

NOTES TO THE FINANCIAL STATEMENTS

2. NEW STANDARDS AND INTERPRETATIONS

2.1 Standards and interpretations effective and adopted in the current year

The Group adopted the following new, revised and amendments to standards applicable during the current financial year, which did not have a material impact on the financial statements as follows:

Amendments to References to Conceptual Framework in IFRS Standards

IAS 1 Presentation of financial statements

The amendments clarify and align the definition of 'material' and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards.

The amendment did not have a material impact on the Group.

IAS 8 Accounting policies, changes in accounting estimates and errors

The amendments clarify and align the definition of 'material' and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards.

The amendment did not have a material impact on the Group.

IFRS 9 Financial instrument

The amendments clarify the requirements for hedge accounting to support the provision of useful financial information during the period of uncertainty carried by the phasing out of interest rate benchmarks such as interbank offered rates on hedge accounting.

The amendment did not have a material impact on the Group.

IFRS 7 Financial instruments disclosures

The amendment clarifies the requirements for hedge accounting to support the provision of useful financial information during the period of uncertainty caused by the phasing out of interest rate benchmarks such as interbank offered rates on hedge accounting.

The amendment did not have a material impact on the Group.

IFRS 3 Business combinations

Annual Improvements 2015 – 2017 Cycle: Clarification that when an entity obtains control of a business that is a joint operation, it is required to

remeasure previously held interests in that business.

Definition of Business: The amendments confirm that a business must include inputs and a process, and clarify that: (1) the process must be substantive; and (2) the inputs and process must together significantly contribute to creating outputs. The amendments also narrow the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs; and add a test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets.

AYO Technology Solutions Limited acquired 100% of Kathea Communication Solutions Proprietary Limited, therefore meeting the business definition per IFRS 3.

2. NEW STANDARDS AND INTERPRETATIONS (continued)

2.2 Standards and interpretations not yet effective

Standards and interpretations applicable to the Group for the year ending 31 August 2021:

IFRS 3 Business combinations

Reference to the Conceptual Framework:

The amendment updates a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

The effective date of the amendment for the Group is for financial years commencing on 1 September 2022.

The Group is in the process of assessing the impact of the amendments.

IFRS 9 Financial instruments

Interest Rate Benchmark Reform Phase 2: The amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 amend requirements relating to changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities, hedge accounting and disclosures.

The amendments to IFRS 9 enable a company to apply a practical expedient to account for a change in the contractual cash flows that are required by IBOR reform by updating the effective interest rate to reflect any change

arising from the reform.

The amendments to IFRS 9 enable (and require) companies to continue hedge accounting in circumstances when changes to hedged items and hedging instruments arise as a result of changes required by the IBOR reform, by requiring companies to amend their hedging relationships to reflect: designating an alternative benchmark rate as the hedged risk; or changing the description of the hedged item, including the designated portion, or of the hedging instrument.

The effective date of the amendment for the Group is for financial years commencing on 1 September 2021.

The Group is in the process of assessing the impact of the amendment.

IAS 1 Presentation of financial statements

Narrow-scope amendments to IAS 1 to clarify how to classify debt and other liabilities as current or non-current. The amendment is effective for the Group, for the financial year commencing 1 September 2023.

The amendments require companies to disclose their material accounting policy information rather than their significant accounting policies, with additional guidance added to the Standard to explain how an entity can identify material accounting policy information with examples of when accounting policy information is likely to be material. The amendment is effective for the Group, for the financial year commencing 1 September 2023.

The Group is in the process of assessing the impact of the amendments.

2. NEW STANDARDS AND INTERPRETATIONS (continued)

2.2 Standards and interpretations not yet effective (continued)

IAS 8 Accounting policies, changes in accounting estimates and errors

The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates, by replacing the definition of a change in accounting estimates with a new definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. The requirements for recognising the effect of change in accounting prospectively remain unchanged. The amendment is effective for the Group, for the financial year commencing 1 September 2023.

IAS 16 Property, Plant and Equipment

The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss. The amendment is effective for the Group, for the financial year commencing 1 September 2022.

The Group is in the process of assessing the impact of the amendment.

IAS 37 Provisions, Contingent liabilities and contingent assets

The amendments specify which costs should be included in an entity’s assessment of whether a contract will be loss-making.

The amendment is effective for the Group, for the financial year commencing 1 September 2022.

The Group is in the process of assessing the impact of the amendment.

IAS 39 Financial instruments: recognition and measurement

The amendments to IFRS 9, IAS 39, IFRS 7 and IFRS 16 amend requirements relating to changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities, hedge accounting and disclosures. The effective date of the amendment for the Group is for financial years beginning 1 September 2021.

The Group is in the process of assessing the impact of the amendment.

COVID-19 - Related Rent Concessions - Amendment to IFRS 16

The COVID-19 pandemic has resulted in an amendment to IFRS 16 Leases. Lessees may elect not to assess whether a rent concession that meets the conditions in paragraph 46B is a lease modification. If this election is applied, then any change in lease payments must be accounted for in the same way as a change would be accounted for if it were not a lease modification.

This practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if: the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; any reduction in lease payment affects only payments originally due on or before 30 June 2022 and there is no substantive change to other terms and conditions of the lease.

The effective date of the amendment is for years beginning on or after 1 September 2021.

The impact of the amendment is not material.

2. NEW STANDARDS AND INTERPRETATIONS (continued)

2.2 Standards and interpretations not yet effective (continued)

Onerous Contracts – Cost of Fulfilling a Contract: Amendments to IAS 37

The amendment defined the costs that are included in the cost of fulfilling a contract when determining the amount recognised as an onerous contract. It specifies that the cost of fulfilling a contract comprises the costs that relate directly to the contract. These are both the incremental costs of fulfilling the contract as well as an allocation of other costs that relate directly to fulfilling contracts (for example depreciation allocation).

The effective date of the company is for years beginning on or after 01 September 2022.

The group expects to adopt the amendment for the first time in the 2023 annual financial statements.

It is unlikely that the amendment will have a material impact on the group's annual financial statements.

Deferred Tax related to Assets and Liabilities arising

from a Single Transaction: Amendments to IAS 12 Income Taxes

The amendment clarifies how a company accounts for income tax, including deferred tax, which represents tax payable or recoverable in the future. In specified circumstances, companies are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. The aim of the amendments is to reduce diversity in the reporting of deferred tax on leases and decommissioning obligations, by clarifying when the exemption from recognising deferred tax would apply to the initial recognition of such items.

The effective date of the company is for years beginning on or after 01 September 2023.

The Group is in the process of assessing the impact of the amendment.

Annual Improvements to IFRS Standards 2018-

2020

The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognise a financial liability.

The effective date of the company is for years beginning on or after 1 September 2022.

The Group is in the process of assessing the impact of the amendment.

IFRS 7 Financial

Instruments:

Disclosures

Interest Rate Benchmark Reform Phase 2: The amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 amend requirements relating to changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities, hedge accounting and disclosures.

The amendment to IFRS 7 requires a company to make additional disclosures in its financial statements so that investors can better understand the effects of IBOR reform on that company.

The effective date of the company is for years beginning on or after 1 September 2021.

The Group is in the process of assessing the impact of the amendment.

2. NEW STANDARDS AND INTERPRETATIONS (continued)

2.2 Standards and interpretations not yet effective (continued)

IFRS 16 Leases

Interest Rate Benchmark Reform Phase 2: The amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 amend requirements relating to changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities, hedge accounting and disclosures.

The amendment to IFRS 16 enables a company to apply a practical expedient to account for a lease modification required by the IBOR reform.

The effective date of the company is for years beginning on or after 1 September 2021.

The Group is in the process of assessing the impact of the amendment.

3. PROPERTY, PLANT AND EQUIPMENT

GROUP	2021			2020		
	Cost R'000	Accu- mulated depre- ciation R'000	Carrying value R'000	Cost R'000	Accu- mulated depre- ciation R'000	Carrying value R'000
Broadcast mast	5 392	(3 270)	2 122	5 392	(2 731)	2 661
Buildings	138 070	(6 275)	131 795	137 996	(4 291)	133 705
Computer equipment	85 432	(54 547)	30 885	127 558	(59 570)	67 988
Computer software	1 162	(957)	205	1 853	(1 796)	57
Furniture and fixtures	23 558	(15 611)	7 947	30 678	(22 049)	8 629
Laboratory equipment	5 171	(5 159)	12	7 690	(7 690)	-
Land	4 373	-	4 373	4 373	-	4 373
Leasehold improvements	34 788	(21 271)	13 517	44 978	(31 862)	13 116
Motor vehicles	24 774	(14 019)	10 755	41 563	(29 019)	12 544
Office equipment	6 770	(4 681)	2 089	5 684	(3 656)	2 028
Plant and machinery	238 479	(114 610)	123 869	239 449	(124 913)	114 536
Studio and electronic equipment	3 144	(3 140)	4	3 144	(3 116)	28
Vessels	367 939	(175 491)	192 448	350 424	(162 157)	188 267
Total	939 052	(419 031)	520 021	1 000 783	(452 850)	547 932

3. PROPERTY, PLANT AND EQUIPMENT (continued)

Reconciliation of property, plant and equipment - Group - 2021

	Opening balance R'000	Addi- tions R'000	Addi- tions through business combi- nations R'000	Disposals R'000	Transfers R'000	Depre- ciation R'000	Impair- ment loss R'000	Total R'000
Broadcast mast	2 661	-	-	-	-	(539)	-	2 122
Buildings	133 705	-	-	-	2 774	(4 684)	-	131 795
Computer equipment	67 988	4 473	404	(2 962)	4 536	(17 298)	(26 257)	30 884
Computer software	57	250	-	-	-	(102)	-	205
Furniture and fixtures	8 629	1 066	251	(267)	-	(1 732)	-	7 947
Laboratory equipment	-	14	-	-	-	(2)	-	12
Land	4 373	-	-	-	-	-	-	4 373
Leasehold improvements	13 116	2 944	36	(387)	-	(2 191)	-	13 518
Motor vehicles	12 544	19 996	-	(17 706)	-	(4 079)	-	10 755
Office equipment	2 028	1 302	-	(88)	25	(1178)	-	2 089
Plant and machinery	114 536	16 830	-	(44)	(2 774)	(4 679)	-	123 869
Studio and equipment	28	-	-	-	-	(24)	-	4
Vessels	188 267	17 691	-	(176)	-	(13 334)	-	192 448
	547 932	64 566	691	(21 630)	4 561	(49 842)	(26 257)	520 021

3. **PROPERTY, PLANT AND EQUIPMENT** (continued)

Reconciliation of property, plant and equipment – Group – 2020

	Opening balance R'000	Addi- tions R'000	Addi- tions through business combi- nations R'000	Dispos- als R'000	Trans- fers R'000	Depre- ciation R'000	Impair- ment loss R'000	Total R'000
Broadcast mast	3 200	-	-	-	-	(539)	-	2 661
Buildings	111 110	888	-	-	23298	(1591)	-	133 705
Computer equipment	67 791	20 962	35	(10 006)	-	(10 794)	-	67 988
Computer software	95	58	-	-	-	(97)	-	57
Furniture and fixtures	9 765	1 239	-	(363)	-	(2 013)	-	8 629
Laboratory equipment	452	-	-	(35)	-	(417)	-	-
Land	5 284	-	-	(911)	-	-	-	4 373
Leasehold improvements	14 932	2 563	-	(910)	-	(3 469)	-	13 116
Motor vehicles	22 152	1 402	-	(5 512)	-	(5 429)	(69)	12 544
Office equipment	1 571	1 136	-	(14)	-	(665)	-	2 028
Plant and machinery	104 518	36 576	-	-	(23 298)	(2 315)	(945)	114 536
Studio and equipment	612	-	-	-	-	(584)	-	28
Vessels	179 694	26 005	-	(36)	-	(17 396)	-	188 267
	521 176	90 829	35	(17 786)	-	(45309)	(1 014)	547 932

* *Plant and machinery include assets under construction which are subsequently transferred to buildings.*

Pledged as security

The following assets have been encumbered as security for the secured long-term borrowings. Refer to note 19:

	2021 R'000	2020 R'000
Broadcast mast	2 122	2 661
Motor vehicles (subject to finance lease)	-	112
Vessels	-	22 967

Changes in estimates

The Group reassesses the useful lives and residual values of items of property, plant and equipment at the end of each reporting period, in line with the accounting policy and IAS 16 Property, plant and equipment. These assessments are based on historic analysis, benchmarking, and the latest available and reliable information.

In the prior reporting period, the Group reassessed the residual values of some of its vessels. The impact of the change was a reduction in the annual depreciation charge for the prior year and R3.1 million for the next 14 years.

Details of properties

15 Mail Street, Epping, Cape Town and measures 463 m² (Sectional title unit 753), Title Deed ST25977/2008. Overstrand Municipality, Erf 1727 measuring 3.7 hectares, Title Deed T455052/2002.

Overstrand Municipality, Erf 3819 measuring 6 hectares, Title Deed T160/1938.

Insurance

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

4. LEASES (GROUP AS LESSEE)

Details pertaining to leasing arrangements, where the group is lessee are presented below:

Reconciliation of Right-of-use assets – 2021

	Plant and equipment R'000	Buildings R'000	Motor vehicles R'000	Total R'000
Opening balance	42	79 723	5 063	84 828
Business combination	-	2 451	-	2 451
Effect of modification of lease term	-	6 096	-	6 096
Additions – new leases entered into	-	108 280	4 365	112 645
Transferred to held for sale	-	-	-	-
Disposals	-	(7 637)	(208)	(7 845)
Depreciation	(42)	(42 268)	(3 905)	(46 215)
Balance at 31 August 2021	-	146 645	5 315	151 960

Reconciliation of Right-of-use assets – 2020

	Plant and equipment R'000	Buildings R'000	Motor vehi- cles R'000	Total R'000
IFRS 16 – Initial recognition 1 September 2019	64	111 924	11 863	123 851
Reclassification of existing finance leases under IFRS 16	-	650	-	650
Additions – new leases entered into	-	2 981	501	3 482
Disposal of subsidiary	-	(845)	-	(845)
Depreciation	(22)	(34 987)	(7 301)	(42 310)
Balance at 31 August 2020	42	79 723	5 063	84 828

The Group leases various office buildings, motor vehicles and equipment. The lease contracts have an average period of two to ten years.

The Group's lease agreements do not have any purchase options.

	2021 R'000	2020 R'000
Finance lease liabilities		
The maturity analysis of lease liabilities is as follows:		
Within one year	37 295	25 683
Two to five years	121 298	71 781
More than 5 years	28 695	-
Less: Future finance charges	(18 410)	-
	168 878	97 464
Non-current liabilities	131 583	71 781
Current liabilities	37 295	25 683
	168 878	97 464
Other amounts recognised in profit and loss		
Expenses relating to short term leases	823	3 285
Interest expense on lease liabilities	13 644	12 453

5. GOODWILL

GROUP	2021			2020		
	Cost R'000	Accumulated impairment R'000	Carrying value R'000	Cost R'000	Accumulated impairment R'000	Carrying value R'000
Goodwill	239 438	(49 000)	190 438	206 395	(24 623)	181 772

Reconciliation of goodwill - Group - 2021

	Opening balance R'000	Impairment loss R'000	Additions through business combinations R'000	Reclass to non-current asset held for sale R'000	Total R'000
Goodwill	181 772	(24 377)	35 715	(2 672)	190 438

Reconciliation of goodwill - Group - 2020

	Opening balance R'000	Adjustment* R'000	Impairment loss R'000	Total R'000
Goodwill	219 093	(36 676)	(645)	181 772

* Adjustment in prior year relates to a reduction which occurred as a result of NCI allocation arising from shareholder loans.

Goodwill acquired through business combinations have been allocated to individual cash-generating units (CGU) for impairment testing as follows:

	2021 R'000	2020 R'000
CGU per division		
Events and tourism	1 376	6 151
Fishing and brands	70 129	70 129
Technology	118 932	105 492
	190 438	181 772

The group performs an annual impairment test on goodwill based on respective CGUs. The recoverable amount for each of the CGUs to which goodwill is allocated has been determined based on a value in use calculation which uses cash flow projections on financial forecasts approved by the Board of directors over a five-year period with the exception of the Biotechnology division where more than five years was used due to the delay in clinical trials which pushed the first year of revenue generation out to after 12 years. The cash flow projections over the five-year budget term are based on the assumption of the same expected gross margin and price inflation over the period.

Technology

The Group performs an annual valuation for purposes of determining the fair value of its investments. The valuation is the basis for valuing the goodwill which is allocated to Health System Technologies Proprietary Limited, the Software Tech Holdings Proprietary Limited Group, Kalula Communications Proprietary Limited, Kathea Communication Solutions Proprietary Limited, Zaloserve Proprietary Limited and Main Street 1653 Proprietary Limited as CGUs.

5. GOODWILL (continued)

In the prior year, there was a goodwill of R644 862 recognised on the acquisition of NSX Solutions Consulting Proprietary Limited (“NSX”). The goodwill of R644 862 was subsequently impaired as the carrying value was more than the recoverable amount of the CGU. NSX lost all of its customer contracts as it was not able to continue with normal operations due to the national lockdown and as a result the Goodwill recognised on the acquisition of NSX was impaired.

In the current year, goodwill of R48 666 384 was recognised for the acquisition of Kathea Communications.

On 23 August 2021, management made the decision to dispose of Puleng Technologies Proprietary Limited and the CGU has been classified as non-current asset held for sale. Goodwill of R2.7 million and the impairment of Goodwill of R19.6 million relating to Puleng has been reclassified to non-current assets held for sale.

The carrying value of all the remaining CGUs has been calculated to be less than the recoverable amount and therefore no impairment has been recognised.

