ABAGOLD

INTEGRATED REPORT
2016

Abagold's facilities are indicated by the red outline and includes 14 hectares of abalone and 2 factories

SHAREHOLDERS' DIARY

Important reporting, meeting and dividend dates

REPORTS AND DIVIDENDS:

30 Financial year-end
JUNE 2016

29 Annual financial statements approved
SEPT 2016

29 Declaration of final dividend
SEPT 2016

14 Last day to register (LDR)
OCT 2016

28 Payment of final dividend
OCT 2016

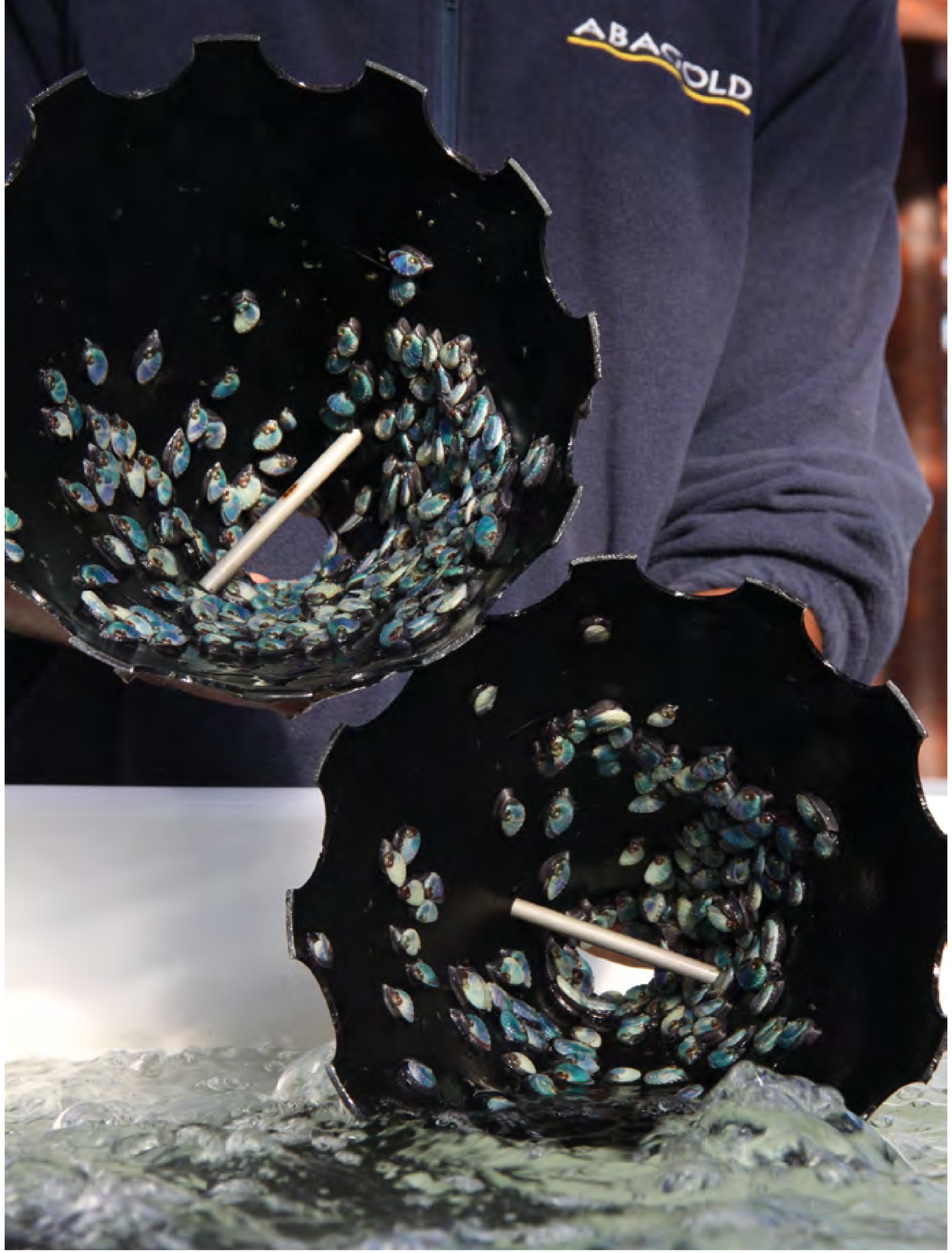
28 Interim financial statements for the half-year to 31 December 2016
FEB 2017

MEETINGS:

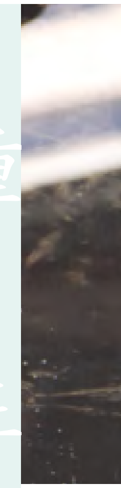
10 ANNUAL GENERAL MEETING
DEC 2016

DATE Saturday, 10 December 2016
TIME 09h00
VENUE The Class Room Restaurant and Function Venue, Hemel en Aarde Village Hermanus

CONTENTS



VISION / MISSION / VALUES



our VISION

To be the world's leading brand for quality abalone cultivation, processing and marketing.

our MISSION

We aspire to achieve our vision through innovation, science and aquaculture best practice. Absolute integrity, honesty and respect for our employees, clients, shareholders and our broader stakeholder community are critical to our success.

We are committed to a sustainable operation, providing equitable compensation to management and staff and commensurate returns to our shareholders, returning value to our stakeholder community through environmentally responsible practices, social upliftment and world-class operational excellence and profitability.

our VALUES

尊重

Integrity

Through purpose and principle we ensure natural and safe products

廉正

Respect

For each other, shareholders, society and the planet

责任

Quality

In everything we do and produce

革新

Innovation

Striving for continuous improvement

质量

Responsibility

Towards all our stakeholders and the long-term sustainability of our Group, society and planet

ACHIEVEMENTS DURING 2016

Highlights

Abagold has continued to grow its turnover to R188 million for the 2016 financial year – an increase of 50% from the R125 million in the 2015 year.

Growth on the farms exceeded 400 tonnes.

Total tonnage on the farms increased by 3% to reach 565 tonnes.

Increase in live equivalent weight sold during the year from 337 tonnes to 406,7 tonnes.

Sulamanzi farm expansion to 9 units was completed and houses 239 tonnes (2015: 175 tonnes), over 8 million animals.

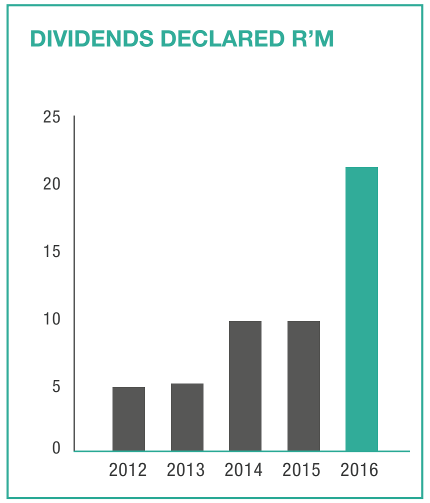
Our **hatchery** produced over 12 million spats (2015: 7 million) and sold excess spats to the value of R3,8 million (2015: R2 million).

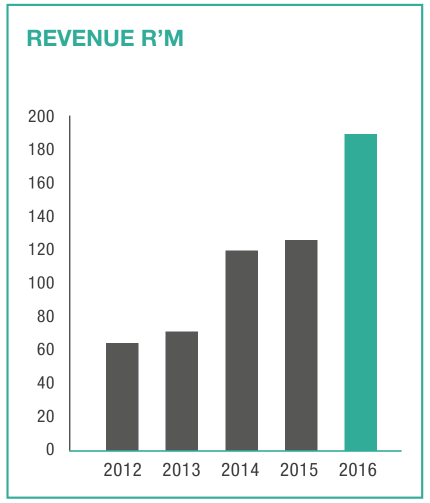
Annual production of formulated feed for animals increased from 625 tonnes (2015) to over 856 tonnes.

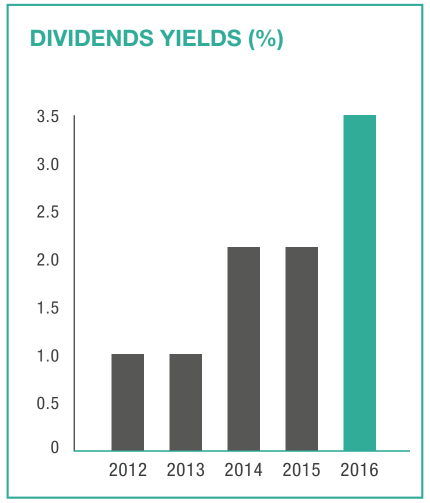
Specialised Aquatic Feeds (Pty) Ltd feed plant was completed.

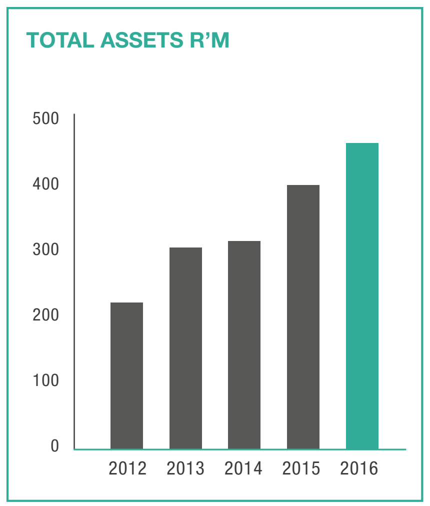
Total employment reached 497 employees in 2016, in line with growth of the business, making Abagold one of the largest private sector employers in Hermanus.

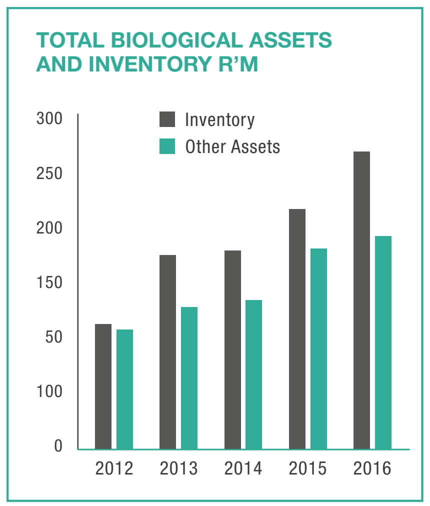
Abagold continues with its joint venture to develop an abalone farm in Oman.

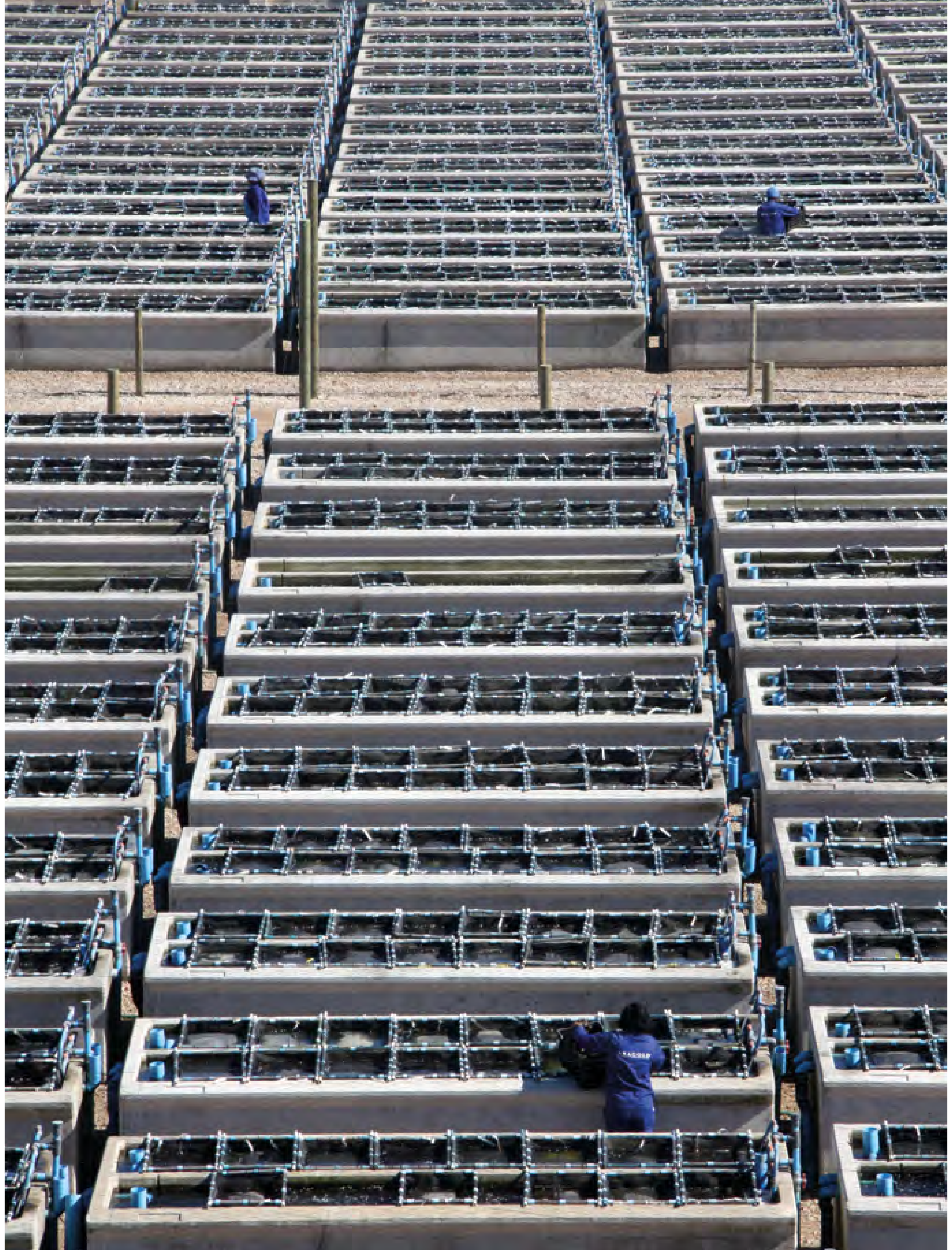












CHAIRMAN AND MANAGING DIRECTOR REPORT

Overview of the year ended 30 June 2016

Abagold continues to make use of a combined chairman and managing director report, in which all key aspects related to the business are reviewed.

Performance for the year to 30 June 2016

Abagold's performance in financial year 2016 accelerated the progress and positive trends started in prior years. By carefully managing resources and aligning effective farming principles with customer requirements, we were able to address market demand, while focusing on developing and building long-term relationships with our sales partners in Asia. Although base demand, especially in the "live" format of sales, was higher than the farms could supply, the more responsible focus for the team was to ensure the stability and flexibility of the supply pipeline for the future. The Abagold team were able to achieve this balance successfully, as reflected in the significant sales growth, while maintaining our healthy production pipeline. Along with a stronger balance sheet, this positions us well for the year ahead.

The most critical components of the business are sales, production on the farms, and consistent cash generated from operations, while managing costs downward. With this in mind, the overall performance of the business can be evaluated under these same headings:

Sales: Sales are the combined result of total tonnage sold, USD prices achieved and the applicable ZAR/USD exchange rate. Abagold achieved record sales of 406,7 tonnes of live equivalent abalone, further improving last year's record high volume by 18,7%. The total sales revenue ended at R187,8 million, which is an increase of 50% over last year. Due to depressed economic conditions globally and especially in China, the USD selling price declined slightly in the past twelve months to USD29,34/Kg, a decline of 3,8% from last year. Fortunately, these lower USD prices were offset by a 22% weaker on average ZAR/USD exchange rate in the same period. This windfall does not mean that we place reliance on the weakening Rand for sustained improvement in profitability.

Production performance and efficiency: Growth on the farms improved to 402 tonnes of net growth from 354 tonnes in 2015, an increase of 13,6%. Steady market demand, coupled with continued high sales volumes of smaller sized abalone, highlighted the importance of a healthy and "flexible" production pipeline. The planning and forecasting, done in 2014, were rewarded this year, as we were able to supply the sizes that the market demanded. The ability to supply abalone across the four formats – namely, live, dried, canned and frozen – has made Abagold a sought-after supply partner in the Asian market.

Cash generated from operations: The true measure of Abagold's business health is found in cash generated from operations. A number of opportunities were identified for 2016 to further improve the health of the organisation's working capital. Converting excess stock to cash, at the end of 2015, was one of these opportunities. Furthermore, debtors' days were reduced to below 30 days and better payment terms were negotiated with suppliers. The result of these efforts can be seen in cash generated from operations increasing by 216% from R16,2 million last year to R51,4 million in 2016.

Cost control: Cost control remains a key focus area, and many initiatives are delivering encouraging results. Production cost and total cost per kilogram did increase in line with inflation. However, this area remains our greatest opportunity to improve efficiencies and overall profitability. Significant capital expenditure and resources were allocated to improve these areas, as can be seen from the following initiatives:

- Although we continued the aggressive expansion of the past three years, the overall electricity usage in KW/h has remained constant, reflecting more efficient equipment, infrastructure, pumps and aeration systems.
- The expansion of the Sulamanzi farm reached capacity, and our costs per kilogram is starting to reduce on this farm, having a positive impact on our results. This is reflected in the improved annual production/person in 2016 to 1 324kg/person from 1 300kg/person last year.
- The performance of the Hatchery is nothing short of phenomenal, with the number of spat produced in a year increasing by 77,2% to 12,49 million spat in 2016 financial year. This improvement in efficiency substantially reduced the cost per spat, allowing a strong and cost efficient supply of high-quality spat. Third party sales of spat reduced the average cost of spat in our system through volume efficiency.

Business overview

The demand for abalone continued to recover in the 2016 year from the difficult times in 2013/2014. Improved demand will allow us to increase USD price levels leading up to Chinese New Year 2017.

Abagold produces a mix of formats, while still exporting the major portion of its volume in the canned format. Compared to the historical demand curve, the market is now requiring higher volumes of smaller sizes of canned abalone. This has resulted in us reviewing farming practices, size profiles and when in the life cycle abalone is harvested most productively. A more robust and flexible abalone pipeline now exists, which positions us well to react more swiftly, in future, to changes in market demand.

Demand for dried abalone continued to improve during the latter part of 2015 and through Chinese New year 2016, but the USD price has still not recovered to pre-2012 levels. Large volumes of illegal (i.e. poached) South African abalone continue to be sold in China, and although general demand for the farmed dry abalone is improving, full price recovery may take a few more years.

Live abalone has once again been the most stable form of sales, for the industry and ourselves, and the pressure on pricing has been less severe in this format, with consistent strong demand. Abagold's live product remains highly sought after, due to the hardy nature of the *Haliotis Midae* species and the strict health management programme applied on our farms, leading to very low levels of mortality during export, while maintaining excellent eating quality.

