ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 AUGUST 2018

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements have been prepared in accordance with the IFRS, SAICA financial reporting guides issued by the Accounting Practices Committee, the Financial Reporting Procurements as issued by the Financial Reporting Standards Council, the requirements of the Companies Act, as amended, and the JSE Listings Requirements.

The annual financial statements have been prepared on the historical cost basis, except where otherwise stated and incorporate the principal accounting policies set out below.

The accounting policies are consistent with the previous year, except for the new disclosure relating to IAS7.44A-44E initiative.

Adoption of new and revised standards

Amendment to IAS 7 – Cash Flow Statements, paragraph 44A to 44E has been adopted in this year.

1.1 CONSOLIDATION

Basis of consolidation

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

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

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

The difference between the fair value of consideration paid or received and the movement in non-controlling interest for such transactions is recognised in equity attributable to the owners of the parent.

Where a subsidiary is disposed of and a non-controlling shareholding is retained, the remaining investment is measured to fair value with the adjustment to fair value recognised in profit or loss as part of the gain or loss on disposal of the controlling interest.

Business combinations

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

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

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

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

ACCOUNTING POLICIES (continued)

FOR THE YEAR ENDED 31 AUGUST 2018

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS (continued)

1.1 CONSOLIDATION (continued)

Business combinations (continued)

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

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

Goodwill or gain on an acquisition is determined as the consideration paid, plus the fair value of any shareholding held prior to obtaining control, plus non-controlling interest and less the fair value of the identifiable assets and liabilities of the acquiree. Goodwill is tested on an annual basis for impairment. If goodwill is assessed to be impaired, that impairment is not subsequently reversed.

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

On disposal of a subsidiary, associate or joint venture to which goodwill was allocated on acquisition, the amount attributable to such goodwill is included in the determination of the profit or loss for the period in which the relevant investment is disposed.

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

Investment in associates

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

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

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

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

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

ACCOUNTING POLICIES (continued)

FOR THE YEAR ENDED 31 AUGUST 2018

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS (continued)

1.1 CONSOLIDATION (continued)

Investment in associates (continued)

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

Joint arrangements

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

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

Joint ventures

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

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

Joint operations

The Company recognises the following in relation to its interest in a joint operation:

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

1.2 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

Trade receivables and loans and receivables

The Group assesses its trade receivables and loans and receivables for impairment at each statement of financial position date. In determining whether an impairment loss should be recorded in the statement of comprehensive income, the Group makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

ACCOUNTING POLICIES (continued)

FOR THE YEAR ENDED 31 AUGUST 2018

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS (continued)

1.2 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY (continued)

Property, plant and equipment

The Group assesses the useful lives, depreciation rates and residual value of these assets at each reporting date. These estimates take cognisance of current market and trading conditions for the Group's specific assets. In addition, the useful life estimates take into account the risk of obsolescence due to advances in technology.

Intangible assets

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

Biological assets

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

Allowance for slow moving, damaged and obsolete inventory

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

Intangible assets – estimated useful life of licence and distribution rights

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

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

Impairment testing

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

The recoverable amount is the greater of value in use and fair value less costs to sell.

The recoverable amount of the cash-generating units has been determined based on a value-in-use calculation. Key assumptions applied to determine the recoverable amount of the cash-generating units, using the value-in-use calculation relating to sales growth rates, working capital requirements and capital expenditure. Cash flow projections were based on historical information and financial budgets approved by senior management covering a five-year period.

ACCOUNTING POLICIES (continued)

FOR THE YEAR ENDED 31 AUGUST 2018

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS (continued)

1.2 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY (continued)

Impairment testing (continued)

The following assumptions were utilised:

Fishing and brands division

Pre-tax discount rates: 15% – 23%
Number of years: 5
Growth rate: 4.5%

Events and tourism division

Pre-tax discount rates: 19% – 30%
Number of years: 5
Growth rate: 4.5%

Technology division (prior year)

Pre-tax discount rates: 16% – 25%
Number of years: 5
Growth rate: 4.5%

Health and beauty division

Pre-tax discount rates: 15% – 26%
Number of years: 5
Growth rate: 4.5%

Biotechnology division

Pre-tax discount rates: 26% – 30%
Number of years: 5 – 10
Growth rate: 4.5%

Normal taxation and deferred tax

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The Group recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the Group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income were based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets recorded at the statement of financial position date could be impacted.

Investments in subsidiaries

Valuation method

An entity discounted cash flow (DCF) valuation technique is used for all unlisted investments. Price/earnings and dividend yield valuations are not used as a primary method due to a lack of sufficient comparable information and are thus only used as a secondary review.

Application of methodology

Free cash flow (FCF) forecasts are prepared year by year for a minimum of a three-year period and, for high-growth companies, year-by-year forecasts for a period of five years are prepared, where after a terminal value will be calculated.

