(862)
	22 151	24 210
Current portion of leave pay liabilities	**(22 000)**	(19 704)
Non-current portion of leave pay liabilities	**151**	4 506

Please refer to note 30 on the liquidity risk of employee related liabilities, which explains the Group's process for managing its liquidity risk.

22. DEFERRED GRANT INCOME

	2017 R'000	2016 R'000
Balance at the beginning of the year	**15 284**	17 382
Released to the statement of comprehensive income	**(1 669)**	(2 098)
Balance at the end of the year	**13 615**	15 284
Current portion of deferred government grant	**(1 505)**	(1 551)
Non-current portion of deferred government grant	**12 110**	13 733

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.

23. OTHER FINANCIAL ASSETS AND LIABILITIES

	2017 R'000	2016 R'000
Financial derivative assets	**41 896**	47 862
Asset held at fair value through profit or loss	**24 825**	–
	66 721	47 862
Current portion of other financial assets	**(41 896)**	(46 629)
Non-current portion of other financial assets	**24 825**	1 233
Financial derivative liabilities	**130**	–
Liability held at fair value through profit or loss	**-**	2 698
Fishing licence liability	**80 066**	100 873
	80 196	103 571
Current portion of other financial liabilities	**(20 848)**	(21 121)
Non-current portion of other financial liabilities	**59 348**	82 450

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. Hedging contracts are regarded as level 2 financial instruments for fair value measurement purposes. (Please refer to note 30 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 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 R24.8 million (2016: nil) is recognised in profit or loss.

	2017 R'000	2016 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.

	2017 R'000	2016 R'000
Vuna Fishing Company valuation		
+ 5%	**2 061**	–
- 5%	**(2 036)**	–
Yield Curve (7.910%)		
+ 5%	**1 167**	–
- 5%	**(975)**	–
Volatility (24.146%)		
+ 1%	**1 435**	–
- 1%	**(1 487)**	–

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

LIABILITY HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

In the prior year the Group held an option to purchase an option held by the chairman of Mareterram Limited to buy 2 500 000 of the ordinary shares in the company at AUD0.20 per share. The option was exercised during the current year.

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.

24. TRADE AND OTHER PAYABLES

	2017 R'000	2016 R'000
Trade payables	**219 196**	221 793
Other payables	**28 160**	50 071
Leave pay accrual	**22 000**	19 704
	269 356	291 568

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

Please refer to note 30 on the liquidity risk of trade payables, which explains the Group's process for managing its liquidity risk.

25. PROVISIONS

	2017 R'000	2016 R'000
Bonus		
Balance at the beginning of the year	17 500	15 500
Arising during the year	30 850	17 500
Utilised during the year	(17 500)	(15 500)
Balance at the end of the year	30 850	17 500
Product claims		
Balance at the beginning of the year	343	-
Arising during the year	130	343
Utilised during the year	(343)	-
Balance at the end of the year	130	343
Total provisions	30 980	17 843

BONUS

A provision is recognised for an expected bonus pay-out in January 2018. 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.

26. EVENTS SUBSEQUENT TO REPORTING DATE

On 3 November 2017, Mareterram Limited announced to the market that it would be acquiring two mackerel licence packages in the Western Australia Mackerel Managed Fishery with associated fishing vessels for a combined purchase consideration of R47.78 million (AUD 4.95 million). The transaction was completed in January 2018, per the terms of the sale and purchase agreements.

The board of directors has declared a gross full and final cash dividend of 31 cents per share on 6 March 2018 in respect of the year ended 31 December 2017.

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.

27. SHARE-BASED PAYMENT PLANS

The Group has two wholly-owned 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.

In March 2017, when the Group listed, it adopted a forfeitable share plan to attract, retain, incentivise and reward the right calibre of employees.

	2017 R'000	2016 R'000
Equity-settled compensation plans		
The Sea Harvest Management Investment Trust No. 2	**(8 531)**	4 095
Sea Harvest Employee Share Trust	**(4 844)**	1 775
Mareterram Limited	**(3 211)**	637
Forfeitable share plan	**16 927**	–
Share-based payment reserve	**341**	6 507
Cash-settled compensation plans		
The Sea Harvest Management Investment Trust No. 2	**11 868**	–
Sea Harvest Employee Share Trust	**6 921**	–
Share-based payment liabilities	**18 789**	–

Staff share costs of R16.5 million (2016: R7 million) are accounted for as employee expenses and are included in the calculation of distributable reserves.

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. The fair value of the shares is estimated at the grant date using a finite difference pricing model, taking into account the terms and conditions on which the shares were granted. Before the current year modification, the shares vested in tranches of 40%, 30%, 20% and 10% starting in 2019 and expire 8 years after grant date.

Prior to listing and as part of the Group restructure the scheme was modified and 75% of the shares vested, were repurchased and cancelled. Of the remaining shares, 15% will vest in 2019 and 10% in 2020. Due to the current year vesting being settled in cash, the scheme was also reclassified from equity-settled to cash-settled.

	NUMBER	EXPIRY DATE	EXERCISE PRICE	FAIR VALUE AT GRANT DATE R'000
Date of grant:				
31 March 2014	8 257 897	31-Mar-22	4.91	8 788

Movement in shares during the year	2017	2016
Balance at the beginning of the year	**82 578 970**	82 578 970
Share consolidation (1:6)	**(68 815 809)**	–
Repurchased and cancelled during the year[1]	**(10 322 371)**	–
Balance at the end of the year	**3 440 790**	82 578 970

Note:
[1] Repurchased on 17 February, prior to listing and as part of the Group restructure.