Over the past year, our marketing teams successfully targeted additional geographical markets beyond Hong Kong, to now include Singapore, Japan, Korea, Taiwan, Thailand and Malaysia. Although over 75% of the volume is still sold in Hong Kong, the other regions have experienced double digit growth and continue to offer new and innovative opportunities.

Financial summary

Fair value adjustments to biological assets and inventory have a material impact on the results, due to changes in prices and exchange rates reflected in these. To facilitate an improved understanding of the Company's core operational performance, an alternative income statement is presented below in more traditional form, and reconciled to the reported results of the business.

Net realised profit before taxation is the reported profit excluding the effect of any unrealised currency exchange gains or losses arising from the revaluation of biological assets from year-to-year. This net result reflects R37,7 million profit for 2016 compared to R26,8 million in 2015.

Operational overview

The added capacity from the Sulamanzi farms contributed to our healthy growth, but this was partially offset by a changing

	% Change	30 June 2016 R'000	30 June 2015 R'000
Revenue	50	187 845	125 467
less Cost of sales	25	(59 553)	(47 467)
Gross profit	**64**	**128 292**	**78 000**
Other income	(21)	(1 903)	1 576
Net realised forex gain/(loss)	1 549	(12 749)	(773)
Sales costs	21	(8 533)	(7 026)
Administrative expenses	64	(42 113)	(25 666)
Depreciation	45	(12 884)	(8 907)
Other operating expenses	(14)	(10 241)	(8 969)
Profit from operations	**55**	**43 675**	**28 235**
Finance charges	232	(4 666)	(1 406)
Equity accounted investments gain/(loss)	(100)	(1 359)	–
Realised Profit before taxation	**40**	**37 650**	**26 829**
Production costs capitalised in stock	(260)	3 519	(2 205)
Unrealised fair value adjustment to stock	46	37 030	25 378
Net unrealised forex gain/(loss)	(1 017)	4 025	(439)
Profit before taxation	**66**	**82 224**	**49 563**
Taxation	43	(22 598)	(15 813)
Net profit	**77**	**59 626**	**33 750**
Gross profit %		68%	62%
Realised profit %		20%	21%
NPBT %		44%	40%

and evolving market which created demand for a wider variety of sizes and drained weights. This situation has been factored into the future demand curves for the business, and is now reflected in the design of the Abalone "pipeline". The pipeline was stable at year-end, with the volume and size range of animals aligned to the expected demand curve developed from research and feedback available in the market.

During this financial year, the Sulamanzi project was completed, with the last two units becoming operational in October 2015. This expansion, along with the completion of the feed factory and other capital projects, resulted in R20,2 million of capital expenditure. At year-end, 239 tonnes (8,3 million abalone) were being farmed on Sulamanzi, and a total of 565 tonnes (16,9 million abalone) on all our four farms combined.

Abagold is well positioned for the year ahead where any fluctuations can be managed with minimal impact on profitability. The balance between canned, dried, frozen and live abalone is well-managed in all growth projections.

Processing facility

We processed a record 376 tonnes of abalone in our ISO 22000 facility. Although a few quality variations were experienced, the focus in this area by the processing team has allowed us to agree detailed specification sheets with each of the key customers, aligning the quality expectations with the capabilities of the factory, and enabling better consistency in the more challenging specialised ranges, like sauce, liver and dried abalone products.

Marketing and sales

Even though market demand remained low, the long-term relationships developed with strategic sales partners allowed our sales team to increase the volume of product sold in 2016 significantly, as reported earlier. Pricing pressure, which pushed USD selling prices lower, was mostly off-set by the weaker ZAR/USD exchange rate in the same period.

Continued success in the live abalone market saw the business gain market share in Japan, Hong Kong, Singapore, Malaysia and Taiwan. Due to supply constraints in some of the sizes, not all the demand from the market was met, but the 2017 projections reflect further healthy growth opportunities, with improved pricing. We are well placed to maintain and grow overall market share, through offering our range of live, dried, frozen and canned abalone on a consistent volume and quality basis.

The specific focus on reducing inventory levels of canned abalone, even post-Chinese New Year 2016, was successful. The finished goods inventory volume at year-end was down to 40,7 tonnes, an improvement of 42% from the same time a year ago. Although customers are still hesitant to hold high volumes of canned stock, a general feeling of recovery in the market does exist.

Subsidiary businesses

Ranching

Abalone ranching is the placing of abalone spat into the ocean, in areas where the species does not occur or no longer occurs naturally, to grow and prosper for later harvesting. Abagold has a 20% shareholding in Port Nolloth Sea Farms Ranching (Pty) Ltd (PNSFR), experienced ranching operators on the Northern Cape Coast with all the necessary government permits to ranch abalone at Kleinzee.

We supplied spat stock from the hatchery in Hermanus, as our contribution to this joint venture, and in 2016, 720 000 spat were delivered, which makes the total volume of spat placed in the ocean at Kleinzee more than 1,2 million juveniles in the three-year period since the start of the project. The target is to continue to place a further 50 000 juveniles per month over the next six years.

The performance of the abalone already planted in the ranching project is encouraging and the high survival and growth rates indicate significant long-term potential for all parties involved. Expected first harvesting is scheduled for 2019.

Specialised Aquatic Feed (SAF)

Abagold invested a total of R23 million in the design, construction and commissioning of a highly specialised feed production facility on site. The primary function of this operation is to deliver the highest quality abalone feed to the Abagold operations. In addition, our operations team identified a significant niche aqua feed and specialised animal feed market outside abalone feed, hence the additional capacity and technical components incorporated into the design and functioning of this plant. The plant was commissioned in late August 2015 and produced 856 tonnes of product in 2016.

Although the SAF operation shows great potential, the performance in 2016 was disappointing, leading to an after-tax loss of R3,9 million in the first full year of production. The team has been on a very steep learning curve and the hurdles encountered, as well as the time needed to achieve efficiencies, were initially under-estimated. New premium markets have been identified, and progress to supply the aquaculture industry with a high quality pellet has great potential. This diversification will be valuable for Abagold in the future. Management is convinced that the loss sustained in 2016 will be turned around to a small profit in 2017 and that in future SAF will make a positive contribution to the Group's

consolidated results. SAF is a wholly-owned subsidiary of Abagold and its results are included in the consolidated results of the Group for 2016.

Oman
In 2016, the Board of Abagold approved an initial capital investment in an abalone farming project in Oman. This investment was made in a joint venture partnership with Muscat Overseas Company (MOC) from Oman. The construction of a first phase is expected to commence in October 2016, with expected production starting in 2018 and the first sales from the operation in 2019. The initial investment in this first phase aims for a limited volume operation, however, the planned infrastructure will support further phases towards the full implementation of a 500 tonne farm by 2021. Success in the first phase, a prerequisite for proceeding with further phases, will be measured against key performance hurdles, agreed with management and our joint venture partner.

Energy
Abagold's alternative energy projects were transferred to Mean Sea Level (Pty) Ltd in 2014, in exchange for a material stake in that company. This gave the projects the necessary focus and ability to raise the additional funding required, from existing and external sources, as well as accessing EU grant funding. Progress on the Wave Energy Converter (WEC) has been slow; however considerable experience in affordable construction procedures in the waves has been attained. Completion of the wall of the WEC is expected by June 2017. The Energy Recovery Turbine (ERT), completed in 2015, has been producing power now for eight months and, although efficiency is not where the team would like it, there is a significant focus on achieving 90Kw/H from the total volume of drained water from the Abagold primary farms.

Future outlook

Production
The Sea View, Amaza and Bergsig production pipelines are at full capacity and, with better size distribution, planning and efficiencies, there is an expectation of significantly reduced costs on these mature farming units. As part of this

Anene Labuschagne, Hatchery Manager
2015 Winner of Chairman's Award

Elizabeth Mabuya, Hatchery Specialist
2016 National DAFF Female Farm Worker

process, some redesign and engineering, on the older sites, may be required to deliver the efficiencies currently being experienced on the modern Sulamanzi operation. Further productivity improvements in the formulated feeds, selection programme and innovative husbandry practices can be expected.

Hatchery
The hatchery has performed exceptionally well, as outlined earlier in this report. The recent expansion and capital investment in 2016 on improvements in the hatchery, have already been validated by the results attained in the financial year. Further expansion and improvements are planned for the new financial year. The consistent production of high-quality spat to our farms creates the platform for the rest of the operation to achieve growth targets, competitive feed conversion rates and cost efficiencies.

Sales and marketing
Our management team is confident that the current demand will continue to improve and that the positioning of the business with the varied formats and diversified markets and channels will be able to continue the strong sales growth that was experienced in 2016. Focus on USD sales price increases will have a positive effect on 2017 results.

In conclusion, the Abagold management team and Board are excited about the performance during this past year, and believe that the groundwork has been laid to continue a strong growth trajectory for the next few years. As chairman and managing director, we would like to thank the Executive team and all staff members of the Abagold and SAF businesses for their commitment and focus in the past year, and we look forward to further outstanding results in the year ahead.

Dividend

The Board is pleased to announce a final dividend for the 2016 financial year of 12,00 cents per share. The total dividend of 16,00 cents for the 2016 financial year (interim and final) is an 120,69% increase on the 7,25 cents per share declared as a total dividend for the 2015 year, and continues the Company's commitment to further enhance shareholder value with a credible, consistent and effective dividend approach.

Share trading

Since the conversion of Abagold to a public company in 2008, trade in its shares was facilitated by means of an over-the-counter (OTC) trading platform which was developed and hosted by a third party service provider, FNB Securities.

Following the introduction of the Financial Markets Act, No. 19 of 2012 (Financial Markets Act), the Financial Services Board (FSB) took the view that such OTC share trading mechanisms fall within the definition of an "exchange" and have to be licensed as such in terms of the Financial Markets Act. FNB Securities elected not to seek an exchange licence, and as a result the Board had to suspend trading in Abagold shares on the OTC platform of FNB Securities with effect from 19 September 2014.

Abagold itself will not apply for an "exchange" licence for trading in its shares, due to the costs involved and the onerous administrative burden that would place on Abagold.

Prospective sellers or buyers of Abagold shares may send an email to Johan Hugo, the company secretary of Abagold, at johan@abagold.co.za, setting out their full names and the details of where prospective sellers/buyers of Abagold shares may contact them. By sending this email to the company secretary of Abagold, the shareholder agrees that his/her names and contact details may be sent to any prospective counterparty.

It would then be up to the prospective purchasers and sellers to negotiate a transaction, including the purchase price payable. Once a prospective purchaser and seller have agreed on the sale of any Abagold shares, they should contact the company secretary at johan@abagold.co.za, who will assist the parties in effecting the payment for and transfer of the relevant Abagold shares with its transfer secretaries, Link Market Services South Africa (Pty) Limited.

For questions relating to this interim procedure, please contact Johan Hugo on johan@abagold.co.za.

Board of directors

This year will see the retirement of Dr Paul Kruger as director at the annual general meeting, after over 21 years' service to the company. On behalf of the Board and our shareholders, we thank Paul for his unstinting commitment and valuable input over such a long period. Subject to shareholder approval at this year's annual general meeting, his replacement will be Patrick Davies, who we are excited to welcome to the Board of Abagold. Details of Patrick's qualifications and experience appear on page 86 of this report.

In line with our Memorandum of Incorporation, Pierre Hugo and Cobus Visser are required to retire as directors by rotation, but being available they are proposed for re-election to the board. We thank Pierre and Cobus for being willing to continue serving Abagold in this capacity.

Acknowledgements

Our experienced and diverse Board of Directors continue to serve with adherence and energy, and we thank them for this and their insightful guidance. We also thank our shareholders for their continued support.

The dedication of management and staff to the well-being of Abagold is exemplary, and we are thankful for their commitment and energy. This includes the important area of open and timely communication with the Board on key matters, enabling fruitful interaction with focused oversight by, and input from, the Board. We look forward to working together, continuing to build a business of which shareholders and all other stakeholders can be proud.

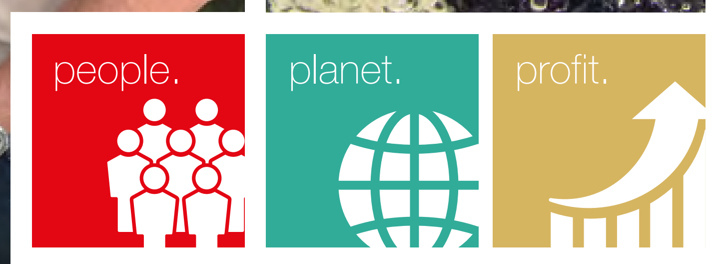
Hennie van der Merwe
Chairman

Timothy Hedges
Managing Director

SUSTAINABILITY REPORT

Our objective at Abagold is to deliver sustainable value to stakeholders through three critical elements…People, Planet and Profit.

Daniel Dyantyi, proud winner of AgriSETA Best Performing Learner Adult Education and Training, 2015



We believe that our employees are the heart of our business and that sustainability is built on the long-term development and retention of a skilled, motivated and engaged workforce.

Just Care Aftercare children on outing led by Abagold employee, Thomas Lebitsa

Our short-, medium- and long-term strategies are built on these elements which in turn inform values, key performance indicators and measurements from company-wide to individual level.

We believe that our employees are the heart of our business and that sustainability is built on the long-term development and retention of a skilled, motivated and engaged workforce. Long-term retention is achieved through offering each employee fair remuneration, opportunities for development, a safe working environment and effective communication.

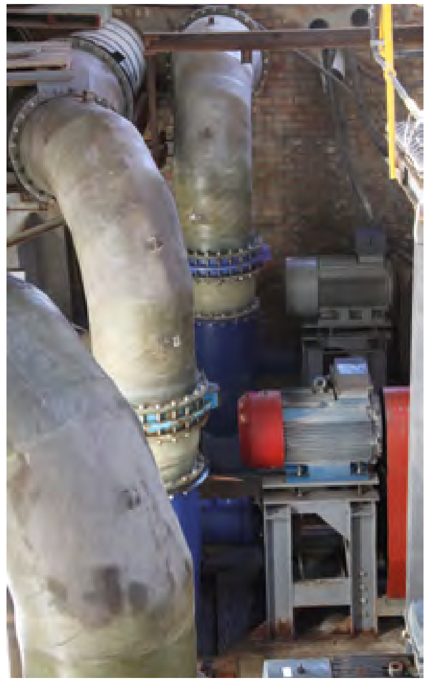
In addition to the individual development of employees through adult education and training, and aquaculture training through learnerships and diploma studies, we also offer career-relevant development. We are committed to helping people realise their full potential. We strive to be the Employer of Choice not only in the industry but also in the community. Our investment in leadership, management, development and open dialogue all contribute to making us the high-performance organisation that we are.

Because we operate in a relatively small peri-urban community, our responsibility to the community doesn't end at the gates of Abagold. For the business to be sustainable, community wellness, quality of life and especially the quality of education are areas we are committed to through the Abagold Development Trust (the Trust). The Trust's objectives include activities in the areas of education, development programmes and skills creation in the Greater Hermanus region, and in advancing community upliftment and development of impoverished individuals in Mount Pleasant, Hawston and Zwelihle. Initiatives completed in 2015 include the allocation of funds to the launch of the Clive Prins Youth Substance Intervention Programme. The programme aims to provide an outpatient programme for young people in the area who are addicted to substances, offering support to both learners and their parents, and ensuring that academic progress is not impeded by participation in the programme. Abagold is the proud originator and funder of this programme which successfully utilises the Matrix Counselling model to help local youth overcome their addictions. In 2016, the first group successfully completed their counselling. The demand for the programme is significant, as substance abuse continues to ravage local communities.

The Trust supports aftercare, sport development and arts education activities in Mount Pleasant and Zwelihle. We have our own soccer team and a choir, consisting of many talented employees, which has been invited to perform at the Hermanus FynArts Festival for three successive years.

We shall further our commitment to our staff by building and subsidising an early childhood development centre in 2017.

Our environmental objective is to continuously reduce our impact on the environment. This is done by embedding best practices into our farming disciplines and by constantly exploring alternative energy.



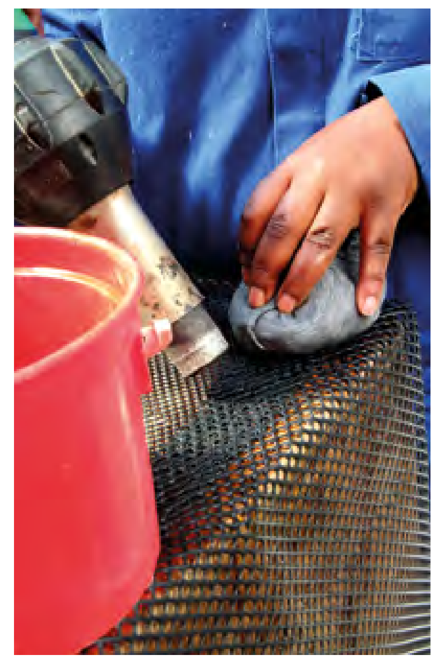
Our environmental objective is to continuously reduce our impact on the environment. This is done by embedding best practices into our farming disciplines and by constantly exploring alternative energy.

We operate in a highly regulated industry. Our processing facility received its Hazard Analysis and Critical Control Point (HACCP) accreditation through the internationally recognised certification agency SGS. Compliance with food safety standards is achieved as all canned products are tested and approved by the National Regulator for Compulsory Specifications prior to export. Our products are measured against the guidelines set out by the Food and Agriculture Organisation (FAO). During 2015, the processing facility obtained the prestigious ISO 22000 Food Safety Management System accreditation, assuring customers of the quality of our products in addition to ensuring food safety. In the prior year, we were audited and received the critical “Friend of the Sea” sustainability accreditation – the first abalone farm in the world to do so.

The consistent, cost-effective supply of electricity is of critical importance to the sustainability of our farming operations. As a result, systems, processes and initiatives are continuously monitored and evaluated to ensure an optimal and sustained supply of this key resource.

We have increased generator capacity and on-site fuel storage capacity to ensure continuous running during possible future rolling black-outs and power outages. The implementation of several capital projects to optimise energy usage has been completed. Despite a 15% increase in water flow and a 55% increase in air flow due to significant expansion, our energy usage only increased by 3% in 2015 and remained unchanged in 2016. In conjunction with our associate company, Mean Sea Level (Pty) Ltd, we continue to investigate and analyse all potential areas of energy optimisation that could benefit us. We harvest energy through our Energy Recovery Turbine, which benefits from the discharged water from the operation. Photovoltaic (solar) generation, wave energy conversion, pumped reservoirs and wind generation are frequently revisited to determine their benefits and feasibility to reduce energy costs in the business.

Net profit targets were achieved whilst protecting our long-term sustainability.



We believe that sustained profitability and healthy cash flow are key to our long-term success and the delivery of solid shareholder returns.

