Sea Harvest

Savour the sea



AUDITED SUMMARISED CONSOLIDATED ANNUAL FINANCIAL RESULTS

FOR THE YEAR ENDED 31 DECEMBER 2017

CORPORATE INFORMATION

Sea Harvest Group Limited
(Formerly Sea Harvest Holdings Proprietary Limited)
(Incorporated in the Republic of South Africa)
Registration number: 2008/001066/06
JSE code: SHG
ISIN: ZAE00240198
"Sea Harvest"or "the Company"or "the Group"

Registered address:	The Boulevard Office Park 1st Floor, Block C Searle Street Cape Town 7925 South Africa
Directors:	F Robertson* (Chairman) BM Rapiya** WA Hanekom* LJ Penzhorn* MI Khan* T Moodley*** F Ratheb (Chief Executive Officer) JP de Freitas (Chief Financial Officer) Mo Brey (Chief Investment Officer) ** Non-Executive* *** Lead Independent non-Executive* **** Non-executive Alternate* There have been no changes to the board of directors since listing.
Company Secretary:	N Aston
Transfer Secretary:	Computershare Investor Services Proprietary Limited Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196
Sponsor:	The Standard Bank of South Africa Limited
Auditors:	Deloitte & Touche

COMMENTARY

OVERVIEW

KEY PERFORMANCE INDICATORS

	YEAR ENDED 31 DECEMBER 2017	YEAR ENDED 31 DECEMBER 2016[3]
Revenue (R'000)	**2 131 054**	1 931 979
International revenue mix	**61%**	59%
Gross profit (R'000)	**716 790**	605 458
Gross profit margin	**34%**	31%
Earnings before net finance costs and taxation (EBIT) (R'000)	**382 793**	250 188
EBIT margin	**18%**	13%
Profit for the year (R'000)	**266 945**	131 514
Earnings per share (cents)[1]	**119.0**	86.4
Headline earnings (R'000)	**235 317**	80 142
Headline earnings per share (cents)[1]	**108.0**	56.4
Net asset value per share (cents)[1]	**582.4**	365.6
ZAR: Euro average exchange rate[2]	**14.95**	16.19
ZAR: AUD average exchange rate[2]	**10.27**	10.98
Closing share price (cents)	**1 250**	–

Notes:
[1] Prior year shares in issue adjusted for 1:6 share consolidation.
[2] Average spot exchange rate at which sales were recorded.
[3] Mareterram Limited consolidated from 1 July 2016.

TRADING AND FINANCIAL PERFORMANCE

Following the listing on 23 March 2017 Sea Harvest successfully placed 106 333 334 ordinary shares at a price of R12.50 per share, raising R1.2 billion of capital.

Sea Harvest Group delivered earnings before interest and tax of R383 million and profit after tax of R267 million for the year ended 31 December 2017, an increase of 53% and 103% respectively on the same period last year, benefiting from the improved performance of its South African operations as a result of strong market demand and exceptional performance of the Saldanha Bay factories.

Group revenue for the year increased by 10% to R2.1 billion (2016: R1.9 billion). Continued strong global demand for high value, sustainably certified, wild caught seafood with limited supply is driving strong pricing across all channels and markets, partially offsetting the impact of the stronger Rand.

The Group delivered gross profit for the year of R717 million (2016: R605 million) and the gross profit margin improved to 34% (2016: 31%). The expansion in the gross profit margin was driven by efficiency gains as a result of investments in factory freezer vessel capacity and land-based efficiency improvements, increased export volumes mix and price increases which partially offset the impact of the stronger Rand.

Other operating income increased to R75 million (2016: R32 million) mainly due to foreign exchange gains.

COMMENTARY
(CONTINUED)

Operating expenses for the year increased by 4% to R458 million (2016: R440 million). Included in 2017 operating expenses were R21 million of costs relating to the restructure of the Group and listing on the JSE. The 2016 operating expenses included foreign exchange losses and only six months of Mareterram Limited's expenses. Adjusting for these, on a like-for-like basis, there were no significant increases in operating expenses due to a continued focus on cost containment.

Earnings per share ("EPS") increased by 38% to 119 cents per ordinary share (2016: 86 cents) and headline earnings per share ("HEPS") increased by 91% to 108 cents per ordinary share (2016: 56 cents). The improvements in both EPS and HEPS were driven by the improved performance of the South African operations. The increase in earnings more than offset the dilutive impact of the 54% increase in the weighted average number of shares.

