ACCOUNTING POLICIES

1. PRESENTATION OF CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

The annual financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the requirements of the Companies and the JSE Listings Requirements.

The accounting policies applied in preparation of the consolidated annual financial statements are in terms of "IFRS" and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements except for the adoption of "IFRS 16" Leases.

1.1 Consolidation

BASIS OF CONSOLIDATION

The consolidated annual financial statements incorporate the annual financial statements of the Company and all subsidiaries. Subsidiaries are entities which are controlled by the Group.

The Group has control of an investee when it has power over the investee; it is exposed to or has rights to variable returns from involvement with the investee; and it has the ability to use its power over the investee to affect the amount of the investor's returns.

Non-controlling interests in the net assets of consolidated subsidiaries are identified and recognised separately from the Group's interest therein, and are recognised within equity. Losses of subsidiaries attributable to non-controlling interests are allocated to the non-controlling interest even if this results in a debit balance being recognised for non-controlling interest.

An acquisition of an additional interest in a controlled subsidiary or a disposal of an interest in a subsidiary that does not result in a loss of control is recognised in equity. The difference between the fair value of consideration paid or received and the movement in non-controlling interest for such transactions is recognised in equity attributable to the owners of the parent.

BUSINESS COMBINATIONS

The Group accounts for business combinations using the acquisition method of accounting. The cost of the business combination is measured as the aggregate of the fair values of assets given, liabilities incurred or assumed, and equity instruments issued. Costs directly attributable to the business combination are expensed as incurred, except the costs to issue debt which are amortised and costs to issue equity which are included in equity.

Contingent consideration is included in the cost of the business combination at fair value as at the date of acquisition. Subsequent changes to the assets, liability or equity which arise as a result of the contingent consideration are not affected against goodwill, unless they are valid measurement period adjustments.

The acquiree's identifiable assets, liabilities and contingent liabilities which meet the recognition conditions of IFRS 3 Business combinations are recognised at their fair values at acquisition date, except for non-current assets (or disposal Group) that are classified as held-for-sale in accordance with IFRS 5 Non-current assets held-for-sale and discontinued operations, which are recognised at fair value less costs to sell.

Contingent liabilities are only included in the identifiable assets and liabilities of the acquiree where there is a present obligation at acquisition date.

1. **PRESENTATION OF CONSOLIDATED ANNUAL FINANCIAL STATEMENTS** (continued)

1.1 **CONSOLIDATION** (continued)

On acquisition, the Group assesses the classification of the acquiree's assets and liabilities and reclassifies them where the classification is inappropriate for Group purposes. This excludes lease agreements and insurance contracts; whose classification remains as per their inception date.

Non-controlling interests arising from a business combination, which are present ownership interests that entitle their holders to a proportionate share of the entity's net assets in the event of liquidation, are measured either at the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets or at fair value. The treatment is not an accounting policy choice but is selected for each individual business combination and disclosed in the note for business combinations (refer to Business Combination note for details). All other components of non-controlling interests are measured at their acquisition date fair values, unless another measurement basis is required by "IFRS".

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

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

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

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

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

Investment in associates

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

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

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

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

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

1. **PRESENTATION OF CONSOLIDATED ANNUAL FINANCIAL STATEMENTS** (continued)

1.1 **CONSOLIDATION** (continued)

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

When the Group obtains significant influence of an investment previously held at fair value through profit and loss, the Group accounts for investments in associates at fair value in line with business combinations, which deems the initial fair value to be the cost. This deemed cost is adjusted for post acquisition changes in the Group's share of net assets of the associate, less any impairment losses. Gains or losses on deemed disposals of an investment previously held as an investment at fair value through profit and loss is accounted for directly in the profit or loss.

Joint arrangements

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

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

Joint ventures

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

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

Joint operations

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

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

1. **PRESENTATION OF CONSOLIDATED ANNUAL FINANCIAL STATEMENTS** (continued)

1.2 Significant judgements and sources of estimation uncertainty

In preparing the consolidated annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the consolidated annual financial statements and related disclosures. Use of available information and the application of judgements are inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements.