To maximise profitability over the short, medium and long term, we will continue to focus on increasing turnover, optimising return on investment and ensuring sustainability of supply, while managing cost efficiency. Our turnover strategy centres on delivering a high-quality product and service to a core base of loyal sales agents and customers, while developing new products and customers and expanding into new territories. The focus is on entrenching the Abagold brand position and implementing and leveraging key differentiators. Cost control is essential to maintaining our margins in an inflationary environment, and where the market has seen significant recent price pressure.

Through our culture of innovation we strive to optimise our farming and processing practices to deliver the highest quality products at the lowest possible cost. Improved husbandry techniques and general business intelligence are key to our ability to achieve this and have remained a focal point in 2016. In addition, strong governance practices continue to result in responsible and accountable spending and management in all areas of the business.

FIVE-YEAR REVIEW

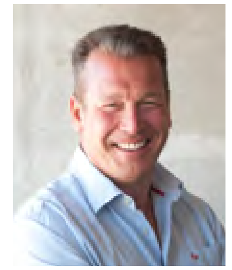
565 TONNAGE ON FARMS

50% REVENUE (ZAR) INCREASE

	GROUP				
	2016 R'000	2015 R'000	2014 R'000	2013 R'000	2012 R'000
Statement of comprehensive income					
Revenue	**187 845**	125 467	118 821	70 995	64 354
Earnings before interest and tax (EBIT)	**88 248**	52 665	35 692	52 760	38 986
Net finance (charge)/income	**(4 666)**	(1 406)	(1 885)	(920)	607
Profit before taxation	**82 223**	49 563	33 807	51 840	39 593
Taxation	**(22 597)**	(15 813)	(8 971)	(13 676)	(11 451)
Net profit for the year	**59 626**	33 750	24 836	38 164	28 142
Fair value gain on biological assets and inventory due to exchange rate changes	**40 510**	20 702	12 314	32 897	19 831
Net profit excluding value changes from exchange rates	**19 116**	13 048	12 522	5 267	8 311
Statement of financial position					
Total assets	**453 337**	391 165	307 810	298 401	216 763
Total current assets	**145 520**	132 286	115 400	120 011	73 212
Total non-current assets	**307 817**	258 879	192 410	178 390	143 551
Total biological assets and inventory ("stock")	**264 028**	213 255	176 014	172 292	111 127
Non-current portion of biological assets	**132 756**	91 844	65 831	56 750	45 586
Total current liabilities	**19 993**	31 881	15 147	43 428	7 734
Total liabilities	**158 033**	143 620	84 348	93 842	45 302
Total equity	**295 304**	247 545	223 462	204 559	171 462
Share capital and premium	**87 505**	87 505	87 505	87 505	87 505
Retained earnings	**207 799**	160 040	135 957	117 054	83 957
Statement of cash flow					
Cash generated from operations	**51 460**	16 296	37 209	8 424	7 738
Dividend paid	**11 867**	9 667	5 933	5 067	3 733
Purchases of property, plant and equipment	**20 201**	47 984	13 074	30 732	31 557
Financial ratios and exchange rates					
Solvency ratio	**2.9**	2.8	3.6	3.2	4.8
Current ratio	**9.6**	5.0	7.6	2.8	9.5
Acid test ratio	**0.9**	0.4	0.3	0.1	1.0
Return on equity	**20.2%**	14.2%	11.1%	18.7%	16.4%
Return on assets	**13.2%**	9.0%	8.1%	12.8%	13.0%
Operating profit margin	**46.3%**	40.6%	30.0%	74.3%	60.6%
Financing cost cover (times)	**18.9**	37.5	18.9	57.3	–
Average exchange rate for the year (R/USD)	**14.69**	11.48	10.24	8.70	8.05
Closing exchange rate (R/USD)	**14.79**	12.14	10.63	9.90	8.17
Earnings per share (cents)	**44.72**	25.31	18.63	28.62	21.11
Dividends per share (cents)	**8.90**	7.25	4.45	3.80	2.80
Weight on the farm (tonnes)	**565**	549	495	474	398

Kwanele Tom (supervisor),
Sulamanzi

BOARD OF DIRECTORS


1/

2/

3/

4/

5/

6/

7/

8/

9/

10/

11/

12/

1/ **HR VAN DER MERWE**
Chairman of the Board

2/ **TR HEDGES**
Managing director

3/ **DR P DU P HUGO**
Non-executive director

4/ **DR P DU P KRUGER**
Non-executive director

5/ **GM NEGOTA**
Non-executive director

6/ **W KEAST**
Non-executive director

7/ **YJ VISSER**
Non-executive director

8/ **JW WILKEN**
Non-executive director

9/ **S DE VILLIERS**
Non-executive director

10/ **CH VAN DYK**
Operations director

11/ **L-A LUBBE**
Human resources director

12/ **J HUGO**
Company secretary

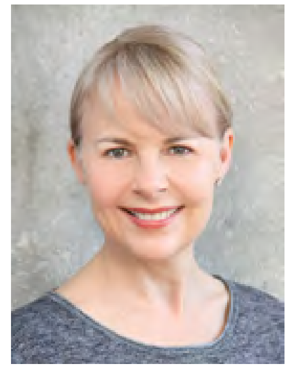
Siyanda Plaatyi,
Specialist Aquatic Feeds

EXECUTIVE MANAGEMENT TEAM


1/

2/

3/

4/

5/

6/

1/ **TR HEDGES**
Managing director

2/ **CH VAN DYK**
Operations director

3/ **L-A LUBBE**
Human resources director

4/ **W PIEK**
Marketing manager

5/ **J BAKKER**
Financial manager

6/ **C DE WET**
Engineering manager

Andile Bokuva,
Basket Making

CORPORATE GOVERNANCE

Sound corporate governance remains a dominant theme throughout Abagold's business. The governing structures responsible for directing and controlling the pursuit of Abagold's strategic objectives have remained unchanged during 2016.

Besides ensuring that all decision-making takes place against the backdrop of Abagold's stated values, good corporate governance and housekeeping must, of necessity, be based on a clear system of structure, control and execution. This includes creating a balance between the expectations of our stakeholders, in particular:

- Stakeholders who are affected by our business and/or our operations;
- Parties who could potentially influence our business; and
- Those who have an interest in what we do or how we do it.

The Board of directors (the Board) remains the focal point and custodian of corporate governance. Therefore, it is committed to collectively and individually ensuring that sound governance principles are fully integrated into all aspects of the business. The Board takes ownership of the accountabilities and responsibilities assigned to it in this regard, and is dedicated to the execution thereof.

Creating value for all our stakeholders is a priority. We acknowledge that this can only be achieved through sustaining a culture that is based on a foundation of sound governance and business ethics, which includes taking cognisance of the present and future needs of those who have an interest in Abagold as well as others that may be affected by what we do.

Compliance framework

The King Report on Corporate Governance Principles (King III)
King III, which was released on 1 September 2009 with an effective date of 1 March 2010, highlighted a new evolution and enhanced focus on corporate governance and, in particular, sustainable business practices.

The recommendations outlined in King III are, to a considerable extent, also entrenched in the Companies Act. King III continues to be regarded as an important roadmap for corporate South Africa, which is positioning itself at the forefront of promoting sound corporate governance principles in the international domain.
It is to be noted that an update to King III, to be known as King IV, is currently under consideration and may become effective from next year.

Abagold endorses and remains fully committed to compliance with the principles and practices of good corporate governance as set out in King III, where this is practicable. By implementing them, the Board binds itself to the principles of fairness, accountability and transparency and fully understands its responsibility to all stakeholders of the Company.

Companies Act, Act 71 of 2008 (the Companies Act)
Abagold Ltd is a public company duly incorporated in South Africa under the provisions of the Companies Act, Act 71 of 2008, as amended, and Regulations thereto.

Continued awareness of and compliance with the requirements of the Companies Act in daily operations, corporate structuring and governance remained the focus for 2016.

The Board of directors

Abagold has a fully functional Board that leads and controls the Company. The Board is responsible for strategic direction, leading and overseeing the performance of management, and monitoring the management of risk while striving for sustainability.

The Board is guided by its formal terms of reference and remains responsible for ensuring that the necessary systems and processes are in place so that objectives are achieved on an on-going basis. The Board also guides management in setting Group strategies and business plans, whilst being mindful of the long-term effect the same could have on the triple bottom line – stakeholders (people), financial results (profits) and the environment (planet).

Composition and size
At the date of this report the Board consists of eight elected non-executive directors and three executive directors appointed by the Board.

The chairman of the Board is an independent, non-executive director and the roles of the managing director and the chairman are separate. This meets the requirements of the Company's Memorandum of Incorporation (MOI).

Directors are initially appointed by the Board, and re-elected by the shareholders at the first AGM after their appointment. The company secretary is appointed by the Board. The terms of service of executive directors are coupled to their terms of service as employees, whilst the non-executive directors rotate on a three-year basis. All appointments to the Board are formal and transparent and are considered as a matter for the Board as a whole.

The Board members are listed on page 21 of this report.

Roles and responsibilities
The Board is responsible for the overall performance of the Company. The Board meets its responsibilities by giving strategic leadership, appointing competent management, delegating responsibilities in a structured manner, assessing business plans and budgets and monitoring their implementation and results, and overseeing risk management.

The directors have a wide range of expertise in the areas of general commerce, law, finance, aquaculture and marketing. Besides this expertise, the Board exercises leadership, integrity and judgement based on fairness, accountability, responsibility and transparency so as to achieve sustainable prosperity for the Company.

The Board is responsible for the appointment and induction of new directors. Non-executive directors are selected for their broader knowledge and experience and are expected to contribute effectively to decision-making and the formulation of strategies and policy.

Executive directors contribute their insight of day-to-day operations, enabling the Board to identify goals, provide direction and determine the feasibility of the strategies proposed. These executive directors are generally responsible for taking and implementing all operational decisions.

Company secretary

The secretary is an integral part of Abagold's corporate governance process and has a number of tasks that include:

- Responsibility for ensuring that the proceedings of all shareholders' meetings, Board meetings and meetings of Board committees are properly recorded. This includes circulating the minutes and agendas in a timely manner;
- Assisting the Board on good corporate governance principles and directors' duties, responsibilities and powers – collectively and individually;
- Responsibility for reporting to the Board any failure on the part of the Company, and/or a director, to comply with the MOI, any of the rules of the Company or the requirements outlined in the Companies Act;
- Overseeing the induction of new directors, and responsibility for regular briefings and training of directors and prescribed officers regarding applicable laws and regulations; and
- Coordinating the process of assessing the performance of the Board and its committees.

The directors have unrestricted access to the advice and services of the secretary.

Board committees

The Board has established the following committees to assist it in discharging its duties and responsibilities:

- **The remuneration and nomination committee**, comprising three non-executive directors and two executive directors, advises the Board on the remuneration philosophies and terms of employment and is responsible for succession planning. Its role includes ensuring that executive directors and senior management are remunerated fairly, responsibly and appropriately and that the remuneration scales and conditions of employment are market-related and serve to both attract and retain the required talent. This committee also makes recommendations to the Board regarding membership of the Board.

- **The audit and risk committee**, comprising three non-executive directors who comply with the requirements of the Companies Act relating to audit committee members, reviews the adequacy and effectiveness of the financial reporting process; the system of internal control; the management of financial, technological and operational risks; appropriateness of accounting policies; interim and annual financial statements; external audit processes; the Company's process for monitoring compliance with laws and regulations; its own code of business conduct; and procedures implemented to safeguard the Company's assets.

  The committee approves the external auditor's fees for audit services and non-audit services. KPMG Inc. is being proposed to shareholders for re-appointment as external auditor, and the audit and risk committee is satisfied that this firm is independent.

  An independent non-executive director is chairman of the committee. The committee has a formal mandate and its effectiveness is assessed by the Board in terms thereof.

  The committee meets a minimum of four times per year. The external auditor, the managing director, operations director and the financial manager attend these meetings by invitation, as required. Any other non-executive director may attend any meeting of the committee. The external auditor has unrestricted access to the committee and its chairman.

- **The social and ethics committee**, comprising two non-executive directors and two executive directors, fulfils the functions and responsibilities assigned to it in terms of the Companies Act Regulations and such other functions as may be assigned to it by the Board from time to time in order to assist the Board in ensuring that the group remains a responsible corporate citizen.

Meetings and quorums

The MOI requires three directors to form a quorum for Board meetings. A majority of committee members, preferably with significant representation of the non-executive directors, is required to attend all committee meetings.

The Board meets on a quarterly basis or more frequently if circumstances require it. All its committees also meet at least four times a year.

Materiality and approvals framework

Issues of a material or strategic nature, which can impact on the reputation and performance of the Company, are referred to the Board. Other issues, as mandated and delegated by the Board, are dealt with at senior management level.

The minutes of all the committee meetings are circulated to the members of the Board.

The table below depicts the attendance of the members serving on the Board and its committees during this reporting period:

	Board	Remuneration and nomination committee	Audit and risk committee	Social and ethics committee
Number of meetings held	4	4	4	2
Attendance by members:				
HR van der Merwe (chairman of the Board)	4	4	–*	–*
TR Hedges (managing director)	4	4	4#	2
SL de Villiers ‡	2	1	–*	–
P du P Hugo	4	–*	4#	2
P du P Kruger ◊	3	3	3	–*
WB Keast	3	–*	–*	–*
L-A Lubbe †	3	4	–*	2
GM Negota	4	–*	–*	–*
CH van Dyk	4	–*	4#	–*
YJ Visser	4	–*	4	–*
JW Wilken	4	4	4	–*

‡ Appointed effective 1 March 2016; † Appointed effective 19 February 2016;
◊ Resigns effective 9 December 2016; # Attended by invitation; * Not a member

Issues that require the attention of the Board are highlighted and included as agenda items for the next Board meeting.

Remuneration principles

The Company's policy that guides the remuneration of all directors and senior management is aimed at:

- Retaining the services of existing directors and senior managers;
- Attracting potential directors and senior managers; and
- Providing directors and senior management with remuneration that is just and fair.

We seek to attract, develop and retain high performing employees, and motivate them to perform in alignment with business objectives. We aim to recognise and reward performance and innovation, recognising those who deliver outstanding work and embrace our core values. The reward framework focuses on five key elements, that, when integrated, effectively attract, retain and motivate employees to achieve business results. These are:

- Compensation;
- Performance and recognition;
- Benefits;
- Work/life balance; and
- Development and career opportunities.

The following statements define our overall policy for each element:

Compensation: We aim to attract and retain employees by benchmarking average base pay against the median (50th percentile) of our selected comparator groups and for our relevant geographic area. We started implementing this objective in 2015 and whilst not there yet across all job categories or individuals we aim to move towards this over the next two years. Over time we aspire and aim to pay above-median rewards when performance consistently exceeds agreed objectives, through the use of non-guaranteed incentive pay.

Performance and recognition: In 2012 we started implementing a Performance Management system that aligns individual objectives to those of the Group. We also have a well-established short-term incentive programme, aligned to achieving our animal growth targets across all farms.

Benefits: Abagold aims to provide benefits comparative to, and benchmarked against, the median of our elected comparator groups. We realise that this will take us a number of years to achieve, and this will be incorporated into our annual cost-of-employment budgets.

Work/life balance: We recruit and retain valuable employees by fostering an organisation culture that is respectful of work/life balance, diversity and inclusion. We develop and promote relevant policies and interventions to achieve this.

Development and career opportunities: We promote a culture of continuous learning and development by providing all employees with learning and development opportunities, for the purposes of:

- Enabling employees to acquire the necessary knowledge and skills to perform their jobs effectively, thus creating an informed employee who is able to contribute effectively and thereby making their role more rewarding; and
- Creating internal capability to fill vacant positions, thus providing employees with opportunities for career and personal growth and development.

In accordance with these objectives, the remuneration and nomination committee reviews and evaluates, on an annual basis, the contribution of each director and member of senior management, and determines their annual salary adjustments. For this purpose it considers salary surveys compiled by independent organisations and will also refer to the PwC Executive Directors Remuneration Trends Report.

The remuneration of the non-executive directors consists of a fixed annual amount for services as a director, an additional amount for duties on committees and reimbursement for travelling and other costs. The remuneration of executive directors consists of remuneration as employees (which includes incentives). Executive directors receive no additional remuneration in their capacity as directors.

Among other remuneration aspects, these principles are included in the Company's formal remuneration policy which was approved by shareholders at the annual general meeting held on 12 December 2015.

Duties of directors

The Companies Act places certain duties on directors and determines that they should apply the necessary care and skills in fulfilling their duties. To ensure that this is achieved, best practice principles as contained in King III are applied where appropriate.

The directors are responsible for ensuring that the operations of the business are known to them to a degree sufficient to enable them to fulfil their fiduciary duties, and the company secretary is responsible for ensuring that directors are kept abreast of all relevant legislation and changes to legislation.

After evaluating their performance in line with their respective charters, the directors are of the opinion that the Board and its committees have discharged all their responsibilities.

Directors' interests

Mechanisms are in place to recognise, respond to and manage any potential conflict of interest. Directors sign, at least once a year, a declaration of their interests that may conflict with those of the Company, and stating that they are not aware of any undeclared conflicts of interest that may exist due to their interest in, or association with, any other company. In addition, directors disclose interests in contracts and/or matters that are of significance to the Company's business and do not participate in the Board voting process on such matters.

All information acquired by directors in the performance of their duties, which is not disclosed publically, is treated as confidential. Directors may not disclose or use, or appear to use, such information for personal advantage or for the advantage of third parties.

All directors of the Company are required to comply with the Abagold Code of Conduct regarding insider information, closed share trading periods, transactions and disclosures of transactions.

Risk management and internal control

The Board relies on systems of internal control and accounting information, the objective of which is to provide a reasonable assurance that assets are being safeguarded and that the risk of errors, fraud or losses is effectively being kept to the minimum. These control measures, which are contained in written policy documents and procedures, include the delegation of responsibilities and powers within a clearly defined framework, effective accounting procedures, and the separation of duties and monitoring.

The audit and risk committee monitors the appropriateness of, and compliance with, internal control and advises the Board in this regard. During the year under review, no material deterioration in the functioning of these control measures was reported.

Share trading

The Company has adopted a code of conduct for share trading by insiders. During closed periods directors and designated employees are prohibited from dealing in the Company's shares. Directors and designated employees may only deal in the Company's shares outside the closed period, with the authorisation of the chairman or the managing director. The closed period lasts from the end of a financial reporting period until the publication of the financial results for that period. Additional closed periods may be declared from time to time if circumstances warrant such action.