Fishing and brands

On 9 May 2018, the Group acquired a 50.31% shareholding in Talhado for a consideration of R89 million. Talhado was acquired for its squid fishing rights, brand, processing facilities, and in order to enhance the Group’s footprint in the squid sector. Goodwill recognised on the acquisition relates to the expected growth and cost synergies which cannot be separately recognised as an intangible asset. This goodwill has been allocated to the Group’s squid segment and is not expected to be tax deductible. There were no business combinations during the current year nor any adjustments in the current year in relation to the acquisition of Talhado.

The existing goodwill arose from the acquisition of an additional 50% shareholding in the 2007 financial year and the acquisition of 100% shareholding in Marine Growers (Pty) Ltd in the 2008 financial year. The remainder of the goodwill balance relates to the acquisition of 100% shareholding in Sekunjalo Food and Fishing (Pty) Ltd and Sekfish Investments (Pty) Ltd. The accumulated impairment was as a result of goodwill arising from the acquisition of Premfresh Seafoods (Pty) Ltd being written down in full during the 2009 financial year.

Biotechnology

The value of the CGU to which the goodwill was allocated has been determined based on the value in use calculations using cash flow projections. In prior years, the carrying value of one of the CGU’s African Biotechnology and Medical Innovations was more than the recoverable amount and an impairment loss of R9 920 494 was recognised in the Group.

Events

The value of the CGU to which goodwill was allocated has been determined based on the value in use calculation using cash flows projections.

The following significant assumptions were used when calculating recoverable amount:

Events and tourism division

Pre-tax discount rates: 22%
Number years: 9
Growth rate: 4.2%

Biotechnology division

Pre-tax discount rates: 25.2%
Number of years: 12
Growth rate: 4.5%

5. GOODWILL (continued)

Technology	Pre-tax discount rate %	Number of forecasted years	Growth rate
Puleng technologies (Pty) Ltd	20.08	0	4.5
Health Systems Technologies (Pty) Ltd	21.65	5	4.5
Kalula Communications (Pty) Ltd	17.85	5	4.5
Zaloserve (Pty) Ltd	17.68	6	4.5
Mainstreet 1653 (Pty) Ltd	18.9	5	4.5
Software Tech Holdings and subsidiaries	23.33	5	4.5
Kathea Communication (Pty) Ltd	18.53	5	4.5

Fishing and brands division	Pre-tax discount rate %	Number of forecasted years	Growth rate
Abalone division	17.30	5	4.5
Fishing division	16.65	5	4.5

6. INTANGIBLE ASSETS

GROUP	2021			2020		
	Cost R'000	Accu- mulated amorti- sation and impairment R'000	Carrying value R'000	Cost R'000	Accu- mulated amorti- sation and impairment R'000	Carrying value R'000
Biosimilar drug under development	153 320	(152 735)	585	156 595	(156 010)	585
Customer contracts and lists	87 062	(5 009)	82 053	90 403	(70 132)	20 271
Distribution rights	106 096	(7 484)	98 612	70 903	(12 390)	58 513
Fishing quotas	33 985	(33 985)	-	16 543	(14 618)	1 925
Licences and technologies	61 664	(29 612)	32 052	30 385	(20 146)	10 239
Novel Compound	135 107	-	135 107	135 107	-	135 107
Brands	48 305	(3524)	44 781	31 601	(1 744)	29 857
Patents and trademarks	14 711	(5890)	8 821	8 447	(896)	7 551
Pharmaceutical dossiers	30 741	(30 541)	200	30 741	(30 541)	200
Radio licence	8 824	(29)	8 795	8 847	(9)	8 838
Software development	35 750	(18125)	17 625	18 624	(923)	17 701
Total	715 565	(286 934)	428 631	598 194	(307 409)	290 787

6. INTANGIBLE ASSETS (continued)

Reconciliation of intangible assets - Group - 2021

	Opening balance R'000	Addi- tions R'000	Addi- tions through business combi- nations R'000	Dis- posals R'000	Foreign exchange gains/ (losses) R'000	Reclassi- fications R'000	Amorti- sation R'000	Impair- ment loss R'000	Total R'000
Biosimilar drug under development	585	-	-	-	-	-	-	-	585
Customer contracts and lists	20 271	-	-	-	-	64 252	(2 469)	-	82 054
Distribution rights	58 513	-	50 162	-	(1 973)	-	(8 090)	-	98 612
Fishing quotas	1 925	-	-	-	-	-	(1 925)	-	-
Licences and technologies	10 239	29 993	-	(1 777)	-	-	(6 411)	-	32 044
Novel compound	135 107	-	-	-	-	-	-	-	135 107
Brands	29 857	3 074	11 850	-	-	-	-	-	44 781
Patents and trademarks	7 551	2 035	-	-	-	-	(790)	-	8 796
Pharmaceutical dossiers	200	-	-	-	-	-	-	-	200
Radio licence	8 838	-	-	-	-	-	(29)	-	8 809
Software development	17 701	2 605	-	(1 336)	-	-	(1 327)	-	17 643
	290 787	37 707	62 012	(3 113)	(1 973)	64 252	(21 041)	-	428 631

6. INTANGIBLE ASSETS (continued)

Reconciliation of intangible assets – Group – 2020

	Opening balance R'000	Addi- tions R'000	Addi- tions through business combi- nations R'000	Dis- posals R'000	Foreign ex- change gains/ (losses) R'000	Reclassi- fications R'000	Amorti- sation R'000	Impair- ment loss R'000	Total R'000
Biosimilar drug under development	585	-	-	-	-	-	-	-	585
Customer contracts and lists	10 323	-	14 369	-	-	-	(4 421)	-	20 271
Distribution rights	57 400	-	-	-	1 113	-	-	-	58 513
Fishing quotas	19 050	-	-	-	-	(17 125)	-	-	1 925
Licences and technologies	9 717	5 730	48	(59)	-	135	(1 809)	(3 523)	10 239
Novel compound	135 107	-	-	-	-	-	-	-	135 107
Brands	29 857	1 744	-	-	-	-	-	(1 744)	29 857
Patents and trademarks	8 224	135	-	-	-	(48)	(760)	-	7 551
Pharmaceutical dossiers	200	-	-	-	-	-	-	-	200
Radio licence	8 867	-	-	-	-	(20)	(9)	-	8 838
Software development	13 979	4 398	-	-	-	(254)	(422)	-	17 701
	293 309	12 007	14 417	(59)	1113	(17 312)	(7 421)	(5 267)	290 787

Biosimilar drug under development

Development costs were incurred for the improvement in the production process of erythropoietin under the brand name of Repotin. A biosimilar drug under development, Granulocyte-Colony Stimulating Factor technology (G-CSF), was acquired through business combination of Bioclones Proprietary Limited. This product is still under development and is not ready for pharmaceutical use, therefore not amortised. Amortisation will commence when the product is ready to be launched into the market, therefore tested annually for impairment.

Customer Lists

Customer lists were acquired through a business combination in the prior year. Customer lists relates to customer relationships with Zaloserve and Main Street.

6. INTANGIBLE ASSETS (continued)

Distribution and assignment rights

The distribution rights arose from the business combinations for Kalula Communications Proprietary Limited (“Kalula”) and Kathea Communications. An additional distributorship right was acquired in the 2019 financial year by AYO International Holdings Proprietary Limited (“AIH”). This distribution rights regulates the purchase of Plantronics products by AIH for resale by the Group.

There is no limit on the number of times the above distribution rights can be renewed and based on historical information no distribution rights have been revoked. Additionally, the distribution rights are expected to be renewed without any cost and therefore have an indefinite useful life. This intangible asset has an indefinite useful life and was allocated to the Kalula and Kathea Communications CGU. Management assessed the recoverable amount of the intangible asset at reporting date, which exceeded the carrying value by using forecast cash flows. The recoverable amount is sensitive to the extrapolated growth rates, future cash flow projections and discount rates used for the value-in-use calculation in order to calculate the recoverable amount of the asset. Such assumptions are relevant to goodwill as well as intangible assets such as distribution and assignment rights which have indefinite useful lives.

Fishing quota

The fishing quotas are in relation to the right to catch squid.

Licences and technologies

The Group acquired the right to develop, manufacture and market a portfolio of biosimilar therapeutic proteins for global and local markets. This includes G-CSF technologies which do not have indefinite useful lives and the remaining period is 91 months.

Novel compounds

Dendritic cell therapeutic vaccine is a cellular immunotherapy that was acquired through the business combination of Bioclones Proprietary Limited. This project is in development and is not ready for pharmaceutical use, therefore not amortised. Amortisation will commence when the product is ready for launch into the market. The novel compounds were tested for impairment.

Brands

The brand in the fishing division was acquired as part of the acquisition of Talhado. The brand has been determined to have an indefinite useful life.

In the technology division these intangible assets were acquired through business combination. The acquired brands relate to the underlying companies distinct service offerings apart from other similar offerors. In assessing the brand the Group has taken into account the key components which include brand identity, brand loyalty and brand awareness and therefore ascribing a monetary value to the brand. This intangible asset has been assessed to have an indefinite useful life based on the lack of legal, contractual or economic factors that would limit its useful life and was allocated to the Zaloserve Proprietary Limited (“Zaloserve”) and Kathea Communications CGU. Management assessed the recoverable amount of the intangible asset at reporting date, which exceeded the carrying value by using forecast cash flows. The recoverable amount is sensitive to the extrapolated growth rates, future cash flow projections and discount rates used for the value-in-use calculation in order to calculate the recoverable amount of the asset. Such assumptions are relevant to goodwill as well as intangible assets such as brands which have indefinite useful lives.

The trademarks in the fishing division are attributable to the registration costs of the South Atlantic Lobster and Sea Diamond brands. These brands are well established in the United States of America, Europe and East Asian markets. The trademarks are amortised over an estimated useful life of four to 10 years.

6. INTANGIBLE ASSETS (continued)

Pharmaceutical dossiers

Through the business combination of Bioclones Proprietary Limited a pharmaceutical dossier was acquired under the registered product Repotin.

Radio licence

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

The licence is granted by ICASA for a period of 10 years and is renewable thereafter. There is no limit on the number of times the licence can be renewed. The cost to renew the broadcast licence is insignificant in relation to the economic benefits that are expected to arise from such licence. The licence operating agreement is expected to be renewed without any cost and therefore it does have an indefinite useful life.

Software development consists of software systems which include the following:

Billing system

Based on the terms of the service contract to which the billing system relates, a notice period of one year is required to terminate the contract. The billing system has a residual value of R70 977 which will be amortised when the service contract is terminated.

Electronic Continuity of Care Record System("eCCR") System

The eCCR system was completed and implemented in October 2019. Management has reassessed the useful life of the intangible asset and have now determined it to be 10 years. In the prior year the useful life was assessed to be three years. The adjustment to amortisation has been made prospectively.

Free bed system enquiry

The free bed inquiry system allows ambulances to access the availability of beds at hospitals. The development of this system was completed and implemented in May 2020. Management has assessed the useful life of the intangible to be 10 years.

The above software systems have been internally developed by the healthcare segment.

Health Benefit Protocol and Plan Management

The HBPPM system is a software that enables the sharing of patient information and care paths between the health insurance agency and healthcare providers in an accurate and reliable manner which supports better patient outcomes through guided information capture and standards-based data management and interoperability. This programme was available for use in May 2019 and has a useful life of 10 years.

Enterprise Consumer Price Index System (EMCI)

The EMCI system is intended as the master, authoritative source of consumer identity and demographic data for healthcare providers in South Africa, and will issue a Unique Health Identifier (UHI) which will be used as the standard to access/consolidate the patient's records across the private care settings, whilst cross-referencing to individual MRNs at source systems. Further development - phase 2 is being done on EMCI. Implementation date is planned for June 2022.

6. INTANGIBLE ASSETS (continued)

Licences

Licences are comprised of a Service Now licence and Finnivo reporting license. Service Now is a service management software which was purchased in the 2018 financial year to service a major customer of AYO. The contract with the major customer was cancelled in the prior financial year as the Group did not expect to receive any future economic benefits from the Service Now licence and a balance of R0.5 million relating to the Service Now license was therefore fully impaired. Finnivo reporting license is a financial management reporting tool.

Computer software

Computer Software is comprised of the Naviga system which is a content management and engagement platform. Management has assessed the useful life of the intangible asset to be 3 years.

Intangible assets with indefinite useful lives or not yet in use

The brands, radio licence and distribution rights were fair valued at the date of acquisition of Talhado Fishing (Pty) Ltd, Magic 828 (Pty) Ltd, Orleans Cosmetics (Pty) Ltd and Kalula Communications (Pty) Ltd resulting in the recognition of the intangible asset mentioned above.

Refer to note 29 for details on impairment tests and note 48 in relation to the fair value information.

7. INVESTMENTS IN SUBSIDIARIES

Subsidiaries with material non-controlling interests

The following information is provided for subsidiaries with non-controlling interests which are material to the reporting company. The summarized financial information is provided prior to the inter-company eliminations.

Subsidiary	Country of incorporation	2021	2020
		Minority interest holding	
African Biotechnological and Medical Innovation Investments (Pty) Ltd	RSA	26%	26%
AYO Technology Solutions (Pty) Ltd*	RSA	51%	51%
Magic 828 (Pty) Ltd	RSA	35%	40%
Premier Fishing and Brands Ltd	RSA	44%	44%

The country of incorporation and the principal place of business are the same in all cases.

* The control stems from AEEI's ability to direct the relevant activities of AYO as a result of the AYO board composition based on the IFRS 10 control assessment

7. INVESTMENTS IN SUBSIDIARIES (continued)
2021

Summarised statement of financial position

	Non-current assets R'000	Current assets R'000	Total assets R'000	Non-current liabilities R'000	Current liabilities R'000	Total liabilities R'000	Carrying amount of non- controlling interest R'000
African Biotechnological and Medical Innovation Investments (Pty) Ltd	139 014	153	139 167	153 024	581	153 605	19 241
AYO Technology Solutions Ltd	990 573	3 176 223	4 166 796	116 102	486 704	602 806	125 651
Magic 828 (Pty) Ltd	7 889	918	8 807	62 880	2 285	65 165	-
Premier Fishing and Brands Ltd	688 931	310 338	999 269	164 293	74 397	238 690	56 725
Total	1 826 407	3 487 632	5 314 039	496 299	563 967	1 060 266	201 617
Non-controlling interest in all subsidiaries	-	-	-	-	-	-	2 582 706

The differences between the carrying amount of non-controlling interest and the non-controlling interest's proportionate share of the net assets of the subsidiary is represented by goodwill.

2020

Summarised statement of financial position

	Non-current assets R'000	Current assets R'000	Total assets R'000	Non-current liabilities R'000	Current liabilities R'000	Total liabilities R'000	Carrying amount of non- controlling interest R'000
African Biotechnological and Medical Innovation Investments (Pty) Ltd	139 008	2 521	141 529	152 806	2 334	155 140	27 586
AYO Technology Solutions Ltd	805 533	4 183 370	4 988 903	30 903	661 908	692 811	118 640
Magic 828 (Pty) Ltd	11 112	1 267	12 379	50 518	1 025	51 544	(19 017)
Premier Fishing and Brands Ltd	690 388	338 205	1 028 593	180 286	74 257	254 543	43 493
Total	1 646 041	4 525 363	6 171 404	414 513	739 525	1 154 038	170 702
Profit or loss attributable to non-controlling interest of other subsidiaries	-	-	-	-	-	-	2 969 839

7. INVESTMENTS IN SUBSIDIARIES (continued)

2021

Summarised statement of profit or loss and other comprehensive income

R'000	Revenue R'000	Profit/(loss) before tax R'000	Tax expense R'000	Profit/(loss) R'000	Total com- pre-hensive income R'000	Profit/(loss) allocated to non- controlling interest R'000
African Biotechnological and Medical Innovation Investments (Pty) Ltd	-	(865)	39	(826)	(826)	(357)
AYO Technology Solutions Ltd	1 699 492	(200 524)	(57 579)	(258 103)	(254 327)	1 043
Magic 828 (Pty) Ltd	3 566	(6 303)	(7 999)	(14 302)	(14 302)	-
Premier Fishing and Brands Ltd	575 115	17 587	(14 237)	3 350	3 350	13 199
Total	2 278 173	(190 105)	(79 776)	(269 881)	(266 105)	13 885
Profit or loss attributable to non-controlling interest of other subsidiaries						(132 227)

2020

Summarised statement of profit or loss and other comprehensive income

R'000	Revenue R'000	Profit/(loss) before tax R'000	Tax expense R'000	Profit/(loss) R'000	Total com- pre-hensive income R'000	Profit/(loss) allocated to non- controlling interest R'000
African Biotechnological and Medical Innovation Investments (Pty) Ltd	-	(8 176)	-	(8 176)	-	(3 642)
AYO Technology Solutions Ltd	2 885 214	103 626	(70 846)	32 780	(834)	11 437
Magic 828 (Pty) Ltd	5 163	(9 906)	2926	(6 979)	-	(3 838)
Premier Fishing and Brands Ltd	448 677	17 430	(11 045)	6 385	-	2 385
Total	3 339 054	102 974	(78 965)	24 010	(834)	6 342
Profit or loss attributable to non-controlling interest of other subsidiaries						8 894
Total profit allocated to non-controlling interest						16 851

7. INVESTMENTS IN SUBSIDIARIES (continued)

2021

Summarised statement of cash flows

	Cash flow from operating activities R'000	Cash flow from investing activities R'000	Cash flow from financing activities R'000	Net increase/ (decrease) in cash flow R'000	Dividend paid to non- controlling interest R'000
African Biotechnological and Medical Innovation Investments (Pty) Ltd	(1 638)	(102)	(202)	(1 941)	-
AYO Technology Solutions Ltd	(232 913)	(354 684)	(470 429)	(1 058 026)	(3 732)
Magic 828 (Pty) Ltd	(4 901)	(990)	5 924	34	-
Premier Fishing and Brands Ltd	39 369	(23 310)	(16 915)	(856)	(13 000)

2020

Summarised statement of cash flows

	Cash flow from operating activities R'000	Cash flow from invest- ing activi- ties R'000	Cash flow from financ- ing activi- ties R'000	Net in- crease/ (decrease) in cash flow R'000	Dividend paid to non-con- trolling interest R'000
African Biotechnological and Medical Innovation Investments (Pty) Ltd	1 485	371	-	1 856	-
AYO Technology Solutions Ltd	27 390	(272 782)	(305 824)	(457 362)	(2 722)
Magic 828 (Pty) Ltd	(8 752)	(357)	8 190	(919)	-
Premier Fishing and Brands Ltd	44 113	(64 664)	(54 766)	(75 317)	(32 899)
	64 236	(337 432)	(352 400)	(531 742)	(35 621)

Details of control over subsidiaries has been disclosed in note 44.