Significant estimates made by management that could have a significant effect on the carrying amounts recognised in the financial statements include:

Property, plant and equipment

Property, plant and equipment is recognised as an asset if and only if: it is probable that the future economic benefits associated with item flow to the entity; and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. The cost of property, plant and equipment comprises of any costs incurred to bring the asset to the location and condition necessary for it to operate as intended by management and costs to construct an item of property, plant and equipment.

Property, plant and equipment are carried at cost less accumulated depreciation and impairment. If plant and machinery is comprised of major components with different useful lives, these components are depreciated as separate items.

Improvements to leasehold buildings are capitalised and depreciated over the remaining period of the lease to their estimated residual values.

Plant and machinery, furniture and fittings, equipment and motor vehicles are depreciated on a straight-line basis over their expected useful lives to their estimated residual value. Leasehold buildings are depreciated on a straight-line basis over the shorter of their lease period and their expected useful lives to their estimated residual value.

Depreciation commences when the asset is available for use and ceases when the asset is derecognised.
The depreciation charge for each period is recognised in the statement of profit or loss. The estimated remaining useful lives, residual values and depreciation methods are reviewed at each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate on a prospective basis.

Land and buildings are recognised based on the revaluation model. Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

Financial assets at amortised cost

Financial assets are measured at amortised cost if they are held with an objective to collect contractual cash flows and the contractual cash flows represent solely payments of principal and interest on the amount outstanding. Financial assets classified as at amortised cost include loans receivable, trade and other receivables and cash and cash equivalents.

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

1. PRESENTATION OF CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

1.2 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY (continued)

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

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

Fair value estimation

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

Terminal value growth rates

When calculating the terminal value, growth rates in excess of the current inflation rate are not utilised. Real growth beyond ten years is not likely, and even if likely, is difficult to forecast with any certainty. The growth rate used is 4.5%.

Terminal values

When calculating the terminal value, care is taken regarding the level of net capital investment assumed. This is assumed to be lower than during the specific forecast for high-growth companies. For mature, stable companies net capital investment during the specific forecast period and beyond is assumed to be the same.

Discount rates

Free cash flows are discounted at the Company's weighted average cost of capital (WACC), being the weighted cost of equity as determined using the capital asset pricing model (CAPM) and the weighted after-tax cost of debt and/or any other non-equity form of financing. The discount rates used are between 15% and 26%. Refer to note 42 Risk Management.

Risk-free rate

The risk-free rate utilised is the yield on ten-year government bonds. These yields were obtained from the financial press at the time of preparing the valuations. Where no ten-year SA bonds are in issue, the nearest long-term SA bond rate should be used. The risk-free rate used is 7.57%.

Beta

The equally weighted average of the relevant industry betas are used. The betas are calculated over a five-year period (where possible). This is assumed to provide a fair estimate of the Group's recent market price. The beta used for the Company was in the range of 0.32 and 1.4. Refer to note 42 Risk Management.

Specific risk premium

A specific risk premium enterprise value was utilised in all valuations. The specific risk premium used was in the range of 1% and 4%.

Value of equity

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

1. PRESENTATION OF CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

1.2 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY (continued)

Intangible assets - useful lives and amotisation rates

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

Intangible assets estimated useful life of licence and distribution rights

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

Biological assets

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

Allowance for slow moving, damaged and obsolete inventory

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

Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

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

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

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

1. **PRESENTATION OF CONSOLIDATED ANNUAL FINANCIAL STATEMENTS** (continued)

1.2 **SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY** (continued)

Tax expenses

The total of current and deferred taxes is recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or a business combination.

The current tax charge is the expected tax payable on the taxable income for the period. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date. Current tax assets and liabilities are offset only if there is a legally enforceable right to set off the recognised amounts; and the Group intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Subsidiaries consolidated when less than 50% interest is held

The Group consolidates subsidiaries with an effective interest of less than 50% when the Group has control and power over the investee; it is exposed to or has rights to variable returns from involvement with the investee; and it has the ability to use its power over the investee to affect the amount of the investor's returns.