Due to the Financial Services Board's directive in the Government Gazette of 11 July 2014, shareholders of unlisted companies like Abagold are not able to trade in the companies' shares on an over-the-counter (OTC) platform. The Board however wishes to continue facilitating trade in Abagold shares in a manner that would not contravene the provisions of the Financial Markets Act. Accordingly, the Board has introduced an alternative procedure in terms of which Abagold will endeavour to put prospective purchasers and sellers into contact with one another for them to reach agreement on the sale and purchase (including the price) of any Abagold shares.

Although there is uncertainty in the market regarding the eventual outcome of OTC trading, we are liaising with our brokers and other potential providers of a (to be licensed) alternative exchange. Shareholders will be updated as this matter progresses.

Ethics

Abagold subscribes to sound principles of ethics and good business practice and the directors believe that the ethical standards and the criteria for compliance with these standards are being met. A formal documented code of ethics is in place and is the source of reference for questions of an ethical nature.

Going concern

The annual financial statements are compiled in accordance with International Financial Reporting Standards (IFRS) and the policies are implemented with consistency.

The Board considers these financial statements, as well as the forthcoming year's business plan, budgets and the liquidity position in the context of anticipated trading and economic conditions, in order to form its opinion on the Company's ability to trade as a going concern.

The Board's opinion pertaining to the appropriateness, validity and disclosure of the annual financial statements and explanations are set out in the Declaration of the Directors' responsibility and approval on page 33 of this report.

Annual consolidated financial statements

for the year ended 30 June 2016

CONTENTS

Notice in terms of section 29 of the Companies Act, Act 71 of 2008 (the "Act")

These consolidated annual financial statements have been audited by KPMG Inc. in compliance with the Companies Act of South Africa and have been prepared under the supervision of J Bakker, CA (SA), financial manager of Abagold Limited.

Directors' approval and declaration of responsibilities

To the shareholders of Abagold Limited

The directors are responsible for the preparation and fair presentation of the consolidated annual financial statements comprising the statements of financial position at 30 June 2016 and the statements of comprehensive income, changes in equity and cash flows for the year then ended for Abagold Limited and its subsidiary ("the Group"), and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa. In addition, the directors are responsible for the directors' report, the audit and risk committee's report and secretarial certification.

The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management as well as the preparation of the supplementary schedules included in these financial statements.

The directors have made an assessment of the ability of the company to continue as a going concern and have no reason to believe that the business will not be a going concern in the year ahead.

The auditor is responsible for reporting on whether the financial statements are fairly presented in accordance with the applicable financial reporting framework.

Approval of consolidated annual financial statements

The consolidated annual financial statements of Abagold Limited, as identified in the first paragraph, were approved by the Board of directors and signed by:

HR van der Merwe
Chairman

TR Hedges
Managing Director

Hermanus
29 September 2016

Secretarial certification

In accordance with section 88(2)(e) of the Companies Act, Act 71 of 2008, as amended ("the Act"), for the year ended 30 June 2016, it is hereby certified that the Company and its subsidiary have lodged with the Companies and Intellectual Property Commission all such returns that are required of a public company in terms of the Act and that such returns are true, correct and up to date.

J Hugo
Company secretary

Hermanus
29 September 2016

Audit and risk committee's report

The audit and risk committee ("the committee") submits this report, as required by section 94(7)(f) of the Companies Act, Act 71 of 2008, as amended, (hereafter referred to as "the Companies Act").

The Board of directors ("the Board"), within its discretion and the provisions of the applicable set of legislative requirements, delegated some of its responsibilities to the committee. During the year under review, these responsibilities were clearly reconfirmed and agreed upon between all parties concerned, after which it has been recorded in an approved charter. The charter governed the execution of the committee's mandate relevant to the reporting period.

As per the responsibilities assigned by the Board, the committee fulfils an independent role and is accountable to both the Board and the Group's shareholders. It is an integral part of the Group's governance structures and risk management protocols. Its continued focus remains on assisting the Board with executing its responsibilities pertaining to risk management and at the same time, embedding best practices across all levels of the organisation.

This report includes both sets of accountabilities relevant to the functional responsibilities of the committee as outlined in the Companies Act and King III. The charter, which outlines the committee's role and mandate, is available on request.

1. Roles and responsibilities of the audit and risk committee

The committee has discharged the functions outlined in its charter and ascribed to it in terms of the Companies Act and King III, as follows:

- Reviewed the interim, preliminary and abridged results as well as the year-end financial statements, culminating in a recommendation to the Board for approval. In the course of its review, the committee:
  - took the necessary steps to ensure that the financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act;
  - considered and, when appropriate, made recommendations on internal financial controls;
  - ensured that a process is in place to be informed of any reportable irregularities (as per the Auditing Professions Act, 2005) identified and reported by the external auditor; and
  - received and dealt appropriately with any concerns or complaints, whether from within or outside the Company, or on its own initiative, relating to the accounting practices, the content of the financial statements, the internal financial controls of the Company or any related matter. During the financial year under review, no such material concerns or complaints were raised;
- Reviewed the external audit reports on the Group's annual financial statements;
- Verified the independence of the external auditors, KPMG Inc. (KPMG) and recommended KPMG as the auditors for the year under review, noting that Mr Pierre Conradie (registered in accordance with the Auditing Professions Act, 2005) was appointed as lead auditor;
- Determined and approved the audit fees and the terms of engagement of the external auditors;
- Determined, subject to the provisions of the Companies Act, the nature and extent of allowable non-audit services and approved the contract terms for the provision of non-audit services rendered by the external auditors;
- Pre-approved any proposed agreement with the external auditors for the provision for non-audit services to the Group;
- Oversaw the integrated reporting process. The committee has as a result, at its meeting held on 28 September 2016, recommended the integrated report for approval by the Board; and
- The committee considered the Group's information pertaining to its non-financial performance as disclosed in the integrated report and has assessed its consistency with operational and other information known to committee members, and for consistency with the annual financial statements. The committee is satisfied that the sustainability information presented, is reliable and consistent with the financial results.

Audit and risk committee's report/continued

2. Members of the audit and risk committee

The committee comprises non-executive directors, who were elected at the previous annual general meeting in terms of section 94(2) of the Companies Act. All members are required to act objectively and independently, as described in the Companies Act and the King III report on good corporate governance.

The external auditors, in their capacity as auditors to the company, attended and reported to the committee at the meeting relating to the annual financial statements.

Executive directors and relevant senior managers attended meetings on invitation.

Only the official members of the committee are allowed to exercise their respective voting rights and partake in decision-making exercises as prescribed in the charter.

3. Meeting attendance

During the year under review, four meetings were held as prescribed by the committee's approved charter.

The following table illustrates the attendance of committee meetings relevant to the reporting period:

Name of member	10 Dec 2015	18 Feb 2016	10 Jun 2016	28 Sep 2016
Dr P du P Kruger	Absent	Present	Absent	Present
Mr YJ Visser	Present	Present	Present	Present
Mr JW Wilken	Present	Present	Present	Present

4. Confidential meetings

Agendas are prepared and circulated prior to meetings to improve effectiveness and also provides for confidential meetings between the committee members and the external auditors.

5. Conclusion

The committee is satisfied that it has considered and discharged its responsibilities in accordance with its mandate and terms of reference during the year under review.

JW Wilken
Chairman of the audit and risk committee

Hermanus
28 September 2016

Directors' report

for the year ended 30 June 2016

To the shareholders

The directors are pleased to submit their annual report as part of the annual consolidated financial statements of the Company for the year ended 30 June 2016.

Nature of the Company's business

During the year under review the Company continued its business of farming, processing, marketing and selling abalone. In addition, the Company's subsidiary, Specialised Aquatic Feeds (Pty) Ltd, continued is business of producing, marketing and selling feed for abalone and other animals.

Reporting period

The Company's year-end is 30 June.

Financial results

The operating results and the state of affairs of the Company are set out fully in the attached statement of financial position, statement of comprehensive income and notes thereto.

Share capital

Full details of the authorised and issued share capital appear in note 10 to the financial statements.

Dividends

During the year the Company declared a final dividend of R16 million relating to the 2015 (2015: R6.7 million relating to 2014) financial year and an interim dividend of R5.2 million for the 2016 (2015: R3.0 million relating to 2015) financial year.

Directors

The directors of the Company at the date of this report and any changes during the year are set out below:

HR van der Merwe	(non-executive and chairman of the Board)
TR Hedges	(managing director)
CH van Dyk	(executive)
L-A Lubbe	(executive, appointed 19 February 2016)
P du P Hugo	(non-executive)
P du P Kruger	(non-executive)
GM Negota	(non-executive)
YJ Visser	(non-executive)
JW Wilken	(non-executive)
W Keast	(non-executive)
S de Villiers	(non-executive, appointed 1 March 2016)

Remuneration of directors and prescribed officers

The remuneration of directors and prescribed officers is set out in note 24 to the financial statements.

Directors' report/continued

for the year ended 30 June 2016

Committees of the Board

The Board of directors may, as required from time to time, delegate responsibilities to committees of the Board. During the year the following committees assisted the Board:

- audit and risk committee
- remuneration and nomination committee
- social and ethics committee

These committees met quarterly and are chaired by non-executive directors. Membership of these committees is set out on page 27.

Events after the reporting period

Other than the specific events disclosed in note 32 to the financial statements, the directors are not aware of any other material fact, circumstance or event which occurred between the accounting date and the date of this report which might influence an assessment of the company's financial position or the results of its operations.

Investment in subsidiary

	2016	2015
Specialised Aquatic Feeds (Pty) Ltd	100%	100%

Details of the Company's investment in subsidiary are set out in note 6.

Auditors

KPMG Inc was appointed as auditor in accordance with section 90 (1) of the Companies Act of South Africa at the AGM held on 12 December 2015 and will continue in office, subject to reappointment by shareholders at the 2016 AGM.

Independent auditor's report

to the shareholders of Abagold Limited

Report on the financial statements

We have audited the consolidated financial statements of Abagold Limited, which comprise the statement of financial position at 30 June 2016, and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes as set out on pages 44 to 81.

Directors' responsibility for the financial statements

The Company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Abagold Limited at 30 June 2016, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards, and the requirements of the Companies Act of South Africa.

Other reports required by the Companies Act

As part of our audit of the consolidated financial statements for the year ended 30 June 2016 we have read the directors' report, audit and risk committee report and the secretarial certification for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements. These reports are the responsibility of the directors. Based on reading these reports we have not identified material inconsistencies between these reports and the audited financial statements. However, we have not audited these reports and accordingly do not express an opinion thereon.

KPMG Inc.

Per PJ Conradie
Chartered Accountant (SA)
Registered Auditor
Director
29 September 2016

1 Mediterranean Street
Foreshore
Cape Town
8001

Consolidated statement of financial position

at 30 June 2016

	Notes	2016 R'000	2015 R'000
ASSETS			
Non-current assets		307 817	258 879
Property, plant and equipment	2	163 264	156 664
Biological assets	3	132 756	91 844
Trademarks	4	219	255
Goodwill	5	7 979	7 979
Equity accounted investments	6	3 599	2 137
Current assets		145 520	132 286
Current portion of biological assets	3	104 801	89 788
Inventories	7	26 471	31 623
Trade and other receivables	8	12 086	10 468
Derivative financial instruments	9	2 162	407
Total assets		**453 337**	**391 165**
EQUITY AND LIABILITIES			
Equity		295 304	247 545
Share capital	10	7	7
Share premium		87 498	87 498
Retained earnings		207 799	160 040
Total equity		**295 304**	**247 545**
Non-current liabilities		138 040	111 739
Deferred income tax	12	96 757	74 160
Deferred income grant	13	3 798	4 145
Long-term borrowings	14	30 235	33 434
Trade and other payables	15	7 250	–
Current liabilities		19 993	31 881
Current portion of deferred income grant	13	347	347
Current portion of long term borrowings		4 798	5 595
Trade and other payables	15	13 338	13 330
Derivative financial instruments	9	–	966
Cash and cash equivalents	16	1 510	11 643
Total liabilities		**158 033**	**142 620**
Total equity and liabilities		**453 337**	**391 165**

Consolidated statement of comprehensive income

for the year ended 30 June 2016

	Notes	2016 R'000	2015 R'000
Revenue	20	187 845	125 467
Other income	21	1 903	1 576
Fair value losses in financial instruments	22	(8 724)	(1 212)
Fair value gains on biological assets	3	195 706	128 644
Cost of sales		(175 667)	(118 571)
Production costs	23	(22 583)	(19 373)
Employee benefit expenses	24	(48 138)	(31 907)
Depreciation and amortisation		(12 884)	(8 907)
Other operating expenses		(29 210)	(23 052)
Profit from operations	25	88 248	52 665
Finance costs	26	(4 666)	(1 406)
Share of loss of equity accounted investments	6	(1 359)	(1 696)
Profit before income tax		82 223	49 563
Income tax expense	12.1	(22 597)	(15 813)
Profit for the year		59 626	33 750
Other comprehensive income		–	–
Total comprehensive income for the year		59 626	33 750
Basic earnings per share (cents)	27	44.72	25.31
Diluted earnings per share (cents)	27	44.72	25.31

Consolidated statement of changes in shareholders' equity

for the year ended 30 June 2016

	Share capital R'000	Share premium R'000	Retained earnings R'000	Total equity R'000
Balance at 1 July 2014	7	87 498	135 957	223 462
Total comprehensive income for the year	–	–	33 750	33 750
Dividend paid	–	–	(9 667)	(9 667)
Balance at 30 June 2015	7	87 498	160 040	247 545
Total comprehensive income for the year	–	–	59 626	59 626
Dividend paid	–	–	(11 867)	(11 867)
Balance at 30 June 2016	7	87 498	207 799	295 304

Consolidated statement of cash flows

for the year ended 30 June 2016

	Notes	2016 R'000	2015 R'000
Cash flow from operating activities		46 794	14 888
Cash received from clients	29.1	188 130	121 242
Cash paid to suppliers and employees		(136 670)	(104 948)
Cash generated from operations	29.2	51 460	16 294
Finance costs	26	(4 666)	(1 406)
Cash flow from investment activities		(20 798)	(49 947)
Purchases of property, plant and equipment	2	(20 201)	(47 983)
Proceeds from disposal of property, plant and equipment		624	–
Investment in equity accounted entities	6	(1 198)	(1 822)
Purchases of trademarks	4	(23)	(142)
Cash flow from financing activities		(15 863)	25 137
(Decrease)/increase in long-term borrowings	14	(3 996)	34 804
Dividends paid to shareholders		(11 867)	(9 667)
Net cash flow for the year		10 133	(9 922)
Cash and cash equivalents – beginning of the year		(11 643)	(1 721)
Cash and cash equivalents – end of the year	16	(1 510)	(11 643)

Notes to the consolidated financial statements
for the year ended 30 June 2016

1. ACCOUNTING POLICIES

Abagold Limited (the Company) is a company domiciled in South Africa. The financial statements at 30 June 2016 comprise the Company.

Where reference is made to the “Group” in the accounting policies, it should be interpreted as referring to the Company where the context requires, and unless otherwise noted. The accounting policies adopted herein by the Company, are in line with that of the Group.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. All monetary information and figures presented in these financial statements are stated in Rands (R), unless otherwise indicated.

1.1 Basis of preparation

The separate financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and the requirements of the South African Companies Act of 2008.

The financial statements are presented in South African Rands (Rands), which is the Company’s functional currency. They are prepared on the basis that the Company and its subsidiaries are going concerns, using the historical cost basis of measurement except for derivative financial instruments as noted in note 1.3. Minor adjustments have been made to certain comparative figures to allow for more meaningful disclosure. These adjustments have no material impact on the reported results.

1.2 Non-derivative financial instruments

Non-derivative financial instruments are initially recognised at fair value plus directly attributable transaction costs except for financial instruments that are classified as being carried at fair value through profit or loss. Subsequent to initial recognition, these instruments are measured based on classification according to their nature.

Financial instruments are classified at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Upon initial recognition, attributable transaction costs are recognised in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

Trade and other receivables

Trade and other receivables are categorised as loans and receivables. These financial assets originate by the Company providing goods, services or money directly to a debtor and are subsequent to initial recognition measured at amortised cost using the effective interest method less any accumulated impairment losses.

Cash and cash equivalents

Cash and cash equivalents are categorised in the statement of financial position as loans and receivables and subsequent to initial recognition measured at amortised cost.

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand, deposits held on call with banks, and investments in money market instruments, net of bank overdrafts, all of which are available for use by the Company unless otherwise stated.

Interest-bearing loans and borrowings

Loans are recognised initially at fair value, net of transaction costs incurred. Subsequent to initial recognition these financial instruments are measured at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowings on an effective interest basis. Where the difference between the fair value and the proceeds received is considered to be an equity contribution (i.e. as with shareholders’ loans) the difference is taken directly to equity (net of deferred tax) at initial recognition.

1. ACCOUNTING POLICIES (continued)

Interest-bearing loans and borrowings (continued)

Loans are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Trade and other payables

Subsequent to initial recognition, trade and other payables are measured at amortised cost.

1.3 Derivative financial instruments

The Company uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risk arising from operational activities. In accordance with its treasury policy, the Company does not hold or issue derivative financial instruments for trading purposes.

Subsequent to initial recognition, derivatives are measured at fair value. The gain or loss arising from a change in fair value on re-measurement is recognised in profit or loss in the period in which the change arises.

The fair value of forward exchange contracts is their quoted market price at the reporting date.

1.4 Derecognition

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Where the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration received that the Company could be required to repay.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

1.5 Offset

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position when the Company has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

1.6 Hedge of monetary assets and liabilities

Where a derivative financial instrument is used to hedge the foreign exchange exposure and interest rate risk exposure of a recognised asset or liability, no hedge accounting is applied and gains or losses on the hedging instrument are recognised in profit or loss.

1. **ACCOUNTING POLICIES (continued)**

1.7 Foreign currency translation

Functional and presentation currency
Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the functional currency).

The financial statements are presented in South African Rands, which is the Company's functional and presentation currency.

Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit and loss.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit and loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale are included in the fair value reserve in equity.

1.8 Property, plant and equipment

Property, plant and equipment are tangible assets held by the Company for use in the production or supply of goods or services or for administrative purposes and are expected to be used during more than one period. Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit and loss during the financial period in which they are incurred.

Land is initially recorded at cost and adjusted for any impairment in value. It is not depreciated, as it is deemed to have an unlimited useful life.

Depreciation is calculated using the straight-line method, from the date that assets are available for use, at rates considered appropriate to reduce book values to estimated residual values over the useful lives of the assets, as follows:

Land and buildings	=	20 years
Computer equipment	=	5–10 years
Equipment	=	5–15 years
Furniture and fittings	=	5 years
Vehicles	=	5–10 years

Improvements to leasehold properties are shown at cost and written off over the remaining period of the lease.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These are included in profit and loss.