8. INVESTMENT IN ASSOCIATE

	% ownership interest 2021	Carrying amount 2021	% owner- ship interest 2020	Carrying amount 2020
BT Communication Services	30%	896 566	30.00%	866 367

The percentage ownership interest is equal to the percentage voting rights.

8. INVESTMENTS IN ASSOCIATES (continued)

2021

	Country of incorporation	Method	% Ownership interest 2020
BT Communication Services South Africa (Pty) Ltd	RSA	Equity	30

2020

	Country of incorporation	Method	% Ownership interest 2019
BT Communication Services South Africa (Pty) Ltd	RSA	Equity	30

The country of incorporation is the same as the principal place of business.

Summarised financial information of associates

Summarised Statement of Profit or Loss and Other Comprehensive Income	BT Communication Services South Africa (Pty) Ltd R'000	
	2021	2020
Revenue	968 070	1 284 402
Other income and expenses	(827 442)	(984 201)
Profit before tax	140 628	300 201
Tax expense	(44 769)	(74 226)
Profit from continuing operations	95 859	225 975
Total comprehensive income	103 659	239 375
Dividends received from associate	7 800	13 400

Summarised Statement of Financial Position	BT Communication Services South Africa (Pty) Ltd R'000	
	2021	2020
Assets		
Non-current	439 267	489 830
Current	967 083	909 937
Total assets	1 406 350	1 399 767
Liabilities		
Non-current	232 916	254 895
Current	113 714	155 231
Total liabilities	346 630	410 126
Total net assets	1 059 720	989 641

8. INVESTMENTS IN ASSOCIATES (continued)

	BT Communication Services South Africa (Pty) Ltd R'000	
	2021	2020
Reconciliation of net assets to equity accounted investments in associates		
Profit for the year	28 758	54 247
Portion of net assets	867 808	812 120
Carrying value of investment in associate	896 566	866 367
Deemed cost upon change in ownership	875 608	825 520
Share of profit	28 758	54 247
Dividends received from associate	(7 800)	(13 400)
Investment at end of period	896 566	866 367

Restrictions relating to associates

There are currently no restrictions relating to the associate.

9. JOINT ARRANGEMENTS

Joint operations

The following joint operations are material to the group:

Joint operation	Country of incorporation	% Ownership interest 2021	% Owner- ship interest 2020
Premier - BCP Hake	RSA	48	48
Premier - Seacat	RSA	50	50
Bloudam	RSA	-	38

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

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

The Bloudam Joint arrangement is a jointly controlled operation in which Premier Fishing SA (Pty) Ltd owns a share in a fishing vessel with external quota holders. The fishing vessel catches West Coast Rock Lobster on behalf of Premier Fishing SA (Pty) Ltd and the external quota holders. The Bloudam Joint operation was dissolved during the year under review.

9. **JOINT ARRANGEMENTS** (continued)

Joint operations (continued)

	2021 R'000	2020 R'000
Summary of Group's interest in joint operations		
Premier – BCP Hake Joint Venture		
Revenue	68 853	44 964
Cost of sales	(38 107)	(29 768)
Other operating income	378	44
Operating expenses	(15 344)	(11 786)
Interest Income	460	475
Total Comprehensive Income	16 240	4 438
Share of total comprehensive income	7 795	2 130
Non-current assets		
Property, plant and equipment	-	6 127
Total non-current asset	-	6 127
Current Assets		
Inventories	1 060	812
Trade and other receivables	9 420	763
Cash and cash equivalents	14 750	7 633
Total current assets	25 230	9 208
Current liabilities		
Trade and other payables	(10 914)	(7 592)
Total current liabilities	(10 914)	(7 592)
Net assets	14 316	7 743
Share of net assets	6 872	3 717
Premier – Seacat Joint Venture Operation		
Revenue	6 971	3 506
Cost of sales	(2 927)	(1 158)
Other operating income	242	-
Operating expenses	(1 266)	(1 796)
Interest income	14	37
Total comprehensive income	3 034	589
Share of total comprehensive income	1 517	294
Current assets		
Inventories	255	396
Trade and other receivables	2 672	384
Cash and cash equivalents	1 335	386
Total current assets	4 262	1 166
Current liabilities		
Trade and other payables	(701)	(708)
Loans payable	(527)	
Total current liabilities	(1 228)	(708)
Net assets	3 034	458
Share of net assets	1 517	229

9. **JOINT ARRANGEMENTS** (continued)

Joint operations (continued)

	2021 R'000	2020 R'000
Bloudam Joint Venture Operation		
Current assets		
Other financial assets	-	2 520
Total current assets	-	2 520
Current liabilities		
Other financial liabilities	-	(2 520)
Trade and other payables	-	-
Total current liabilities	-	(2 520)

Joint ventures

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

Group

Name of company	Held by	%	%	Carrying	Carrying
		ownership interest	ownership interest	amount 2021 R'000	amount 2020 R'000
Premier Select (Pty) Ltd	Premier Fishing SA (Pty) Ltd	50.00	50.00	-	-
Exaro HST Ltd	Health Systems Technologies (Pty) Ltd	50.00	50.00	-	-
Digital Health Africa (Pty) Ltd	Health Systems Technologies (Pty) Ltd	50.00	50.00	-	-
Vunani Fintech Fund (Pty) Ltd	AYO Technology Solutions Limited	50.00	50.00	43 502	18 963

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

Exaro HST Limited is jointly controlled and operates principally in West Africa and is currently not operational. The investment in the joint venture is measured using the equity method. The investment amount was impaired in the prior year.

Digital Health Africa (Pty) Ltd is a jointly controlled entity and is not operational. The investment amount was impaired in the prior year.

Vunani Fintech Fund (Pty) Ltd previously known as Tamlalor (Pty) Ltd is a jointly controlled entity which has been formed to invest in disruptive financial services technology as part of AYO's (go to market) strategy. Vunani Fintech Fund is jointly managed by AYO, Bambelela and Vunani Capital.

Restrictions relating to joint ventures

There are currently no restrictions relating to the joint ventures.

9. JOINT ARRANGEMENTS (continued)

Joint ventures (continued)

Profit from equity accounted investments

R24.5 million (2020: profit of R18.9 million) of profit from equity accounted investment relating to Joint ventures is included in the Group statement of profit or loss.

Summarised financial information of joint ventures

2021

Summarised statement of comprehensive income	Depreciation and amortisation		Interest income R'000	Interest expense R'000	Tax expense R'000	Profit/(loss) from continuing operations R'000	Total comprehensive income R'000	Share of total comprehensive income R'000
	Revenue R'000	R'000						
Premier Select (Pty) Ltd	-	-	-	(1)	-	(1)	(1)	-
Vunani Fintech Fund (Pty) Ltd	80 600	(3 285)	267	(12 522)	(15 981)	49 079	49 079	24 540

Summarised statement of financial position

Assets	Non-current assets R'000	Cash and cash equivalents R'000	Other current assets R'000	Total current assets R'000	Total assets R'000
Vunani Fintech Fund (Pty) Ltd	329 747	462	-	462	330 209

Liabilities	Non-current financial liabilities R'000	Other non-current liabilities R'000	Total non-current liabilities R'000	Current financial liabilities R'000	Total current liabilities R'000	Total liabilities R'000
Vunani Fintech Fund (Pty) Ltd	215 965	30 000	245 965	456	456	246 421

Reconciliation of net assets to equity accounted investments in joint ventures	Total net assets R'000	Interest in joint venture at % ownership R'000	Accumulated unrecognized losses R'000	Investment in joint venture R'000
Vunani Fintech Fund (Pty) Ltd	83 788	41 894	-	41 894
	83 130	41 565	(329)	41 894

9. JOINT ARRANGEMENTS (continued)

Joint ventures (continued)

Summarised financial information of joint ventures

2020

Summarised statement of comprehensive income	Depreci- ation and amorti- sation		Interest income R'000	Interest expense R'000	Tax expense R'000	Profit/ (loss) from con- tinuing opera- tions R'000	Total compre- hensive income R'000	Share of total compre- hensive income R'000
	Revenue R'000	R'000						
Premier Select (Pty) Ltd	-	-	-	(1)	-	(1)	(1)	-
Vunani Fintech Fund (Pty) Ltd	62 586	(3 044)	2 062	(9 659)	(14 019)	37 926	37 926	18 963

Summarised statement of financial position

Assets	Non- current assets R'000	Cash and cash equivalents R'000	Other current assets R'000	Total current assets R'000	Total assets R'000
	Premier Select (Pty) Ltd	-	1	107	108
Vunani Fintech Fund (Pty) Ltd	160 213	3 076	6	3 082	163 295

Liabilities	Non- current financial liabilities R'000	Total non- current liabilities R'000	Current financial liabilities* R'000	Total current liabilities R'000	Total liabilities R'000	Total liabilities R'000
	Premier Select (Pty) Ltd	-	722	722	45	45
Vunani Fintech Fund (Pty) Ltd	114 294	14 019	128 313	274	274	128 587

* Current and non-current financial liabilities are expressed in the table above, excluding trade and other payables and provisions.

Reconciliation of net assets to equity accounted investments in joint ventures	Total net assets R'000	Interest in joint venture at % ownership R'000	Accumulated unrecognized losses R'000	Investment in joint venture R'000
	Exaro HST (Pty) Ltd	(3 414)	(1 707)	-
Premier Select (Pty) Ltd	108	(329)	(329)	(1 136)
Vunani Fintech Fund (Pty) Ltd	(2 946)	(1 473)	-	(1 472)
	(6 252)	(3 509)	(329)	(4 315)

9. **JOINT ARRANGEMENTS** (continued)

Joint ventures (continued)

Unrecognised losses

The Group has not recognised its share of the losses of Exaro HST (Pty) Ltd and Tamlalor (Pty) Ltd as the Group has no obligation for any losses of the joint ventures as the Group does not fund nor have any funding commitments for them.

10. **OTHER FINANCIAL ASSETS**

	2021 R'000	2020 R'000
At fair value through profit or loss – designated		
The balance relates to an investment in African Legend Investments (Pty) Ltd. A fair value loss of R2.5m was recognised in the current year.	12 325	9 841
SAAB Grintek Defence (Pty) Ltd The company held a 25% interest in Saab Grintek Defence (Pty) Ltd. This investment was not accounted for as an associate as the company did not have significant influence as stipulated in the shareholders agreement. The directors were appointed to serve in an advisory capacity and they provided guidance to their foreign counterparts about how business operates in South Africa. The directors were not involved in the day-to-day operational activities or decision relating to this investment. This investment was disposed on 31 December 2020.	-	150 000
Cadiz life Investment Enterprise Development Fund The fund is an innovative new investment whereby corporate clients can earn the required Enterprise development points in terms of the DTI scorecard and at the same time earn real returns from the once off investment. AYO withdrew funds of R8.7 million from Cadiz on 6 September 2020.	1 005	9 702
Vunani Securities Proprietary Limited (“Vunani Securities”) AYO invested funds of R113.7 million in the stock market through Vunani securities. Fair value gains of R3.2 millions were recognised on the portfolio for the year ended 31 August 2021.	116 983	-
Foreign exchange contracts	802	70
Investment in Bambelela (Pty) Ltd On 28 September 2018, AYO concluded the acquisition of a 32% shareholding in Bambelela Capital (Pty) Ltd (“Bambelela”) (previously Vunani Group (Pty) Ltd). Bambelela holds a 49% shareholding in Vunani Limited, a diversified financial services group	91 408	31 139
Investment in Sure Holdings (Pty) Ltd The amount relates to a minor investment in the Events division	682	864
Investments in Sygnia A fair value gain of R9.6m relating to the investment in Sygnia was recognised in the current year.	48 650	38 974

10. OTHER FINANCIAL ASSETS (continued)

	2021 R'000	2020 R'000
<p>Numus Capital (Pty) Ltd Numus is a boutique asset management company. AYO invested funds of R18 million in the stock market through Numus. Fair value losses of R1.6 million were recognised on the portfolio for the year ended 31 August 2021.</p>	17 411	-
<p>Louisyahna Creations Proprietary Limited (“Louisyahna”) On 4 July 2021, AYO subscribed for 20% of the issued share capital in Louisyahna. Louisyahna is a company which operates in property technology.</p>	2 000	-
<p>Investment in 4 Plus (Pty) Ltd On 2 April 2019, AYO subscribed for 9.3% of the issued share capital in 4Plus. 4Plus has interests in digital media, artificial intelligence, software development and telecommunications. On 5 October 2019, AYO subscribed for a further 5% of the issued share capital in 4Plus and on 16 December 2019 for a further 8% of the issued share capital in 4Plus. On the 18 December 2020 AYO subscribed for a further 2% of the issued share capital in 4Plus. As at 31 August 2021, AYO has a total shareholding of 24% in 4Plus.</p>	19 818	31 782
<p>Last Mile Logistics Africa Proprietary Limited (LMLA) On 1 May 2020, AYO subscribed for 20% of the issued share capital in Last Mile. Last Mile is a company with interests in the logistics sector.</p>	11 915	-
<p>Investment in Vunani (Pty) Ltd The amounts relate to the Investment in Vunani for the repurchase of shares.</p>	-	1 487
	322 999	273 789

10. OTHER FINANCIAL ASSETS (continued)

	2021 R'000	2020 R'000
Loans and receivables		
Cumulative preference shares – Bambelela Capital Proprietary Limited (“Bambelela”) In December 2018, AYO subscribed for 500 000 cumulative, redeemable, non-participating convertible class C preference shares of no par value in Bambelela for a consideration of R145 million. The preference shares are redeemable on 31 March 2022. AYO has the right to convert the preference shares into ordinary shares equal to the redemption amount of redemption date. Interest is accrued at variable prime rate multiplied by adjustment rate at 72%.	-	160 933
Vunani Fintech Fund (Pty) Ltd (formerly Tamlalor (Pty) Ltd). Loan 1 The loan is unsecured, bears interest at prime and is repayable on 28 March 2024. AYO has subordinated, for the benefit of other creditors, so much of their claim against Vunani Fintech fund as would enable Vunani Fintech Fund’s total assets to exceed total liabilities.	-	114 294
Vunani Fintech Fund (Pty) Ltd (formerly Tamlalor (Pty) Ltd). Loan 2 The loan is unsecured, bears interest at the prime plus 2%. R35 million of the loan is repayable on 14 October 2025, R15 million is repayable on 19 April 2026 and R39.2 million is repayable on 1 June 2026.	-	-
Premier Seacat Joint Venture The loan is unsecured, bears no interest and has no fixed terms of repayment.	2 864	-
Supplier Development Loans The loans are interest free and unsecured The loans were provided as part of the Group’s enterprise supplier development process. The loans are interest free and receivable as follows: – R1 000 000 by no later than 31 August 2021 Repayment terms on the outstanding balance has been extended to no later than 31 August 2022	3 098	26 202
Cortex Logic (Pty) Ltd 1267011432 The loan is unsecured, bears interest at the prime rate plus 2%. R5 million of the balance was repayable on 30 November 2020 with the remaining balance payable on 28 February 2021. The repayments were not received and the loan has been fully impaired in the current year. The loan has been handed over to the attorneys for recovery proceedings.	-	12 670
Volt Africa Proprietary Limited The loan is unsecured and bears interest at a rate of prime plus 2%. The loan is repayable on 31 August 2022.	7 314	-
Cumulative preference shares – 4Plus Technology Venture Fund Africa Proprietary Limited (“4Plus”)	37 399	31 478

10. OTHER FINANCIAL ASSETS (continued)

	2021 R'000	2020 R'000
<p>On 9 April 2020, AYO subscribed for 1 500 cumulative, redeemable, non-participating convertible preference shares of no par value in 4Plus for consideration of R15 million and on 4 May 2020, AYO subscribed for a further 1 500 cumulative, redeemable, non-participating convertible preference shares of no par value in 4Plus for consideration of R15 million. At 31 August 2021, AYO holds 1 500 cumulative, redeemable, non-participating convertible preference shares of no par value in 4Plus. The preference shares are redeemable on 9 April 2027 and 4 May 2027 respectively. AYO has the right to convert the preference shares into ordinary shares equal to the redemption amount of redemption date. Interest is accrued at prime rate plus 2%.</p>		
<p>Mantella Trading 634 (Pty) Ltd The loan is unsecured, interest free and has no fixed repayment dates</p>	4 021	2 507
<p>Breakage fee receivable AYO paid a breakage fee of R1 250 000 and R250 000 respectively, in terms of the offer to purchase agreement with the shareholders of Kathea Communications and Kathea Energy. The breakage fee together with any interest accrued shall be deducted from the purchase consideration in the event that a definitive sale of shares agreement is entered into between AYO and the shareholders of Kathea Communications and Kathea Energy and becomes unconditional in all respects. If the definitive sale of shares agreement is not entered for any reason whatsoever except as a result of AYO not negotiating in good faith, the breakage fee together with any interest accrued is repayable to AYO. At 31 August 2021, the definitive sale of shares agreement for Kathea Communications was concluded and the fee was repaid. The definitive sale of share agreement for Kathea Energy was not yet concluded, therefore the breakage fee has been recognised as a receivable.</p>	250	1 500
<p>Uhula ICT (Pty) Ltd The loan balance is unsecured, bears no interest and is repayable within the next 12 months</p>	1 700	1 700
<p>Other loans receivable</p>	38 986	5 965
	95 632	357 249
<p>Total other financial assets</p>	418 631	631 038
<p>Non-current assets</p>		
<p>Fair value through profit and loss designated</p>	188 902	263 601
<p>Loans and receivables</p>	40 677	317 024
	229 579	580 625
<p>Current assets</p>		
<p>Designated as at FV through profit (loss) (FV through income)</p>	134 097	10 188
<p>Loans and receivables</p>	54 955	40 225
	189 052	50 413

10. OTHER FINANCIAL ASSETS (continued)

Fair values of loans and receivables

The Group has not reclassified any financial assets from amortised cost to fair value, or from fair value to cost or amortised cost during the current or prior year.