South African Operations: South African operations include fishing of deep-sea Cape Hake and related by-catch, the processing of the catch into fresh and frozen products and sales into various channels both locally and internationally. South African sales volumes for the year were 1% lower than 2016. The Total Allowed Catch reduced by 5% which directly affected catch volumes. This reduction was largely offset by the Company's global sourcing strategy. Export volumes increased by 4% resulting in exports accounting for 53% of sales in value terms. The Rand strengthened by 8% across the currencies in which Sea Harvest trades and export prices increased by 6% in real terms, largely offsetting the impact of the stronger Rand. Revenue from the local South African market, which includes retail and foodservice, was 5% higher than the prior year, driven by price inflation on fish of 9%. The continued challenging local retail environment impacted local volumes which were 4% lower compared to last year.

South African operations have benefited from the significant capital investments in the fleet and factories over the past few years which has driven considerable growth in the higher margin export business. Demand for Cape Hake remains firm, particularly in the EU and Australia.

Australian Operations: Mareterram Limited operations include fishing in the Shark Bay Prawn Managed Fishery (SBPMF) for prawns, scallops, crabs and by-catch and the distribution of its own product and other food products from domestic and international suppliers (including Sea Harvest) to customers in Australia and abroad.

Revenue for the year increased by 5% to R487 million (2016: R463 million). This growth was driven by higher landings of prawns (up 11%) and scallops (up 51%). Prices on prawns, scallops and crabs were well up on prior year and demand remained strong although the smaller size mix negatively impacted average realisations.

Earnings before interest, tax, depreciation and amortisation ("EBITDA") was R30.9 million for the year ended 31 December 2017, with profit after tax ("PAT") from operations of R15.3 million. This compares to an EBITDA of R21 million and PAT of R3.2 million in the prior year.

CASH FLOW AND FINANCIAL POSITION

The Group generated R430 million cash from its operations and invested R89 million in working capital during the year, impacted by increased sales levels and VAT receivables.

During the year, the Group generated R345 million from financing activities. A portion of the capital raised at listing of R1.2 billion was utilised to repay preference share capital and accrued dividends, third party debt and shareholder loans. A R550 million revolving credit facility was put in place post-listing, of which R180 million was drawn down to fund the acquisition of an additional factory freezer vessel.

The Group utilised R369 million in investing activities during the year, most notably the strategic investments in an additional factory freezer vessel and the fish processing factory in Saldanha Bay.

The Group ended the year with R383 million of cash on hand.

DRIVING TRANSFORMATION

As a c.80% black-owned business, driving transformation within the fishing industry and uplifting the communities in which the Company operates is a non-negotiable for the Group. The Group devotes considerable resources to employee skills development and employment equity, as well as projects that drive supplier and enterprise development, youth empowerment, job creation and rural development. Sea Harvest is a level 2 BBBEE contributor with a score of 98.9 making it one of the most transformed businesses in the fishing sector.

OUTLOOK

In South Africa, the Group expects to see a continued increase in the global demand for high value, wild caught, MSC certified species such as Cape Hake, which will drive continued export growth and price inflation, which, together with a consistent hedging policy, will seek to partially limit the impact of continued Rand strength. Local volumes will continue to be under pressure as a result of the challenging economic environment, but the impact of this on revenue is expected to be partially offset by continued price inflation in the category.

On the supply side, export growth will be supported by the introduction of an additional factory freezer vessel into the fleet, whose frozen-at-sea products are targeted towards export markets. Strategic investments within the fish processing factory in Saldanha Bay during the third quarter of 2018 will drive further production efficiencies.

In Australia, the Fishing Division continues to make significant headway in its vessel improvement programme, designed to continually increase vessel reliability and efficiency. On 3 November 2017, Mareterram announced that it had acquired two mackerel packages, with fishing licences and vessels successfully transferred in early 2018. The diversification into mackerel fishing provides scale and a complementary revenue stream to the existing prawn, scallop and crab fishing business and a further extension of the basket of high-value offerings from Mareterram's Food Services Division.

The Group has a clear strategy and is focused on driving earnings growth through investments within its existing operations, as well as through strategic acquisitions in both South Africa and Australia. Good progress has been made on both fronts. The Group has announced it is in advanced negotiations to acquire 51% of the shares of Viking Aquaculture and, as part of a BBBEE Consortium, acquire 100% of the assets of Viking Fishing which would be transformational for the Group.