THE SEA HARVEST MANAGEMENT INVESTMENT TRUST NO. 2 (CONTINUED)

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

Dividend yield (%)	2.55
Historical volatility (%)	29.50
Risk-free interest rate (average %)	8.08
Expected life (average years)	6.50
Grant date share price (ZAR)	3.57
Model used	Finite Difference

As the Group only listed on the JSE in March 2017, historic volatility was determined using comparable peer group companies.

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. The fair value of the shares is estimated at the grant date using a finite difference pricing model, taking into account the terms and conditions on which the shares were granted. Before the current year modification, the shares vested fully in 2022 and expire 8 years after grant date.

On listing and as part of the Group restructure the scheme was modified and 50% of the shares vested, were repurchased and cancelled. The remaining 50% of the shares will vest in 2022. Due to the current year vesting being settled in cash, the scheme was also reclassified from equity settled to cash settled.

	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	2017	2016
Balance at the beginning of the year	**42 581 380**	42 581 380
Share consolidation (1:6)	**(35 484 483)**	–
Repurchased and cancelled during the year[1]	**(3 548 448)**	–
Balance at the end of the year	**3 548 449**	42 581 380

Note:
[1] Repurchased on 23 March, on listing and as part of the Group restructure.

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

Dividend yield (%)	2.55
Historical volatility (%)	29.50
Risk-free interest rate (%)	8.31
Expected life (years)	8.01
Grant date share price (ZAR)	3.57
Model used	Finite Difference

As the Group only listed on the JSE in March 2017, historic volatility was determined using comparable peer group companies.

FORFEITABLE SHARE PLAN

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

The following awards were 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 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.

	PERFORMANCE SHARES	BONUS SHARES	RETENTION SHARES	TOTAL
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 key assumptions used in the measurement of the fair values at grant date of the equity-settled share-based payment plans were as follows:

Fair value at grant date (R'000)	46 284
Dividend yield (%)	2.5
Expected volatility (%)	33
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 to 5 year historical annualised share price volatilities on a daily, weekly and monthly basis.

28. BUSINESS COMBINATION AND RESTATEMENT OF THE FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2016

In the prior year the Group acquired a 55.89% interest in Mareterram Limited, a fishing and fish processing business situated on the Australian West Coast and listed on the Australian Stock Exchange.

The initial accounting for the business combination in the prior year was prepared using provisional values as permitted in terms of paragraph 45 of IFRS 3 Business Combinations. Subsequent to the end of the prior reporting period the purchase price allocation was finalised within the measurement period, being a period not exceeding 12 months from the acquisition date in July 2016 and the provisional values adjusted in terms of paragraph 45 of IFRS 3.

The audited financial results for the year ended 31 December 2016 have been restated for the finalisation of the purchase price allocation of the Mareterram Limited business combination.

The adjustments to the prior period statement of financial position and statement of comprehensive income are summarised as follows:

ASSETS ACQUIRED AND LIABILITIES ASSUMED	ESTIMATED FAIR VALUE AT TIME OF ACQUISITION AND AS PREVIOUSLY REPORTED	MEASUREMENT PERIOD ADJUSTMENTS	EXCHANGE RATE DIFFERENCES	2016 R'000 RESTATED CLOSING BALANCE
Property, plant and equipment	105 723	–	–	105 723
Intangible assets	310 918	157 648	(15 660)	452 906
Deferred tax assets	30 181	–	–	30 181
Financial derivative assets	230	–	–	230
Goodwill	115 722	(20 196)	2 006	97 532
Inventory	111 854	–	–	111 854
Trade and other receivables	85 240	–	–	85 240
Cash and bank balances	131	–	–	131
Current portion of financial derivative assets	1 566	–	–	1 566
Long-term interest bearing borrowings	(131 812)	–	–	(131 812)
Employee related liabilities	(3 043)	–	–	(3 043)
Fishing licence liability	(89 542)	–	–	(89 542)
Deferred tax liability	–	(121 512)	12 071	(109 441)
Trade and other payables	(60 684)	–	–	(60 684)
Short-term interest bearing borrowings	(25 027)	–	–	(25 027)
Short-term fishing licence liability	(23 308)	–	–	(23 308)
Current portion of financial derivative liabilities	(602)	–	–	(602)
Non-controlling interest	(137 546)	(15 940)	1 583	(151 903)
Fair value of previously held interest	(94 011)	–	–	(94 011)
Consideration paid in cash	195 990	–	–	195 990
Net cash flow on acquisition of business				
Consideration paid in cash	195 990	–	–	195 990
Less cash and cash equivalent balances acquired	(131)	–	–	(131)
	195 859	–	–	195 859
Goodwill on acquisition				
Consideration	195 990	–	–	195 990
Less: Fair value of identifiable assets acquired and liabilities assumed	(311 825)	(36 136)	3 589	(344 372)
Plus: Fair value of previously held interest	94 011	–	–	94 011
Plus: Non-controlling interest	137 546	15 940	(1 583)	151 903
	115 722	(20 196)	2 006	97 532

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29. 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 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**
Other financial assets	31 December 2017	**24 825**	**-**	**-**	**24 825**
Financial derivatives assets	31 December 2017	**41 896**	**-**	**41 896**	**-**
Liabilities measured at fair value					
Employee related liabilities	31 December 2017	**18 789**	**-**	**18 789**	**-**
Financial derivatives liabilities	31 December 2017	**130**	**-**	**130**	**-**

Fair value measurement hierarchy for assets and liabilities as at 31 December 2016:

	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 2016	25 264	–	–	25 264
Financial derivatives assets	31 December 2016	47 862	–	47 862	–
Liabilities measured at fair value					
Employee related liabilities	31 December 2016	31 209	–	26 703	4 506
Liabilities held at fair value through profit or loss	31 December 2016	2 698	2 698	–	–

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:

- Available-for-sale investment: Asset valuation method performed by an independent valuator
- Employee related liabilities and other financial assets: Black-Scholes model

The sensitivity of the valuation assumptions for the Level 3 financial instruments are set out in note 13 and 23.