The general approach is for loans receivables and other financial assets to be measured at amortised cost.

The Group considers a financial asset in default when contractual payment are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Expected credit loss for other loans receivable, loans to related party companies and the other financial assets

The general approach is used for other loans receivables, loans to related party companies and other financial assets measured at amortised cost.

Stages definitions

Stage 1 – The counter party is making contractual payments within the stipulated period. No default has occurred in the past.

Stage 2 – The counter party is making contractual payments but has defaulted on some payments in the past.

Stage 3 – The counter party has not made any contractual payments and has defaulted on contractual obligation

Other Loans receivable:

Other loans receivable includes borrowings to entities that are non-related to the Group. It also includes redeemable cumulative preference shares. The loans are unsecured with the exception of the loans to Last Mile Logistics Africa Proprietary Limited (“Last Mile”) and LML Shared Solutions Proprietary Limited. All the other loans receivables measured at amortised cost are considered to have low credit risk as the counter parties have not defaulted on any payments and have good financial performance, and the expected loss allowance is based on the 12 months expected credit loss. Forecasting was done in relation to each entity’s peers and these yielded a positive outlook.

The other loans receivables did not default of any payments, the entities financial performance is adequate which resulted in significantly low probability of default, no ECL was recognised. Some of the loans receivable had a significant increase on the credit risk which resulted in expected credit losses being recognised by the Group. Comparable companies and their betas were used in the forecasting of the entities performance.

The market related risk premium and debt to equity ratio were used in forecasting company performance as well as terminal growth rate between 3.5% and 4.5% were used in the sensitivity analysis.

The below loans receivable were impaired due to significant doubt on the recoverability of the debt.

Last Mile

In the prior year, AYO advanced a loan of R25.4 million to Last Mile which was fully impaired due to doubt over the recoverability of the loan as a result of the entity’s poor performance in the prior year. In the current year there were loan advances of R72 million to Last Mile of which R45.2 million was impaired after taking into account the projected cash flows of the entity.

10. OTHER FINANCIAL ASSETS (continued)

Cortex

No loan repayments were received on this loan and the loan was handed over to attorneys for recovery procedures. The full loan balance of R13.2 million was impaired in the current financial year.

Futuretell Proprietary Limited (“Futuretell”)

A loan balance of R3.7 million with Futuretell was fully impaired in the 2019 financial year due to doubt of recoverability of the loan as a result of the entity’s poor performance. This loan has been handed over to the lawyers for recovery procedures.

LMLS

There is an impairment of R10 million due to doubt over recoverability of the loan.

Loans to related party companies:

The loans are advanced to the related party companies for capital investment or working capital needs. The risk of default is based on the success of the related party companies trading.

On 14 April 2020, AYO subscribed for 150 cumulative, redeemable, non-participating convertible preference shares of no par value in Loot B2B Proprietary Limited (“Loot B2B”) for a consideration of R15 million.

On 28 April 2021, Ayo subscribed for a further 100 cumulative, redeemable, non-participating convertible preference shares of no par value in Loot B2B for a consideration of R10 million. The preference shares are redeemable on 14 April 2027. AYO has the right to convert the preference shares into ordinary shares equal to the redemption amount of redemption date. Interest is accrued at prime rate plus 2%.

The preference share loan was fully impaired in the prior year due to doubt over recoverability of the loan as result of the entity’s poor performance.

The outstanding balance as at 31 August 2021 on this loan was R12.2 million. The preference shares loan was fully impaired in the prior year. The outstanding balance on the loan at 31 August 2020 was R15.9 million.

The loss allowance as at 31 August 2021 and 31 August 2020 was determined as follows:

	Stage 1		Stage 2		Stage 3		Total	
	Performing		Under-performing		Non-performing			
	2021	2020	2021	2020	2021	2020	2021	2020
Gross amount	489 334	404 521	158 160	54 954	16 960	3 716	664 454	463 191
Other loans receivable	217 296	205 081	129 898	54 786	16 960	3 716	364 154	263 583
Loans to related party companies	260 794	186 063	28 262	168	-	-	289 056	186 231
Other financial assets	11 244	13 377	-	-	-	-	11 244	13 377
Expected credit loss rate	0%	0%	61%	100%	100%	100%		
Lifetime expected credit loss	-	-	(122 439)	(54 954)	(16 960)	(3 716)	(139 399)	(58 670)
Carrying value of loans with expected credit losses	489 334	404 521	35 721	-	-	-	525 055	404 521

10. OTHER FINANCIAL ASSETS (continued)

The Group calculates the impairment allowance for expected credit losses (“ECLs”) on each receivable separately for loan receivables by assessing the probability of default depending on the expected future performance of the debtor. In assessing the expected future performance of the debtor, the expected economic growth rate in South Africa as well as the inflation rate, are taken into account.

A significant increase in credit risk occurs when the group considers the risk of default occurring to have increased based on the specific facts and circumstances of debtors, but a default event has not yet occurred.

The Group may also consider a financial asset to be credit impaired, even if not in default, when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full, before taking into account any credit enhancements held by the Group.

11. FINANCE LEASE RECEIVABLES

	2021 R'000	2020 R'000
Gross investments in lease due	40374	52 404
- within one year	22 786	23 104
- in second to fifth year inclusive	17 588	29 300
Less: Unearned finance income	(4 045)	(9 080)
	36 329	43 324
Present value of minimum lease payments due		
- within one year	13 475	18 135
- in second to fifth year inclusive	22 854	25 189
	36 329	43 324
Non-current assets	22 854	25 189
Current assets	13 475	18 135
	36 329	43 324

The finance lease arrangements are for equipment, which includes laptops, printers, tables and CCTV equipment.

The average lease terms are 3 - 5 years and the average effective lending rate was 22%.

Finance leases for current year are now being accounted for in terms of IFRS 16. Refer to note 4 Right of Use Assets.

There has been no expected credit loss recognised in the current and prior year as the counterparties have shown good history of payments, have not defaulted on any of the contractual payments and are not expected to default in the future.

12. DEFERRED TAX

	2021 R'000	2020 R'000
Deferred tax liability		
Accelerated capital allowances on property, plant and equipment	(72 691)	(83 408)
Shipping allowance	(62 792)	(58 141)
Prepaid expenses	(1 050)	(2 971)
Fair value adjustments on other financial assets	(51 112)	(23 642)
Allowance for credit loss	-	(15 398)
Intangible assets	(33 307)	(16 489)
Right-of-use asset	(55 192)	(19 972)
Total deferred tax liability	(276 144)	(220 021)
Deferred tax assets to be set off against deferred tax liability	26 353	38 147
Total deferred tax liability	(249 791)	(181 874)

12. DEFERRED TAX (continued)
Deferred tax asset

	2021 R'000	2020 R'000
Provisions	26 213	24 431
Fair value adjustment on investments	18 807	-
Income received in advance	3 289	5 774
Allowance for credit losses	3 919	2 038
Prepaid expense	76	-
Finance lease liabilities	57 603	90
Fair value adjustments on other financial assets	-	38 196
Deferred tax balance from temporary differences other than unused tax losses	543	-
Lease liabilities	-	6 956
Tax losses available for set off against future taxable income	10 945	60 509
Total deferred tax asset	121 395	137 994
Deferred tax liability to be set off against deferred tax asset	(26 353)	(38 147)
Total deferred tax asset	95 042	99 847

The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:

Deferred tax liability	(249 791)	(181 874)
Deferred tax asset	95 042	99 847
Total net deferred tax liability	(154 749)	(82 027)

Reconciliation of deferred tax asset/(liability)

At beginning of year	(82 027)	(58 961)
Accelerated capital allowances on property, plant and equipment	10 717	(13 338)
Fair value adjustments on other financial assets	(65 666)	33 116
Fair value adjustments on investments	18 807	(43 242)
Fair value adjustments on derivatives	-	(17 108)
Right-of-use-asset	(35 220)	(19 972)
Allowance for credit loss	17 822	(15 295)
Contingent consideration	-	(643)
Finance lease liabilities	50 557	3 254
Operating lease liability	-	(303)
Prepaid expenses	1 997	(2 240)
Provisions	1 782	6 514
Shipping allowance	(4 651)	(4 307)
Fair value adjustments on biological assets	-	26 105
Income received in advance	(2 485)	(3 114)
Intangible asset	(16 818)	(7 401)
Tax losses available for set off against future taxable income	(49 564)	34 908
	(154 749)	(82 027)

13. LOANS RECEIVABLE

	2021 R'000	2020 R'000
Last Mile Logistics Africa Proprietary Limited (“Last Mile”) The loan is secured by trade debtors, bank accounts and loans receivable of Last Mile. Interest is charged at the prime rate. The loan is repayable on 30 November 2023.	28 406	-
LML Shared Solutions Proprietary Limited (“LMLS”) - Loan 1 The loan bears interest at the prime rate and is repayable on 31 July 2024. The loan is secured by motor vehicles with a book value of R18 million.	17 996	-
Louisyahna Creations Proprietary Limited (“Louisyahna”) The loan is unsecured and bears no interest. It is repayable over 48 months monthly payments of R15 420, which end on 1 August 2025.	740	-
Cumulative preference shares - Bambelela Capital Proprietary Limited (“Bambelela”) In December 2018, AYO subscribed for 500 000 cumulative, redeemable, non-participating convertible class C preference shares of no par value in Bambelela for a consideration of R145 million. The preference shares are redeemable on 31 March 2022. AYO has the right to convert the preference shares into ordinary shares equal to the redemption amount of redemption date. Interest is accrued at variable prime rate multiplied by adjustment rate at 72%.	161 162	-
Other	5	-
	208 309	-
Split between non-current and current portions:		
Non-current assets	47 142	-
Current assets	161 167	-
Total	208 309	-

Refer to note 10 for the detail on the estimated credit losses (ECL).

14. LOANS TO GROUP COMPANIES

	2021 R'000	2020 R'000
Zaloserve Management Proprietary Limited ("ZM")	15 584	-
The loan bears interest at prime rate and is repayable from distributions received by ZM from its shareholding in Zaloserve. The loan is secured by a pledge and cession of shares by ZM.		
Vunani Fintech Fund (Pty) Ltd (formerly Tamlalor (Pty) Ltd). Loan 1	122 556	-
The loan is unsecured, bears interest at prime and is repayable on 28 March 2024. AYO has subordinated, for the benefit of other creditors, so much of their claim against Vunani Fintech fund as would enable Vunani Fintech Fund's total assets to exceed total liabilities.		
Vunani Fintech Fund (Pty) Ltd (formerly Tamlalor (Pty) Ltd). Loan 2	93 409	-
The loan is unsecured, bears interest at the prime plus 2%. R35 million of the loan is repayable on 14 October 2025, R15 million is repayable on 19 April 2026 and R39.2 million is repayable on 1 June 2026.		
Isakhiwo Group International Proprietary Limited	5 286	-
The loan bears interest at the prime rate and is repayable from distributions received by the shareholder from time to time.		
	236 835	-
Split between non-current and current portions:		
Non-current assets	236 835	-
Current assets	-	-
Total	236 835	-

The carrying amount of loans to related parties is considered to be a reasonable approximation of the fair value as interest is charged at market rates.

Refer to note 10 for the detail on the estimated credit losses (ECL).

15. 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. Fair value is determined based on the market prices of abalone of similar size and age.

Point of sale costs includes all costs that would be incurred in order to get the abalone to the customer.

15. **BIOLOGICAL ASSETS** (continued)

	Opening balances R'000	Additions R'000	Disposals R'000	Changes in fair value, births and deaths R'000	Total R'000
Group 2021					
Abalone	84 436	-	(14 610)	26 084	95 910
Group 2020					
Abalone	83 260	990	(19 563)	19 749	84 436

Non Financial Information

Quantities of biological asset

	2021	2020
Abalone – kgs	260 484	229 264

Methods and assumptions used in determining fair value

Biological assets consist of abalone cultivated at an aquaculture farm and are measured at their fair value less estimated point-of-sale costs. Fair value is determined based on the market prices of abalone of similar size and age.

Point of sale costs includes all costs that would be incurred in order to get the abalone to the customer.

16. **INVENTORIES**

	2021 R'000	2020 R'000
Raw materials	12 732	13 061
Work in progress	82 275	104 626
Finished goods	94 278	70 033
Consumables	7 604	10 424
Merchandise	397	-
Inventories in transit	427	815
	197 713	198 959
Inventories (write-downs)	(8 366)	(11 858)
	189 347	187 101

17. TRADE AND OTHER RECEIVABLES

	2021 R'000	2020 R'000
Financial Instruments:		
Trade receivables	382 104	543 697
Amounts receivable from related parties	445	71 262
Amounts due from quota holders	2 376	10 773
Impairment loss allowance	(18 614)	(20 552)
Funds held in trust	27 773	111 863
Deposits	26 335	22 608
Accrued and sundry Income	21 072	29 320
Claims	-	284
Employee costs in advance	523	-
Non financial instruments		
VAT	24 778	9 495
Refundable taxes	-	746
Prepayments	29 067	31 419
Sundry customers	31 323	5 932
Provision against prepayments	(9 041)	(9 041)
	518 141	807 806

Trade and other receivables are categorised as follows in accordance with IFRS 9:

Financial Instruments:		
At amortised cost	472 909	783 354
Non-financial instruments	45 232	24 452
	518 141	807 806

Accrued income and sundry customers

Accrued income relates to income recognised in the Group, the majority being interest accrued on the money market account; dividend income and revenue earned but not yet invoiced. Sundry customers relates to accrued income for work done at or near the reporting date but not yet invoiced in the current financial year. These were subsequently invoiced after the reporting date and recognised as trade receivables.

Funds held in trust

These are monies held in a trust fund to be utilised for the ongoing legal matters.

Trade and other receivables pledged as security

The Group's maximum exposure to credit risk at the reporting rate is the carrying value of trade receivables.

Provision against prepayment

Due to the uncertainty of the going concern and business operations of a related party who was prepaid to provide a service, management raised a provision against the prepayment.

17. **TRADE AND OTHER RECEIVABLES** (continued)

Expected credit loss allowance

The group applies the IFRS 9 simplified model of recognising lifetime expected credit losses for all trade receivables. The Group measures the lifetime expected credit loss allowance for trade receivables by applying a provision matrix as permitted by IFRS 9 and presented below. Trade receivables are categorised based on specific characteristics, for example geographical area and business type. The provision matrices have been developed by making use of judgement and past default experience of debtors but also incorporate forward-looking information such as the likelihood of default by the debtor and general economic conditions of the industry as at the reporting date. Macroeconomic factors affecting customers' ability to settle the amounts outstanding include the Covid-19 pandemic, the GDP in South Africa, inflation rate and growth rate. The estimation techniques were applied for the first time in the prior financial year, as a result of the adoption of IFRS9.

Group

	Gross amount R'000	Expected credit loss rate %	Lifetime expected credit loss R'000	Carrying amount R'000
Current	176 918	0.36%	(644)	176 274
Past due 30 to 60 days	60 715	2.34%	(1 419)	59 296
Past due 60 to 90 days	34 376	2.57%	(885)	33 491
Past due 90 days and older	123 580	12.68%	(15 666)	107 914
	395 589		(18 614)	376 975
Total gross amount of trade receivables	395 589	-	-	-
Total allowance for credit losses	(18 614)	-	-	-
	376 975	-	-	-

The expected credit loss allowance for trade receivables as at 31 August 2021 was determined as follows:

Reconciliation of expected credit loss

	2021 R'000	2020 R'000
Loss allowance as at 1 September	(20 552)	(11 541)
Provision raised on new trade receivables	1 938	(9 011)
	(18 614)	(20 552)

Trade and other receivables currency denominated

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

Rand	472 909	783 654
US Dollar	20 552	46 240
Euro	-	38 751
Pound	25	-

The Group does not hold any collateral as security.

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

18. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

	2021 R'000	2020 R'000
Cash on hand	193	255
Bank balances	2 343 693	3 357 718
Bank overdraft	(7)	(5 385)
	2 343 879	3 352 588
Current assets	2 343 886	3 357 973
Current liabilities	(7)	(5 385)
	2 343 879	3 352 588

The bank overdrafts in the Group are secured by:

Nedbank Ltd

The Group has the following facilities with Nedbank Ltd

Overdraft facility to the value of R7m

A medium term loan facility which was settled during the year.