On behalf of the board

F Robertson
Chairman

F Ratheb
Chief Executive Officer

6 March 2018

COMMENTARY
(CONTINUED)

CASH DIVIDEND DECLARATION

Notice is hereby given of dividend number 1. A gross full and final cash dividend amounting to 31 cents per share, in respect of the year ended 31 December 2017, was declared on Tuesday, 6 March 2018, out of current earnings. Where applicable, the deduction of dividends withholding tax at a rate of 20% will result in a net dividend amounting to 24.8 cents per share.

The number of ordinary shares in issue at the date of this declaration is 251 362 907.

The Company's tax reference number is 9223/794/16/6.

Relevant dates are as follows:

Last day to trade *cum* dividend	Tuesday, 10 April 2018
Commence trading *ex* dividend	Wednesday, 11 April 2018
Record date	Friday, 13 April 2018
Dividend payable	Monday, 16 April 2018

Share certificates may not be dematerialised or re-materialised between Wednesday, 11 April 2018 and Friday, 13 April 2018, both dates inclusive.

By order of the board

N Aston
Company secretary

6 March 2018

AUDITED CONSOLIDATED SUMMARISED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2017

	YEAR ENDED 31 DECEMBER 2017 R'000	RESTATED* YEAR ENDED 31 DECEMBER 2016 R'000
Revenue	**2 131 054**	1 931 979
Cost of sales	**(1 414 264)**	(1 326 521)
Gross profit	**716 790**	605 458
Other operating income	**74 707**	31 607
Selling and distribution expenses	**(114 771)**	(111 704)
Marketing expenses	**(15 166)**	(13 372)
Other operating expenses	**(327 747)**	(314 810)
Operating profit before associate and joint venture income	**333 813**	197 179
Share of profit of joint venture and associate	**1 000**	13 369
Fair value gains	**24 825**	–
Gain on disposal of interest in joint venture	**23 155**	–
Gain on remeasurement of previously held interest in associate	**–**	39 640
Operating profit before finance costs and taxation	**382 793**	250 188
Investment income	**17 206**	2 075
Interest expense	**(38 848)**	(77 892)
Profit before taxation	**361 151**	174 371
Taxation	**(94 206)**	(42 857)
Profit after taxation	**266 945**	131 514
Profit after taxation attributable to:		
Shareholders of Sea Harvest Group Limited	**259 344**	121 876
Non-controlling interests	**7 601**	9 638
	266 945	131 514

Note:
**Please refer to note 3.*

AUDITED CONSOLIDATED SUMMARISED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

	YEAR ENDED 31 DECEMBER 2017 R'000	RESTATED* YEAR ENDED 31 DECEMBER 2016 R'000
Profit after taxation	**266 945**	131 514
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Movement on cash flow hedging reserve	**(20 224)**	94 728
Exchange differences on translation of foreign operations	**(11 576)**	(45 945)
Items that may not be reclassified subsequently to profit or loss:		
Net measurement gain on defined benefit plan	**1 625**	–
Other comprehensive (loss)/income, net of tax	**(30 175)**	48 783
Total comprehensive income for the year	**236 770**	**180 297**
Total comprehensive income attributable to:		
Shareholders of Sea Harvest Group Limited	**233 403**	186 670
Non-controlling interests	**3 367**	(6 373)
	236 770	180 297
Earnings per share (cents)		
– Basic[1]	**119.0**	86.4
– Diluted[1]	**114.7**	75.0

Notes:
**Please refer to note 3.*
[1] Prior year shares in issue adjusted for 1:6 consolidation.