30. 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 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 notes 20 offset by cash and bank balances as detailed in note 18) and equity of the Group (comprising issued capital, reserves, retained earnings and non-controlling interests as detailed in note 19). 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 2017 and 2016.

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 Group's exposure to interest rate risk on financial liabilities is detailed in the liquidity risk management section of this note. 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.

	2017 R'000	2016 R'000
Unutilised banking facilities		
Total banking and loan facilities	**847 585**	424 453
Facilities utilised	**(347 123)**	(424 453)
	500 462	–
Unrestricted cash and cash equivalents	**334 999**	154 404
Unutilised banking facilities and cash and cash equivalents	**835 461**	154 404

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LIQUIDITY AND INTEREST RATE RISK TABLES

The following tables detail the Group's remaining contractual maturity for 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.

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

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**
Other financial assets	**0%**	**41 896**	**-**	**24 825**	**66 721**
Trade and other receivables	**0%**	**244 812**	**-**	**-**	**244 812**
Cash and banks balances	**Bank deposit rates**	**383 047**	**-**	**-**	**383 047**
		670 735	**1 959**	**122 578**	**795 272**
Financial Liabilities					
Term loan borrowings – variable rates	**Refer note 20**	**16 788**	**378 274**	**-**	**395 062**
Corporate receivables finance loan – variable rates	**Refer note 20**	**30 417**	**-**	**-**	**30 417**
Instalment sale agreement borrowings – fixed rates	**Refer note 20**	**616**	**1 079**	**-**	**1 695**
Other financial liabilities	**0%**	**20 848**	**59 348**	**-**	**80 196**
Trade and other payables	**0%**	**270 860**	**-**	**-**	**270 860**
		339 529	**438 701**	**-**	**778 230**

2016	INTEREST RATE	WITHIN 1 YEAR	1 TO 5 YEARS	OVER 5 YEARS	TOTAL
Financial Assets					
Available-for-sale investment	0%	–	–	25 264	25 264
Loan to related party	0%	–	4 389	–	4 389
Trade and other receivables	0%	282 750	–	–	282 750
Cash and bank balances	Bank deposit rate	154 404	–	–	154 404
		437 154	4 389	25 264	466 807
Financial Liabilities					
Term loan borrowings – variable rates	Refer note 20	69 010	397 631	–	466 641
Corporate receivables finance loan – variable rates	Refer note 20	8 993	–	–	8 993
Instalment sale agreement borrowings – fixed rates	Refer note 20	918	1 369	–	2 287
Loan from related party	0%	–	54 664	–	54 664
Other financial liabilities	0%	21 121	82 450	–	103 571
Shareholders for dividends		2 431	135 404	–	137 835
Trade and other payables		291 568	–	–	291 568
		394 041	671 518	–	1 065 559

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 base point change in these risks.

	2017 R'000	2016 R'000
Increase in profits	**1 735**	2 246
Decrease in profits	**(1 735)**	(2 246)

30. FINANCIAL RISK MANAGEMENT (CONTINUED)

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:

ASSETS	2017 R'000	2016 R'000
USD denominated	**8 630**	9 987
GBP denominated	**3 025**	2 789
EURO denominated	**102 434**	89 696
AUD denominated	**5 502**	107 518
Liabilities		
USD denominated	**1 407**	–
GBP denominated	**-**	1 958
EURO denominated	**270**	5 076
AUD denominated	**-**	25 933
SEK denominated	**432**	–
DKKB denominated	**-**	443

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. 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.

	2017 R'000	2016 R'000
USD denominated		
Profit or loss	**(691)**	999
Other equity	**9**	719
GBP denominated		
Profit or loss	**296**	83
Other equity	**-**	60
EURO denominated		
Profit or loss	**(5 886)**	8 462
Other equity	**2 842**	6 093
AUD denominated		
Profit or loss	**(508)**	8 159
Other equity	**1 082**	5 874
SEK denominated		
Profit or loss	**50**	–
Other equity	**-**	–
DKKB denominated		
Profit or loss	**-**	44
Other equity	**-**	32

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 2018 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.

30. FINANCIAL RISK MANAGEMENT (CONTINUED)

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.

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

Within the Australian operations, 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
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
2016			
USD	5 646	14.16	11 January 2017 – 9 February 2017
GBP	3 961	17.55	4 January 2017 – 9 February 2017
EURO	465 443	16.04	4 January 2017 – 28 February 2018
AUD	73 944	11.73	4 January 2017 – 29 March 2018
NZD	677	10.16	2 May 2017

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

FOREIGN CURRENCY	R'000	AVERAGE CONTRACT EXCHANGE RATE	CONTRACTUAL EXPIRY DATE
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
2016			
USD	2 942	13.91	12 January 2017 – 20 January 2017
GBP	638	17.16	11 January 2017 – 11 April 2017
EURO	1 800	14.96	5 January 2017 – 15 March 2017
AUD	3 083	10.14	3 January 2017
SEK	4 093	1.71	17 January 2016 – 14 December 2017
DKK	942	2.07	13 January 2017 – 24 February 2017

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

	2017 R'000	2016 R'000
Foreign currency forward exchange contracts	**41 765**	47 862

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.