Vehicle-and-asset finance facility to the value of R0.3m

The above facilities are secured as follows:

Limited surety signed by A. S. Brown to the value of R8m

Limited surety signed by Communications Products (Pty) Ltd to the value of R5.3m

Limited surety signed by Biton Music Productions (Pty) Ltd to the value of R7.5m

A first, second and third covering mortgage bonds over erf 14290 Somerset West by Biton Music Productions (Pty) Ltd, reflected as a mortgagor, and Nedbank, reflected as mortgagee of R3 million, R4 million and R500 000 respectively

The bank overdrafts in the Group are secured by:

Cession of debtors and USD customer foreign currency accounts;

General Notarial Bond Number BN23803/2008 for R50 000 000 over stock, moveable assets, plants and equipment and vessel equipment;

Unlimited guarantee by Premfresh Seafoods (Pty) Ltd, supported by cession of loan accounts.

18. CASH AND CASH EQUIVALENTS (continued)

Security for the prior year

First Maritime Bond registered over the following vessels:

	R'000
Southern Star	2.2
Portia 1	5.8
Ebhayi	5.4
Southern Fighter	2.1
Southern Knight	1.6
Southern Horizon	1.85
First Maritime Bond over vessel Mizpah	1.9
Second Maritime Bond over vessel Mizpah	6.1
First Maritime Bond over vessel Lubbetjie	1.2
Second Maritime Bond over vessel Lubbetjie	4.4

General Notarial Bond BN69433/2002 for R5m over all movable assets.

Marine bond for R5m over Motorship Silver Taurus Official Number 49605.

Marine bond for R5m over Motorship Silver Dorado Official Number 49701.

Marine bond for R4m over Motorship Silver Champion Official Number 40401.

Marine bond for R5.75m over Motorship Silver Eagle Official Number 40904.

First Marine bond for R7.2m and Second Marine bond for R4.4m over Motorship Silver Arrow Official Number 41003.

Cession of debtors and customer foreign currency accounts.

Limited suretyship for R10m by Dazzalle Traders (Pty) Ltd, excluding cession of loan account.

Limited suretyship by Dazzalle Traders (Pty) Ltd, including cession of loan account, supported by:

- Marine Bond for R5.5m over Motorship Silver Laguna
- Marine Bond for R6.1m Motorship Maverick,
- Marine Bond for R4.75m Motorship Zingela,
- Marine Bond for R4m Motorship Lazarus

Cession of loan account in Dazzalle Traders (Pty) Ltd, limited to R9.5m.

Cession of insurance policy issued by Zurich Short Term Stock policy over stock held at cold store 315, Port Elizabeth harbour and Adamant Jetty.

Cession of insurance policy issued by Lloyd's Cargo Cover policy over marine stock.

Cession of insurance policy issued by Industrial and Domestic Risk Services (Cape) (Pty) Ltd policy number B0518M091146 over the hull.

Cession of insurance policy issued by Lloyd's (Arthur J Gallagher International)

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short-term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates. Cash and cash equivalents are held with reputable banking service providers.

18. CASH AND CASH EQUIVALENTS (continued)

Credit rating

	2021 R'000	2020 R'000
Absa Bank Ltd Baa3	-	1 460 267
Nedbank Ltd Baa3	233 048	80 722
Standard Bank Ltd BB+	1 177 862	102 264
First National Bank Ltd BB+	51 544	130 826
Investec AA+	-	220 367
Albaraka Bank BB	12 803	2 383
HSBC - A2	744	-
Bank of China bb	-	1 355 382
Sasfin Bank Limited BBB+	66	-
Grindrod Bank Ltd Baa3	10 017	-
Bidvest Bank Limited A+	929	-
Ninety One Fund Managers SA (RF) Proprietary Limited - Baa3	853 782	-
AfrAsia Bank Limited BB+	2 892	-
Other	192	122
	2 343 879	3 352 333

Exposure to currency risk

USD	35 105	202 322
-----	--------	---------

19. SHARE CAPITAL

Authorised

	2021 R'000	2020 R'000
10 000 000 Ordinary shares of no par value (unlisted)	100	100
1 000 000 000 'B' class ordinary shares of no par value	20	20
518 660 516 unissued ordinary shares are under the control of the directors in terms of a resolution of members passed at the last annual general meeting. This authority remains in force until the next annual general meeting. Upon a poll, in determining the total votes in the Company, each "B" ordinary no par value share shall be deemed to entitle the holder thereof to one vote and each "A" ordinary no par value Share shall be deemed to entitle the holder thereof to 500 votes.		
	120	120
Issued		
Ordinary	(807)	(807)
Ordinary Type A	807	807
491 022 434 (2019: 491 022 434) "B" class ordinary shares	30	30
Share premium	403 147	403 147
Shares repurchased	(937)	(937)
Total share premium	402 210	402 210
	402 240	402 240

The issued number of shares in issue are 491 022 434 (2020: 491 022 434).

20. RESERVES

A capital redemption reserve fund arose when a subsidiary had a share buy-back in the prior years. Other reserves relate to exchange differences on translating foreign operations.

Translation of foreign operations reserve arose when an exchange loss arose on translation of the foreign investments held by the Software Tech Holdings Group and AYO Technology Solutions Limited. The exchange loss was recognised in the statement of comprehensive income with the contra recognised directly in equity.

	2021 R'000	2020 R'000
Capital redemption reserve fund	8 034	8 034
Foreign translation reserve	2 341	(773)
Change in ownership reserve*	(31 022)	(36 170)
	(20 647)	(28 909)

* *Change in ownership relates to the selling of 5.5% shares in Zaloserve (Pty Ltd*

21. OTHER FINANCIAL LIABILITIES

At fair value through profit (loss)

Other financial liabilities	2 136	887
These relate to amounts payable by HST for the Computer Aided Telephony System. The amounts are unsecured and have no fixed repayments terms.		
	2 136	887

21. OTHER FINANCIAL LIABILITIES (continued)
Held at amortised cost

	2021 R'000	2020 R'000
ABSA Bank Ltd - Term loan The loan was repaid in the current year. The interest rate charged on the loan at 31 August 2021 is 10% (2020 10%) The loan was repayable in monthly instalments of R203 333. The loan was secured by a guarantee from Premier Fishing SA and AYO.	-	833
ABSA Bank Ltd - Revolving Loan The interest rate charged on the loan at 31 August 2020 is 7.00%. The loan balance was settled in full during the financial year.	-	439
ABSA Bank Ltd - Project Finance The interest rate charged on the loan is 7.00% (2020: 7.025%). The loan balance was settled in full during the financial year. African Equity Empowerment Investments Limited has provided a limited guarantee for the loan to Absa Bank Limited	-	1 996
RVB Distributors and Don Kourie Distributors The loan is unsecured, interest free, and has no fixed terms of repayment.	1 064	1 064
RAC Investment Holdings (Pty) Ltd The loan is unsecured, interest free, and has no fixed terms of repayment.	21 884	19 658
Other borrowings Other borrowings are unsecured, bear interest at rates agreed between parties, have no fixed repayment terms and consists of loans to directors and other entities. Included in the amount is a liability in relation to medical aid costs of retired employees. This is calculated taking into account the current medical aid contribution, the life expectancy of the employees and a discount rate of 6% to calculate the present value of the obligation.	1 553	1 680
Other	24 703	-
	49 224	25 670
Non-current liabilities		
Fair value through profit or loss	2 136	887
Amortised cost	46 097	20 382
	48 233	21 269
Current liabilities		
Amortised cost	3 107	5 288
	3 107	5 288
Secured	-	833
Unsecured	49 224	25 724
	49 224	26 557

22. EMPLOYEE BENEFIT OBLIGATION

Long-term employee benefit plan

The AYO Group rewards employees with long service by remunerating them with a lump sum after a specific number of service years.

Employees receive a bonus of 50% of their monthly pensionable salary after 10 years service, 75% after 15 years service, 100% after 20 years service, 125% plus R5 000 after 25 years of service, 150% after 30 years of service, 175% after 35 years of service and 200% after 40 years of service. Simeka Consultants and Actuaries calculated the value of the employer's liability towards qualifying employees as at 31 August 2021.

The movement in the long-term employee benefit obligation is as follows:

	2021 R'000	2020 R'000
Opening balance	(6 375)	(6 665)
Benefits paid	727	277
Net expenses recognised in profit or loss	172	12
	(5 476)	(6 376)
Key assumptions - SGT		
Principle assumptions used on last valuation on 31 August 2021.		
Discount rates used	8.51%	8.77%
Inflation rate	5.29%	4.66%
Future salary increases*	6.29%	5.66%
Real rate (approximate)#	2.09%	3.11%
Key assumptions - GCCT		
Principle assumptions used on last valuation on 31 August 2021		
Discount rates used	8.15%	8.85%
Inflation rate	5.17%	5.14%
Future salary increases*	6.17%	6.14%
Real rate (approximate)#	1.98%	2.71%

* The above salary increases exclude merit increases which are between 0.5% and 5.5% depending on the age group of the current employees.

The difference between the discount rate and the future salary increase implies an approximate real return without merit increases.

Retirement

A normal retirement age of 63 was assumed for employees. No provision was made for retirement before or after the normal retirement age.

23. DEFERRED INCOME

The Group generates deferred revenue on future warranties and maintenance contracts where upfront payment has been received. The deferred revenue is released to the income statement in line with the costs incurred over the period of the contract.

	2021 R'000	2020 R'000
Non-current liabilities	-	751
Current liabilities	33 252	45 975
	33 252	46 726
Reconciliation		
Opening balance	46 726	28 530
Additions through business combination	992	-
Additions	40 795	86 676
Other	1 914	-
Revenue recognised on delivery of goods or services previously paid for	(57 175)	(68 480)
	33 252	46 726

24. CONTINGENT CONSIDERATION LIABILITY

	2021 R'000	2020 R'000
Contingent consideration arrangements entered into		
Opening balance	5 097	44 977
Kathea Communications	24 228	-
Settlements	-	(36 169)
Fair value adjustments	(4 544)	1 237
Amount due for payment	(553)	(4 948)
Closing balance	24 228	5 097

The contingent consideration arrangement for Zaloserve required AYO to pay the former owners of Zaloserve for achieving certain earnout targets for the 2019, 2020 and 2021 financial years, up to a maximum undiscounted amount of R5.5m for each financial year. The contingent consideration arrangement for Zaloserve ended during the current financial year. The earn-out target for the 2021 financial year was not achieved by Zaloserve and a fair value gain of R4.5 million was recognised in the statement of profit or loss in relation to the Zaloserve contingent consideration arrangement. The contingent consideration liability was written off in full in the current year.

The contingent consideration arrangement for Kathea Communications requires Ayo to pay the former owners of Kathea Communications an advanced earn-out amount of R15 million on 15 November 2021 and an additional amount of R15 million for achieving certain earn-out targets for the 2022 in the 2023 financial year of Kathea Communications.

The fair value of the contingent consideration arrangements was calculated as the present value of the future expected cash flows. The calculation was based on the assumption that the earn-out targets will be met based on the best available forecast information at acquisition date and were discounted at the weighted average cost of capital of the relevant subsidiary.

25. PROVISIONS

Reconciliation of provisions – Group – 2021

	Opening balance R'000	Additions R'000	Utilised during the year R'000	Reversed during the year R'000	Business Combination R'000	Total R'000
Provision for VAT	681	-	-	(679)	-	2
Onerous contracts	14 226	1 738	(6 046)	(6 273)	-	3 645
Provision for leave pay	22 360	8 220	(6 861)	(15220)	-	8 499
Provision for salary bonuses	15 933	35 841	(15 821)	-	-	35 953
Product warranties	6 637	8 880	(1715)	(63)	-	13 739
Other provisions	1 779	2 043	(1 779)	-	-	2 043
	61 616	56 722	(32 222)	(22 235)	-	63 881

Reconciliation of provisions – Group – 2020

	Opening balance R'000	Additions R'000	Utilised during the year R'000	Reversed during the year R'000	Business Combination R'000	Total R'000
Provision for VAT	2 609	-	(1 928)	-	-	681
Onerous contracts	5 680	9 595	-	(1 049)	-	14 226
Maintenance provision	624	-	(624)	-	-	-
Provision for leave pay	4 271	21 780	(2 445)	(760)	(486)	22 360
Provision for salary bonuses	22 996	29 826	(36 889)	-	-	15 933
Product warranties	3 742	3 829	(222)	(712)	-	6 637
Provisions for prepayments	9 041	-	(9 041)	-	-	-
Other provisions	4 801	344	(3 366)	-	-	1 779
	53 764	65 374	(54 515)	(2 521)	(486)	61 616

A provision for onerous contract has been recognised by SGT Solutions for estimated costs to complete the remaining work on SAPs Eastern Cape Cetra project.

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

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

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

Other provisions mainly comprise municipal electricity, rates and levies relates to expenses incurred by the Group for electricity usage, rates and taxes. The actual bill was not yet received as at year end therefore management estimated the amount of the provision based on estimated usage and charge rates from the previous month. The provision represents management's best estimate of the Group's liability on expected cash flows as at 31 August 2021.

25. PROVISIONS (continued)

	2021 R'000	2020 R'000
Non-current liabilities	-	-
Current liabilities	24 228	5 097

26. TRADE AND OTHER PAYABLES

	2021 R'000	2020 R'000
Trade payables	192 824	278 724
Amounts due to related parties	1 456	61
Amounts received in advance	3 709	7 633
Deposits received	562	-
Value added tax	1 638	26 059
Accrued expenses	138 799	197 136
Deferred income	768	46 846
Other payables*	18 682	28 068
	358 438	584 527

Fair value of trade and other payables

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

* *Other payables consist of amounts owing to the South African Revenue Service and sundry creditors*

27. REVENUE

Revenue from contracts with customers

Sale of goods	1 406 398	1 776 625
Rendering of services	918 526	1 640 849
	2 324 924	3 417 473

Revenue other than from contracts with customers

Dividends received	14 245	10 106
	2 339 169	3 427 579

Disaggregation of revenue from contracts with customers

We have determined that the categories used by major products can be used to meet the objective of the disaggregation of revenue disclosure requirement, which is to disaggregate revenue from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

The segmental analysis illustrates the disaggregation disclosure by segment. Refer to note 43 for the segmental reports.

The Group has assessed that the disaggregation of revenue by Group segments is appropriate in meeting this disclosure requirement, as this is the information regularly reviewed by the chief decision maker, in order to

27. REVENUE (continued)
evaluate the financial performance of the entity.

Sale of goods

	2021 R'000	2020 R'000
Sale of goods	1 406 398	1 776 624

Rendering of services

Administration and management fees received	295	384
Fees earned	337 881	453 287
Commissions received	9 188	19 988
Services revenue	570 938	1 166 830
Other revenue from rendering of services	224	360
	918 526	1 640 849
Total revenue from contracts with customers	2 324 924	3 417 473

Timing of revenue recognition

At a point in time

Technology	1 002 589	1 606 574
Fishing and Brands	534 239	422 994
Health and Beauty	44 454	45 412
Events and Tourism	7 448	33 898
Corporate	23 765	17 937
	1 612 495	2 126 815

Over time

Technology and Brands	696 904	1 278 640
Fishing	15 525	12 018
	712 429	1 290 658
Total revenue from contracts with customers	2 324 924	3 417 473

28. COST OF SALES

	2021 R'000	2020 R'000
Sale of goods	907 092	1 469 498
Rendering of services	470 169	871 433
Discount received	(241)	(181)
Manufactured goods:		
Employee costs - salaried staff and other costs	229 499	197 312
Depreciation and impairment	15 702	22 141
Manufacturing expenses	37 161	52 877

	2021 R'000	2020 R'000
	2021 R'000	2020 R'000
	1 659 382	2613 080
29. OTHER INCOME		
Administration and management fees received	1 945	2 197
Fees earned	-	3 148
Insurance revenue	881	63 772
Royalties received	-	501
Bad debts recovered	-	2 038
Recoveries	3 424	7 487
Overhead recoveries*	70 127	62 232
Rental Income	94	-
Other income	4 725	3 406
Profit on exchange differences	4 290	9 604
	85 486	154 385
* The income relates to compensation received from the cancellation of a contract with a major customer within the AYO Group.		
30. OPERATING EXPENSES		
	2021 R'000	2020 R'000
Major items included in operating expenses:		
Employee costs	(563 663)	(549 445)
General	(385 916)	(302 638)
Depreciation and impairment	(82 896)	(91 268)
Profit (loss) on exchange differences	(10 815)	(6 641)
	(1 043 291)	(949 992)
31. NET IMPAIRMENT AND REVERSALS		
	2021 R'000	2020 R'000
Material impairment losses (recognised) reversed		
Other financial assets and receivables	(127 756)	(85 392)
Other assets relate to impairments within AYO Group relating to trade and other receivables and group related companies		
	(127 756)	(85 392)
Significant goodwill or significant intangible assets with indefinite useful lives		
Goodwill	(24 376)	(645)
The Group performs an annual impairment test on goodwill based on cash-generating units (CGU).		