The Group has consolidated entities in which it holds less than 50% where it has the power and ability to influence returns.

Investment in equity accounted investments

When the Group obtains significant influence of an investment previously held at fair value through profit and loss, the Group accounts for investments in associates at fair value in line with business combinations, which is deemed to be the initial cost. This deemed cost is adjusted for post acquisition changes in the Group's share of net assets of the associate, less any impairment losses. Gains or losses on deemed disposals of an investment previously held as an investment at fair value through profit and loss is accounted for directly in the profit or loss.

Significant judgements made by management that could have a significant effect on the carrying amounts recognised in the financial statements include Financial assets at ammortised cost.

Entities in which the Group holds more than 20% of the voting rights, but does not have significant influence

The Group has significant influence in entities which it holds more than 20% of the voting rights, but has no representation on the board of directors of the respective entities and does not participate in any financial or operating policy decision-making. The voting rights provide the Group with limited decision-making powers.

Consequently, the investments in the entities are been accounted for in accordance with IFRS 9 at fair value through profit for loss ("FVTPL")

Impairment testing

Assets are subject to regular impairment reviews as required. Impairments are measured as the difference between the cost (or amortised cost) of a particular asset and the recoverable amount which is the greater of the fair value less cost to sell and value-in-use of the asset. Impairments are recorded in the statement of comprehensive income in the period in which they impairment occur. The Group's policy in relation to impairment testing in respect of goodwill is detailed below.

The recoverable amount of the cash-generating units has been determined based on a value-in-use calculation. Key assumptions applied to determine the recoverable amount of the cash generating units, using the value-in-use calculation relating to sales growth rates, working capital requirements and capital expenditure. Cashflow projections were based on historical information and financial budgets approved by senior management covering a five year period with the exception of the Biotechnology division where more than 5 years was used due to the delay in clinical trials which pushed the first year of revenue generation out 9 years.

1. **PRESENTATION OF CONSOLIDATED ANNUAL FINANCIAL STATEMENTS** (continued)

1.2 **SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY** (continued)

The following assumptions were utilised:

Fishing and brands division

Pre-tax discount rates: 14.7%

Number of years: 6.8

Growth rate: 4.8%

Technology division

Pre-tax discount rates: 18%

Number years: 5.2

Growth rate: 4.1%

Events and tourism division

Pre-tax discount rates: 22.2%

Number years: 5

Growth rate: 4.2%

Health and beauty division

Pre-tax discount rates: 18.5%

Number years: 5

Growth rate: 4.6%

Biotechnology division

Pre-tax discount rates: 25.2%

Number of years: 9

Growth rate: 4.5%

1.3 **Property, plant and equipment**

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

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

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

1. PRESENTATION OF CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

1.3 PROPERTY, PLANT AND EQUIPMENT (continued)

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

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.4 Finance leases

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

The interest rate implicit in the lease is used to measure the net investment in the lease. If the interest rate implicit in a sublease cannot be readily determined for a sublease, then the discount rate used for the head lease (adjusted for any initial direct costs associated with the sublease) is used to measure the net investment in the sublease. The interest rate implicit in the lease is defined in a manner which causes the initial direct costs to be included in the initial measurement of the net investment in the lease.

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

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

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

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

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

1.5 Capital redemption reserve

When a subsidiary has a share-buy-back the Group treats it as a capital redemption reserve. Other reserves relate to exchange differences on translating foreign operations.

1.6 Employee benefit obligation

Retirement benefits

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

Employee leave entitlement

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

Bonus plans

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

1.7 Deferred income

Payments which have been received in advance from customers represent an obligation to transfer future goods and/or services and are presented as deferred income in the statement of financial position.