31. COMMITMENT 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:

	2017 R'000	2016 R'000
Within one year	**9 253**	10 460
After one year but not more than five years	**13 287**	26 444
More than five years	**1 915**	20 617
	24 455	57 521

CAPITAL COMMITMENTS

	2017 R'000	2016 R'000
Budgeted capital expenditure is as follows:		
Commitments for the acquisition of property, plant and equipment	**155 665**	7 859
Authorised by the directors but not contracted	**123 230**	6 142
	278 895	14 001

The increase in capital commitments predominantly consists of the new factory freezer vessel conversion and further investment in the fish processing factory in Saldanha Bay.

CONTINGENT LIABILITIES

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

32. RELATED PARTY TRANSACTIONS

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, 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

2017	SALES TO RELATED PARTIES R'000	PURCHASES FROM RELATED PARTIES R'000	AMOUNTS OWED BY RELATED PARTIES R'000	AMOUNTS OWED TO RELATED PARTIES R'000
SeaVuna Fishing Company Proprietary Limited (Joint venture of Brimstone Investment Corporation Limited)	**34 880**	**165 731**	**10 803**	**20 976**
2016				
SeaVuna Fishing Company Proprietary Limited (Joint venture until December 2016)	49 622	153 097	5 189	23 515
Mareterram Limited (Associate until June 2016)	52 410	–	–	–

The amounts owed by/to related parties are classified as trade receivables and trade payables, respectively (see note 17 and 24).

On 1 January 2017, prior to listing and as part of the Group restructure, Sea Harvest Corporation Proprietary Limited entered into a supply agreement with Vuna Fishing Company Proprietary Limited ("Vuna") and SeaVuna Fishing Company Proprietary Limited ("SeaVuna") for a period of three years, which is extendable for a further three years. Under the agreement fish caught by Vuna and SeaVuna is be marketed by Sea Harvest Corporation Proprietary Limited.

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 2017, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (2016: 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

FOR THE YEAR ENDED 31 DECEMBER 2017

32. RELATED PARTY TRANSACTIONS (CONTINUED)

B. LOANS TO AND FROM RELATED PARTIES

2017	INTEREST PAID R'000	AMOUNTS OWED BY RELATED PARTIES R'000	AMOUNTS OWED TO RELATED PARTIES R'000
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**	**-**
2016			
Brimco Proprietary Limited (Equity holder)	–	–	54 664
Sea Harvest Management Investment Trust (Equity holder)	–	4 389	–
	–	4 389	54 664

Loans to related parties 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.

Refer to section E below for information on the interest paid to Brimco Proprietary Limited in the current year.

C. COMPENSATION FOR KEY MANAGEMENT PERSONNEL

	2017 R'000	2016 R'000
Short-term benefits	**24 839**	15 181
Post-employment benefits	**2 339**	1 673
	27 178	16 854

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 33 for remuneration paid to directors.

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 and Kagiso Strategic Investments III Proprietary 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	**1 563**	1 478
Management fees paid to Kagiso Strategic Investments III Proprietary Limited	**-**	217

c. In the prior year the Group held an option to purchase an option held by the chairman of Mareterram Limited to buy 2 500 000 of the ordinary shares in the company at AUD 0.20 per share. The option was exercised during the current year.

d. The Group has a 10 year option to buy 85% of the shares in Vuna Fishing Group Proprietary Limited from Brimco Proprietary Limited at fair value.

E. RELATED PARTY TRANSACTIONS PRIOR/ON LISTING FORMING PART OF THE GROUP RESTRUCTURE

Repurchase of shares and distributions to participants of share trusts

The following shares were repurchased and cancelled:

	REPURCHASED %	2017 R'000
Sea Harvest Management Investment Trust	**100**	54 474
The Sea Harvest Management Investment Trust No. 2	**75**	128 121
Sea Harvest Employee Share Trust	**50**	36 176
		218 771

Sale of Joint Venture

On 1 January 2017 the Group disposed of its 49.81% interest in Vuna Fishing Company Proprietary Limited, a joint venture involved in the fishing and processing industries, for R45 million resulting in a profit on disposal of R23.1 million. The investment was sold to Vuna Fishing Group Proprietary Limited, a subsidiary of Brimstone Investment Corporation Limited on loan account.

Arrangements in relation to Preference Shares

On 17 February 2017 all the issued B Redeemable Preference Shares and C Redeemable Preference Shares, including accrued preference share dividends, were redeemed and credited to a loan account which incurred interest at an after tax rate equal to the preference dividend rates. The loan and related interest was repaid on the 24 March 2017.

F. HOLDING COMPANY

The intermediate holding company of Sea Harvest Group Limited is Brimco 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
FOR THE YEAR ENDED 31 DECEMBER 2017

33. REMUNERATION PAID TO DIRECTORS

2017	SHORT-TERM BENEFITS SALARY AND FEES R'000	SHORT-TERM BENEFITS SHORT-TERM INCENTIVES R'000	SHORT-TERM BENEFITS OTHER R'000	POST EMPLOYMENT BENEFITS PENSION/ PROVIDENT R'000	TOTAL R'000
Executive Directors					
Mo 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] Includes a sign-on bonus of R2.5 million.

	FORFEITABLE SHARES	VALUE OF FORFEITABLE SHARES
Mo 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.