31. NET IMPAIRMENT AND REVERSALS (continued)

	2021 R'000	2020 R'000
<p>The recoverable amount for each of the CGUs to which goodwill is allocated has been determined based on the value in use using the discounted cash flow method. Goodwill has been allocated to each CGU as indicated in note 5. During the current period under review the intangible assets of the Technology division has been impaired resulting in the CGU for Technology division's goodwill having to be impaired.</p> <p>The following are the principal assumptions that were used to calculate the recoverable amounts for each CGU, based on previous experience. Management's key assumptions include stable profit margins, based on past experience in the market with reference to cash flow assumptions. The Group's management believes that this is the best available input for the purposes of forecasting the cash flows.</p> <p>Refer to note 5 for the allocation of the cash generating units goodwill is allocated to, which was specifically assessed per individual CGU for impairment.</p> <p>Intangible asset with indefinite useful life</p> <p>The Group performs an annual impairment test on intangible assets based on cash-generating units (CGU).</p> <p>The recoverable amount for each of the CGUs to which intangible- assets are allocated has been determined based on the value in use using the discounted cash flow method as indicated in the accounting policies. During the prior period the intangible assets of the Biotechnology division has been impaired also resulting in the CGU for Biotechnology division's goodwill having to be impaired.</p> <p>Management's key assumptions include stable profit margins, based on past experience in the market with reference to cash flow assumptions. The Group's management believes that this is the best available input for the purposes of forecasting the cash flows.</p>	-	(3 523)
<p>Technology division Pre-tax discount rates: 19.7% Number of years: 5.2 Growth rate: 4.5%</p>		
<p>Fishing and brands division Pre-tax discount rates: 16.9% Number of years: 5 Growth rate: 4.5%</p>		
<p>Events and tourism division Pre-tax discount rates: 22% Number of years: 9 Growth rate 4.2%</p>		
<p>Health and beauty division Pre-tax discount rates: 18.5% Number of years: 5 Growth rate: 4.6%</p>		

31. NET IMPAIRMENT AND REVERSALS (continued)

	2021 R'000	2020 R'000
Biotechnology division		
Pre-tax discount rates: 25.2%		
Number of years: 12		
Growth rate 4.5%		
	24 376	(4 168)
Total impairment losses (recognised)	(152 132)	(89 560)

32. FAIR VALUE ADJUSTMENTS (PROFIT AND LOSS)

Breakdown of fair value adjustments.

	2021 R'000	2020 R'000
Listed shares	49 209	16 508
Financial assets designated at fair value through profit or loss	8 068	(125 066)
	57 277	(108 558)

33. INVESTMENT INCOME

Interest income

From investments in financial assets:

Bank and other cash	116 607	229 288
Loans receivables at amortised cost	36 040	16 068
Trade and other receivables	1	27
Contract assets	636	19
Other interest	9 136	1 919
Total investment income	162 420	247 321

34. FINANCE COSTS

Shareholders	1	104
Financial liabilities	38	3 768
Lease finance costs	13 644	11 070
Bank charges	792	5 071
Late payment of tax	138	1 868
Debtors financing cost	3 042	7 246
Other interest paid	5 288	2 632
Total finance costs	22 943	31 759

35. PROFIT BEFORE TAX

Profit before tax for the year is stated after charging (crediting) the following, amongst others:

Employee costs

Salaries, wages, bonuses and other benefits	793 162	746 975
Total employee costs	793 162	746 975
Less: Employee costs included in cost of merchandise sold and inventories	(229 499)	(197 313)
Total employee costs expensed	563 663	549 662

36. TAXATION

Major components of the tax (income) expense

Current

	2021	2020
	R'000	R'000
Local income tax – current period	73 838	81 835
Local income tax – recognised in current tax for prior periods	-	(598)
Dividends tax	-	-
Foreign normal taxation	-	371
	73 838	81 608

Deferred

Fair value adjustments	(308)	(5 044)
Arising from previously unrecognised tax loss/tax credit/temporary difference	-	-
Leave pay and bonus provision	4 203	-
Provisions	(696)	7 082
Leases		(20 567)
Assessed loss	2 424	
Prior period adjustments	14	
Wear and tear	(15 173)	(16 533)
Benefit of unrecognised tax loss		5 950
Income received in advance		11 538
Healthcare benefits		(154)
Prepayments	225	390
Right of use assets	(423)	18 701
Biological assets	(414)	3 838
Shipping allowance		4 307
Bad debt	234	-
Revenue in advance	2 776	-
Intangible assets	10 800	(2 102)
Allowance for credit losses		2 744
Other	7 006	517
Total	10 668	10 667

36. TAXATION (continued)

Reconciliation of the tax expense

Reconciliation between applicable tax rate and average effective tax rate.

	2021 R'000	2020 R'000
Applicable tax rate	28.00%	28.00%
Profit from equity accounted investments	65.83%	(190.05%)
Fair value adjustments	(21.79%)	39.66%
Interest income exempt from tax	4.51%	(8.94%)
Interest expense on lease liabilities	(2.48%)	1.29%
Other temporary differences	-	-
Prior year DT misstatement	-	63.98%
Amortisation disallowed	(0.28%)	-
Tax losses utilised	1.36%	(1.24%)
Prior period under/(over) provision of deferred tax	(1.10%)	(10.42%)
Other capital nature expenses	17.28%	
Prior period error	-	1.05%
Foreign withholding gains	0.31%	
Expected credit loss	(10.11%)	1.02%
Listing fees	(0.10%)	0.06%
Deferred tax CAP limitations	(9.94%)	
Depreciation - right-of-use asset	-	20.31%
Permanent differences	-	39.50%
Extra deferred tax in relation to acquisition of Thalado	-	15.72%
Lease payments lease liabilities	-	(24.42%)
Net impairments	(50.13%)	84.35%
Legal fees	(17.78%)	9.12%
Donation and social corporate investment	(2.43%)	1.10%
Consulting fees	(1.24%)	9.79%
Fines and charges	(1.93%)	7.05%
Interest - SARS	-	2.96%
Learnerships	3.58%	3.47%
Foreign exchange differences	-	(0.44%)
Foreign withholding gains	-	-
Dividends	-	-
Amount per income tax note	26.44%	92.9%

37. TAX PAID

Balance at beginning of the year	4 371	(8 497)
Current tax for the year recognised in profit or loss	(84 506)	(81 608)
Adjustment in respect of businesses sold and acquired during the year including exchange rate movements	1 320	3
Opening balance adjustment	-	(5 621)
Balance at end of the year	-	4 371
	(78 815)	(91 352)

38. EARNINGS PER SHARE

Basic earnings per share

		2021 Gross R'000	2021 Net R'000	2020 Gross R'000	2020 Net R'000
Earnings attributable to ordinary equity holders of the parent entity					
Net earnings	IAS 33	-	(130 014)	-	9 471
Earnings attributable to ordinary equity holders of the parent		-	(130 014)	-	9 471
Profit or loss on disposal of property, plant and equipment		2 574	1 853	-	-
Reversal of impairment of intangible assets	IAS 38	26 257	18 905	3 523	2 537
(Gain)/loss on disposal of subsidiary		-	-	-	6 627
Loss on disposals of property, plant and equipment.	IAS 16	92	66	2 044	1 472
Impairment of goodwill	IFRS 3	-	24 376	-	645
Headline earnings		-	-	-	-
Continued operations			(84 814)	-	4 554
Weighted average number of shares ('000)		-	491 022	-	491 022
Fully diluted weighted average number of shares (R'000)		-	491 022	-	491 022
Basic earnings and diluted earnings per share(cents)		-	(26.48)	-	1.93
Continuing operations		-	(26.48)	-	1.93
Headlines earnings and diluted earnings per share (cents)		-	(17.27)	-	0.94
Continuing operations		-	(17.27)	-	0.94

39. CASH GENERATED FROM/(USED IN) OPERATIONS

	2021 R'000	2020 R'000
(Loss)/profit before taxation	(180 849)	111 155
Adjustments for:	-	-
Depreciation and amortisation	97 911	116 113
Losses on disposals of assets	399	(7 140)
Gains on foreign exchange	10 815	(6 640)
Income from equity accounted investments	(52 521)	(74 818)
Dividend income	(14 244)	(10 106)
Interest income	(162 420)	(248 418)
Finance costs	22 943	31 759
Fair value (gains)/losses	(68 751)	95 840
Gain on bargain purchase in a business combination	(26)	-
Impairment losses and reversals	152 819	89 560
Movements in operating lease assets and accruals	-	(190)
Non cash movements in financial assets	(5 489)	-
Movements in provisions	4 555	7 851
(Gain)/loss on disposal of business and subsidiary	-	-
Loss on disposal of subsidiary	-	(199)
Inventories	(20 324)	35 829
Trade and other receivables	211 566	(92 062)
Assets held for sale	(25 559)	-
Trade and other payables	(197 096)	32 530
Gain from ceding lease	(2 007)	-
Employee benefit expense	175	-
Lease modification adjustment	(331)	-
Dividend payable	-	4 290
Deferred income	(22 207)	18 196
	(250 642)	103 550

40. RELATED PARTIES

Relationships	
Holding company	Sekunjalo Investment Holdings (Pty) Ltd
Subsidiaries	Refer to note 7 and 44
Joint arrangements	Refer to note 9
Associates	Refer to note 8
Associate of close family member of key management (common controlled entity)	<p>Cape Sunset Villas Sekunjalo Development Foundation The Surve Family Foundation Independent Newspapers Foundation African News Agency (Pty) Ltd Independent News and Media (Pty) Ltd Sekunjalo Capital (Pty) Ltd African News Agency Publishing (Pty) Ltd Independent Online Property Joint Venture (Pty) Ltd Ltd Sagarmatha Technologies Ltd Blank Page Publishing (Pty) Ltd African News Agency Pictures (Pty) Ltd Vunani Corporate Finance (Pty) Ltd 3 Laws Capital (Pty) Ltd Biton Music Productions (Pty) Ltd KimCo Trust Prodirect Investments 112 (Pty) Ltd Sekunjalo Health and Commodities (Pty) Ltd Sekunjalo Technologies Group (Pty) Ltd Imagine Awards Sekpharma (Pty) Ltd Sekunjalo Development Foundation Loot Online (Pty) Ltd Independent Newspaper (Pty) Ltd</p>

Members of key management personnel:

Key management personnel include the members of The Board, members of the Group, executive committee, business executives and managers. Non-executive directors are included in the definition of key management personnel as well as any close family members of such persons and any entity over which key management exercise control, joint control or significant influence.

40. RELATED PARTIES (continued)

	2021 R'000	2020 R'000
Loan accounts (owing to) by related parties		
Bloudam Joint Venture	-	2 521
Premier Seacat Joint Venture	2 684	2 479
Digital Health Africa (Pty) Ltd	-	168
Vunani Fintech Fund (Pty) Ltd (Previously Tamlalor (Pty) Ltd)	215 966	114 294
Sekunjalo Investments Holdings (Pty) Ltd	-	13 341
Sekunjalo Investments Holdings (Pty) Ltd	-	120
Sekpharma	471	196
Trade Receivables/(Payables)		
BCP Hake Joint Venture	1 951	7 042
Premier Seacat Joint Venture	486	174
Independent Newspaper (Pty) Ltd	36	17
Independent Newspaper (Pty) Ltd	37	174
Independent Newspapers and Media (Pty) Ltd	364	359
African News Agency (Pty) Ltd	10 700	10 700
African News Agency Publishing (Pty) Ltd	445	-
BT Communications Services South Africa (Pty) Ltd	-	(3 664)
Independent Newspapers and Media (Pty) Ltd	5 571	5 571
Independent Newspapers and Media (Pty) Ltd	6 887	3 570
Independent Online Property (Pty) Ltd	-	88
Sekunjalo Investment Holdings (Pty) Ltd	(6)	(6)
Sekunjalo Investment Holdings (Pty) Ltd	-	1 991
Sekpharma (Pty) Ltd	-	92
Independent News and Media (Pty) Ltd	9 041	9 041
Sagarmatha	-	430
Sekunjalo Investments Holdings (Pty) Ltd	-	890
Sizwe Africa IT Group (Pty) Ltd	-	(381)
BT Communications Services South Africa (Pty) Ltd	-	(42 989)
Sekpharma (Pty) Ltd	-	3
Loot Online (Pty) Ltd	1 246	-
Prodirect Investments 112 (Pty) Ltd	4 253	-
Vunani Corporate Finance (Pty) Ltd	(1 725)	-

40. RELATED PARTIES (continued)

	2021 R'000	2020 R'000
Accumulated impairment on other receivables from related parties		
Independent News and Media (Pty) Ltd	(11 166)	(7 853)
Digital Health Africa (Pty) Ltd	-	(168)
Independent News and Media (Pty) Ltd	(9 041)	(9 041)
Other (Income)/Expenses		
Sekunjalo Development Foundation	2 000	-
African News Agency (Pty) Ltd	14	-
BCP Hake Joint Venture	(1 277)	(397)
BT Communications Services South Africa	-	275 882
Premier Seacat Joint Venture	(217)	(214)
BT Communications Services South Africa (Pty) Ltd	-	37 397
Independent Newspaper (Pty) Ltd	-	7 853
Prodirect Investments 112 (Pty) Ltd	(4 650)	(3 377)
Independent Newspaper (Pty) Ltd	(292)	(493)
Prodirect Investments 112 (Pty) Ltd	(40)	(28)
Loot Online (Pty) Ltd	(22)	(10)
Sekpharma	(644)	(626)
Sekunjalo Investment Holdings (Pty) Ltd	-	1 930
Interest received from/paid to related party		
Vunani Fintech Fund (Pty) Ltd (Previously Tamlalor (Pty) Ltd)	(11 557)	(9 659)
Other transactions with related parties		
Vunani Corporate Finance (Pty) Ltd	7 514	-
Biton Music Productions (Pty) Ltd	(984)	(925)
African News Agency Publishing (Pty) Ltd	-	390
Cape Sunset Villas CC	-	905
Independent News and Media (Pty) Ltd	(2 609)	(3 105)
Sekunjalo Investment Holdings (Pty) Ltd	-	(26)
Independent Newspaper (Pty) Ltd	(107)	(2 770)
Sekunjalo Investment Holdings (Pty) Ltd	(1 647)	(2 671)
African News Agency (Pty) Ltd	(214)	(1 334)
Independent News and Media (Pty) Ltd	-	11

41. DIRECTORS' EMOLUMENTS

Executive

2021

	Emoluments R'000	Bonus R'000	Provident fund R'000	Expense Allowance R'000	Total R'000
JS Van Wyk	1 440	300	288	20	2 048
VC Dzvova	1 717	-	324	23	2 064
	3 157	300	612	43	4 112

2020

	Emoluments R'000	Bonus R'000	Provident fund R'000	Expense Allowance R'000	Total R'000
K Abdulla	3 990	4 000	373	55	8 418
C Ah Sing	1 438	500	186	17	2 141
JS Van Wyk	113	-	7	1	121
VC Dzvova	619	-	113	2	734
	6 160	4 500	679	75	11 414

*Mrs VC Dzvova's remuneration only reflects her time served on the Board from 1 September 2019 to 31 July 2020.

**Mr J van Wyk's remuneration only reflects his time served on the Board from 1 to 31 August 2020.

Service contracts

Non-executive

2021

	Directors' fees R'000	Directors' fees for services as directors' of subsidiaries R'000	Total R'000
WJ Raubenheimer	350	-	350
B Qama	231	-	231
AB Amod	3 250	-	3 250
I Amod	6 976	-	6 976
	10 807	-	10 807

41. DIRECTORS' EMOLUMENTS (continued)

2020

	Directors' fees R'000	Directors' fees for services as directors' of subsidiaries R'000	Total R'000
WJ Raubenheimer	33	-	33
B Qama	32	-	32
I Amod	207	-	207
AB Amod	207	-	207
Adv Dr NA Ramathlodi	252	-	252
J van Wyk	176	-	176
	907	-	907

Mr G Colbie waived his non-executive fees.

42. RISK MANAGEMENT

Capital risk management

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

The capital structure of the group consists of debt, which includes the borrowings (excluding derivative financial liabilities) disclosed in note 16 cash and cash equivalent and equity as disclosed in the consolidated statement of financial position.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio.

Financial risk management

The Group's activities expose it to several financial risks. The Group has trade receivables, cash and cash equivalents, investments and loans receivable which give rise to credit risk and interest rate risk. The Group has trade payables, financial lease liabilities, bank overdraft, financial guarantees and contingent consideration liabilities give rise to liquidity risk and interest rate risk. The Group also has trade receivables and trade payables denominated in foreign currencies which give rise to foreign exchange risk.

42. RISK MANAGEMENT (continued)

Credit risk

Credit risk is the risk that one counterparty to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. Credit risk consists mainly of trade receivables, cash and cash equivalents and loans and other receivables.

Trade receivables are comprised of a widespread customer base. Before any new customer is approved for credit, management requests a thorough credit check to be performed by an external credit agency. The agency provides credit scores and credit ratings on each customer. In addition to that a recommended credit limit is provided by the credit agency.

Additional internal ratings and credit limit checklist procedures are performed by management before a final credit limit is approved to our customers. Management also performs ongoing credit evaluations of the financial condition of all customers.

On a continuous basis, management monitors the performance of each customer against their credit limit to ensure that no credit limits are exceeded. No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties.

Generally, the Group does not require collateral or other securities for trade receivables.

The Group only deposits cash with major banks that have a good reputation and a high-quality credit standing and limits exposure to any one counterparty.

The Group assesses the trading performance of counterparties before making advances. Advances are made on the strength of the counterparty's trading performance and forecast cash flows. Loans and other receivables are carefully monitored for impairment. Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Impairment of financial assets

The Group has the following financial assets that are subject to expected credit loss model:

Trade receivables – refer to note 15

Loans receivables – refer to note 10

Cash and cash equivalent – the identified impairment is immaterial

42. RISK MANAGEMENT (continued)

Liquidity risk

Liquidity risk is the risk that an entity in the Group will encounter difficulty in meeting obligations as they become due. The Group manages liquidity risk by ensuring that there are enough available cash resources and obtaining credit facilities from banks to ensure that the Group has adequate cash to settle its commitments when they become due.

Maturity profiles

The table below summarises the maturity profile of the financial liabilities of the Group. The amounts disclosed are the remaining undiscounted contractual cash outflows and therefore differ with the carrying amounts or fair value.

Group

	Up to 1 year	2 to 5 years	Total
	R'000	R'000	R'000
At 31 August 2021			
Bank overdraft	7	-	7
Trade and other payables	358 438	-	358 438
Other financial liabilities	3 107	48 233	51 340
Finance lease liability	37 295	131 583	168 878
At 31 August 2020			
Bank overdraft	5 385	-	5 385
Trade and other payables	584 527	-	584 527
Other financial liabilities	5 289	21 270	26 559
Finance lease liability	25 683	71 781	97 464

42. RISK MANAGEMENT (continued)

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign exchange rates (currency risk), market interest rates (interest rate risk) and market prices (price risk) and inflation on biological assets.