1.8 Biological assets

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

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

1.9 Intangible assets

Intangible assets which are separately acquired are initially recognised at cost, being their purchase prices after adding any directly attributable costs of preparing the assets to be capable of operating in the manner intended by management.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred. An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it;
- it will generate probable future economic benefits;
- there are available technical, financial and other resources to complete the development and to use or sell the asset; and
- the expenditure attributable to the asset during its development can be measured reliably.

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

Intangible assets with an indefinite useful life are not amortised, but are reviewed on an annual basis for indications that continue to support an indefinite useful life assessment. Internally generated intangible assets are recognised for costs incurred in the development phase of an internal project.

Software development costs, which are generated internally, are initially measured at cost, being all directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner

1. PRESENTATION OF CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

1.9 Intangible assets (continued)

intended by management, and are subsequently carried at cost after taking into account any accumulated amortisation and accumulated impairment losses, where applicable.

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

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

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

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

Item	Item Useful life
Biosimilar drug under development	20 years
Distribution rights	Indefinite
Fishing quotas and permits	4 – 10 years
Licences	20 years
Novel compounds	20 years
Patents and trademarks	4 – 15 years
Pharmaceutical dossiers	20 years
Radio licence	Indefinite
Software development	10 years
Customer contract	1 year
Brands	Indefinite
Trade names	10 years

1.10 Financial instruments

Classification

Financial instruments held by the group are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

Initial recognition

On initial recognition, financial assets are classified as financial assets measured at amortised cost or FVTPL. The classification is determined based on the objectives of the business model within which the financial asset is held and the characteristics of its contractual cash flows.

Financial assets are initially recognised at fair value. Trade receivables that are not subject to significant financing components are initially measured at the relevant transaction prices.

Financial assets at fair value through profit or loss

Financial assets are measured at FVTPL at initial recognition if they are acquired principally for the purpose of selling in the short term, if it forms part of a portfolio of financial assets in which there is evidence of short-term profit making, or, if it is designated in this category to eliminate or significantly reduce an accounting mismatch that would otherwise arise.

1. **PRESENTATION OF CONSOLIDATED ANNUAL FINANCIAL STATEMENTS** (continued)

1.10 **Financial instruments** (continued)

For the Group, all financial assets not classified as at amortised cost or at fair value through other comprehensive income are measured at fair value through profit or loss.

Initial recognition

On initial recognition, financial assets are classified as financial assets measured at amortised cost or Fair value through profit or loss ("FVTPL"). The classification is determined based on the objectives of the business model within which the financial asset is held and the characteristics of its contractual cash flow.

Financial assets are initially recognised at fair value. Trade receivables that are not subject to significant financing components are initially measured at the relevant transaction prices.

Financial assets at amortised cost

Financial assets are measured at amortised cost if they are held with an objective to collect contractual cash flows and the contractual cash and the contractual cash flows represent solely payments of the principal and interest on the amounts outstanding

Financial assets at fair value through profit or loss

Financial assets are measured at FVTPL at initial recognition if they are acquired principally for the purpose of selling in the short term, if it forms part of a portfolio of financial assets in which there is evidence of short-term profit making, or, if it is designated in this category to eliminate or significantly reduce an accounting mismatch that would otherwise arise.

For the Group, all financial assets not classified as at amortised cost are measured at fair value through profit or loss.

Subsequent measurement

Financial assets measured at amortised cost are subsequently measured using the effective interest method, reduced by relevant impairment allowances. Interest income and impairment losses on amortised cost financial assets are recognised in profit or loss. Changes in the fair value of financial assets at FVTPL are recognised in profit or loss.

The Group derecognises financial assets when the rights to receive cash flows from the financial assets have expired or where they have been transferred and the Group has also transferred substantially all risks and rewards of ownership.

Financial assets are presented as non-current assets, except for those with maturities within 12 months from the statement of financial position date, which are classified as current assets.