	BOARD FEES R'000	COMMITTEE FEES R'000	TOTAL R'000
Non-Executive Directors			
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

2016	Short-term benefits Salary and fees R'000	 Short-term incentives R'000	 Other R'000	Post employment benefits Pension/ provident R'000	Total R'000
Executive Directors					
Mo Brey (appointed 1 October 2016)	525	–	8	102	635
TC Brown	1 805	788	144	126	2 863
JP de Freitas	1 743	871	64	337	3 015
K Geldenhuys	1 655	825	114	320	2 914
M Harry	1 004	496	117	194	1 811
F Ratheb	3 069	1 430	148	594	5 241
	9 801	4 410	595	1 673	16 479

	Board fees R'000	Committee fees R'000	Total R'000
Non-Executive Directors			
MC Norris (resigned 30 November 2016)	100	–	100
LJ Penzhorn	100	–	100
F Robertson	150	–	150
TS Sethedi (resigned 30 November 2016)	25	–	25
	375	–	375

There were no changes in the shareholdings of the directors between 31 December 2017 and the date of approval of the annual financial statements.

COMPANY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

COMPANY STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 R'000	2016 R'000
Operating profit/(loss) before associate and joint venture income	1	**21 303**	(51)
Gain recognised on disposal of interest in joint venture		**8 567**	–
Operating profit/(loss) before finance costs and taxation		**29 870**	(51)
Investment income	2	**12 452**	118
Interest expense	3	**(19 572)**	(45 255)
Profit/(loss) before taxation		**22 750**	(45 188)
Taxation	4	**(11 649)**	(19)
Profit/(loss) after taxation		**11 101**	(45 207)
Other comprehensive income, net of taxation		**-**	–
Total comprehensive income/(loss) for the year		**11 101**	(45 207)

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

	Notes	2017 R'000	2016 R'000
ASSETS			
Non-current assets			
Investment in joint venture	8	**-**	36 432
Loans to related parties	15	**758 640**	401 073
Deferred tax assets	11	**-**	39
Total non-current assets		**758 640**	437 544
Current assets			
Cash and bank balances		**188 855**	–
Other financial asset	9	**24 825**	–
Other receivable	5	**7**	–
Total current assets		**213 687**	–
TOTAL ASSETS		**972 327**	437 544
EQUITY AND LIABILITIES			
Capital and reserves			
Stated capital	6	**1 297 124**	7 420
Preference share capital and share premium	6	**-**	368 409
Retained loss		**(334 088)**	(130 900)
TOTAL EQUITY		**963 036**	244 929
Non-current liabilities			
Loans from related parties	15	**170**	54 720
Shareholders for dividends		**-**	135 404
Deferred tax liabilities	11	**5 561**	–
Total non-current liabilities		**5 731**	190 124
Current liabilities			
Trade and other payables	7	**890**	60
Shareholders for dividends		**-**	2 431
Tax liabilities		**2 670**	–
Total current liabilities		**3 560**	2 491
TOTAL EQUITY AND LIABILITIES		**972 327**	437 544

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

	STATED CAPITAL R'000	PREFERENCE SHARE CAPITAL R'000	PREFERENCE SHARE PREMIUM R'000	RETAINED EARNINGS/ (LOSS) R'000	TOTAL R'000
Balance as at 1 January 2016	5 180	17	168 392	(85 693)	87 896
Issue of shares	–	200 000	–	–	200 000
Recognition of additional contribution from share trust	2 240	–	–	–	2 240
Loss for the year	–	–	–	(45 207)	(45 207)
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**
Reclassified during the year	**139**	**-**	**-**	**-**	**139**
Shares repurchased and distributions to participants of share trusts	**(4 482)**	**-**	**-**	**(214 289)**	**(218 771)**
Profit for the year	**-**	**-**	**-**	**11 101**	**11 101**
Balance as at 31 December 2017	**1 297 124**	**-**	**-**	**(334 088)**	**963 036**

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 R'000	2016 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash operating loss	A	**(3 522)**	(51)
Working capital changes	B	**823**	(443)
Cash utilised in operations		**(2 699)**	(494)
Investment income received		**12 452**	118
Interest paid		**(10 709)**	(18 305)
Income tax paid		**(1 460)**	–
Net cash utilised in operating activities		**(2 416)**	(18 681)
CASH FLOWS FROM INVESTING ACTIVITIES			
Amounts advanced to related parties		**(236 111)**	(183 559)
Net cash utilised in investing activities		**(236 111)**	(183 559)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares, net of listing costs		**1 239 025**	–
Redemption of B and C preference share capital		**(368 409)**	–
Repayment of B and C preference share dividend		**(144 269)**	–
Repayment of related party loans		**(80 194)**	–
Repurchase of shares and distributions to participants of share trusts		**(218 771)**	–
Proceeds from additional contribution from share trust		**-**	2 240
Proceeds from the issue of C preference shares		**-**	200 000
Net cash generated from financing activities		**427 382**	202 240
Net increase in cash and cash equivalents		**188 855**	–
Cash and cash equivalents at the beginning of the year		**-**	–
Cash and cash equivalents at the end of the year		**188 855**	–

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

	2017 R'000	2016 R'000
A. Cash utilised in operations		
Profit/(loss) after taxation	**11 101**	(45 207)
Adjustments for:		
Interest expense	**19 572**	45 255
Taxation charge	**11 649**	19
Investment income	**(12 452)**	(118)
Fair value gain on option	**(24 825)**	–
Gain recognised on disposal of investment in joint venture	**(8 567)**	–
	(3 522)	(51)
B. Working capital changes	**823**	(443)
(Increase)/decrease in other receivables	**(7)**	47
Increase/(decrease) in trade and other payables	**830**	(490)
Cash utilised in operations	**(2 699)**	(494)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

	2017 R'000	2016 R'000
1. 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		
Gain recognised on disposal of investment in joint venture	**8 567**	–
Fair value gain on option	**24 825**	–
Expenses		
Auditors' remuneration		
– external statutory audit	**844**	43
Director's fees (Refer to note 33 of the Group financial statements for more detail)	**2 070**	–
2. INVESTMENT INCOME		
Interest received on bank deposits and from external parties	**12 452**	118
	12 452	118
3. INTEREST EXPENSE		
Preference and participation dividends	**8 863**	45 255
Interest on loan from related party	**10 709**	–
	19 572	45 255