1. **ACCOUNTING POLICIES** (continued)

1.9 Biological assets

Biological assets consist of abalone livestock which are stated at fair value. Fair value is determined based on the market prices of abalone of similar size and breed less estimated point-of-sale costs at the point of harvest with any resultant gain or loss recognised in profit or loss. Point of sale costs includes all costs that would be necessary to sell the assets, excluding costs necessary to get the assets to the market. The exchange rate and expected sales prices are significant factors in determining the fair value of biological assets.

1.10 Intangible assets

Goodwill
Goodwill represents the excess of the consideration transferred over the fair value of the identifiable net assets acquired. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Acquisition costs are expensed as incurred.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segment.

Other intangible assets
Intangible assets (other than goodwill) are initially recognised at cost if acquired externally, or at fair value if acquired as part of a business combination. The cost of intangible assets acquired in a business combination is fair valued as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. Amortisation of intangible assets with a finite useful life is recognised in profit or loss on a straight-line basis over the estimated useful life of intangible assets. Intangible assets with indefinite lives are assessed annually for impairment and tested whenever there is an indication that the intangible asset may be impaired. The amortisation period, amortisation method and residual value for an intangible asset with a finite useful life are reassessed annually. Changes in the expected useful life or the expected pattern of consumption for future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset. There are no intangible assets that have indefinite useful lives other than goodwill.

Intangible assets are comprised of trademarks and currently all trademarks' useful lives are 10 years.

1.11 Inventory

Inventory consists of harvested and processed (canned or dried) abalone and is stated at the lower of cost and net realisable value. The cost of abalone finished goods and work in progress is determined in accordance with IAS41 as the fair value of the biological asset at point of harvest plus direct costs to completions. Net realisable value is the estimated selling price in the ordinary course of business, less the applicable costs of completion and selling expenses.

1.12 Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates and a joint venture.

1. ACCOUNTING POLICIES (continued)

1.12 Interests in equity-accounted investees (conitnued)

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and the joint venture are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity-accounted investees, until the date on which significant influence or joint control ceases.

1.13 Impairment of assets

Non-financial assets

The carrying amounts of the Company's non-financial assets other than deferred tax assets, biological assets and inventory (see accounting policy note for deferred tax, biological assets and inventory), are reviewed at each reporting date to determine whether there is any indication of impairment exists. If any such indication exists, the asset's recoverable amount is estimated.

For goodwill the recoverable amount is estimated at each reporting date.

Whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount, an impairment loss is recognised in profit or loss.

As goodwill is not capable of generating cash flows independently of other assets, in assessing the recoverable amount of goodwill, the goodwill is allocated to cash-generating units on a reasonable and consistent basis.

The recoverable amount of the cash-generating unit (including an allocation of goodwill and corporate assets) is assessed with reference to the future cash flows of the cash-generating unit. Where an impairment loss is recognised for a cash-generating unit, the impairment loss is applied first to the goodwill allocated to the cash-generating unit (if any) and then to other assets on a pro rata basis comprising the cash-generating unit provided that each identifiable asset is not reduced to below its recoverable amount.

Recoverable amount

The recoverable amount of an asset is the greater of its fair value less cost to sell and its value in use. Recoverable amounts are estimated for individual assets or, if an asset does not generate largely independent cash flows, for a cash-generating unit. A cash-generating unit is the smallest collection of assets capable of generating cash flows independent of other assets or cash-generating units.

The fair value less cost to sell is the amount obtainable from the sale of an asset or cash-generating unit in an arm's length transaction, less the costs of disposal. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset or cash-generating unit and from its disposal at the end of its useful life. The estimated future cash flows are discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Reversal of impairment losses

Impairment losses recognised in prior years are assessed at each reporting date for any indicators that the losses have decreased or no longer exist. Reversal of impairment losses recognised in prior years are recorded when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased, either as a result of an event occurring after the impairment loss was recognised or if there has been a change in the estimates used to calculate the recoverable amount.

An impairment loss is reversed only to the extent that the carrying amount of the affected asset is not increased to an amount higher than the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised in prior years. The reversal is recorded as income in profit or loss. An impairment loss in respect of goodwill is not reversed.

1. ACCOUNTING POLICIES (continued)

1.13 Impairment of assets (conitnued)

Financial assets

At each reporting date, an assessment is made as to whether objective evidence exists that a financial asset or a group of financial assets is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events has a negative effect on the estimated future cash flows of the asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in profit or loss.

1.14 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax.

Where any Group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the Company's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold, reissued or otherwise disposed of, any consideration received is included in equity attributable to the Company's equity holders, net of any directly attributable incremental transaction costs and the related income tax effects.

1.15 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated in accordance with tax laws enacted or substantively enacted at the statement of financial position date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the balance sheet method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Notes to the consolidated financial statements
for the year ended 30 June 2016

1. ACCOUNTING POLICIES (continued)

***1.15 Current and deferred income tax** (continued)*

Deferred income tax is provided on temporary differences arising on the investment in a subsidiary, except where the Company controls the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Dividends Withholding Tax is a tax levied on the beneficial owner of the shares instead of the Company. The tax is withheld by the Company and paid over to SARS on the beneficiaries' behalf. The resultant tax expense and liability has been transferred to the shareholder and is no longer accounted for as part of the tax charge of the Company.

1.16 Employee benefits

Pension obligations

The Company only has defined-contribution plans. A defined-contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognised as an employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Other post-retirement benefits

The Company has no liabilities with regard to post-retirement medical benefits.

Annual leave

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated annual leave as a result of services rendered by employees up to statement of financial position date.

Profit sharing and bonus plans

The Company recognises a liability and an expense for bonuses and profit sharing. The Company recognises a provision for such expenditure where a contractual obligation exists or where there is a past practice that has created a constructive obligation.

1.17 Equity compensation benefits

The Company has granted share appreciation rights in the form of "phantom shares" to its executive management team. In accordance with IFRS 2, the Company has recognised an employee benefits expense in profit and loss, representing the fair value of the share appreciation rights granted to the Company's employees. A corresponding credit to liabilities has been raised for this cash-settled plan.

The Company remeasures the fair value of the recognised liability at each reporting date and at the date of settlement, with the corresponding change in the fair value recognised in profit and loss for the period.

1.18 Provisions

Provisions are recognised when:

- the Company has a present legal or constructive obligation as a result of past events;
- it is more likely than not that an outflow of resources will be required to settle the obligation; and
- the amount has been reliably estimated.

***1.18 Provisions** (continued)*

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as an interest expense.

1.19 Related parties

Individuals or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Key management personnel are defined as all directors of Abagold Limited.

1.20 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of abalone to customers in the ordinary course of the Company's activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

The Company recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Company's activities as described below. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifications of each arrangement.

Interest income

Interest income for financial assets that are not classified as at fair value through profit and loss is recognised using the effective interest method. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income from financial assets that are classified as at fair value through profit and loss is included in investment income.

Dividend income

Dividend income is recognised when the right to receive payment is established. Dividend income is included in investment income.

1.21 Government grants

Government grants are recognised when there is reasonable assurance that the entity will comply with the conditions attaching to them and that the grants will be received by the Company.

Government grants related to costs are recognised in profit or loss on a systematic basis over the periods in which the entity recognises, as an expense, the related costs for which the grants are intended to compensate.

Government grants related to the purchase of depreciable assets are recognised as a liability (deferred revenue) and credited to profit or loss on a straight-line method over the useful lives of the assets.

1.22 Leases

Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit and loss on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

Notes to the consolidated financial statements

for the year ended 30 June 2016

1. ACCOUNTING POLICIES (continued)

1.22 Leases (continued)

Finance leases

Leases of assets where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at inception of the lease at the lower of the fair value of the leased asset or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges based on the interest rate charged on the outstanding balance. The corresponding rental obligations, net of finance charges, are included in Borrowings. The interest element of the finance cost is charged to profit and loss over the lease period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease term.

1.23 Dividend distributions

Dividend distributions to the Company's shareholders are recognised as a liability in the Company's financial statements in the period in which the dividends are approved by its board of directors.

1.24 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data in relation to its ordinary shares.

Basic EPS is calculated by dividing profit or loss attributable to the ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the period. This provides a measure of the interests of each ordinary share of the company in the performance of the entity over the reporting period. Headline earnings is calculated by adjusting the earnings used for EPS for any exceptional items.

Diluted EPS takes into account the effect of all dilutive potential ordinary shares outstanding during the period. Headline EPS is based on earnings attributable to shareholders, excluding capital items and the tax effects thereon and is calculated using the same number of shares as the basic and diluted EPS calculations.

1.25 Contingencies

A contingent liability is either a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability. These contingent liabilities are not recognised in the statement of financial position but disclosed in the notes to the financial statements.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. These contingent assets are not recognised in the statement of financial position but are disclosed in the notes to the financial statements if the inflow of financial benefits is probable.

1.26 Critical accounting estimates and judgements in applying accounting policies

1.26.1 Judgements and estimates

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

1. ACCOUNTING POLICIES (continued)

1.26.1 Judgements and estimates (continued)

Expected manner of realisation of deferred tax

Deferred tax is provided based on the expected manner of recovery, i.e. sale or use. This manner of recovery affects the rate used to determine the deferred tax asset or liability.

Assets' useful lives, residual values and impairment

Property, plant and equipment are depreciated over their useful lives taking into account the residual values and possible impairment where appropriate. The actual useful lives of assets and residual values are assessed annually. In reassessing assets' useful lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values. Whether an asset is impaired is subject to management's view of changes in circumstances which could indicate that the carrying value may not be recoverable.

Impairment of goodwill

Goodwill is subjected annually to an impairment test. The impairment test is performed by calculating a value-in-use for the cash generating unit to which the goodwill is allocated. The calculation of value-in-use requires assumptions to be made regarding future cash flows and appropriate outcomes.

Biological assets

In order to measure and value biological assets, management uses a growth-formula and drip- and purge-loss factors to determine the weight of the animals at the reporting date. These formulas are based on empirical evidence and confirmed industry norms.

1.26.2 Measurement of fair value

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the financial manager. Significant unobservable inputs and valuation adjustments are reviewed regularly. If third party information, such as market prices, is used to measure fair values, then such evidence is assessed to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the audit and risk committee.

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2:** inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- **Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs are used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entity in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Notes to the consolidated financial statements

for the year ended 30 June 2016

1. ACCOUNTING POLICIES (continued)

1.26.2 Measurement of fair value (conitnued)

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes relating to biological assets (note 3), share-based payments (note 11) and financial instruments (note 19).

1.27 Standards and interpretations not yet effective

A number of new standards, amendments to standards and interpretations are effective for annual reporting periods beginning on or after 1 July 2016, and have not been applied in preparing these financial statements. Those which may be relevant to the Company are set out below. The Company do not plan to adopt these standards early. These will be adopted in the period that they become mandatory (effective date) unless otherwise indicated:

IFRS 15 – Revenue from Contracts with Customers

The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.

This new standard is likely to result in a possible change in the timing of when revenue is recognised and the amount of revenue recognised.

The standard is effective for annual reporting periods beginning on or after 1 January 2017, with early adoption permitted under IFRS. The Company is assessing the potential impact on its financial statements regarding the application of IFRS 15.

IFRS 9 – Financial Instruments

This standard includes changes in the measurement criteria of the Company's financial assets to amortised cost, fair value through other comprehensive income or fair value through profit or loss. Even though these measurement categories are similar to IAS 39, the criteria for classification into these categories are significantly different. In addition, the IFRS 9 impairment model has been changed from an "incurred loss" model from IAS 39 to an "expected credit loss" model, which can potentially increase the provision for bad debts recognised.

The standard is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted under IFRS. The Company is assessing the potential impact on its financial statements regarding the application of IFRS 9.

The following new or amended standards are not expected to have a significant impact on the Company's financial statements:
Effective for annual reporting periods ending on or after 30 June 2016:

- IFRS 14 Regulatory Deferral Accounts
- Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)
- Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)
- Agriculture: Bearer Plants (Amendment to IAS 16 and IAS 41)
- Equity Method in Separate Financial Statements (Amendments to IAS 27)
- Annual Improvements to IFRSs 2012–2014 Cycle – various standards
- Disclosure Initiative (Amendments to IAS 1)
- Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)

2. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings R'000	Equipment R'000	Furniture and fittings R'000	Computer equipment R'000	Vehicles R'000	Assets under construction R'000	Total R'000
Book value at 30 June 2014	73 813	36 498	214	309	811	6 062	117 707
Cost at 30 June 2014	86 465	70 092	345	781	1 237	6 062	164 982
Accumulated depreciation and impairment	(12 652)	(33 594)	(131)	(472)	(426)	–	(47 275)
Additions	2 505	3 964	18	260	145	41 092	47 983
Disposal	(111)	(35)	–	–	–	–	(146)
Cost	(261)	(378)	–	–	–	–	(639)
Accumulated depreciation	150	343	–	–	–	–	493
Depreciation	(5 670)	(3 038)	(19)	(30)	(123)	–	(8 880)
Completed and transferred	12 047	9 118	12	118	150	(21 444)	–
Book value at 30 June 2015	82 583	46 507	224	657	983	25 710	156 664
Cost	100 755	82 796	374	1 159	1 532	25 710	212 326
Accumulated depreciation and impairment	(18 172)	(36 289)	(150)	(502)	(549)	–	(55 662)
Reallocate between categories	(2 011)	–	–	2 011	–	–	–
Cost	(2 155)	–	–	2 155	–	–	–
Accumulated depreciation	144	–	–	(144)	–	–	–
Additions	35	1 495	–	114	262	18 295	20 201
Disposal	(346)	(311)	–	–	(119)	–	(776)
Cost	(561)	(755)	–	–	(326)	–	(1 642)
Accumulated depreciation	215	444	–	–	207	–	866
Depreciation	(3 945)	(8 618)	(12)	(140)	(110)	–	(12 825)
Completed and transferred	12 670	30 201	141	570	423	(44 005)	–
Book value at 30 June 2016	88 986	69 274	353	3 212	1 439	–	163 264
Cost at 30 June 2016	110 744	113 738	515	3 998	1 890	–	230 885
Accumulated depreciation and impairment	(21 758)	(44 464)	(162)	(786)	(451)	–	(67 621)

2. PROPERTY, PLANT AND EQUIPMENT (continued)

During the current year R23 000 (2015: Rnil) fully depreciated assets were scrapped. Assets under construction at the end of the current year were Rnil (2015: R16.2 million).

All the above assets are owned by the Company and not leased.

Land and buildings include the following two properties which are owned by the Company, at cost:

Erf	Name	Size	Purchase date	Cost R'000
Erf 11068 (Hermanus)	Bergsig farm	2.4ha	April 2002	1 377
Erf 11166 (Hermanus)	Sulamanzi farm	6.9ha	July 2010	9 610
Total				**10 987**

Refer to note 17 for encumbrances on property, plant and equipment.

The detailed fixed assets register is available for viewing at Company's office.

3. BIOLOGICAL ASSETS

The Company owns biological assets in the form of abalone livestock. At 30 June 2016 there were 565 tonnes (2015: 549 tonnes) of live abalone on the farms. Biological assets are measured at the best estimate of fair value less anticipated marketing and other related selling costs.

(a) Reconciliation

	2016 R'000	2015 R'000
Opening carrying amount	181 632	151 714
Fair value adjustment for growth	141 066	109 449
Fair value adjustment due to changes in US Dollar sales prices	14 130	(1 507)
Fair value adjustment due to exchange rate changes	40 510	20 702
Port Nolloth spats	(1 623)	(1 258)
Transfer to inventories	(138 158)	(97 468)
Closing carrying amount	237 557	181 632

Biological assets typically have a production cycle of more than one year and are classified as non-current assets. A portion of biological assets are projected to be harvested for sale within the next financial year and are classified as current assets. This division between non-current and current assets is made based on the expected harvest dates of the different aged animals and is set out below:

	2016 R'000	2015 R'000
At 30 June:		
– Non-current biological assets	132 756	91 844
– Current portion of biological assets	104 801	89 788
	237 557	181 632

3. BIOLOGICAL ASSETS (continued)

(i) Fair value hierarchy

The fair value measurements for abalone biological assets of R237.6 million (2015: R181.6 million) have been categorised as Level 3 fair values based on the inputs to the valuation techniques used.

(ii) Level 3 fair values

The following valuation techniques and significant unobservable inputs are used in measuring fair value of abalone biological assets:

The fair value of biological assets are determined using the market comparison technique and is based on market export prices of live abalone of similar size and breed. Market prices are denominated in US Dollars. Biological assets are continuously counted and weighed in predetermined cycles and at reporting dates a formula is used to project the present weight of the abalone at each reporting date. The present weight is calculated by extrapolating the average weight of each of the baskets on the farms at a growth rate which is equal to its life-to-date growth rate. The abalone are then classified into weight classes for valuation purposes and valued using relevant selling prices for each weight class, adjusted for drip and purge losses, and cost to sell.

(b) Measurement of fair values

Smaller abalone (less than 5 grams each) are valued at between R2.14 and R4 each which is the market price for selling small abalone (known as spats) between farms in South Africa. These values are extrapolated for valuing each weight class of abalone up to 30 grams as no active export market exists for these sizes. Abalone in the weight classes from 30 grams to 350 grams are valued using the live market US dollar selling price per kilogram (active market price) for each weight class. As there is no active live market for larger abalone, and in order to be conservative, the value for abalone in the weight classes greater than 350 grams is capped at the value used for 350 gram abalone.

The drip (9%) and purge (5%) loss used in the valuation model is based on results from empirical tests and industry benchmarking.

At 30 June 2016, if the US Dollar price of live abalone increased by 10% with all other variables held constant, the value of biological assets and the profit before income tax for the year would have been R24.9 million (2015: R20.3 million) higher. Conversely, if the US Dollar price decreased by 10%, the value of biological assets and profit would be less with the same amounts. This variation in profit would be due to the fair value adjustment of biological assets through profit and loss. The higher US Dollar price sensitivity in profit in 2016 compared to 2015 is attributable to an increase in livestock tonnage on the farms.

Spat are priced in Rands and not US Dollars, and are thus not included in the exchange rate sensitivity analysis above. At 30 June 2016, the value of spat included in biological assets was R27.8 million (2015: R21 million).

Although the Company is exposed to risks arising from changes in the price of abalone it does not anticipate that abalone prices will decline significantly in the foreseeable future. The Company reviews its outlook for the price of abalone regularly in considering the need for active risk management.

The Company is also exposed to risks arising from changes in the Rand-US Dollar exchange rate. At 30 June 2016, if the Rand had weakened 10% against the US Dollar with all other variables held constant, the value of biological assets and profit before tax for the year would have been R24.9 million (2015: R20.3 million) higher. Conversely, if the Rand strengthened 10%, the value of biological assets and profit would be less with the same amounts. This variation in profit would be due to the fair value adjustment of biological assets. The higher exchange rate sensitivity in profit in 2016 compared to 2015 is attributable to an increase in livestock tonnage on the farms.