Terminal value growth rates

When calculating the terminal value, growth rates in excess of the current inflation rate are not utilised. Real growth beyond 10 years is not likely, and even if likely, is difficult to forecast with any certainty.

ACCOUNTING POLICIES (continued)

FOR THE YEAR ENDED 31 AUGUST 2018

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS (continued)

1.2 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY (continued)

Investments in subsidiaries (continued)

Terminal values

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

Discount rate

Free cash flows are discounted at the Company's weighted average cost of capital (WACC), being the weighted cost of equity (as determined using the capital asset pricing model (CAPM)) and the weighted after-tax cost of debt.

Risk-free rate

The risk-free rate utilised is the current yield on long-term government bonds. For purposes of the valuations the R186 government bond has been used. These yields were obtained from the financial press at the time of preparing the valuations.

Beta

The equally weighted average of the relevant industry betas together with professional judgement is used. The betas are calculated over a five-year period (where possible). This is assumed to provide a fair estimate of the Group's recent market risk.

Market risk premium

A market risk premium was utilised in all valuations.

Value of equity

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

Fair value determination

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

Subsidiaries consolidated when less than 50% interest is held

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

The Group has consolidated entities in which it holds less than 50% where of additional voting powers were granted to the parent company in the shareholders' agreement.

Investment in equity-accounted investments

Losses from equity-accounted investments in excess of the Group's interest are recognised only to the extent that the Group has incurred a legal or constructive obligation to make payments on behalf of the investments held in equity-accounted investments. Additionally, an investment in an associate is recognised when the Group has the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

ACCOUNTING POLICIES (continued)

FOR THE YEAR ENDED 31 AUGUST 2018

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS (continued)

1.2 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY (continued)

Investment in equity accounted investments (continued)

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

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

1.3 PROPERTY, PLANT AND EQUIPMENT

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

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

Item	Average useful life
Broadcast mast	10 years
Buildings	5 – 40 years
Computer equipment	1-8 years
Computer software	2 – 5 years
Furniture and fixtures	2 – 20 years
Laboratory equipment	8 years
Land	Indefinite
Leasehold improvements	5 – 40 years
Motor vehicles	5 – 10 years
Office equipment	3 – 21 years
Pharmaceutical books	3 – 7 years
Plant and machinery	1 – 36 years
Studio equipment	5 years
Vessels	3 – 32 years

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

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

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

ACCOUNTING POLICIES (continued)

FOR THE YEAR ENDED 31 AUGUST 2018

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS (continued)

1.4 BIOLOGICAL ASSETS

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

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

1.5 INTANGIBLE ASSETS

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

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

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

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

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

Software development costs, which are generated internally, are initially measured at cost, being all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in the manner intended by management, and are subsequently carried at cost after taking into account any accumulated amortisation and accumulated impairment losses, where applicable.

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

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

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

ACCOUNTING POLICIES (continued)

FOR THE YEAR ENDED 31 AUGUST 2018

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS (continued)

1.5 INTANGIBLE ASSETS (continued)

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

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

1.6 FINANCIAL INSTRUMENTS

Initial recognition and measurement

The Group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

The Group's principal financial assets are various investments, loans receivable, trade and other receivables and bank and cash balances. The Group's principal financial liabilities are interest-bearing and non-interest-bearing loans payable, trade and other payables and bank overdrafts.

Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes party to the contractual provisions of the instrument.

Derecognition of financial assets and financial liabilities

Financial assets or parts thereof are derecognised when:

- the right to receive the cash flows has expired;
- the right to receive the cash flows is retained, but an obligation to pay them to a third party under a "pass-through" arrangement is assumed; or
- the Group transfers the right to receive the cash flows, and also transfers either all the risks and rewards, or control over the asset.

Financial liabilities are derecognised when the obligation is discharged, cancelled or expired.

Financial instruments designated as at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets designated as at fair value through profit or loss. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term.

Investments are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the time frame established by the market concerned.

Investments are measured initially and subsequently at fair value. Gains and losses arising from changes in fair value are included in profit or loss for the period.

Transaction costs are recognised in profit or loss. Dividend income is recognised in the statement of comprehensive income as part of other income when the Group's right to receive payment is established. In the Company, dividend income is recognised as part of revenue.

Listed financial instruments are valued using the last traded price before reporting date. No adjustments have been made to the last traded price.

ACCOUNTING POLICIES (continued)

FOR THE YEAR ENDED 31 AUGUST 2018

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS (continued)

1.6 FINANCIAL INSTRUMENTS (continued)

Loans to/(from) Group companies

These include loans to and from holding companies, fellow subsidiaries, subsidiaries, joint ventures and associates and are recognised initially at fair value plus direct transaction costs.