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

A Group market risk policy sets out the assessment and determination of what constitutes market risk for the Group. Continuous monitoring takes place to ensure that appropriate assets are held where the liabilities are dependent upon the performance of specific portfolios of assets and that a suitable match of assets exists for all non-linked liabilities. Limits are applied in respect of the exposure to asset classes and individual counters.

Compliance with the policy is monitored and exposures and breaches are reported.

Risk from biological assets

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

Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Floating rate instruments expose the Group to cash flow interest risk, whereas fixed interest rate instruments expose the Group to fair value interest risk.

The Group has no significant concentration of interest rate risk and therefore has not hedged against changes in the prime rate.

At 31 August 2021, if interest rates had been 1% higher/lower with all other variables held constant, post-tax profit for the year would have been R799 159 (2020: R3 175 000) lower/higher.

The following table shows the impact on the Group's profit after tax if the interest rates were 1% higher or lower as at the reporting date:

	2021 R'000	2020 R'000
Increase of 1%	799	3 175
Decrease of 1%	(799)	(3 175)

Inflation

The current assumed level of future expense growth rate of 4.5%, after adjusting for internal and external factors, is based on the Reserve Bank's long-term inflation target of between 3% and 6%.

42. RISK MANAGEMENT (continued)

Foreign exchange risk

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

The Group does not hedge foreign exchange fluctuations.

At 31 August 2021, if the currency had been 10% higher or lower against the US dollar with all other variables held constant, post-tax (loss)/profit for the year would have been R1.3m (2020: R3.4m) higher or lower, mainly as a result of foreign exchange gains/losses on translation of US dollar-denominated trade receivables, financial assets at fair value through profit or loss.

	2021	2020
	R'000	R'000
Current assets		
Trade debtors, USD	35 808	46 240
Trade debtors, EUR	29 968	38 751
Cash and cash equivalents, USD	161 982	202 322
Cash and cash equivalents, (Rupees)Rs	-	8 039 515
Liabilities		
Trade payables USD	24 771	16 821
Trade payables EUR	20 804	14 112
Exchange rates used for conversion of foreign items were:		
USD	14.47	16.57
GBP	16.94	22.13
Euro	17.29	19.75

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

43. GROUP SEGMENTAL REPORT

	Fishing and brands R'000	Technology R'000	Health and beauty R'000	Biotechnol- ogy R'000	Events and tourism R'000	Corporate R'000	Group R'000
Revenue	624 475	1 708 993	44 746	-	9 958	30 443	2 418 615
External revenue	569 852	1 700 818	44 454	-	7 448	16 597	2 339 169
Internal revenue	54 623	8 175	292	-	2 510	13 846	79 446
Segment results:							
Profit/(loss) before tax	12 994	(193 573)	5 816	(924)	(7 714)	2 552	(180 849)
Included in the segment results:							
Net (impairments)/impairment reversals and write offs	-	(111 365)	-	94	(4 818)	(17 128)	(133 217)
Depreciation and amortisation	(29 061)	(67 028)	(186)	(2)	(53)	(1 581)	(97 911)
Fair value adjustments	-	41 644	3 651	-	(182)	12 164	57 277
Non-current assets	624 317	1 070 273	43 415	139 013	6 545	979 007	2 862 570
Investment in associate	-	-	-	-	-	896 566	896 566
Investment in joint venture	-	43 502	-	-	-	-	43 502
Current assets	308 031	3 186 065	18 153	144	5 504	69 358	3 587 255
Non-current liabilities	212 239	146 541	10 753	37 975	3 970	23 604	435 082
Current liabilities	72 168	486 217	5 493	629	9 622	26 890	601 019
Profits/(loss) from associates	-	24 539	-	-	-	27 982	52 521
Capital expenditure	(25 286)	(25 595)	(113)	(14)	-	(401)	(51 409)

43. GROUP SEGMENTAL REPORT (continued)
Group segmental report – 2020

	Fishing and brands R'000	Technology R'000	Health and beauty R'000	Biotechnology R'000	Events and tourism R'000	Corporate R'000	Group R'000
Revenue	494 417	2 928 093	45 412	-	37 783	28 200	3 533 905
External revenue	447 403	2 885 214	45 412	-	33 907	15 643	3 427 579
Internal revenue	47 014	42 878	-	-	3 876	12 557	106 325
Segment results:							
Profit/(loss) before tax	345	115 143	452	(6 578)	(5 366)	7 159	111 155
Included in the segment results:							
Net (impairments)/impairment reversals and write offs	-	(86 866)	1	(2 694)	(441)	-	(89 560)
Depreciation and amortisation	(25 745)	(60 706)	(198)	(2 442)	(171)	(1 589)	(90 851)
Fair value adjustments	-	(72 340)	-	-	(777)	(35 441)	(108 558)
Non-current assets	519 584	872 541	30 395	174 727	5 716	208 016	1 810 980
Investment in associate	-	-	-	-	-	866 367	866 367
Investment in joint venture	-	18 963	-	-	-	-	18 963
Current assets	334 820	4 114 418	23 940	2 529	11 658	28 004	4 515 369
Non-current liabilities	117 170	136 093	757	15 905	(21)	17 244	287 148
Current liabilities	73 789	644 613	8 576	2 334	11 129	14 604	755 045
Profits/(loss) from associates	-	20 571	-	-	-	54 247	74 819
Capital expenditure	(65 000)	(23 000)	(141)	-	(6)	(320)	(88 466)

Additional information on significant divisions

Technology:

Segment profit represents profit before tax earned by each segment without the allocation of central administration costs and fair value adjustments. This is the measure that is reported to the chief operating decision-maker for the purposes of assessing the segment performance and resource allocation. The accounting policies of the reportable segments are the same as the Group's accounting policies.

43. GROUP SEGMENTAL REPORT (continued)

Geographical information

The operations of the Group are mainly domicile in South Africa. A total of 6% (2020: 3%) of external revenue is attributable to foreign sales mainly to African countries, India and Europe.

Major customers

40% (2020: 29%) of the Group's revenue is derived from the public sector, mainly in the Western Cape, and is derived from the health care segment and managed services segment. The balance relates to sales to the private sector.

	Segmental revenue		Segmental gross profit	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Software and consulting	43 607	56 954	9 310	20 840
Security solutions	226 585	344 881	80 704	111 729
Unified communications	190 163	90 793	51 519	27 423
Health care	89 932	120 251	35 498	39 190
Tracking solutions	111 063	89 365	29 708	29 541
Managed services	1 038 142	2 182 970	239 862	396 633
Total	1 699 492	2 885 214	446 601	625 356
Administration and support services			(783 024)	(692 846)
Other operating income			(84 421)	68 569
Other operating gains/(losses)			10 873	(82 562)
Movement in credit loss allowances			33 798	(59 827)
Finance income			164 639	241 794
Finance cost			(13 529)	(17 429)
Profit on equity accounted investment			24 539	20 571
Total revenue and profit before taxation	1 699 492	2 885 214	(200 524)	103 626

	Segmental finance income		Segmental finance cost		Segmental taxation	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Software and consulting	67	248	(123)	(103)	(1 743)	(1 870)
Security solutions	247	412	(263)	(37)	156	(6 225)
Unified communications	563	1 728	(703)	(1 720)	(2 890)	(2 413)
Health care	1 442	2 081	(203)	(158)	(3 351)	(5 303)
Tracking solutions	1 398	2 022	(691)	(1 497)	2 750	1 064
Managed services	160 922	235 303	(11 546)	(13 915)	(52 502)	(56 099)
Total	164 639	241 794	(13 529)	(17 430)	(57 580)	(70 846)

43. GROUP SEGMENTAL REPORT (continued)

	2021 R'000	2020 R'000
Segmental assets		
Software and consulting	14 633	28 611
Security solutions	59 790	68 760
Unified communications	132 986	97 166
Health care	89 594	92 229
Tracking solutions	87 249	90 905
Managed services	3 820 097	4 566 686
Total segmental assets	4 204 349	4 944 357
Unallocated*	22 237	44 546
Total consolidated assets	4 226 586	4 988 903
	2021 R'000	2020 R'000
Segmental liabilities		
Software and consulting	9 880	12 937
Security solutions	23 596	34 540
Unified communications	57 303	31 227
Health care	8 802	24 358
Tracking solutions	12 654	13 826
Managed services	521 573	575 924
Total segmental liabilities	633 808	692 812
Unallocated*	(7 349)	-
Total consolidated liabilities	626 459	692 812

* For the purpose of monitoring segment performance and resources allocation between segments, all assets and liabilities are allocated to reportable segments other than deferred tax assets and liabilities.

	Depreciation and amortisation		Additions to property, plant and equipment, right-of-use of assets and intangible assets	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Software and consulting	1 033	865	2 977	1 999
Security solutions	-	518	-	-
Unified communications	6 759	1 222	63 921	1 177
Health care	3 920	2 115	6 556	7 953
Tracking solutions	7 229	6 284	97	1 705
Managed services	52 374	62 763	162 352	22 015
Total	71 315	73 767	235 903	34 849

Non-current assets held for sale

Management made the decision to dispose of the investment in Puleng which falls into the Security Solutions division. This investment has been classified as held for sale as at 31 August 2021.

43. GROUP SEGMENTAL REPORT (continued)

Fishing and brands:

The information reported for the purposes of assessment of segment performance and resource allocation focuses on the products sold or services rendered by the Group. No operating segments have been aggregated in arriving at the reportable segments of the Group. Services revenue segments consists of Rendering of Services and Cold Storage rental revenue.

The Group's reportable segments under IFRS 8 are as follows:

- Fishing:**
- Lobster
 - Pelagics
 - Hake
 - Squid
- Aquaculture:**
- Aquaculture
 - Seagro
- Services:**
- Processing and marketing
 - Cold storage

	Segmental revenue		Segmental gross profit	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Lobster	170 723	165 703	28 301	40 140
Pelagics	93 530	70 675	24 985	20 634
Hake	33 049	21 583	7 575	1 902
Squid	206 245	141 379	62 656	32 442
Aquaculture	35 108	26 785	(6 183)	(1 853)
Cold storage	10 412	8 821	3 105	2 730
Seagro	10 155	7 009	4 797	3 444
Processing and marketing	15 893	11 939	8 278	225
Total	575 115	453 894	133 514	99 664
Administration and support services			(119 989)	(100 129)
Fair value gains			1 058	12 717
Interest income			8 255	14 611
Finance cost			(5 251)	(9 433)
Total revenue and profit before taxation	575 115	453 894	17 587	17 430

43. GROUP SEGMENTAL REPORT (continued)

	2021 R'000	2020 R'000
Segmental assets		
Lobster	66 877	83 920
Pelagics	108 882	112 907
Hake	5 030	7 832
Squid	162 587	161 577
Aquaculture	325 046	307 097
Cold storage	1 465	1 077
Seagro	3 840	3 653
Processing and marketing	1 610	18 950
Administration and support services	323 910	327 367
Total segmental assets	999 247	1 024 380
Unallocated	22	29
Total consolidated assets	999 269	1 024 409
	2021 R'000	2020 R'000
Segmental liabilities		
Lobster	12 241	22 115
Pelagics	9 929	4 759
Hake	5 098	4 114
Squid	14 239	10 799
Aquaculture	16 331	6 591
Processing and marketing	2 723	9 862
Administration and support services	53 455	71 781
Total segmental liabilities	114 016	130 021
Unallocated	124 674	124 191
Total consolidated liabilities	238 690	254 212

43. GROUP SEGMENTAL REPORT (continued)

	Depreciation and armotisation		Additions to property, plant and equipment	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Lobster	3 933	6 744	6 255	15 095
Pelagics	7 404	5 140	6 226	13 575
Hake	71	-	2 815	-
Squid	8 079	19 611	3 103	2 102
Aquaculture	3 830	2 041	15 500	31 714
Cold storage	32	32	-	-
Seagro	43	43	-	-
Processing and marketing	2	2	-	-
Administration and support services	4 988	9 103	1 243	2 924
Total	28 382	42 716	35 142	65 410

Geographical information

The Group operates in South Africa.

The Group's revenue from external customers by location of the customers is detailed below:

	2021 R'000	2020 R'000
United States of America	120 521	122 404
Europe	239 595	159 753
Far East	66 399	58 421
South Africa	148 600	113 316
Total revenue	575 115	453 894

Information about major customers

There are two major customers that have provided more than 10% of the company's revenue. These two customers pertain to 2 separate sectors and are shown below:

	2021	2020	Segment
Customer 1	R138 million	R118 million	Lobster
Customer 2	R68 million	R71 million	Pelagic

44. INFORMATION ON SUBSIDIARIES

	Effective % held	Effective % held	Nature of business
AEEI Asset Managements (Pty) Ltd	100	100	Dormant
AEEI Corporate Finance (Pty) Ltd	100	100	Financial advisory
AEEI Financial Services (Pty) Ltd	100	100	Dormant
AEEI Health and Biotherapeutics (Pty) Ltd	100	100	Dormant
AEEI Investments (Pty) Ltd	100	100	Dormant
AEEI Marine and Fishing (Pty) Ltd	100	100	Dormant

44. INFORMATION ON SUBSIDIARIES (continued)

	Effective % held	Effective % held	Nature of business
AEEI Properties (Pty) Ltd	100	100	Properties
AEEI Strategic Investments (Pty) Ltd	100	100	Dormant
AEEI Technology Solutions Ltd	100	100	Dormant
African Biotechnological and Medical Innovations Investments (Pty) Ltd	100	100	Biotechnology investments
Afrinat (Pty) Ltd (previously known as Wynberg Pharmaceuticals (Pty) Ltd)	100	100	Health
Atlantic Fishing Enterprises (Pty) Ltd	100	100	Fishing
AYO Technology Solutions Ltd	49.36	49.36	IT investment
AYO International Holdings (Pty) Ltd	49.36	49.36	Technology
Bioclones (Pty) Ltd	74	74	Biotechnology investments
Bowwood and Main No. 180 (Pty) Ltd	60	60	Investment holding
Business Venture Investment No 1581 (Pty) Ltd	100	100	Investments in food
Chapmans Peak Fisheries (Pty) Ltd	100	100	Fishing
AEEI Events and Tourism (Pty) Ltd	100	100	Events
Global Command and Control Technologies(Pty) Ltd	76	-	Technology
Integrated Bioworks (Pty) Ltd	100	100	Biotechnology investments
John Overstone Ltd	100	100	Dormant company
John Quality (Pty) Ltd	100	100	Dormant company
Kalula Communications (Pty) Ltd	76	25.17	Communications
Kilomax (Pty) Ltd	100	100	Investment in telecommunication
Kuttlefish (SA) (Pty) Ltd	100	100	Dormant company
Magic 828 (Pty) Ltd	60	60	Radio Station
Mainstreet 1653 (Pty) Ltd	60	80	Investment holding
Marine Growers (Pty) Ltd	100	100	Fishing
Opispex (Pty) Ltd	65	65	Leasing of broadcast and studio equipment
Orleans Cosmetics (Pty) Ltd	90	90	Health and beauty
Puleng Technologies (Pty) Ltd	49.36	28.14	Fishing
Premier Fishing and Brands Ltd	56.23	55	Fishing
Premier Fishing (SA) (Pty) Ltd	100	100	Fishing
Premfresh Seafood (Pty) Ltd	100	100	Fishing
Sekunjalo Empowerment Fund (Pty) Ltd	100	100	Empowerment initiatives Enterprise development
Sekunjalo Enterprise Development (Pty) Ltd	100	100	initiatives
Sekunjalo Medical Services (Pty) Ltd	49.36	49.36	IT Investment
Software Tech Holdings (Pty) Ltd (previously Saratoga Software (Pty) Ltd)	42.59	21.02	Information technology
Software Tech Holdings (Pty) Ltd	21.02	21.02	Information technology
South Atlantic Jazz Festival (Pty) Ltd	100	100	Media
Tripos Travel (Pty) Ltd	100	100	Travel
Tshwaranang Media (Pty) Ltd	100	100	Dormant
Zaloserve (Pty) Ltd	55	30.25	Information technology

45. FINANCIAL ASSETS BY CATEGORY

Financial assets exposed to credit risk at period end were as follows:

	2021 R'000	2020 R'000
Other financial assets	645 844	631 039
Trade and other receivables	518 141	783 354
Finance lease receivables	36329	43324
Cash and cash equivalents	2 343 886	3 357 973

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

Group - 2021

	At amortised cost R'000	Fair value through profit or loss - designated R'000	Total R'000
Trade and other receivables	518 141		518 141
Other financial assets	471 760	174 084	645 844
Cash and cash equivalents	2 343 886		2 343 886
	3 333 787	174 084	3 507 871

Group - 2020

	At amor- tised cost R'000	Fair value through profit or loss - desig- nated R'000	Total R'000
Trade and other receivables	783 354	-	783 354
Other financial assets	357 249	273 789	631 038
Cash and cash equivalents	3 357 973	-	3 357 973
	4 489 576	273 789	4 772 365

Financial liabilities by category Group - 2021

	At amortised cost R'000	Total R'000
Other financial liabilities	47 594	47 594
Trade and other payables	358 438	358 438
Bank overdraft	7	7
	406 032	406 032

45. FINANCIAL ASSETS BY CATEGORY (continued)

Group – 2020

	At amor- tised cost R'000	Total R'000
Other financial liabilities	25 679	25 679
Trade and other payables	558 468	558 468
Bank overdraft	5 385	5 385
	589 532	589 532

46. COMMITMENTS

Authorised capital expenditure already contracted for but not provided for

	2021 R'000	2020 R'000
Authorised by directors and not yet contracted for	32 000	20 000
This committed expenditure relates to the abalone farm expansion and will be financed by available finance resources	32 000	20 000
Minimum lease payments due		
Minimum lease payments due		
- within one year	-	3 204
- in second to fifth year inclusive	-	-
- later than five years	-	-
	-	3 204

47. BUSINESS COMBINATIONS

In 2020 AYO completed the acquisition of a 100% shareholding in NSX Solutions Consulting (Pty) Ltd (“NSX”) on 17 October 2019 for a consideration of R500 000. A loan of R850 000 was extended to NSX. NSX is a company which provides cloud computing solutions.