3. BIOLOGICAL ASSETS (continued)

(c) Risk management strategy related to aquacultural activities

The Company is exposed to the following risks related to aquacultural activities:

(i) Exchange rate risks

The Company is subject to changes in the exchange rate as abalone sales prices are denominated in US Dollar and biological assets are measured at fair value which is also based on the US Dollar market price. The Company's currency risk management is described in note 19.7.

(ii) Mechanical risks

Reliance on plant and equipment to sustain a living environment for the abalone exposes the Company to certain risks. This risk is managed by allowing for redundancy of key equipment and generators, and shortage of electricity supply. Critical assets are monitored with sophisticated alarm systems. Comprehensive livestock and assets insurance is in place.

(iii) Disease risks

The Company subscribes to the highest biosecurity measures. Abagold is part of a Health Monitoring Programme which includes detailed surveillance of the condition of abalone populations. Short-term insurance cover, as part of an overall management strategy, is utilised to protect the Company against the replacement cost of re-stocking the farms in the event of mortalities caused by natural perils, forced de-stocking, disease or mechanical failure.

4. TRADEMARKS

	2016 R'000	2015 R'000
Reconciliation		
Opening carrying value	255	140
Cost	425	283
Accumulated amorisation and impairment	(170)	(143)
Additions	23	142
Impairments	–	–
Amortisation	(59)	(27)
Closing carrying value	219	255
Cost	448	425
Accumulated amorisation and impairment	(229)	(170)

5. GOODWILL

	2016 R'000	2015 R'000
Recoverable amount	7 979	7 979

Goodwill arose with the purchase of the operations of a subsidiary, Specialised Aquatic Feeds (Pty) Ltd (previously Abamax Abalone Farm (Pty) Ltd). For purposes of impairment testing goodwill is allocated to the Amaza farm as a cash-generating unit.

Goodwill is tested annually for impairment. The recoverable amount of this cash-generating unit has been determined based on its value-in-use calculation, using a discounted cash flow method.

The key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represents management's assessment of the future trends in the relevant industry and were based on historical data from both internal and external sources.

In present	2016 %	2015 %
Discount rate	12.3	12.0
Terminal value growth rate	15.1	15.1
Budgeted free cash flow (average of the next five years)	9.0	9.0

The discount rate that was used is the yield on the 182 day government bond and adjusted for specific risks relating to the industry and the Group as a whole, size of the company, with a possible debt:equity ratio of 20:80 at a market interest rate of 10.5% (2015: 9.25%).

The cash flow projections used included specific estimates for five years and a terminal growth rate thereafter. The terminal growth rate was determined based on management's estimate of the long-term compound annual free cash flow growth rate, consistent with the assumption that a market participant would make.

Had the discount rate used in the discounted cash flow calculation above been 1% less, there would still be no impairment of the goodwill.

6. EQUITY ACCOUNTED INVESTMENTS

6.1 Investment in Oman Aquaculture Co LLC

During the prior year Abagold entered into a share purchase agreement with Muscat Overseas Co LLC whereby Abagold obtained 50% interest in a newly formed joint venture company, Oman Aquaculture Co LLC. The joint venture was originally set-up to run a pilot project to determine whether Omani abalone could be breed in captivity. The pilot has been a success, and, as a result, the project has been approved by Abagold's Board to move into the first phase of full commercial development. Abagold has further capital commitments of R15 million on this first phase which will be spend over the two years ended 30 June 2018, provided specific milestones are met.

The initial phase includes a feasibility study and a pilot project. Both parties have incurred certain costs related to the initial phase, of which Abagold's contribution at year-end is R3.3 million.

	2016 R'000	2015 R'000
Investment in Oman Aquaculture Co LLC at cost	3 348	2 150

6. EQUITY ACCOUNTED INVESTMENTS (continued)

6.1 Investment in Oman Aquaculture Co LLC (continued)

The following table summarises the financial information of Oman Aquaculture Co LLC as included in its own financial statements. Although the company's reporting currency is Omani Rial, the amount has been converted to Rands using the closing exchange rate at 30 June.

	2016 R'000	2015 R'000
Fixed assets	360	601
Current assets (consisting of cash and cash equivalents)	1 515	1 035
Assets (100%)	1 875	1 636
Group's share of assets (50%)	938	818
Trade and other payables	(71)	–
Group's share of trade and other payables (50%)	**(36)**	**–**
Group's share of net assets (50%)	**902**	**818**
Net loss (100%)	(2 737)	(3 106)
Group's share of net loss (50%)	**(1 368)**	**(1 553)**
Prior year equity – accounted loss	(1 553)	–
Group's share of net profit/(loss) (50%)	(2 921)	(1 553)
Remaining net investment	**427**	**597**

6.2 Investment in Mean Sea Level (Pty) Ltd

During the 2014 financial year Abagold obtained a 42% interest in Mean Sea Level (Pty) Ltd (MSL). This investee serves to pursue any renewable energy endeavours of the Group and its first two projects involved the construction of an Energy Recovery Turbine (ERT) to generate electricity from Abagold's return-water to the ocean, and a pilot Wave Energy project. In the prior year year Abagold entered into a Power Purchase agreement to purchase all the electricity generated by their ERT project at a fixed price of R0.90 cents per kilowatt for the next 20 years. Assuming 8% annual increases in Eskom's electricity tariffs, this contract has a positive net present value to Abagold of R1.5 million. In the prior year, MSL obtained a R4.6 million loan from the Industrial Development Corporation. One of the conditions to the loan is that Abagold guarantees the full R4.6 million loan in the event of a default. In exchange, in such event, Abagold takes ownership of the ERT, against meeting such a guarantee obligation. In exchange for such guarantee and paying 90c/kWh for energy from the ERT, Abagold accepted 12 additional ordinary shares in MSL, increasing its total holding to 43%. This shareholding was subsequently reduced to 31.95% after a share issue to other shareholders in MSL. MSL entered into a finance lease agreement with ABSA for an excavator of R2.4 million. Abagold has agreed to stand surety for this amount.

	2016 R'000	2015 R'000
Investment in Mean Sea Level (Pty) Ltd at cost	425	425

6. EQUITY ACCOUNTED INVESTMENTS (continued)

6.1 Investment in Mean Sea Level (Pty) Ltd (continued)

The following table summarises the financial information of MSL as included in its own financial statements:

	2016 R'000	2015 R'000
Non-current assets	25 010	17 567
Current assets	2 734	2 365
Assets (100%)	27 745	19 932
Group's share of assets (31.95%)	**8 864**	**7 097**
Long term liabilities	(8 933)	(6 356)
Current liabilities	(633)	(419)
Liabilities (100%)	(9 566)	(6 775)
Group's share of liabilities (31.95%)	**(3 056)**	**(2 412)**
Net assets (100%)	18 178	13 157
Share of net assets (31.95%)	**5 808**	**4 685**
Net profit/(loss) (100%)	29	(368)
Group's share of net profit/(loss) (31.95%)	**9**	**(130)**
Prior year equity – accounted loss	(143)	(14)
Group's share of net profit/(loss) (31.95%)	**(134)**	**(143)**
Remaining net investment	**291**	**282**

No dividends were received by the Group.

6.3 Investment in Port Nolloth Sea Farms

During the prior year Abagold finalised a 20% share in Port Nolloth Sea Farm Ranching (Pty) Ltd (PNSFR) – an initiative whereby abalone is ranched in the sea. In return for this share, Abagold has agreed to supply PNSFR with spat at no charge. Abagold will have the right of first refusal on all abalone harvested in six year's time.

Investment in Port Nolloth Sea Farm Ranching (Pty) Ltd	2 881	1 258

The investment is calculated using the net realisable of the spat multiplied by the number of spat supplied by Abagold to PNSFR.

PNSFR is still in the start-up phase, thus there is no significant income generated nor expenses incurred to date, and, thus no equity accounted adjustments.

Total investments		
Opening balance	2 137	0
Investment – current year	2 821	3 833
Share of net loss – current year	(1 359)	(1 696)
Total net investments	**3 599**	**2 137**

7. INVENTORIES

Inventories consist of abalone and non-abalone inventory. Abalone inventory is harvested abalone which is being processed or is in a final dried or canned form, ready for sale. Non-abalone inventory includes raw materials, general inventory and feed inventory.

	2016 R'000	2015 R'000
Abalone inventory		
Opening carrying amount	28 987	24 300
Transfer from biological assets	138 158	97 468
Purchases	10 177	18 226
Overhead allocations – factory	3 297	–
Sales of abalone	(158 677)	(111 007)
Closing carrying amount	21 942	28 987

The carrying amount includes work in progress of R5.6 million (2015: R4.4 million) which represents harvested abalone being processed but not yet in a final product ready for sale at the reporting date.

Inventory is valued at the lower of cost or net realisable value. Cost is determined using the fair value of biological assets at point of harvest. The net realisable value of inventory is dependent on current USD market prices of abalone and consequently also on the Rand-US Dollar exchange rate.

	2016 R'000	2015 R'000
Non-abalone inventory		
Raw materials	1 885	769
General	1 985	1 349
Finished goods – feed	659	518
Closing carrying amount	4 529	2 636
Total inventory	**26 471**	**31 623**

8. TRADE AND OTHER RECEIVABLES

	2016 R'000	2015 R'000
Trade receivables	10 592	7 821
Prepaid expenses	737	120
Loans receivable	167	167
Value added tax	590	2 360
Total trade and other receivables	12 086	10 468

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

South African Rand	3 725	4 017
US Dollar	8 361	6 451
Total carrying amount	12 086	10 468

8. TRADE AND OTHER RECEIVABLES (continued)

Trade and other receivables are assessed individually for any indication that the counterparty might not be able to honour its commitments.

An impairment of R51 000 was recognised for a debtor in Specialised Aquatic Feeds (Pty) Ltd for the year ended 30 June 2016 (2015: Rnil).

Nominal value less impairment provision of trade receivables approximate fair value.

Trade receivables that are less than one month past due are not considered impaired unless there is objective evidence that the Company will not be able to collect the outstanding debt. As at 30 June 2016 no portion of trade receivables (2015: no portion) was past due or impaired. The aging analysis of trade receivables is as follows:

	2016 R'000	2015 R'000
Up to 1 month	8 297	7 138
1–2 months	2 115	470
More than 2 months	180	213
	10 592	7 821

9. DERIVATIVE FINANCIAL INSTRUMENTS

The derivative financial instruments at 30 June comprise of:		
– Forward foreign exchange contracts – assets	2 162	407
– Forward foreign exchange contracts – liabilities	–	(966)
	2 162	(559)
Reconciliation of derivative financial instruments:		
Opening balance	(559)	(120)
– Contracts entered into	2 162	(559)
– Contracts expired	559	120
Closing balance	2 162	(559)

The forward foreign exchange contracts do not qualify for hedge accounting.

The notional principal amount of the outstanding forward foreign exchange contracts at 30 June was USD 3.7 million (2015: USD 4.3 million) with forward rates ranging from R15.48/USD to R16.45/USD (2015: R10.45/USD to R11.47/USD).

The derivatives are classified as a current asset or liability as the forward exchange contracts expire within the next 12 months.

10. SHARE CAPITAL

	2016 R'000	2015 R'000
Authorised		
200 000 000 ordinary shares of 0.005c each	10	10
3 000 000 old redeemable preference shares of 1c each	30	30
1 000 000 new redeemable preference shares of 0.1c each	1	1
	41	41
Issued		
133 333 334 (2013: 133 333 334) ordinary shares of 0.005c each	7	7
	7	7

There has been no change to the authorised or issued share capital during the year.

All shares issued by the Company are fully paid.

During the year the Company declared a final dividend of R6.7 million relating to the 2015 financial year and an interim dividend of R5.2 million for the 2016 financial year. A final dividend for the 2016 financial year of R16 million was declared by the Board on 29 September 2016.

Unissued

Unissued shares are under the directors' control until the next annual general meeting.

11. SHARE INCENTIVE PLAN

The Group has granted incentive plans in the form of "phantom shares" to members of its executive management team. These plans entitle the participants to receive cash payments calculated as the difference (if any) between the formula (or deemed) value per share of the Company at the dates of the grants (award value) and such formula value per share on the maturation dates of the rights three years later.

Participants are encouraged to invest at least half of the after-tax return in physical shares of the Company and keep these shares for a minimum of three years, although there is no obligation to do so. The calculated total provision of R5.5 million (2015: R0.7 million) is classified as "cash settled" under liabilities.

The number of "phantom shares" on which the participation rights are based as well as the award values and maturation dates are set out below.

	Number of shares on which the right is based	
	2016 R'000	2015 R'000
Movement in rights to share-based payments (Average award value is in brackets):		
Balance at the beginning of the year	196	1 290
Issued on 1 July 2014 (R6.67/share)	–	–
Issued on 1 July 2015 (R2.81/share	278	–
Issued on 1 July 2016 (R2.50/share)	103	–
Exercised during the year	1 467	–
Relinquished (through resignation)	–	(1 094)
Balance at the end of the year	2 044	196

11. SHARE INCENTIVE PLAN (continued)

	Number of shares on which the right is based	
	2016 R'000	2015 R'000
Rights to share-based payments on 30 June are unconditional on the following dates:		
1 July 2016 (R1.42/share)	196	196
1 July 2017 (R6.67/share)	278	–
1 July 2017 (R2.81/share)*	103	–
1 July 2018 (R2.50/share)	1 467	–
	2 044	196

*This relates to a seperate share-based payment issued to Timothy Hedges.

The "award values" indicated above bear no resemblance to any market value of Abagold's physical shares and are merely calculated values to be used for the purposes of this plan. Note that the difference in award values indicated above is due to a change in the formula used to determine the award value for the new plan. This value is calculated such that it incentivises those elements that the board considers necessary to build longer-term value in the Company.

Refer to note 24 for the expense recognised in the statement of comprehensive income as employee benefits expense.

12. TAXATION

12.1 Income tax expense

	2016 R'000	2015 R'000
Deferred tax	22 597	14 236
Deferred tax – prior year under provision	–	1 577
Total deferred tax	22 597	15 813

12.2 Deferred income tax

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or the different taxable entities where there is an intention to settle the balances on a net basis. The offset amounts are as follows:

	2016 R'000	2015 R'000
Deferred tax liability		
– Property, plant and equipment	38 493	28 462
– Trademarks	61	71
– Prepaid expenses	200	34
– Biological assets	66 516	50 857
Deferred tax asset		
– Accumulated tax loss	(5 435)	(3 943)
– Loss in equity accounted investments	(381)	–
– Provision for doubtful debts	(11)	–
– Provision for leave pay	(489)	(350)
– Operating lease libailtiy	(652)	(466)
– Long term share incentive liability	(1 545)	(505)
Net deferred tax liability	96 757	74 160

12. TAXATION (continued)

12.2 Deferred income tax (continued)

The movement in net deferred tax liability during the year is as follows:

	Property, plant and equipment	Biological assets	Accumulated loss	Other	Total
Balance at 1 July 2014	20 621	42 480	(3 841)	(913)	58 347
Charged/(credited) to profit and loss	7 841	8 377	(102)	(303)	15 813
Balance at 30 June 2015	28 462	50 857	(3 943)	(1 216)	74 160
Charged/(credited) to profit and loss	10 031	15 659	(1 492)	(1 601)	22 597
Balance at 30 June 2016	38 493	66 516	(5 435)	(2 817)	96 757

The income tax on the profit before tax differs from the theoretical amount that would arise using the statutory rate of 28% (2015: 28%) as follows:

12.3 Tax rate reconciliation

The income tax on the profit before tax differs from the theoretical amount that would arise using the statutory rate of 28% (2015: 28%) as follows:

	2016 %	2015 %
South African normal tax rate	28.00	28.00
Adjusted for:		
– Non taxable income	(0.00)	(0.19)
– Other permanent differences	(0.52)	0.92
– Prior period under provision – deferred tax	–	3.17
Actual effective tax rate	27.48	31.9

12.4 Tax losses

	2016 R'000	2015 R'000
Estimated tax losses and capital development costs available for set-off against future taxable income	21 997	47 602

13. DEFERRED INCOME GRANT

	2016 R'000	2015 R'000
Current portion	347	347
Long-term portion	3 798	4 145
	4 145	4 492

During the year ended 30 June 2014 R5.6 million was received as a government grant under the Aquaculture Development and Enhancement Programme (ADEP). The grant relates to the first claim of investment costs on the Sulamanzi expansion relating to the period 1 September 2012 to 30 June 2013.

The grant is recognised in the statement of comprehensive income over the average useful lives of the related assets, which is 17 years.

14. LONG-TERM BORROWINGS

	2016 R'000	2015 R'000
ABSA Feed Loan	9 757	11 505
ABSA Agri Loan	25 276	27 524
Total long-term borrowings	35 033	39 029

The long-term borrowings from ABSA consist of the Agri Loan in the form of an access bond over erf 11166, and, a Feed Loan in the form of a finance lease. The Agri Loan has been used to finance the expansion of the Sulamanzi farm, which was completed in this financial year. The Agri Loan facility is R35 million and is repayable in monthly instalments at 0.65% below the prime interest rate over a period of 20 years. The Feed Loan has been used to finance the construction of the new feed production plant. The feed plant was completed and fully commissioned this year. The feed plant is leased to Abagold's wholly-owned subsidiary, Specialised Aquatic Feeds (Pty) Ltd, for the production of formulated feeds. The Feed Loan is R11.5 million (excluding VAT) and is repayable in monthly instalments over a term of 5.5 years at an interest rate of 1% below the prime interest rate.

Long-term borrowings are divided into a current and non-current portion on the statement of financial position as follows:

	2016 R'000	2015 R'000
Current portion of long-term borrowings	4 798	5 595
Non-current portion of long-term borrowings	30 235	33 434
Total long-term borowings	35 033	39 029

15. TRADE AND OTHER PAYABLES

	2016 R'000	2015 R'000
Trade and other payables comprise the following items:		
Trade payables	4 690	3 763
Accrual for leave	1 753	1 249
Cash-settled share based payment liability	5 519	1 804
Debtors with credit balances	60	437
Other personnel accruals	5 650	2 943
Operating lease liability	2 016	1 665
Other payables	900	1 469
	20 588	13 330

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

Trade and other payables are divided in a current and non-current portion on the statements of financial position as follows:

	2016 R'000	2015 R'000
Non current trade and other payables	7 250	–
Current portion of trade and other payables	13 338	13 330
	20 588	13 330

16. CASH AND CASH EQUIVALENTS

	2016 R'000	2015 R'000
Net bank overdraft	(1 795)	(11 640)
Bank balance	344	–
Cash on hand	0	3
Balance on credit cards	(59)	(6)
	(1 510)	(11 643)

Positive bank balances earn interest at market related money market rates which was 5.5% on average for the year.