Subsequently these loans and receivables are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts.

On loans receivable, an impairment loss is recognised in profit or loss when there is objective evidence that it is impaired. The impairment is measured as the difference between the loan's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Impairment losses are reversed in subsequent periods when an increase in the recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the loan at the date the impairment is reversed shall not exceed what the amortised cost would have been, had the impairment not been recognised.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value plus transaction costs, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Trade and other receivables are classified as loans and receivables.

Trade and other payables

Trade payables are initially measured at fair value plus transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs.

ACCOUNTING POLICIES (continued)

FOR THE YEAR ENDED 31 AUGUST 2018

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS (continued)

1.6 FINANCIAL INSTRUMENTS (continued)

Derivatives

Derivative financial instruments, which are not designated as hedging instruments, consisting of foreign exchange contracts and interest rate swaps, are initially measured at fair value on the contract date, and are remeasured to fair value at subsequent reporting dates.

Changes in the fair value of derivative financial instruments are recognised in profit or loss as they arise.

Derivatives are classified as financial assets at fair value through profit or loss – held for trading.

1.7 TAX

Current tax assets and liabilities

The tax expense for the year comprises current and deferred tax. Taxation is recognised in profit or loss.

The current income tax charge is calculated on the basis of tax laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities

Deferred taxation is provided for at the tax rates that are expected to apply in the period in which the liability is settled on the asset realised, based on tax rates enacted or substantively enacted by the reporting date.

A full provision is made for all the temporary differences between the tax base of an asset or liability and its carrying amount.

Where the tax effects of temporary differences arising from computed tax losses give rise to a deferred tax asset, the asset is recognised only to the extent that future taxable profit will be probable against which the tax losses can be utilised.

1.8 LEASES

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

Finance leases – lessee

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

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease. The lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate on the remaining balance of the liability.

Operating leases – lessor

Operating lease income is recognised as an income on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Any contingent rents are expensed in the period they are incurred.

ACCOUNTING POLICIES (continued)

FOR THE YEAR ENDED 31 AUGUST 2018

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS (continued)

1.9 INVENTORIES

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

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

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

1.10 NON-CURRENT ASSETS HELD FOR SALE AND DISPOSAL GROUPS

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

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

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

1.11 IMPAIRMENT OF ASSETS

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

Irrespective of whether there is any indication of impairment, the Group also:

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

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

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

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

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

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

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

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

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

ACCOUNTING POLICIES (continued)

FOR THE YEAR ENDED 31 AUGUST 2018

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS (continued)

1.11 IMPAIRMENT OF ASSETS (continued)

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

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

1.12 SHARE CAPITAL AND EQUITY

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

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

1.13 EMPLOYEE BENEFITS

Defined contribution plans

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

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

Other employee benefits

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

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

1.14 PROVISIONS AND CONTINGENCIES

Provisions are recognised when:

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

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

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

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

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

ACCOUNTING POLICIES (continued)

FOR THE YEAR ENDED 31 AUGUST 2018

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS (continued)

1.15 REVENUE

Included in revenue are net invoiced sales to customers for goods delivered, where title has passed. The revenue is raised excluding value added tax (VAT).

Management fees, performance fees and royalties are recognised on an accrual basis in accordance with the substance of the relevant agreements.

Cash dividends and the full cash equivalent of the dividends are recognised when the right to receive payment or transfer is established.

Interest is recognised on a time proportion basis, taking into account the principal outstanding debt and the effective rate over the period to maturity of the debt. The interest is accrued for when it becomes due to the Group and the Company.

Service revenue is recognised by reference to the stage of completion of the transaction at the statement of financial position date. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and VAT:

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

1.16 COST OF SALES

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

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

1.17 BORROWING COSTS

All other borrowing costs are recognised as an expense in the period in which they are incurred.

1.18 TRANSLATION OF FOREIGN CURRENCIES

Foreign currency transactions

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

At the statement of financial position date:

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

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

ACCOUNTING POLICIES (continued)

FOR THE YEAR ENDED 31 AUGUST 2018

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS (continued)

1.18 TRANSLATION OF FOREIGN CURRENCIES (continued)

Foreign currency transactions (continued)

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

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

1.19 SEGMENTAL ANALYSIS

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

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

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

Business segments comprise the following which is aggregated upon consolidation:

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

Turnover comprises sales to customers and service rendered to customers.

1.20 EARNINGS PER SHARE

Earnings per share is calculated on the weighted average number of shares in issue, net of treasury shares, in respect of the year and is based on profit attributable to ordinary shareholders. Diluted earnings per share is calculated by adjusting the number of shares outstanding for dilutive securities. Headline earnings per share is calculated in terms of the requirements set out in Circular 02/2018 issued by SAICA.