AUDITED CONSOLIDATED SUMMARISED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2017

	Notes	31 DECEMBER 2017 R'000	RESTATED* 31 DECEMBER 2016 R'000
ASSETS			
Non-current assets			
Property, plant and equipment[1]		**808 192**	541 513
Intangible assets		**489 805**	501 334
Goodwill		**84 220**	86 033
Investment in joint venture		**-**	21 845
Available-for-sale investment	6	**25 264**	25 264
Other financial assets	6	**24 825**	1 233
Loans to related parties	7	**72 489**	4 389
Loans to supplier partners		**1 959**	-
Deferred tax assets		**243**	33 545
		1 506 997	1 215 156
Current assets			
Inventories		**304 001**	291 758
Trade and other receivables		**332 578**	282 750
Other financial assets	6	**41 896**	46 629
Tax assets		**-**	6 370
Cash and bank balances		**383 047**	154 404
		1 061 522	781 911
Total assets		**2 568 519**	1 997 067

Notes:
[1] Additions to property, plant and equipment include the acquisition of a new freezer vessel which amounted to R214.4 million at the end of the year.
**Please refer to note 3.*

AUDITED CONSOLIDATED SUMMARISED STATEMENT OF FINANCIAL POSITION (CONTINUED)

AT 31 DECEMBER 2017

	Notes	31 DECEMBER 2017 R'000	RESTATED* 31 DECEMBER 2016 R'000
EQUITY AND LIABILITIES			
Capital and reserves			
Stated capital	8	**1 294 875**	849
Preference share capital and premium		**-**	368 409
Other reserves		**(71 476)**	16 030
Retained earnings		**174 267**	132 116
Attributable to shareholders of the Parent		**1 397 666**	517 404
Non-controlling interests		**168 313**	152 043
		1 565 979	669 447
Non-current liabilities			
Long-term interest-bearing borrowings		**315 825**	371 917
Loans from related parties		**-**	54 664
Employee related liabilities		**26 342**	31 209
Deferred grant income		**12 110**	13 733
Share-based payment liabilities		**18 789**	-
Long-term other financial liabilities	6	**59 348**	82 450
Deferred taxation		**205 277**	242 851
Shareholders for dividends		**-**	135 404
		637 691	932 228
Current liabilities			
Short-term interest-bearing borrowings		**31 298**	52 536
Trade and other payables		**269 356**	291 568
Deferred grant income		**1 505**	1 551
Short-term other financial liabilities	6	**20 848**	21 121
Provisions		**30 980**	17 843
Shareholders for dividends		**-**	2 431
Tax liabilities		**10 862**	8 342
		364 849	395 392
Total equity and liabilities		**2 568 519**	1 997 067

Note:
**Please refer to note 3.*

AUDITED CONSOLIDATED SUMMARISED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

	YEAR ENDED 31 DECEMBER 2017 R'000	RESTATED* YEAR ENDED 31 DECEMBER 2016 R'000
Balance at the beginning of the year	**669 447**	130 092
Attributable to:		
Shareholders of Sea Harvest Group Limited	**517 404**	130 092
Non-controlling interests	**152 043**	–
Total comprehensive income for the year attributable to shareholders of Sea Harvest Group Limited	**233 405**	186 670
Profit after taxation	**259 344**	121 876
Movements in other items of comprehensive (loss)/income, net of tax	**(25 939)**	64 794
Movements attributable to shareholders of Sea Harvest Group Limited		
Shares issued[1]	**1 294 047**	–
Recognition of forfeitable share plan reserve[2]	**(55 000)**	–
Preference shares issued	**-**	200 000
Redemption of preference shares	**(368 409)**	–
Distributions to participants of share trusts and repurchase of shares	**(218 771)**	–
Recognition of treasury shares	**-**	(4 308)
Share-based payments	**15 178**	4 950
Transfer to share-based payment liabilities (modification)[3]	**(19 789)**	–
Further acquisition of investment in subsidiary	**(399)**	–
Movement attributable to non-controlling interests	**16 270**	152 043
Balance at the end of year	**1 565 979**	669 447

Notes:
**Please refer to note 3.*

1. *Following the listing on 23 March 2017, Sea Harvest successfully placed 101 933 269 ordinary shares (excluding shares referred to in footnote 3) at a price of R12.50 per share. Listing costs of R35.1 million were charged against equity.*
2. *4 400 065 shares were awarded to key Sea Harvest employees in terms of a long-term Forfeitable Share Plan ("FSP") incentive scheme and R55 million representing the market value of the shares was debited to a reserve and credited to stated capital.*
3. *During the year, The Sea Harvest Management Investment Trust No.2 and the Sea Harvest Employee Share Trust were reclassified from equity-settled share-based payment schemes to cash-settled share-based payment schemes. The IFRS 2 calculated liability was raised and debited to the equity-settled share-based payment reserve at the reclassification date.*

AUDITED CONSOLIDATED SUMMARISED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