The balance on credit cards and the bank overdraft are payable on demand and accrue daily interest at 0.65% below the prime interest rate.

Total approved banking facilities for Abagold Ltd includes a general banking facility of R31 million (2015: R25 million), an Agri-loan of R35 million (2015: R35 million) and a revolving loan for the feed plant construction of R13.9 million (2015: R13.9 million). The facility also includes limits for entering into forward exchange contracts and credit cards. The next facility review date is 20 October 2016. Approved banking facilities for Specialised Aquatic Feeds (Pty) Ltd is a general banking facility of R2 million. The review date is the 20 October 2016.

17. SECURITIES

The following items are secured to the Company's bankers, ABSA, at the reporting date:

First and second general notarial bond over biological assets and inventory for R10 million and R20 million; registered cession of insurance policy over biological assets and inventory; first and second covering mortgage bond for R2.5 million and R7.5 million over erf 7994; registered cession of reversionary rights in combined insurance policy.

A covering mortgage bond has been registered in the current year for R35 million over erf 11166 which serves as security for the R35 million Agri-loan which has financed the Sulamanzi expansion.

A cession of loan account limited to R2 million in favour of Specialised Aquatic Feeds (Pty) Ltd.

18. DEFINED CONTRIBUTION PLAN

The Company provides retirement benefits for its full-time employees by way of contributions to a third party administered provident fund. All full-time employees are eligible to join the fund. Contributions to the fund is paid on a fixed scale. Substantially all the Company's full-time employees are members of this plan.

An amount of R2.3 million (2015: R1.8 million) was recognised during the year as an expense in relation to the provident fund's contributions.

19. FINANCIAL INSTRUMENTS

19.1 Fair value estimation

For financial instruments that are measured in the statement of financial position at fair value, disclosure is required of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgment by the Company. The Company considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The following table presents the Company's financial assets and liabilities that are measured at fair value at 30 June 2016:

	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
Assets				
Financial assets at fair value through profit or loss				
– Foreign exchange contract assets	–	2 162	–	2 162
Total assets	–	2 162	–	2 162
Liabilities				
Financial liabilities at fair value through profit or loss				
– Foreign exchange contract liabilities	–	–	–	–
Total liabilities	–	–	–	–

The following table presents the Company's financial assets and liabilities that are measured at fair value at 30 June 2015:

	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
Assets				
Financial assets at fair value through profit or loss				
– Foreign exchange contract assets	–	407	–	407
Total assets	–	407	–	407
Liabilities				
Financial liabilities at fair value through profit or loss				
– Foreign exchange contract liabilities	–	966	–	966
Total liabilities	–	966	–	966

19. FINANCIAL INSTRUMENTS (continued)

19.1 Fair value estimation (continued)

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry Group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily JSE equity investments classified as equity securities or available-for-sale.

Financial instruments that trade in markets that are not considered to be active but are valued (using valuation techniques) based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. These include investment-grade corporate bonds, listed equities and over-the-counter derivatives. As level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. The Company does not have any level 3 instruments for the year ended 30 June 2016 and 2015.

Specific valuation techniques used to value financial instruments include:
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the reporting date, with the resulting value discounted back to present value.

19.2 Fair value of financial instruments

The carrying value of cash and cash equivalents, trade and other receivables and payables and foreign exchange contracts reported in the statement of financial position approximate fair values.

19.3 Financial risk management

Financial instruments are subject to the relevant risks in the table below:

	Credit risk	Liquidity risk	Interest rate	Exchange rate
Financial assets:				
Foreign exchange contract asset	✓			✓
Trade and other receivables	✓			✓
Financial liabilities:				
Foreign exchange contract liability		✓		✓
Trade and other payables		✓		
Borrowings		✓	✓	
Bank overdraft		✓	✓	

19.4 Credit risk management

Credit risk arises from financial instruments with banks and trade and other receivables (refer to note 8 excluding prepayments and value added tax) which exposes the Company to credit risk.

The Company uses derivative financial instruments in the form of foreign exchange contracts. Only reputable financial institutions are used for these purposes.

19. FINANCIAL INSTRUMENTS (continued)

19.4 Credit risk management (continued)

Currently all foreign trade receivables relate to clients in the Far East (Hong Kong, Singapore, China, Japan and Malaysia). Credit risk is reduced by performing credit checks on all clients prior to engaging in trade and enforcing strict payment terms. At year-end there was a provision for bad debts of R51 000.

19.5 Liquidity risk management

The Company's cash and cash equivalents are monitored and measured against budget on a weekly basis and it is expected that the Group will be able to settle its trade and other payables as it becomes due. The credit terms with trade and other payables are 30 days from statement date.

The contractual periods of the Company's liabilities at year-end are as follows:

	Contractual cash flows (undiscounted)			
	0–1 year R'000	1–2 years R'000	2–5 years R'000	Total R'000
At 30 June 2016:				
Trade and other payables	13 338	2 233	5 017	20 588
Derivative financial instruments	–	–	–	–
Borrowings	4 798	5 009	25 226	35 033
Bank overdraft	(1 510)	–	–	(1 510)
	16 626	7 242	30 243	54 111
At 30 June 2015:				
Trade and other payables	13 330	–	–	13 330
Derivative financial instruments	966	–	–	966
Borrowings	5 595	5 561	27 873	39 029
Bank overdraft	11 643	–	–	11 643
	31 534	5 561	27 873	64 968

19.6 Interest rate risk

The Company's cash and cash equivalents are exposed to changes in market interest rates. No portion of this debt has a fixed interest rate.

At 30 June 2016, if interest rates were 1 percentage point higher, with all other variables held constant, profit before income tax for the year would have been R17 000 less (2015: R320 000), arising as a result of the overdraft position at the end of 2015. Conversely, if interest rates were 1 percentage point lower, it would have an opposite effect on profit with the same amounts. The sensitivity for 2016 and 2015 differ due to a decrease in the overdraft at year-end.

19.7 Currency risk management

Exposure to currency risk arises in the normal course of the Company's business of exporting abalone for which the selling price is denominated in US Dollars. This risk is relevant to the following:

19.7.1 Foreign trade receivables

At 30 June 2016, if the Rand had weakened 10% against the US Dollar with all other variables held constant, profit before income tax for the year would have been R0.83 million (2015: R0.6 million) higher. Conversely, if the Rand strengthened 10%, profit would be less with the same amounts. This variation in profit would be due to the fair value adjustment of foreign currency denominated trade receivables. The higher foreign exchange rate sensitivity in profit is attributable to an increase in these trade receivables at year-end.

19. FINANCIAL INSTRUMENTS (continued)

19.7.2 Biological assets
Please refer to note 3.

19.7.3 Forward foreign exchange contracts
The Company uses derivative financial instruments to reduce exposure to fluctuating foreign exchange rates. To this effect the Company has entered into certain forward exchange contracts, which do not relate to specific items in the statement of financial position but were entered into to cover future foreign currency sales transactions. The contracts will be utilised against US Dollar receipts from foreign customers in the forthcoming financial year.

Whilst these financial instruments are subject to the risk of market rates changing subsequent to acquisition, such changes would generally be offset by opposite effects on the items being hedged. Open foreign exchange contracts at year-end are revalued using market rates for contracts with similar maturity dates with the adjustment to fair value affecting profit for the year. At 30 June 2016, if the Rand had weakened 10% against the US Dollar with all other variables held constant, profit before income tax for the year would have been R5.37 million (2015: R5.2 million) less. Conversely, if the Rand strengthened 10%, profit would be higher with the same amount. The decrease foreign exchange rate sensitivity in profit in 2016 compared to 2015 is attributable to the decrease in open foreign exchange contracts at year-end.

Refer to note 9 on derivative financial instruments for details of the forward foreign exchange contracts.

19.8 Capital risk management
The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of total equity, less amounts accumulated in equity related to cash flow hedges. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders.

The Board of Directors seek to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The Company's target is to achieve a return on capital above 20%; in 2016 the return was 20.3% (2015: 16.8%). In comparison, the weighted average interest expense on interest-bearing borrowings was 9.4% (2015: 8.5%).

The Company monitors capital using a debt to equity ratio. For this purpose, debt is defined as total liabilities (including deferred taxation) and equity comprises all components of equity. The Company's policy is to keep the ratio below 1.00. The Company's adjusted net debt to equity ratio at the end of the reporting period was 0.54 (2015: 0.53).

To date, the Company has not purchased its own shares on the market.

There were no changes in the Company's approach to capital management during the year.

20. REVENUE

	2016 R'000	2015 R'000
Revenue comprises of the following sales of abalone products and related services:		
– Canned abalone	87 621	75 607
– Pouched abalone	–	–
– Dried abalone	48 491	23 581
– Live abalone	38 330	20 405
– Live baby abalone (spats)	3 796	2 074
– Animal feed	8 228	1 988
– Frozen abalone	826	–
– Live packing of abalone	386	1 149
– Abalone livers	91	–
– Processing of abalone	76	647
– Seaweed	–	16
	187 845	125 467

21. OTHER INCOME

The following items are included in Other Income:		
– Shared infrastructure	1 212	1 037
– Insurance claim and rebates received	414	108
– Tourism income	3	11
– ADEP grant	347	347
– Loss on disposal of fixed assets	(152)	–
– Other	79	73
	1 903	1 576

22. FAIR VALUE GAINS AND LOSSES IN FINANCIAL INSTRUMENTS

The following items are included in fair value gains and losses in financial instruments:		
– Realised foreign exchange gains	5 534	2 287
– Realised foreign exchange losses	(18 284)	(3 060)
– Unrealised foreign exchange gains	4 024	7 791
– Unrealised foreign exchange losses	–	(8 230)
Net fair value (losses) on financial instruments	(8 724)	(1 212)

23. PRODUCTION COSTS

	2016 R'000	2015 R'000
Production costs comprise the following:		
– Utilities (electricity and water)	18 278	15 746
– Feed	1 242	1 260
– Consumables	2 209	1 862
– Chemicals	854	505
Total production costs	22 583	19 373

24. EMPLOYEE BENEFIT EXPENSES

	2016 R'000	2015 R'000
Employee benefit expenses comprise the following items:		
– Wages and salaries	30 776	25 840
– Directors' remuneration	5 739	3 318
– Adjustment to share-based payment accrual	5 519	–
– Adjustment to accrual for short term incentive	3 385	–
– Provident fund contributions	2 250	1 910
– Protective clothing	297	507
– Staff tea and welfare	131	308
– Recruitment costs	41	24
Total employee benefit expense	48 138	31 907

24. EMPLOYEE BENEFIT EXPENSES (continued)

The remuneration paid to directors and prescribed officers of the Company is detailed in the table below:

2016 (R'000)	Professional fees	Basic salaries	Company contributions	Performance related	Fees for meetings	Total
Executive director:						
TR Hedges	–	2 190	25	456	–	2 671
CH van Dyk	–	1 049	14	188	–	1 251
L-A Lubbe*	–	787	11	157	–	955
Prescribed officer:						
J Bakker	–	788	10	54	–	852
Non-executive directors:						
HR van der Merwe	–	–	–	–	269	269
Dr P du P Hugo	–	–	–	–	94	94
Dr P du P Kruger	–	–	–	–	99	99
GM Negota	–	–	–	–	83	83
YJ Visser	–	–	–	–	91	91
JW Wilken	–	–	–	–	112	112
W Keast	–	–	–	–	83	83
SL de Villiers**	–	–	–	–	31	31
Total	**–**	**4 814**	**60**	**855**	**862**	**6 591**

* Appointed on 19 February 2016
** Appointed on 1 March 2016
*** Appointed on 1 July 2015

2015 (R'000)	Professional fees	Basic salaries	Company contributions	Performance related	Fees for meetings	Total
Executive director:						
TR Hedges**	–	534	5	–	–	539
CM du Plessis***	–	1 123	52	–	–	1 175
CH van Dyk	–	905	11	–	–	916
Non-executive directors:						
HR van der Merwe	–	–	–	–	187	187
Dr P du P Hugo	–	–	–	–	78	78
Dr P du P Kruger	–	–	–	–	86	86
GM Negota	–	–	–	–	78	78
YJ Visser	–	–	–	–	86	86
JW Wilken	–	–	–	–	105	105
W Keast*	–	–	–	–	28	28
SG Sokhela****	–	–	–	–	41	41
Total	**–**	**2 562**	**67**	**–**	**689**	**3 318**

* Appointed on 23 February 2015
** Appointed on 1 April 2015
*** Resigned on 31 March 2015
**** Resigned on 23 February 2015

Please refer to note 11 for details relating to the vesting of rights to executive directors in terms of the share-based payments plans.

Notes to the consolidated financial statements

for the year ended 30 June 2016

25. PROFIT FROM OPERATIONS

Profit from operations is stated after the items below were taken into account:

	2016 R'000	2015 R'000
Auditor's remuneration for audit services	330	257
Amortisation and write-offs of trademarks	59	27
Depreciation	12 825	8 880
Maintenance	4 219	4 200
Rentals	–	(76)
Operating lease charges	1 007	1 594
Professional fees	3 831	3 415
Legal fees	136	98
Net loss on disposal of property, plant and equipment	152	146

26. FINANCE COSTS

Finance costs comprises interest paid on the following interest-bearing debt:

	2016	2015
Bank overdraft	982	510
Agri loan	2 690	896
Feed loan	994	–
Total finance costs	4 666	1 406

27. EARNINGS PER SHARE – BASIC

Basic earnings per share is calculated by dividing the profit attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year.

	2016 R'000	2015 R'000
Profit attributable to ordinary shareholders (rands)	59 626	33 750
Weighted number of ordinary shares	133 333	133 333
Basic earnings per share (cents)	44.72	25.31

There are no potential dilutive instruments as at 30 June 2016 (2015: none).

28. EARNINGS PER SHARE – HEADLINE

	2016	2015
Profit attributable to ordinary shareholders	59 626	33 750
Adjusted for:		
Net loss on sale of property, plant and equipment	109	105
Gross amount	152	146
Taxation	(43)	(41)
Net insurance claim and rebates received	(266)	(78)
Gross amount	(370)	(108)
Taxation	104	30
Headline earnings	59 469	33 777
Headline earnings per share (cents)	44.60	25.33

29. NOTES TO THE STATEMENTS OF CASH FLOWS

29.1 Cash received from clients

	2016 R'000	2015 R'000
Revenue	187 845	125 467
Other income	1 903	1 576
Plus: Receivables at the beginning of the year	10 468	4 667
Less: Receivables at the end of the year	(12 086)	(10 468)
	188 130	121 242

29.2 Cash generated from operations

	2016 R'000	2015 R'000
Profit before tax	82 223	49 563
Adjustments for non-cash items	(46 221)	(20 336)
– Trademark amortisation and write-offs	59	27
– Amortisation of deferred income grant	(347)	(348)
– Depreciation	12 825	8 880
– Loss on sale of property, plant and equipment	152	146
– Fair value gains on biological assets	(195 706)	(128 644)
– Transfers from biological assets to inventory	138 158	97 468
– Share of loss in equity accounted investments	1 359	1 696
– Unrealised gain on revaluation of foreign exchange contracts	(2 162)	(407)
– Unrealised loss on revaluation of foreign exchange contracts	–	966
– Reversal of prior year gain on foreign exchange contracts	407	550
– Reversal of prior year loss on foreign exchange contracts	(966)	(670)
Separately disclosed items in statement of cash flow	4 666	1 406
– Finance costs	4 666	1 406
Changes in working capital:	10 792	(14 339)
– Decrease/increase in inventory	5 152	(7 323)
– Increase in receivables	(1 618)	(5 801)
– Increase/(decrease) in trade payables	7 258	(1 215)
Cash generated from operations	51 460	16 294

30. RELATED PARTIES

30.1 Identity of related parties

- Mr TR Hedges is a director of Specialised Aquatic Feeds (Pty) Ltd, Mean Sea Level (Pty) Ltd and Abagold Ltd.
- Mr CH van Dyk is a director of Specialised Aquatic Fees (Pty) Ltd and Abagold Ltd.
- Abagold Ltd owns 31.95% of the shares in Mean Sea Level (Pty) Ltd. See note 6 for the disclosure relating to Mean Sea Level (Pty) Ltd. The executive management team is considered to be key management. Executive management comprises of six (2015: seven) employees which includes three executive directors, Mr TR Hedges, Mr CH van Dyk and Mrs L-A Lubbe.
- Mr GM Negota and Mr W Keast are directors of Afropulse 496 (Pty) Ltd which has a 15% shareholding in Abagold. Both individuals are also directors of Abagold Ltd.
- Mr GM Negota is a director of Abagold and is also a trustee on the Abagold Development Trust which has a 67% shareholding in Afropulse 496 (Pty) Ltd.

30.2 Material related party transactions and balances

30.2.1 Transactions with subsidiary

The following balances are outstanding with related parties at the reporting date:

	2016 R'000	2015 R'000
Loan receivables from subsidiary	4 080	–
Trade receivables from subsidiary	1 486	32
Trade payables to subsidiary	–	121

The following transactions between Abagold Ltd and its subsidiary, Specialised Aquatic Feeds (Pty) Ltd, occurred during the year:

	2016 R'000	2015 R'000
Feed expenses paid to subsidiary	12 013	9 712
Rental income received from subsidiary	5 085	2 502
Rental expenses paid to subsidiary	3 956	–

30.2.2 Transactions with joint ventures

Refer to note 6 for transactions with joint ventures.

30.2.3 Transactions with key management

Remuneration paid to the executive management team for employee services is shown below:

	2016 R'000	2015 R'000
Basic salaries	6 799	5 250
Share-based payments	–	169
Company contributions	149	333
Performance related	1 301	–
	8 249	5 752

30.2.4 Material related party balances

Loans receivable include the following amounts to related parties:

	2016 R'000	2015 R'000
Abagold Development Trust	167	167
Specialised Aquatic Feeds (Pty) Ltd	4 080	–
	4 247	167

The loans to the Abagold Development Trust and to Specialised Aquatic Feeds (Pty) Ltd do not have fixed repayment terms nor do they bear interest.

30. RELATED PARTIES (continued)

30.2.5 Securities issued to directors

At the reporting date, the following number of securities in the Company are issued to directors or to any person related to them:

	Number of shares ('000)		
Director	Direct	Indirect	Total
TR Hedges	443	–	443
CH van Dyk	42	–	42
L-A Lubbe	100	–	100
Dr P du P Hugo	–	6 380	6 380
Dr P du P Kruger	–	15 000	15 000
GM Negota	100	15 067	15 167
YJ Visser	–	7 131	7 131

31. COMMITMENTS

31.1 Capital commitments

	2016 R'000	2015 R'000
Authorised by the directors		
– Contracted for	–	–
– Not contracted for	425	24 538

The proposed capital expenditure will be financed using existing bank facilities, borrowings and cash generated from operations.