	2017 R'000	2016 R'000
4. TAXATION		
Current tax		
In respect of the current year	**2 670**	–
Security transfer tax		
In respect of the current year	**1 460**	–
Deferred tax		
In respect of the current year	**7 519**	19
Total income tax expense recognised in the current year	**11 649**	19
Tax rate reconciliation:		
Profit/(loss) before tax	**22 750**	(45 188)
Income tax expense calculated at 28% (2016: 28%)	**6 370**	(12 652)
Non-deductible expenses[1]	**5 650**	–
Deferred tax asset not recognised	**39**	–
Securities transfer tax	**1 460**	–
Capital gains tax	**(1 870)**	–
Deferred tax assets previously not recognised	**-**	12 671
	11 649	19
5. OTHER RECEIVABLE		
Accrued interest	7	–
	7	–

Note:

[1] Non-deductible expenses consist primarily of preference share dividends included in interest expense and other interest not incurred in the production of income.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

6. CAPITAL AND RESERVES

6.1 STATED CAPITAL

	2017 R'000	2016 R'000
Authorised		
10 000 000 000 (2016: 1 500 000 000) ordinary shares of no par value	**-**	–
Issued and fully paid		
251 362 907 (2016: 974 402 360) ordinary shares of no par value	**1 297 124**	7 420
Total stated capital	**1 297 124**	7 420
Ordinary shares		
Balance at the beginning of the year	**7 420**	5 180
Recognition of additional contribution from share trust	**-**	2 240
Issue of share capital, net of listing costs	**1 294 047**	–
Shares repurchased and cancelled	**(4 343)**	–
Balance at the end of the year	**1 297 124**	7 420

	NUMBER OF SHARES	
	2017	2016
Balance at the beginning of the year	**974 402 360**	974 402 360
1:6 share consolidation	**(812 001 966)**	–
Issue of share capital	**101 933 269**	–
Issue of shares under the Group's forfeitable share plan	**4 400 065**	–
Shares repurchased and cancelled	**(17 370 821)**	–
Balance at the end of the year	**251 362 907**	974 402 360

	2017 R'000	2016 R'000

6.2 PREFERENCE SHARE CAPITAL AND PREMIUM

	2017 R'000	2016 R'000
Authorised		
1 000 000 Class A Cumulative redeemable preference shares of R0.01 each	-	10
2 000 000 Class B Cumulative redeemable preference shares of R0.01 each	-	20
1 000 000 Class C Cumulative redeemable preference shares of no par value	-	–
	-	30
Issued		
Nil (2016: 1 684 093) Class B Cumulative redeemable preference shares of R0.01 each	-	17
Nil (2016: 200 000) Class C Cumulative redeemable preference shares at no par value	-	200 000
Share premium	-	168 392
	-	368 409
As at 31 December, the movement in preference share capital is as follows:		
Balance at the beginning of the year	**200 017**	17
Issue of share capital	-	200 000
Share redemption	**(200 017)**	–
Balance at the end of the year	-	200 017

During the 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.

7. TRADE AND OTHER PAYABLES

	2017 R'000	2016 R'000
Trade payables	-	17
Other payables	**890**	43
	890	60

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

8. INVESTMENT IN JOINT VENTURE

In the prior year the company held a 49.813% interest in Vuna Fishing Company Proprietary Limited, a joint venture involved in the fishing and processing industries.

On 1 January 2017 the Company disposed of its interest in this joint venture for R45 million resulting in a profit on disposal of R8.56 million. The investment was sold to Vuna Fishing Group Proprietary Limited, a subsidiary of Brimstone Investment Corporation Limited, on loan account.

	2017 R'000	2016 R'000
9. OTHER FINANCIAL ASSET		
Asset held at fair value through profit or loss	**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 R24.8 million (2016: nil) 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.

	2017 R'000	2016 R'000
Vuna Fishing Company valuation		
+ 5%	**2 061**	–
- 5%	**(2 036)**	–
Yield Curve (7.910%)		
+ 5%	**1 167**	–
- 5%	**(975)**	–
Volatility (24.146%)		
+ 1%	**1 435**	–
- 1%	**(1 487)**	–

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

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 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 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 Level 1, 2 and 3 during the current or prior year.

Specific valuation techniques 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.

11. DEFERRED TAXATION

	2017 R'000	2016 R'000
Deferred tax assets	**-**	(39)
Deferred tax liabilities	**5 561**	–
Net deferred tax liability/(asset)	**5 561**	(39)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

11. DEFERRED TAXATION (CONTINUED)

The movement in deferred tax (assets)/liabilities can be analysed as follows:

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

2016	OPENING BALANCE R'000	RECOGNISED IN PROFIT OR LOSS R'000	CLOSING BALANCE R'000
Deferred tax (assets)/liabilities in relation to:			
Tax losses	(58)	19	(39)

12. EVENTS SUBSEQUENT TO REPORTING DATE

The board of directors has declared a gross full and final cash dividend of 31 cents per share on 6 March 2018 in respect of the year ended 31 December 2017.

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. COMMITMENT AND CONTINGENCIES

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

14. FINANCIAL RISK MANAGEMENT

The Company's financial risk management strategy is consistent with that of the Group set out in note 30 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.