	YEAR ENDED 31 DECEMBER 2017 R'000	YEAR ENDED 31 DECEMBER 2016 R'000
Operating activities		
Profit after taxation	**266 945**	131 514
Adjustments for non-cash and other items	**163 296**	185 901
Operating cash flows before changes in working capital	**430 241**	317 415
Increase in inventories	**(14 255)**	(20 577)
(Increase)/decrease in trade and other receivables	**(53 547)**	32 252
Decrease in trade and other payables	**(21 448)**	(672)
Cash generated from operations	**340 991**	328 418
Investment income received	**17 206**	2 075
Interest paid	**(25 544)**	(50 943)
Income tax paid	**(80 011)**	(30 310)
Net cash generated from operating activities	**252 642**	249 240
Investing activities		
Acquisition of investment in subsidiary	**-**	(195 990)
Proceeds from disposal of property, plant and equipment	**2 855**	3 830
Acquisition of property, plant and equipment	**(369 876)**	(107 449)
Acquisition of intangible assets	**(1 526)**	(3 164)
Net cash utilised in investing activities	**(368 547)**	(302 773)
Financing activities		
Shares issued, net of listing costs	**1 239 025**	-
Proceeds on the issue of C class preference shares	**-**	200 000
Redemption of B and C preference share capital	**(368 409)**	-
Settlement of B and C preference dividends	**(144 269)**	-
Repayment of borrowings	**(332 024)**	(55 806)
Proceeds from borrowings	**257 968**	-
Amounts advanced to related parties	**(80 194)**	(103)
Repayments of financial liabilities	**(22 256)**	(12 519)
Repurchase of shares and distributions to participants of share trusts	**(218 771)**	-
Rights issue in subsidiary	**14 971**	-
Further investment in subsidiary	**(1 479)**	-
Net cash generated from financing activities	**344 562**	131 572

	YEAR ENDED 31 DECEMBER 2017 R'000	YEAR ENDED 31 DECEMBER 2016 R'000
Net increase in cash and cash equivalents	**228 657**	78 039
Cash and cash equivalents at the beginning of the year	**154 404**	76 418
Effects of exchange rates on the balance of cash held in foreign operation	**(14)**	(53)
Cash and cash equivalents at the end of the year	**383 047**	154 404

FURTHER INFORMATION

1. BASIS OF PREPARATION

The summarised consolidated financial statements are derived from the consolidated financial statements, approved by the directors on 6 March 2018. They are prepared in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports, and the requirements of the Companies Act of South Africa applicable to summarised consolidated financial statements. The Listings Requirements require preliminary reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS"), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Pronouncements as issued by the Financial Reporting Standards Council, and to also, as a minimum, contain the information required by IAS 34: Interim Financial Reporting. The accounting policies applied in the preparation of the consolidated financial statements, from which the summarised consolidated financial statements were derived, are in terms of IFRS and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements.

The directors take full responsibility for the preparation of this report and that the financial information has been correctly extracted from the underlying financial statements.

The consolidated annual financial statements and the summarised consolidated financial statements have been prepared under the supervision of the Chief Financial Officer, JP de Freitas CA(SA).

2. INDEPENDENT AUDITOR'S OPINION

The auditors, Deloitte & Touche, have issued their opinion on the consolidated financial statements for the year ended 31 December 2017, as well as these summarised consolidated financial statements. The audit was conducted in accordance with International Standards on Auditing. They have issued an unmodified audit opinion. These summarised consolidated financial statements have been derived from the consolidated financial statements and are consistent in all material respects with those consolidated financial statements. Copies of their audit report on the consolidated financial statements and on these summarised consolidated statements, together with the consolidated financial statements are available for inspection at the company's registered office.

The auditor's report does not necessarily report on all of the information contained in these financial results. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of the auditor's report together with the accompanying financial information from the company's registered office.

Any reference to future financial performance or prospects included in this announcement has not been audited or reported on by the company's auditors.