31.2 Operating lease commitments

The Company rents certain of its farming land (the farms Sea View and Amaza) and the future minimum lease payments are as follows:

	2016 R'000	2015 R'000
– Within one year	724	670
– After one year, but not longer than five years	3 521	3 260
– After five years	20 176	21 160
	24 421	25 090

In 2014 the lease was renewed for a further term of 9 years and 11 months and the agreement includes a option to renew the lease for a further 9 years and 11 months. The lease payments above include the optional renewal term.

32. EVENTS AFTER THE REPORTING DATE

Refer to note 10 regarding the declaration of a final dividend relating to the 2016 financial year.

33. CONTINGENT LIABILITY

There are no contingent liabilities, other than those detailed in note 6.2.

34. OPERATING SEGMENTS

Basis for segmentation

The Group has the following two divisions, which are is reportable segments. These divisions offer different products, and are managed seperately because they require different technology and have different customer markets and strategies.

The following summary describes the operations of each reporting segment.

Reportable segments	Operations
Abagold Ltd	Breeding, farming, processing, marketing and selling abalone.
Specialised Aquatic Feeds (Pty) Ltd	Producing abalone and non-abalone feeds.

The Group's chief executive offers and financial manager review the internal management reports of each division on a monthly basis.

There are varying levels of integration between the Abagold Ltd (Abagold) and Specialised Aquatic Feeds (Pty) Ltd (SAF) segments. This integrations includes transfers of abalone feed and shared support services. Inter-segment pricing is determined on an arm's length basis.

Information about reportable segments

Information related to each reportable segment is set out below. Segment profit (loss) is used to measure performance because management believe that this information is the most relevant in evaluating the results of the respective segments relative to the other entities that operate in the same industries.

	2016 R'000		2015 R'000	
	Abagold	SAF	Abagold	SAF
External revenue	170 575	8 228	120 977	1 989
Inter-segment revenue	9 042	12 013	2 502	9 712
Segment revenue	179 617	20 241	123 479	11 701
Segment profit (loss) before tax	88 953	(5 372)	51 522	(263)
Interest expense	(4 519)	(148)	(1 384)	102
Depreciation and amortisation	(12 884)	–	(8 907)	–
Share of profit (loss) of equity-accounted investees	(1 359)	–	(1 696)	–
Other material non-cash items:				
Changes in biological assets	195 706		128 644	
Segment assets	458 352	5 498	391 917	1 199
Equity accounted investees	3 599	–	2 137	–
Capital expenditure	20 201	–	47 983	
Segment liabilities	156 334	9 538	142 503	1 372

34. OPERATING SEGMENTS (continued)

Reconciliation of information on reportable segments to IFRS measures

	2016 R'000	2015 R'000
Revenues		
Total revenue for reporting segments	199 858	115 755
Elimination of inter-segment revenue	(12 013)	(9 712)
Consolidated revenue	187 845	125 467
Profit before tax		
Total profit before tax for reportable segments	83 582	51 259
Elimination of inter-segment profit	0	0
Share of profit (loss) of equity-accounted investees	(1 359)	(1 696)
Consolidated profit before tax	82 223	49 563
Assets		
Total assets for reportable segments	463 850	393 116
Elimination of inter-segment transactions	(14 112)	(4 088)
Equity-accounted investees	3 599	2 137
Consolidated total assets	453 337	391 165
Liablities		
Total liabilities for reportable segments	165 872	143 875
Elimination of inter-segment transactions	(7 839)	(255)
Consolidated total liabilities	158 033	143 620
Other material items		
Interest expense	(4 666)	(1 406)
Capital expenditure	(20 201)	(47 983)
Depreciation and amortisation	(12 884)	(8 907)
Biological asset movements	195 706	128 644

Shareholder and administrative information

Analysis of shareholders at 30 June 2016

	Number of shareholders		% Holding	
Size of holdings	2016	2015	2016	2015
Less than 1%	56	56	9.5%	9.5%
More than 1% but less than 5%	7	7	20.7%	20.7%
More than 5% but less than 10%	3	3	22.7%	22.7%
More than 10% but less than 20%	4	4	47.1%	47.1%
	70	70	100%	100%

The following shareholders hold in excess of 5% of the issued share capital:

Entity	Holding
Afropulse 496 (Pty) Ltd	15.0%
Bonne Esperance Trust	11.6%
Wenakker (Pty) Ltd	10.5%
Sea Yields Investments (Pty) Ltd	10.0%
KGMF Trust	9.7%
Johan van Dyk Family Trust	8.0%
Mike Family Trust	5.0%

Corporate information

Abagold Limited
Reg no: 1995/070041/06

Company secretary
J Hugo

Registered office
Cnr Church and Stil Street, Hermanus, 7200
PO Box 1291, Hermanus, 7200
Tel +27 (0) 28 313 0253
Fax +27 (0) 28 312 2194
Email info@abagold.co.za

Auditors
KPMG Inc.
Cape Town

Bankers
ABSA Bank Limited

Transfer secretary
Link Market Services
11 Diagonal Street
Johannesburg, 2001
Tel +27 (0) 11 630 0823
Fax +27 (0) 11 834 4398

Notice of annual general meeting of shareholders

Notice is hereby given that the 2016 annual general meeting ("the meeting") of the shareholders of Abagold Limited ("the Company") will be held at 09h00 on Saturday, 10 December 2016 at The Class Room Restaurant and Function Venue, Hemel en Aarde Village, Hermanus, corner R43 and Main Road, Hermanus.

The following resolutions by shareholders, in which the Companies Act, Act 71 of 2008 is referred to as "the Act", will be proposed and considered at the meeting and, if approved, be adopted with or without amendment.

Special resolution 1: Non-executive directors' remuneration

Resolved that the non-executive directors' annual remuneration, in their capacity only as directors of the company, from 1 January 2017 until 31 December 2017 be paid in accordance with the following:

For services as:	
Basic remuneration as director, excluding chairman of the board	R91 592
Basic remuneration as chairman of the board	R274 776
Chairman of a committee of the board	R22 898
Member of a committee of the board	R9 159

Reason and effect

The reason for and the effect of special resolution number 1 is to grant the Company authority to pay remuneration to its non-executive directors for their services as directors, in line with the requirements of King III and the Act.

Special resolution 2: Financial assistance to related or inter-related Company

Resolved that the directors, in terms of and subject to the provisions of section 45 of the Act, be authorised to cause the Company to provide any financial assistance to any company or corporation which is related or inter-related to the Company.

Reason and effect

The reason for and effect of this special resolution number 2 is to grant the directors of the Company the authority to cause the Company to provide financial assistance, in the normal course of business to any company or corporation which is related or inter-related to the Company.

Special resolution 3: Changes to Memorandum of Incorporation (MOI)

Resolved that the Company's MOI is amended by substituting the provisions in Annexure 1 to this notice of meeting for the correspondingly numbered provisions of the existing MOI.

Reason and effect

The reason for and effect of this special resolution number 3 is to update and amend the Company's MOI in order to give more protection to shareholders, including by listing additional items that would require a special resolution of shareholders. This proposal follows a complete review of the Company's MOI to ensure compliance with legal requirements and other developments since its adoption some years ago. Shareholders are referred to the Company's website for a complete version of the Company's existing MOI.

The Board has expressed its approval of the revised MOI and recommends its acceptance by shareholders.

Ordinary resolution 1: Consideration of the annual financial statements

Resolved that the meeting had considered the consolidated annual financial statements for the year ended 30 June 2016.

Ordinary resolution 2: Re-election of the independent auditor and designated auditor

Resolved that, as recommended by the audit and risk committee, KPMG Inc. be re-elected as independent registered external auditor of the Group and that shareholders note the appointment of Mr Pierre Conradie of the said firm as the designated registered auditor to hold office for the ensuing year.

Ordinary resolution 3: Re-election of directors retiring by rotation

Resolved that the following directors, who retire by rotation, and being eligible and having made themselves available for re-election as directors of the Company, are re-elected as directors, each by way of a separate resolution:

3.1 Mr YJ Visser
3.2 Dr P du P Hugo

The directors unanimously recommend that the appointments in terms of resolution 3.1 and 3.2 be approved by the shareholders of the Company.

Ordinary resolution 4: Re-election of board appointed directors

Resolved to re-elect the following directors, each by way of a separate resolution, in respect of their appointment by the Board of directors since the previous annual general meeting, whose appointment comes to an end at this meeting in terms of the Company's MOI, but being eligible, offer themselves for re-election:

4.1 Mrs Lou-Anne Lubbe (co-opted executive director on 19 February 2016)
4.2 Mrs Sarah de Villiers (co-opted as non-executive director on 1 March 2016)

Brief curricula vitae of these directors are provided in Annexure 2 to this notice.

Ordinary resolution 5: Election of director

Resolved to elect Mr Pat Davies as non-executive director of the Company with effect from 1 January 2017. A brief curriculum vitae of this director is provided in Annexure 2 to this notice.

Ordinary resolution 6: Election of members of the Audit and Risk Committee

Resolved that the following independent non-executive directors be elected, each by way of a separate resolution, as members of the Audit and Risk Committee of the Company for the period from 11 December 2016 until the conclusion of the next annual general meeting:

6.1 Mr P Davies (subject to the passing of Ordinary resolution 5)
6.2 Mr YJ Visser
6.3 Mr JW Wilken

Voting and proxies

An ordinary shareholder entitled to attend and vote at the annual general meeting is entitled to appoint a proxy to attend, speak and vote in his/her stead. A proxy need not be a shareholder of the Company. For the convenience of registered ordinary shareholders of the Company, a proxy form is enclosed herewith.

Any person present and entitled to vote at the meeting, as member or as proxy or as a representative of a body corporate, shall on a show of hands have one vote irrespective of the number of shares held or represented. On a poll, he/she/it will have a number of votes equal to the number of ordinary shares held or represented.

Any ordinary resolution is passed by a majority of votes present and voting at the meeting.

Forms of proxy must be lodged with the company secretary (using the return options set out on the back of the proxy form), for ease of administration, by no later than 16h00 on Thursday, 8 December 2016. A shareholder who completes and lodges a form of proxy will nevertheless be entitled to attend and, to the exclusion of the proxy, vote in person at the annual general meeting.

BY ORDER OF THE BOARD

J Hugo
Company Secretary
29 September 2016

Annexure 1

Further to special resolution 3 to adopt an amended MOI, this note records the paragraphs of the MOI to which changes are being proposed in special resolution 3, with the numbering below corresponding to that of the paragraphs concerned in the existing MOI. For further context shareholders are referred to the complete MOI as it appears on the Company's website.

2.5.2 The board may grant special privileges associated with any debt instruments to be issued by the Company regarding:

2.5.2.1 attending and voting at general meetings;
2.5.2.2 the appointment of directors;
2.5.2.3 allotment of securities that have been authorised;
2.5.2.4 redemption of debt instruments by the Company; or
2.5.2.5 substitution of the debt instrument for shares of the Company, provided that any such authority may only be exercised with the prior approval of an ordinary resolution of the shareholders and subject to the special resolution matters in clause 4.9.

4.9.3 In addition to the matters requiring approval by way of a special resolutionn in terms of section 65(11) of the Act the following additional matters shall also require approval by way of a special resolution:

4.9.3.1 Any variation of any of the preferences, rights, limitations or other terms attaching to any shares or class of shares of the Company;
4.9.3.2 The allotment or issue by the Company of any options, warrants or similar rights in respect of Securities, whether or not pursuant to a rights issue and including capitalisation shares, bonus shares, share options, share warrants and debentures which allotment or issue exceeds an amount equal to 10% of the current issued share capital;
4.9.3.3 The conclusion of any profit sharing arrangement with, or share incentive or other incentive scheme for, employees of the Company where such arrangement contemplates shares in excess of 10% of the current issued share capital being utilised;
4.9.3.4 The conclusion of any contract, plan or arrangement which provides for any participation by a party other than a Shareholder in the net income after tax and/or dividends of the Company;
4.9.3.5 Any transaction of any nature whatever between the Company and any of the shareholders, officers or directors of the Company, or between the Company and any person or entity which is a family trust, family member, affiliate or a shareholder or any entity in which any shareholder may have a direct or indirect interest, other than bona fida transactions done on an arm's length basis and which transaction is considered reasonable by the Board;
4.9.3.6 Any matter relating to the financing or capital or borrowings of the Company which would have the effect of directly or indirectly reducing the proportionate shareholding of any shareholder.

5.1.1 The board shall comprise not less than three directors and not more than 12 directors, at least 50% of which directors must be non-executive directors. The shareholders shall be entitled, by ordinary resolution, to vary the maximum number of directors as they may from time to time consider appropriate.
5.4.9 In the case of a tied vote or deadlock the chair shall not have a second or casting vote as to whether the resolution should be adopted or not, in this instance the tied vote or deadlocked matter shall automatically be referred to the shareholders to vote and decide upon in terms of 4.1.

Notice of annual general meeting of shareholders/continued
Annexure 2

Sarah de Villiers

Sarah is a chartered financial analyst and has over 18 years of experience in the investment industry – both on the buy and sell research sides, as well as having provided investor relations to a listed blue-chip retailer. Sarah joined Futuregrowth in 2010 to bring broad equity experience to the Futuregrowth team. She sits as a shareholder-representative director on a number of Futuregrowth investments, and also manages the Futuregrowth Development Balanced Fund.

Sarah joined the Board of Directors of Abagold in March 2016.

Lou-Anne Lubbe

Lou-Anne is the director of human resource management for Abagold Ltd and holds National Diplomas in Human Resource Management and Industrial Relations, and an MBA from Henley (UK).

Prior to joining Abagold, Lou-Anne spent six years in human capital consulting at Accenture, where she was the senior executive fulfilling the role of managing director: organisation performance consulting practice.

Lou-Anne joined the Board of Directors of Abagold in February 2016.

Patrick Davies

Patrick Davies was the chief executive director of Sasol Limited (Sasol) from 2005 to 2011. Patrick joined Sasol in 1975 and was the Director of all major companies in the Group, as well as an executive director from 1997 to 2005. Patrick holds a Bachelor of Science from the University of KwaZulu-Natal.

Patrick retired from Sasol in 2011 and is currently serving as independent non-executive director of BHP Billiton Plc.

Notes

ABAGOLD

ABAGOLD LIMITED
(Registration number: 1995/070041/06)

PROXY FORM

Proxy form for use at the annual general meeting ("the meeting") of the Company to be held on 10 December 2016 at 09h00 by ordinary shareholders who are unable to, or who do not wish to, attend the meeting in person, but wish to be represented thereat.

I, the undersigned ____

Please print full names

of address: ____

being the registered holder of ______________________________ ordinary shares in the capital of the Company do hereby appoint

______________________________ or failing him/her

______________________________ or failing him/her

the Chairman of the meeting as my proxy to act for me and on my behalf at the abovementioned meeting for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed for adoption thereat, and at any adjournment of that meeting, and to vote for and/or against the resolutions and/or abstain from voting in respect of the shares registered in my name, in accordance with the following instructions:

No.	Business	In favour of	Against	Abstain
	Special resolutions			
1	Approval of directors' remuneration until the next annual general meeting			
2	To enable the provision of financial assistance to related or inter-related entities			
3	To approve the amended Memorandum of Incorporation			
	Ordinary resolutions			
1	Consideration of consolidated annual financial statements for the year ended 30 June 2016			
2	Re-election of independent auditor			
3	Re-election of directors retiring by rotation, each by separate vote:			
	3.1 Mr YJ Visser			
	3.2 Dr P du P Hugo			
4	Re-election of co-opted directors, each by separate vote:			
	4.1 Mrs L-A Lubbe			
	4.2 Mrs SL de Villiers			
5	Election of Mr P Davies as director			
6	Election of members of the Audit and Risk Committee, each by separate vote:			
	6.1 Mr P Davies			
	6.2 Mr YJ Visser			
	6.3 Mr JW Wilken			

(Indicate instruction to Proxy by way of a cross in the appropriate space provided above)
Unless otherwise instructed, my Proxy may vote as he/she thinks fit.

Signed at: ______________________ this __________ day of ______________ 2016

Signature: ____

NOTES

1. A Member entitled to attend and vote is entitled to appoint a proxy to attend, speak and on a poll vote in his/her stead, and such proxy need not also be a member of the Company.
2. Should a proxy not be specified, the Chairman of the meeting will act as the proxy.
3. An ordinary shareholder's instructions to the proxy must be indicated by inserting the relevant number of votes exercisable by him/her in the appropriate space provided above.
4. If any ordinary shareholder does not indicate on this instrument that his proxy is to vote in favour of or against any resolution or to abstain from voting, or give contradictory instructions, or should any further resolution(s) or any amendment(s) which may be properly put before the meeting be proposed, the proxy shall be entitled to vote as he/she thinks fit.
5. Documentary evidence establishing the authority of a person signing the proxy form in a representative capacity must be attached to this proxy form, unless previously recorded by the Company or waived by the Chairman of the meeting.
6. This proxy form should be completed and returned so as to reach the registered office of the Company, for ease of administration, by no later than 16h00 on Thursday, 8 December 2016 and may be returned in any manner set out below.
7. The completion and lodging of this Proxy form does not preclude the relevant shareholder from attending the meeting and speaking and voting in person thereat to the exclusion of any appointed proxy.
8. Any person present and entitled to vote at the meeting, as a member or as a proxy or as a representative of a body corporate, shall on a show of hands have only one vote irrespective of the number of shares held or represented. On a poll, he/she/it will have a number of votes equal to the number of ordinary shares held or represented.
9. An ordinary resolution is passed by a majority of votes present and voting at the meeting.
10. This form of proxy expires after the conclusion of the meeting, but may still be used at any adjournment of the meeting.
11. **NEW DIRECTORS**: The proxy may vote with regard to the appointment of new directors as the proxy deems fit. Persons nominated for appointment as directors must have consented in writing to their nomination and must not be disqualified by virtue of the provisions of par 5.1.5 of the Company's Memorandum of Incorporation.

Return options:

EITHER Deliver to:
The Company Secretary
Abagold Limited
Cnr of Church and Stil Streets
Hermanus
7200

OR Post to:
The Company Secretary
Abagold Limited
PO Box 1291
Hermanus
7200

OR Fax to:
The Company Secretary
028 312 2194

To be received by no later than 16h00 on Thursday, 8 December 2016.

This integrated report is printed on environmentally friendly, FSC certified paper.
Designed and produced by **COMPRESS.dsl | www.compressdsl.com**
Photography © Hester Range

Abagold Limited
New Harbour, Hermanus 7200
www.abagold.com