AYO completed the acquisition of a 100% shareholding in Kathea Communications on 16 March 2021, with an effective date of 1 March 2021, for a consideration of R59.8 million plus a contingent consideration of R30 million. Kathea Communications is a value-added distributor of voice, audio visual, video conferencing and workspace management products solutions and services and represents some of the top brands in the communication, collaboration, audio visual and workspace technology arenas. Kathea Communications’ brand offering includes Jabra, Poly, CTouch, Logitech and Yealink, amongst others.

47. BUSINESS COMBINATIONS (continued)

The fair values of the identifiable assets and liabilities acquired are shown below:

	2021 R'000	2020 R'000
Property, plant and equipment	691	35
Right of use asset	2 451	-
Intangible Assets	62 012	48
Deferred tax liabilities	(12 673)	-
Finance lease receivable	2 095	-
Inventories	18 077	-
Loans receivable		119
Trade and other receivables	21 622	30
Value added tax receivable		2
Current tax (payable) / receivable	(911)	3
Cash and cash equivalents	5 778	313
Other financial liabilities	(11 488)	-
Lease liabilities	(2 576)	-
Deferred income		(29)
Loans payable		(347)
Trade and other payables	(28 993)	(319)
Provisions	(2 291)	-
Dividend payable	(4 000)	-
Bank overdraft	(1 490)	-
Total identifiable net assets	48 304	(145)
Goodwill	35 715	645
Net cash (outflow)/inflow on acquisition date	84 019	500
Acquisition date fair value of consideration paid		
Cash consideration paid		
Cash consideration paid	(59 791)	(500)
Cash acquired	4 288	313
Net cash outflow	(55 503)	(187)

Goodwill

Goodwill recognised on acquisition relates to the expected synergies and economies of scale expected from combining the operations of the entities which cannot be separately recognised as an intangible asset.

Impact of the acquisitions on the Group results

Revenue of R9 2897 000 and profit after tax of R5 453 000 have been included in the Group's results since the date of acquisition.

48. FAIR VALUE INFORMATION

Fair value hierarchy

Financial assets, financial liabilities and non-financial assets measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement as follows:

Level 1: Quoted unadjusted prices in active markets for identical assets or liabilities that the group can access at measurement date.

Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

The following table shows the carrying amounts and fair values of financial assets and non-financial assets measured at fair value, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Assets and Liabilities	Valuation Method R'000	Fair Value hierarchy level R'000	2021	2020
			R'000	R'000
Listed Investments		1	48 650	38 974
Unlisted Investments				
SGD	Discounted cash flow	3		150 000
African Legend	Discounted cash flow	3	12 325	9 841
Cadiz	Investor statement	2	1 005	9 702
Bambelela	Percentage of net asset value	3	91 408	31 139
Other	Percentage of net asset value	3	-	864
4Plus	Discounted cash flow	3	19 818	31 782
Vunani	Discounted cash flow	3	116 983	1 487
Financial instrument				
Financial assets				
Abalone	Fair value less cost to sell	3	95 910	84 436
Non-financial instruments				
Intangible assets acquired through business combinations				
Brands	Percentage of net asset value	3	11 850	-
Distribution rights	Percentage of net asset value	3	50 162	-
Financial liabilities				
Contingent consideration liability	Discounted cash flow	3	24 228	5 097
Other financial liabilities	Discounted cash flow	3	2 136	887
			474 475	364 210

The fair value adjustments are recognised directly in profit and loss.

The fair value of Level 3 investments and contingent consideration liabilities is calculated using discounted cash flow. Key inputs used in measuring fair value of these investments include projected financial forecasts, terminal growth rate and discount rate. Key inputs used in measuring fair value of contingent consideration liabilities include current forecast of the extent to which management believe performance criteria will be met, discount rates reflecting the time value of money and contractually specified earn-out payments. Level 2 investments' fair value is determined using the investor's statement approach.

48. FAIR VALUE INFORMATION (continued)
Levels of fair value measurements

Level 1

Recurring fair value measurements

Assets	Note(s)	2021 R'000	2020 R'000
Financial assets designated at fair value through profit (loss)	10		
Investment in listed public companies		48 650	38 974
Level 2			
Other financial assets - designated at fair value through profit / (loss)			
Cadiz Investments Enterprise Development Fund		1 005	9 702
Level 3			
Recurring fair value measurements			
Biological assets			
Abalone		95 910	84 436
Assets held for sale		59 790	-

* The value is based on the value of the portfolio as indicated on the investor statement

	Note(s)	2021 R'000	2020 R'000
Financial assets designated at fair value through profit (loss)	10		
Listed shares		48 650	-
Investments in unlisted private companies		262 024	190 841
Investments in unlisted public companies		12 325	9 841
Total financial assets designated at fair value through profit (loss)		322 999	233 330
Liabilities			
Financial liabilities at fair value through profit (loss)	21		
Other financial liabilities		2 136	887
Contingent consideration liability		24 228	5 097
Total financial liabilities at fair value through profit (loss)		26 364	5 984

48. FAIR VALUE INFORMATION (continued)

Transfers of assets and liabilities within levels of the fair value hierarchy

Reconciliation of assets and liabilities measured at level 3

Note(s)	Opening balance R'000	Gains/ (losses) recognised in profit/ (loss) R'000	Purchases R'000	Disposals R'000	Transfers out of level 3 to IAS 38 Cost Model R'000	Closing balance R'000
Group – 2021						
Assets						
Biological assets						
Abalone	84 436	26 084	-	(14 610)		95 910
Non-financial assets						
Intangible assets						
Fishing quotas	-					-
Licences and technologies	-					-
Brands, patents and trademarks	11 850				(11 850)	-
Software development	50 162				(50 162)	-
Customer lists	-					-
Shopping malls	-					-
Total intangible assets	62 012				(62 012)	-
Financial assets designated at fair value through profit (loss)						
10						
Listed shares	40 462		8 188			48 650
Investments in unlisted private companies	223 489		38 535			262 024
Investments in unlisted public companies	9 841	2 484				12 325
Total financial assets designated at fair value through profit (loss)	273 792	2 484	46 723	-	-	322 999

48. FAIR VALUE INFORMATION (continued)

Reconciliation of assets and liabilities measured at level 3

	Note(s)	Gains/ (losses) recognised		Purchases R'000	Disposals R'000	Transfers out of level 3 R'000	Closing balance R'000
		Opening balance R'000	in profit/ (loss) R'000				
Liabilities							
Financial liabilities at fair value through profit (loss)							
Other financial liabilities	21	887					2 136
Contingent consideration liability		5 097	(4 544)	24 228	(553)		24 228
Total financial liabilities at fair value through profit (loss)		5 984	(4 544)	24 228	(553)	-	26 364
Group – 2020							
Assets							
Biological assets							
Abalone		83 260	19 749	990	(19 563)	-	84 436
Non-financial assets							
Intangible assets							
Fishing quotas		4 157	-	-	-	(4 157)	-
Licences and technologies		4 151	-	-	-	(4 151)	-
Brands, patents and trademarks		7 344	-	-	-	(7 344)	-
Software development		12 829	-	-	-	(12 829)	-
Customer lists		76 034	-	-	-	(76 034)	-
Shopping malls		9 876	-	-	-	(9 876)	-
Total intangible assets		114 391	-	-	-	(114 391)	-
Financial assets designated at fair value through profit (loss)							
Listed shares		23 954	16 508	-	-	-	40 462
Investments in unlisted private companies		209 118	(98 794)	113 333	(188)	-	223 489
Investments in unlisted public companies		36 113	(26 272)	-	-	-	9 841
Total financial assets designated at fair value through profit (loss)		269 185	(108 558)	113 353	(188)	-	273 792
Liabilities							
Financial liabilities at fair value through profit (loss)							
Other financial liabilities		39 297	-	(38 410)	-	-	887
Contingent consideration liability		44 977	1 237	(36 169)	-	(4 948)	5 097
Total financial liabilities at fair value through profit (loss)		84 274	1 237	(74 579)	-	(4 948)	5 984

48. FAIR VALUE INFORMATION (continued)

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

Financial assets that are not measured at fair value, namely trade and other receivables, cash and cash equivalents and loans receivable are categorised as loans and receivables. It has been concluded that the carrying amounts of these assets approximate their fair values. Refer to notes 10, 15 and 16.

Financial liabilities that are not measured at fair value, namely trade and other payables and other financial liabilities are categorised as other financial liabilities. It has been concluded that the carrying amount of these liabilities approximate their fair values. Refer to notes 21 and 24. Gains and losses recognised in profit or loss are included in Other income on the Statement of Comprehensive Income, except for gains and losses on financial assets and liabilities which have been included in fair value adjustments.

Information about valuation techniques and inputs used to derive level 3 fair values

Other financial assets

The valuation method in other financial assets is determined by using the discounted cash flow technique. A capital asset pricing model is used in which the present value of the expected cash flows of the investment are determined. The expected cash flows are determined by considering the current and planned operational activities of each investment.

The key unobservable inputs, together with the weighted average range of probabilities, are as follows:

Significant Assumptions	2021	2020
Weighted average cost of capital	18,75%-24%	14.7% - 25.2%
Target debt/equity ratio	0%-43%	0 - 54.5%
Beta	0.53-1,12	0.65 - 1.2
Specific risk premium	0,5%-4%	1.7% - 6.3%
Terminal growth rate	0% -4,5%	2%

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

	2021	2020
	R'000	R'000
Cost of debt	1 290	1 008
Beta	164	144
Weighted average cost of capital	3 864	3 600
Specific risk premium	6 057	2 304
Target debt/equity ratio	(1 604)	(3 312)
Terminal growth rate	(1 866)	(3 750)

Valuation processes applied by the Group

The fair values are performed by the Group's corporate finance department and independent external valuers, on a quarterly basis. The corporate finance department reports to the Group's Chief Investment Officer (CIO). The valuation reports are discussed with the Audit committee in accordance with the Group's reporting policies.

49. DIVIDEND PAYABLE

A final dividend of 10cents per share was approved by the Board of directors in respect of financial year ended 31 August 2021. The dividend is payable on 3 January 2022 to shareholders recorded in the register of the Company at close of business on 31 December 2021.

50. GOING CONCERN

Following the COVID-19 virus pandemic, certain financial pressures was placed onto certain divisions within the Group. After reviewing the updated cash flow forecasts and cost cutting measures implemented by the divisions, the directors believe that the Group still has adequate financial resources to continue in operation for the foreseeable future and accordingly the consolidated annual financial statements have been prepared on a going-concern basis. Some of the measures that have been implemented to mitigate the risks arising from this *force majeure* event and to enable the Group to remain sustainable include:

- reduction of staff and management salaries;
- suspension of provident and pension fund contributions;
- reduction of stock purchases;
- negotiations with suppliers for extended credit terms ranging for up to six months;
- temporary deferral or reductions in lease payments; and
- other costs reductions.

The directors are not aware of any new material changes, except for the COVID-19 pandemic that may economically impact the Group. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the Group.

51. EVENTS AFTER THE REPORTING PERIOD

On 1 November 2021, AYO concluded an asset for share agreement in which AYO disposed of its 100% shareholding in Puleng Technologies Proprietary Limited (“Puleng”) for a consideration of R20 million in exchange for redeemable and cumulative preference shares from the purchaser for a total consideration of R20 million. Puleng is a cyber security company which focuses on the development of efficient Governance, Risk and Compliance (GRC) programmes and providing data centre infrastructure which effectively protects sensitive client data.

On 23 September 2021, AYO subscribed for 30% of ordinary shares in Crealpha Proprietary Limited (“Crealpha”) for a nominal amount. As part of the shareholders agreement AYO has also provided Crealpha with a R30 million working capital loan to enable the company’s expansion. Crealpha is a cloud data services business that enables the Group to expand its service offering as part of the Group’s go-to-market strategy

On 1 October 2021, AYO subscribed for an additional 30 ordinary shares in 4Plus Technology Venture Fund Africa Proprietary Limited (“4Plus”) for a subscription price of R24 million. AYO now holds a total of 28% of the ordinary shares in issue of 4Plus.

On 11 October 2021, AYO subscribed for 25% of ordinary shares in AOH Enterprises Proprietary Limited (“AOH”) for a subscription price of R2 850 000. AOH Enterprises specializes in property technology and allows AYO to be a part of a rising disruptive technology.

On 30 September 2021, the South African President announced that a number of South Africa's lockdown regulations which came about as a result of the global Covid-19 pandemic will be relaxed as the country moves to a level 1 lockdown from 1 October 2021. Management has assessed this as a non-adjusting event after reporting period. The Company has been able to operate during the lockdown period when stricter restrictions were imposed. As at the date of issue of these reviewed provisional condensed financial results, management has assessed that this event currently has a negligible anticipated impact on the operations and financial position of the Company for the foreseeable future.

AYO from the 1 November 2021, no longer controls GCCT as it no longer has majority representation of directors on the board of GCCT. GCCT is now controlled by African Equity Empowerment Investments Limited

On 26 November 2021 the Group disposed of the licensing rights of the Naviga software systems to LMLS shared solutions (Pty) Ltd for a consideration of R22.3 million subject to certain conditions precedent being met. At the time of publication of these results these conditions precedent were not yet met.

A final dividend of 10 cents per share was approved by the board of directors of AEEI ("Board") in respect of the financial year ended 31 August 2021. The dividend is payable on 3 January 2022 to shareholders recorded in the register of the Company at close of business on 31 December 2021.

52. NON-CURRENT ASSETS HELD FOR SALE

The management of AYO decided to dispose of the investment in Puleng on 23 August 2021. Puleng's assets and liabilities were therefore reclassified to non-current assets held for sale on 23 August 2021. Puleng was categorised as part of technology segment.

The sale was subsequent to year end but before the date of publication of the results.

The following assets and liabilities were reclassified as held for sale as at 31 August 2021:

Assets classified as held for sale

	2021 R'000	2020 R'000
Property, plant and equipment	430	-
Right of use asset	2 037	-
Deferred tax	842	-
Trade and other receivables	54 835	-
Other financial assets	640	-
Cash and cash equivalent	1 006	-
Total assets of asset held for sale	59 790	-
Liabilities directly associated with assets classified as held for sale		
Lease liabilities	1 921	-
Trade and other payables	21 475	-
Taxation	257	-
Total liabilities of liabilities held for sale	23 653	-

52. NON-CURRENT ASSETS HELD FOR SALE (continued)

	2021 R'000
Cash flow statement	
Cash flows from operating activities	
Cash receipts from customers	211 887
Cash paid to suppliers and employees	(237 447)
Cash generated/(utilised) in operations	25 559
Finance income	247
Finance costs	(263)
Tax paid	2 511
Net cash from operating activities	(28 087)
Cash flows from investing activities	
Acquisition of property, plant and equipment	(208)
Proceeds from the disposal of property, plant and equipment	48
Amounts repaid from other financial assets	160
Funds advanced in Trusts	(6 880)
Net cash to investing activities	(6 881)
Cash flows from financing activities	
Lease liabilities repayments	(219)
Net cash to financing activities	(219)
Total cash movement for the period	(35 186)
Cash at the beginning of the period	36 193
Total cash at the end of the period	1 006

53. DIVIDENDS PAID

	2021 R'000	2020 R'000
Balance at beginning of the year	(12 696)	(8 406)
Dividends declared	(248 840)	(78 578)
Unclaimed dividends held in trust	(26 693)	-
Balance at end of the year	40 947	12 696
	(247 282)	(74 288)

Dividends are distributed out of capital reserves.

54. CONTINGENCIES

On 31 May 2019 AYO received a summons issued by the Public Investment Corporation (“PIC”) and Government Employees Pension Fund (“GEPF”). The summons seeks a declaration that the subscription agreement entered into by the PIC with AYO be declared unlawful and set aside and that AYO be ordered to pay the PIC R4.3 billion together with interest of 10.25% per annum accrued from 22 December 2017 to date of final payment. AYO has instructed its attorneys to oppose the action.

The Company has since been reconfigured into a technology holding company and will be able to continue to trade as such through the portfolio of investments it holds should the PIC and GEPF be successful in their application. Certain subsidiaries of AYO have been in existence for more than 20 years, delivering both satisfactory trading performance and dividend income for AYO.

These subsidiaries are expected to continue trading at an optimal level independent of the PIC funding.

There is a pending defamation claim by Magda Wierzycka against AYO and six others in the Western Cape High Court. The claim is for the amount of R3 million, together with costs. AYO is contesting the claim. Based on legal advice, it is highly probable the Group will be successful in the cases that the matters are heard in court, therefore no provision is recognised.

Options

The share sale agreements for Mainstreet and GCCT give AYO the option to sell its 40% shareholding in Main Street and its 24% shareholding in GCCT to AEEI at a price defined by a formula in the share sale agreements (“AYO put options”). The AYO put option for Main Street has been valued at nil as at 31 August 2021 (2020: nil), and the AYO put option for GCCT has been valued at nil as at 31 August 2021 (2020: nil). The options are exercisable between two to four years from the date of purchase of Main Street and GCCT.

As at 31 August 2021, the minimum period of two years from date of purchase had not elapsed. The asset is not recognised as the recognition criteria of an asset is not met, due to the inflow of economic benefits not being probable.