3. RESTATEMENT OF THE FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2016

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

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

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

The adjustments to the prior year statement of financial position are summarised as follows:

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

FURTHER INFORMATION
(CONTINUED)

	NUMBER OF SHARES	
	YEAR ENDED 31 DECEMBER 2017	YEAR ENDED 31 DECEMBER 2016[1]
4. HEADLINE EARNINGS PER SHARE		
4.1 CALCULATION OF WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES		
Weighted average number of shares on which earnings and headline earnings per share is based:	**217 859 827**	141 540 333
Weighted average number of shares on which diluted earnings and diluted headline earnings per share is based:	**226 173 525**	162 400 333
Reconciliation of weighted average number of shares between basic and diluted earnings per share and headline earnings and diluted headline earnings per share:		
Basic	**217 859 827**	141 540 333
Dilutive instruments	**8 313 698**	20 860 000
Diluted	**226 173 525**	162 400 333

	YEAR ENDED 31 DECEMBER 2017 R'000	YEAR ENDED 31 DECEMBER 2016 R'000
4.2 DETERMINATION OF HEADLINE EARNINGS		
Profit after taxation attributable to shareholders of Sea Harvest Group Limited	**259 344**	121 876
Profit on disposal of property, plant and equipment	**(3 876)**	(2 992)
Gain on remeasurement of previously held interest in subsidiary	**-**	(39 640)
Gain on disposal of interest in joint venture	**(23 155)**	-
Total tax effects of adjustments	**3 004**	898
Headline earnings for the year	**235 317**	80 142
Headline earnings per share (cents)		
- Basic	**108.0**	56.4
- Diluted	**104.0**	49.2

Note:
[1] Prior year shares in issue adjusted for 1:6 share consolidation.

5. SEGMENTAL RESULTS

The Group's reportable segments under IFRS 8: Operating Segments, are the South African operations and the Australian operations.

	YEAR ENDED 31 DECEMBER 2017 R'000	RESTATED* YEAR ENDED 31 DECEMBER 2016 R'000
Segment revenue		
South African Operations[1]	**1 644 206**	1 652 236
Australian Operations	**486 848**	279 743
Total revenue	**2 131 054**	1 931 979
Segment profit from operations		
South African Operations	**312 262**	171 250
Australian Operations	**21 551**	25 929
Operating profit before joint venture and associate profit	**333 813**	197 179
Fair value gains	**24 825**	–
Gain on disposal of interest in joint venture	**23 155**	–
Gain on the remeasurement of previously held interest in subsidiary	**–**	39 640
Share of profits of joint venture and associate	**1 000**	13 369
Investment income	**17 206**	2 075
Interest expense	**(38 848)**	(77 892)
Profit before taxation	**361 151**	174 371
Total assets		
South African Operations	**1 732 386**	1 183 021
Australian Operations	**836 133**	814 046
	2 568 519	1 997 067
Total liabilities		
South African Operations	**638 084**	945 267
Australian Operations	**364 456**	382 353
	1 002 540	1 327 620

Notes:
[1] Revenue excludes the following inter-segmental revenues between South Africa and Australia which are eliminated on consolidation: R100.9 million (2016:R 41.5 million)

**Please refer to note 3.*

FURTHER INFORMATION
(CONTINUED)

	YEAR ENDED 31 DECEMBER 2017 R'000	YEAR ENDED 31 DECEMBER 2016 R'000
6. OTHER FINANCIAL ASSETS AND LIABILITIES		
Financial derivative assets	**66 721**	47 862
Non-current portion of financial assets	**24 825**	1 233
Current portion of financial assets	**41 896**	46 629
Other financial asset		
Available-for-sale investment	**25 264**	25 264
Financial derivative liabilities	**130**	2 698
Liabilities held at fair value through profit or loss	**-**	2 698
Current portion of financial liabilities	**130**	-
Other financial liability		
Fishing licence liability	**80 066**	100 873
Non-current portion of financial liability	**59 348**	82 450
Current portion of financial liability	**20 718**	18 423

FINANCIAL DERIVATIVE ASSETS AND LIABILITIES

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

CALL OPTION DERIVATIVE

The non-current portion of financial assets is a call option, entered into on 1 January 2017, to acquire 100% of the shareholding in Vuna Fishing Company Proprietary Limited (joint venture of Brimstone Investment Corporation Limited) from Vuna Fishing Group Proprietary Limited (subsidiary of Brimstone Investment Corporation Limited). The fair value was independently determined by an expert using the Black-Scholes option pricing model. The 10 year call option financial asset which can be exercised at any time has been classified as a non-current asset at year-end due to the expected exercise date thereof exceeding 12 months from the reporting date. The call option is regarded as a level 3 financial instrument for fair value measurement purposes. Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Assumption sensitivity analysis

The Group has performed a sensitivity analysis relating to its exposure to a change in the assumptions used in the valuation. The sensitivity analysis demonstrates the increase/(decrease) on the asset held at fair value through profit or loss which could result from a change in these assumptions.