Impairment of financial assets

The Group recognises expected credit allowances (ECL) on financial assets measured at amortised cost. The Group assesses, on a forward-looking basis, the ECL associated with these financial assets and makes use of provision matrices relevant to its various operations in establishing impairment allowances. The Group applies the IFRS 9 simplified approach to measure the expected credit losses which uses a lifetime expected loss allowance for Trade receivable. The Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses.

Financial assets at fair value through profit or loss

For the Group, all financial assets not classified as at amortised cost or at fair value through other comprehensive income are measured at fair value through profit or loss.

1.11 Leases

The Group assesses whether a contract is, or contains a lease, at the inception of the contract.

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is "identified", which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the Group has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

Group as lessee

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the Group is a lessee, except for short-term leases of 12 months or less, or leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense (note 34) on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated to each lease component on the basis of the relative stand-alone prices of the lease components and the aggregate stand-alone price of the non-lease components (where non-lease components exist).

However as an exception to the preceding paragraph, the group has elected not to separate the non-lease components for leases of land and buildings. Details of leasing arrangements where the Group is a lessee are presented in note 4 Leases (Group as lessee).

Group as Lessor

The Group's accounting policy under IFRS 16 has not changed from the comparative period. As a lessor the Group classifies its leases as either operating or finance leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset, and classified as an operating lease if it does not.

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

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

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

1. **PRESENTATION OF CONSOLIDATED ANNUAL FINANCIAL STATEMENTS** (continued)

1.11 **Leases** (continued)

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

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

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in finance costs (note 36).

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognised in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Right-of-use assets

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

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

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. However, if a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Depreciation starts at the commencement date of a lease. For right-of-use assets which are depreciated over their useful lives, the useful lives are presented in the following table:

ITEM	DEPRECIATION METHOD	AVERAGE USEFUL LIFE
Buildings	Straight line	Over the period of the lease agreements
Plant and machinery	Straight line	Over the period of the lease agreements
Motor vehicles	Straight line	Over the period of the lease agreements

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

Each part of a right-of-use asset with a cost that is significant in relation to the total cost of the asset is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

1. PRESENTATION OF CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

1.11 Leases (continued)

The Group applies the impairment provisions of IFRS 9 to lease receivables. Refer to the accounting policy for trade and other receivables as lease receivables are impaired on a consistent basis with that accounting policy.

1.9 leases (comparatives under IAS 17)

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

Finance leases - lessor

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

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

Finance leases – lessee

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

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease. If the interest rate implicit in a sublease cannot be readily determined for a sublease, then the discount rate used for the head lease (adjusted for any initial direct costs associated with the sublease) is used to measure the net investment in the sublease. The interest rate implicit in the lease is defined in a manner which causes the initial direct costs to be included in the initial measurement of the net investment in the lease

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

Operating leases - lessor

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

Operating leases – lessee

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

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

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

1. PRESENTATION OF CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

1.12 Inventories

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

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

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

1.13 Non-current assets held for sale and disposal groups

Non-current assets and disposal groups are classified as held for sale or held for distribution when their carrying amount will be recovered principally through a sale transaction or distribution rather than through continuing use. Non-current assets and disposal groups are classified in this category only when the sale or distribution is considered to be highly probable.

Non-current assets (or disposal groups) held for sale (distribution to owners) are measured at the lower of their carrying amount and fair value less costs to sell.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale. These assets are carried at fair value less cost to sell.

1.14 Impairment of assets

The Group and Company assess at each statement of financial position date whether there is any indication that an asset may be impaired. If any such indication exists, the Group and Company estimate the recoverable amount of the asset. The Group assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment or not, the Group also:

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

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

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

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

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

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

1. PRESENTATION OF CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

1.14 Impairment of assets (continued)

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

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

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

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

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

1.15 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

If the Group reacquires its own equity instruments, the consideration paid, including any directly attributable incremental costs (net of income taxes) on those instruments are deducted from equity until the shares are cancelled or reissued. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Consideration paid or received shall be recognised directly in equity.