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 banks 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**
		890	**–**	**–**	**890**

2016	INTEREST RATE	WITHIN 1 YEAR	1 TO 5 YEARS	OVER 5 YEARS	TOTAL
Financial assets					
Loans to related parties	0%	–	401 073	–	401 073
		–	401 073	–	401 073
Financial liabilities					
Loans from related parties	0%	–	54 720	–	54 720
Shareholders for dividends	0%	2 431	135 404	–	137 835
Trade and other payables	0%	60	–	–	60
		2 491	190 124	–	192 615

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

15. RELATED PARTY TRANSACTIONS

A. LOANS TO AND FROM RELATED PARTIES

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 (Fellow 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**

2016	INTEREST PAID R'000	AMOUNTS OWED BY RELATED PARTIES R'000	AMOUNTS OWED TO RELATED PARTIES R'000
Brimco Proprietary Limited (Equity holder)	–	–	54 664
Sea Harvest Corporation Proprietary Limited (Subsidiary)	–	131 390	–
Sea Harvest International Proprietary Limited (Subsidiary)	–	263 054	–
The New Sea Harvest Management Investment Trust	–	4 389	–
The Sea Harvest Management Investment Trust No. 2	–	–	56
Sea Harvest Employee Share Trust	–	2 240	–
	–	401 073	54 720

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 33 of the Group financial statements.

C. RELATED PARTY TRANSACTION PRE LISTING FORMING PART OF THE GROUP RESTRUCTURE

Details of related party transactions in the Company prior to listing and as part of the Group restructure are set out in note 32 of the Group financial statements.

INTEREST IN PRINCIPAL SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

AT 31 DECEMBER 2017

NAME OF COMPANY	Notes	NATURE OF BUSINESS	ISSUED CAPITAL 2017 R	EFFECTIVE HOLDING 2017 %
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%**
Vuna Fishing Company Proprietary Limited	2	Fishing and fish processing	**n/a**	**0%**
Sea Harvest Employee Share Trust	3	Share trust	**n/a**	
The Sea Harvest Management Investment Trust No.2	3	Share trust	**n/a**	
The Sea Harvest Foundation NPC	3	Non-profit organisation	**n/a**	
Australia				
Cape Haddie Limited		Dormant	**100**	**100%**
Mareterram Limited	1	Fishing and fish processing	**246 964 101**	**56.28%**

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

	2017 R'000	2016 R'000
Profits	**258 344**	68 867

Notes:
1 - Associate which became a subsidiary in July 2016.
2 - Joint Venture which was sold in January 2017.
3 - Consolidated special purpose entities.

ISSUED CAPITAL	EFFECTIVE HOLDING	INTERESTS OF HOLDING COMPANY			
		COST OF SHARES		INDEBTEDNESS	
2016 R	2016 %	2017 R'000	2016 R'000	2017 R'000	2016 R'000
100	100%	**-**	–	**395 861**	131 390
100	100%	**-**	–	**-**	–
100	100%	**-**	–	**290 290**	263 054
268	49.81%	**-**	–	**-**	–
n/a		**-**	–	**(170)**	2 240
n/a		**-**	–	**-**	(56)
n/a		**-**	–	**-**	–
100	100%	**-**	–	**-**	–
216 443 226	55.89%	**-**	–	**-**	–
				685 981	396 628

ANALYSIS OF ORDINARY SHAREHOLDERS
AT 31 DECEMBER 2017

SHAREHOLDER SPREAD	NUMBER OF SHAREHOLDINGS	% OF TOTAL SHAREHOLDINGS	NUMBER OF SHARES	% OF ISSUED CAPITAL
1 – 1 000	620	54.10%	164 657	0.07%
1 001 – 10 000	240	20.94%	988 873	0.39%
10 001 – 100 000	169	14.75%	6 537 728	2.60%
100 001 – 1 000 000	98	8.55%	36 783 125	14.63%
Over 1 000 000	19	1.66%	206 888 524	82.31%
Total	**1 146**	**100.00%**	**251 362 907**	**100.00%**
Distribution of shareholders				
Assurance Companies	4	0.35%	441 861	0.18%
Close Corporations	10	0.87%	107 970	0.04%
Collective Investment Schemes	50	4.36%	24 560 234	9.77%
Custodians	3	0.26%	793 000	0.32%
Foundations & Charitable Funds	6	0.52%	1 850 205	0.74%
Hedge Funds	13	1.13%	9 843 451	3.92%
Insurance Companies	5	0.44%	111 287	0.04%
Investment Partnerships	6	0.52%	236 000	0.09%
Managed Funds	1	0.09%	700 000	0.28%
Medical Aid Funds	2	0.17%	74 918	0.03%
Organs of State	4	0.35%	31 525 663	12.54%
Private Companies	39	3.40%	3 139 399	1.25%
Public Companies	1	0.09%	138 040 333	54.92%
Public Entities	1	0.09%	40 047	0.02%
Retail Shareholders	904	78.88%	10 392 550	4.13%
Retirement Benefit Funds	40	3.49%	11 339 245	4.51%
Scrip Lending	1	0.09%	1 264 563	0.50%
Sovereign Funds	2	0.17%	8 250 845	3.28%
Stockbrokers and Nominees	4	0.35%	276 423	0.11%
Treasury	2	0.17%	7 010 890	2.79%
Trusts	48	4.19%	1 364 023	0.54%
Total	**1 146**	**100.00%**	**251 362 907**	**100.00%**