	YEAR ENDED 31 DECEMBER 2017 R'000	YEAR ENDED 31 DECEMBER 2016 R'000
Vuna Fishing Company valuation		
+ 5%	**2 061**	–
- 5%	**(2 036)**	–
Yield Curve (7.910%)		
+ 5%	**1 167**	–
- 5%	**(975)**	–
Volatility (24.146%)		
+ 1%	**1 435**	–
- 1%	**(1 487)**	–

AVAILABLE-FOR-SALE INVESTMENT

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

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

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

Assumption sensitivity analysis

The Group has performed a sensitivity analysis relating to its exposure to a change in the assumptions used in the valuation. This sensitivity analysis demonstrates the increase/(decrease) on the available for sale investment which could result from a change in these assumptions.

	YEAR ENDED 31 DECEMBER 2017 R'000	YEAR ENDED 31 DECEMBER 2016 R'000
Desert Diamond vessel valuation		
+ 5%	**1 263**	1 263
- 5%	**(1 263)**	(1 263)

FISHING LICENCE LIABILITY

The fishing licence liabilities relate to the Shark Bay Prawn Managed Fishery Voluntary Fisheries Adjustment Scheme (VFAS). The VFAS operates from 12 November 2010 until 1 July 2021. Mareterram Limited owns 10 fishing licences in the Shark Bay region. The liabilities shown represent present values discounted at the five-year Australian Corporate Bond rate. Fishing licence liabilities are carried at amortised cost.

FURTHER INFORMATION
(CONTINUED)

	YEAR ENDED 31 DECEMBER 2017 R'000	YEAR ENDED 31 DECEMBER 2016 R'000
7. RELATED PARTY TRANSACTIONS		
7.1 RELATED PARTY LOANS		
Loans to related parties		
Vuna Fishing Company Proprietary Limited[1]	**27 420**	–
Vuna Fishing Group Proprietary Limited[2]	**45 069**	–
The New Sea Harvest Management Investment Trust	**-**	4 389
Total	**72 489**	4 389
Loans from related parties		
Brimco Proprietary Limited	**-**	54 664
	-	54 664
Interest paid to related parties		
Brimco Proprietary Limited[3]	**10 708**	–

1. The Group extended a loan of R27 million to Vuna Fishing Company Proprietary Limited (joint venture of Brimstone Investment Corporation Limited) to enable the company to effect certain distributions to its shareholders.
2. On 1 January 2017, the Group sold its 49.81% shareholding in Vuna Fishing Company Proprietary Limited to Vuna Fishing Group Proprietary Limited, a company in which Brimstone Investment Corporation Limited is the majority shareholder, for R45 million, on loan account.
3. On 17 February 2017, prior to listing and as part of the Group restructure, all the issued B Redeemable Preference Shares and C Redeemable Preference Shares, including accrued preference share dividends, were redeemed and credited to a loan account which incurred interest at an after tax rate equal to the preference dividend rates. The loan and related interest was repaid on 24 March 2017.

	YEAR ENDED 31 DECEMBER 2017 R'000	YEAR ENDED 31 DECEMBER 2016 R'000
7.2 RELATED PARTY TRANSACTIONS		
Sales to related parties		
SeaVuna Fishing Company Proprietary Limited (Joint venture of Brimstone Investment Corporation Limited)	**34 880**	49 622
Mareterram Limited (Associate until June 2016)	**-**	52 410
Purchases from related parties		
SeaVuna Fishing Company Proprietary Limited (Joint venture until December 2016)	**165 731**	153 097

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

	YEAR ENDED 31 DECEMBER 2017 R'000	YEAR ENDED 31 DECEMBER 2016 R'000
7.3 REPURCHASE OF SHARES AND DISTRIBUTIONS TO PARTICIPANTS OF SHARE TRUSTS		
Prior to listing and as part of the Group restructure, the following shares were repurchased and cancelled:		
	Percentage repurchased	**Amount R'000**
Sea Harvest Management Investment Trust	**100**	54 474
The Sea Harvest Management Investment Trust No. 2	**75**	128 121
Sea Harvest Employee Share Trust	**50**	36 176
		218 771