1.16 Employee benefits

DEFINED CONTRIBUTION PLANS

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

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

OTHER EMPLOYEE BENEFITS

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

The Group recognises a liability and an expense for bonuses. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation. An accrual is maintained for the appropriate proportion of the expected bonuses which would become payable at the year-end. For defined benefit plans the cost of providing the benefits is determined using the projected unit credit method.

1. PRESENTATION OF CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

1.17 Provisions and contingencies

Provisions are recognised when:

- the Group has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation. The Group's provisions consist of:

Project risk and product warranties
In the course of conducting projects and were a probable outflow will occur in the near future the Group raises the provision for such an expenditure.

Legal and onerous contracts
Due to the nature of the Group's business it is exposed to contracts which have to be met at all times therefore provisions have to be provided for such onerus contracts. An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The cost of fulfilling a contract comprises the costs that relate directly to the contract.

Leave pay and bonuses
The Group provides for the leave and bonuses as per the employment contracts per the Group's policy.

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 55.

1.18 Revenue

REVENUE FROM CONTRACTS WITH CUSTOMERS

Following the adoption of IFRS 15 the Group's accounting policy in respect of revenue is as follows:

In order to determine whether to recognise revenue, the Group follows the five step process; namely:

1. Identify the contract with the customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when the performance obligations are satisfied.

Revenue represents income arising in the course of ordinary activities which includes management fees, which are recognised on an accrual basis in accordance with the substance of the relevant agreements.

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

1. PRESENTATION OF CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

1.18 Revenue (continued)

Revenue in the fishing and brands division comprises of:

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

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

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

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

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

Revenue in the technology division comprises of:

Sale of hardware and software

Revenue from the sale of hardware, communication products or software is recognised when the hardware or software has been delivered to the customers' location and accepted by the customer. Warranties associated with hardware cannot be purchased separately and they serve as an assurance that the hardware complies with agreed- upon specifications, accordingly warranties are accounted for as provisions.

Some contracts with customers include the installation of hardware or software as a deliverable. In most cases, the installation is simple and completed in minimal time (typically installation is complete on the same day as delivery) and is not accounted for as a separate performance obligation.

In cases where the installation can only be completed over a significant period, the installation is accounted for as a separate performance obligation and recognised as described below. In this case, the transaction price is allocated to hardware or software sales based on cost plus expected margin and the balance of the price is allocated to installation services.

Revenue in the health comprises from the sale of goods and is recognised at a point in time when ownership and control of the goods are transferred to the customer

Installation and support services

In most cases the contracts for the provision of professional services and installation of hardware or software are comprised of specific milestones (performance obligations) or time and materials required by the customer. The customers obtain immediate use of hardware or software or the output of the service once the service has been completed.

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

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

1. PRESENTATION OF CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

1.18 Revenue (continued)

All revenue earned by the Group, results in the recognition of trade receivables, to the extent unpaid by the customer, as only the passage of time is required, being the agreed payment terms.

A contract liability is defined as entity's obligation to transfer goods or services to a customer for which the entity has received consideration from the customer. To this end, consideration received by the Group, for which goods have not yet been delivered to the customer represents contract liabilities. Contract liabilities, have previously been referred to as deferred revenue by the Group.

Quota usage revenue is recognised on a straight line basis over the term of the agreement.

1.19 Cost of sales

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

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

1.20 Borrowing costs

All borrowing costs are recognised as an expense in the period in which they are incurred. Borrowing costs that relates to the qualifying assets is capitalised against the cost.

1.21 Translation of foreign currencies foreign currency transactions

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

At the statement of financial position date:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in rand by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

1. PRESENTATION OF CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

1.22 Segmental analysis

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

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

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

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

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

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

1.23 Earnings per share

Earnings per share is calculated on the weighted average number of shares in issue, net of treasury shares, in respect of the year and is based on profit attributable to ordinary shareholders. Headline earnings per share is calculated in terms of the requirements set out in Circular 01/2019 issued by SAICA.

Diluted earrings per share

Diluted earnings per share is determined on the average number of shares based on profit to ordinary shareholders net of once-off events.