SHAREHOLDER TYPE	NUMBER OF SHAREHOLDINGS	% OF TOTAL SHAREHOLDINGS	NUMBER OF SHARES	% OF ISSUED CAPITAL
Non-Public Shareholders	**13**	**1.13%**	**177 532 505**	**70.64%**
Directors	7	0.61%	1 372 400	0.55%
Government Employees Pension Fund	3	0.26%	31 108 882	12.38%
Brimstone Investment Corporation Limited	1	0.09%	138 040 333	54.92%
Treasury	2	0.17%	7 010 890	2.79%
Public Shareholders	**1 133**	**98.87%**	**73 830 402**	**29.36%**
Total	**1 146**	**100.00%**	**251 362 907**	**100.00%**

Beneficial shareholders with a holding greater than 3% of the issued shares	NUMBER OF SHARES	% OF ISSUED CAPITAL
Brimstone Investment Corporation Limited	138 040 333	54.92%
Government Employees Pension Fund	31 108 882	12.38%
36One	12 650 534	5.03%
Total	**181 799 749**	**72.33%**

Total number of shareholdings	**1 146**
Total number of shares in issue	**251 362 907**

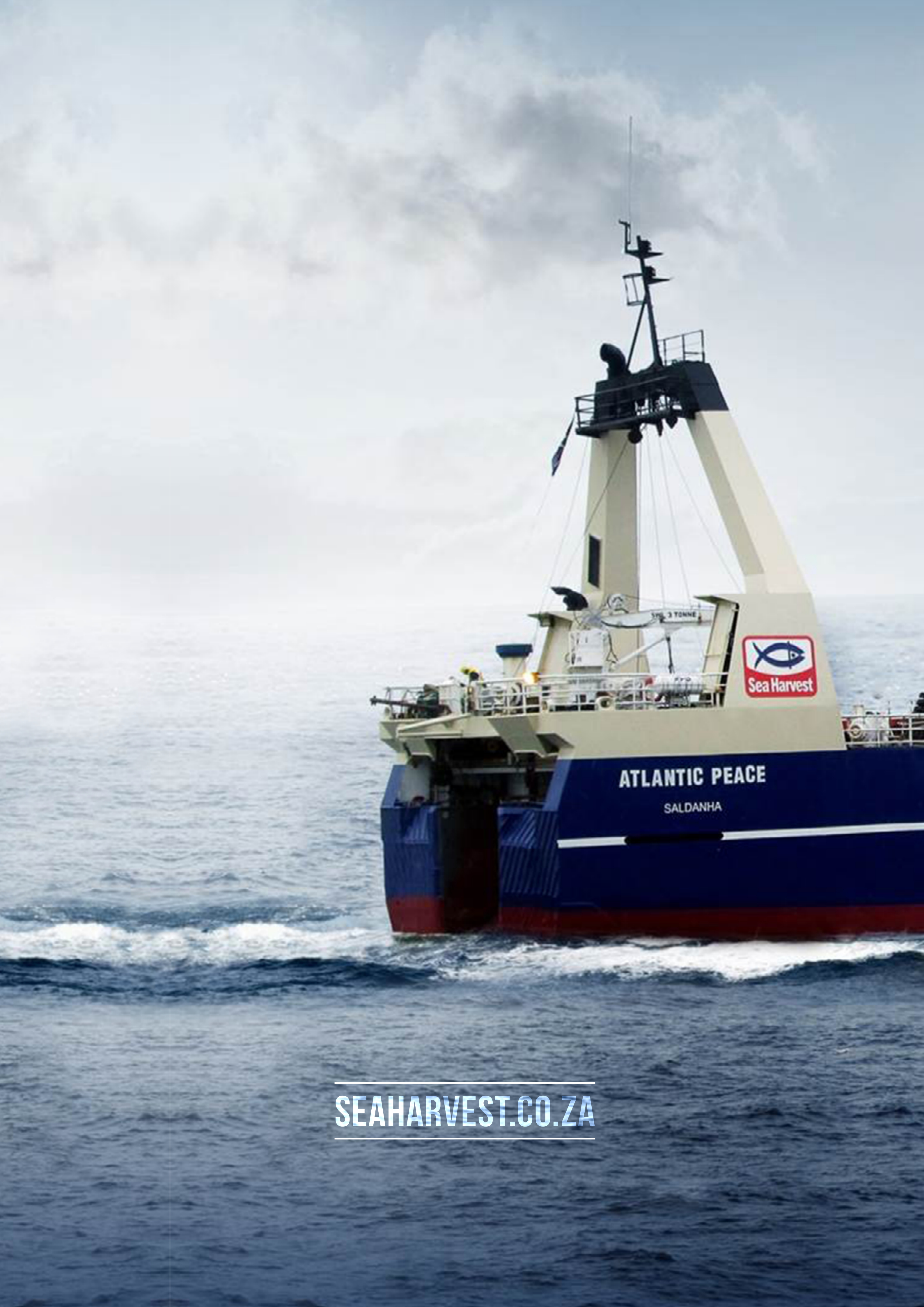
SHARE PRICE PERFORMANCE

Opening price 23 March 2017	**R12.92**
Closing price 31 December 2017	**R12.50**
Closing high for period	**R14.25**
Closing low for period	**R11.55**
Number of shares in issue	**251 362 907**
Volume traded during period	**23 400 100**
Ratio of volume traded to shares issued (%)	**9.31%**
Rand value traded during the period	**306 876 736**
Price/earnings ratio as at 31 December 2017	**11.04**
Earnings yield as at 31 December 2017	**9.06**
Market capitalisation at 31 December 2017	**3 142 036 338**

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: ZAE00240198
"Sea Harvest" or "the Company" or "the Group"

Registered address:	The Boulevard Office Park 1st Floor, Block C Searle Street Woodstock Cape Town 7925 South Africa
Directors:	F Robertson* (Chairman) BM Rapiya** WA Hanekom* LJ 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 Alternate There has been no changes to the board of directors since listing.
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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