FURTHER INFORMATION
(CONTINUED)

8. STATED CAPITAL (NUMBER)

	YEAR ENDED 31 DECEMBER 2017	YEAR ENDED 31 DECEMBER 2016
In issue (number)		
Ordinary shares	**251 362 907**	974 402 360
Held as treasury shares	**(11 389 304)**	(125 160 360)
	239 973 603	849 242 000

At 31 December 2017, the movement in stated capital is as follows:

	TOTAL SHARES IN ISSUE	TOTAL NET SHARES IN ISSUE
Opening balance	**974 402 360**	849 242 000
1:6 share consolidation	**(812 001 966)**	(707 701 666)
Shares repurchased and cancelled	**(17 370 821)**	(3 500 000)
Shares issued	**106 333 334**	101 933 269
Closing balance	**251 362 907**	239 973 603

9. SHARE-BASED PAYMENTS

The Group has two wholly-owned trusts which have been established as vehicles through which certain executives, senior management and employees have made an investment in or acquired an economic exposure to an investment in shares in the company. In March 2017 when the company listed it adopted a forfeitable share plan to attract, retain, incentivise and reward the right calibre of employees.

SEA HARVEST MANAGEMENT INVESTMENT TRUST NO. 2

The Sea Harvest Management Investment Trust No. 2 was established as an investment vehicle for senior executives of Sea Harvest Corporation Proprietary Limited (subsidiary) to acquire shares in the Company.

The fair value of the shares is estimated at the grant date using a finite difference pricing model, taking into account the terms and conditions on which the shares were granted.

On 17 February 2017, prior to listing and as part of the Group restructure, the scheme was modified and 75% of the shares vested. 15% of the remaining shares will vest in 2019 and 10% in 2020. Following the vesting being settled in cash, the share scheme was also reclassified from equity-settled to cash-settled.

SEA HARVEST EMPLOYEE SHARE TRUST

The Sea Harvest Employee Share Trust, was established as an investment vehicle for employees of Sea Harvest Corporation Proprietary Limited (subsidiary) to acquire an economic exposure to an investment in shares in the Company.

The fair value of the share incentives is estimated at the grant date using a finite difference pricing model, taking into account the terms and conditions on which the share incentives were granted.

On 23 March 2017, on listing and as part of the Group restructure the scheme was modified and 50% of the shares vested. The remaining 50% of the shares will vest in 2022. Following the vesting being settled in cash, the share scheme was also reclassified from equity-settled to cash-settled.

FORFEITABLE SHARE PLAN

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

	THE SEA HARVEST MANAGEMENT INVESTMENT TRUST NO.2	THE SEA HARVEST EMPLOYEE SHARE TRUST	FORFEITABLE SHARE PLAN
Grant date	31 March 2014	31 March 2014	23 March 2017
Number of shares granted	8 257 898	4 258 138	4 400 065
Fair value of shares at grant date (R'000)	8 788	5 155	46 284
Expiry date	31 March 2022	31 March 2022	23 March 2020

	THE SEA HARVEST MANAGEMENT INVESTMENT TRUST NO.2	THE SEA HARVEST EMPLOYEE SHARE TRUST	FORFEITABLE SHARE PLAN
Number of shares held at the beginning of the year	**82 578 970**	**42 581 380**	–
1:6 share consolidation	(68 815 809)	(35 484 483)	–
Shares repurchased and cancelled	(10 322 371)	(3 548 448)	–
Granted	–	–	4 400 065
Number of share held at the end of the year	**3 440 790**	**3 548 449**	**4 400 065**

FURTHER INFORMATION
(CONTINUED)

10. CONTINGENT LIABILITIES AND COMMITMENTS

The Group has no contingent liabilities at the end of the year (2016: nil).

	YEAR ENDED 31 DECEMBER 2017	YEAR ENDED 31 DECEMBER 2016
Capital commitments		
Budgeted capital expenditure is as follows:		
– contracted	**155 665**	7 859
– not contracted	**123 230**	6 142
Lease commitments		
– land and buildings	**24 456**	57 522

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

11. DIVIDENDS

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

12. EVENTS AFTER THE REPORTING DATE

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

Other than as outlined above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company to affect substantially the operations of the Group, the results of its operations or the state of affairs of the Group.


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