BRIMSTONE

INVESTMENT CORPORATION LIMITED

PROFITABILITY • EMPOWERMENT • POSITIVE SOCIAL IMPACT •

25 YEARS

EST 1995

INTEGRATED REPORT 2020

CONTENTS

ABOUT THIS REPORT

Report Profile
This report is for the year ended 31 December 2020. This is the 12th Integrated Report produced by Brimstone. It is intended to continue along this journey of Integrated Reporting to enable the Company to refine the report to fully comply with King IV and the JSE Limited Listings Requirements.

For any enquiries on this report please contact: Nisaar Pangarker (npangarker@brimstone.co.za), Paige Govender (pgovender@brimstone.co.za) or Tiloshani Moodley (tmoodley@brimstone.co.za) at the e-mail addresses provided or telephone number +27 21 683 1444.

Report Scope and Boundary
As an investment holding company Brimstone reports on all unlisted businesses which it controls. Where the business is separately listed or Brimstone does not enjoy control, it has chosen to influence the principles of sustainability within the context of that business, but will however not report on the landscape and progress. Brimstone currently has four operating subsidiaries, i.e. House of Monatic, Lion of Africa, Obsidian Health and Sea Harvest. Sea Harvest is listed and the other three subsidiaries are unlisted but all are operated and managed as independent entities with their own boards of directors.

Materiality
In keeping with our mission statement, we focus on material aspects that impact our ability to be profitable, empowering and have a positive social impact in the communities in which we operate. Material aspects are defined as any significant developments that would influence an assessment of Brimstone's performance or opportunities. In achieving our mission, various capitals are consumed.

Primary Reporting Framework
This report is prepared under the guidance of the International Integrated Reporting <IR> Framework which has been adopted by the Board.

Independent Assurance
Independent assurance and assessment has been provided over the financial and certain non-financial information presented in this report. Deloitte & Touche as our external auditors has issued an unmodified audit opinion on the consolidated annual financial statements. Premier Verification has issued certificates verifying the B-BBEE ratings presented.

Report Approval
The Board believes that the Integrated Report has been prepared in accordance with best practice, appropriately addresses material aspects of Brimstone's business and is a fair representation of the integrated performance of the Group.

CORPORATE PROFILE

Brimstone is a black controlled and managed investment holding company incorporated and domiciled in the Republic of South Africa, employing in excess of 4 600 employees in its subsidiaries and more than 24 000 in its associates and companies in which it has invested. Brimstone seeks to achieve above average returns for its shareholders by investing in wealth creating businesses and entering into strategic alliances to which it contributes capital, innovative ideas, management expertise, impeccable empowerment credentials and a values driven corporate identity.

MISSION STATEMENT

Brimstone Investment Corporation Limited seeks to be Profitable, Empowering and to have a Positive Social Impact on the businesses and the individuals with whom it is involved, including shareholders, employees, suppliers, customers and the greater community.

www.brimstone.co.za

PROFITABILITY • EMPOWERMENT • POSITIVE SOCIAL IMPACT •
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GROUP STRUCTURE

A schematic representation of Brimstone and its operating subsidiaries, including information regarding their number of employees and ownership interest.

Company	Shareholding	Number of employees
Sea Harvest	54.2%	4 230
Obsidian Health	80%	76
Lion of Africa Insurance	100%	26
House of Monatic	100%	333

Associates, Joint Ventures and Investments

Refer to Investment Profile on pages 24 to 25.


LUCKY STAR
CHAKALAKA
MILD & SPICY
PILCHARDS
IN SWEET CHILLI SAUCE
PILCHARDS
IN TOMATO SAUCE
PILCHARDS
IN HOT CHILLI SAUCE
BAKED BEANS
IN TOMATO SAUCE

CELEBRATING **25 YEARS**


Brimstone prelisting event – 1998


Signing of Life Healthcare deal – September 2006

Sea Harvest listing on the JSE – 23 March 2017


AGM – 2011


Listing on the JSE – 7 July 1998


Brimstone Board – 2011


AGM – 2004

AGM – 2019


On listing day – 7 July 1998

SALIENT FINANCIAL HIGHLIGHTS

for the year ended 31 December 2020

R'000	2020	2019
Revenue	**4 714 720**	4 440 085
Operating Profit	**550 024**	656 109
Headline Loss	**(155 545)**	(139 226)
Total Assets	**10 343 576**	11 267 145
Weighted average number of shares in issue net of treasury shares (000's)	**252 803**	256 661[1]
Shares in issue at end of year net of treasury shares (000's)	**252 803**	235 979
Performance per share		
Headline Loss (cents)	**(61.5)**	(54.2)
Net Asset Value (Rands)	**9.85**	10.66

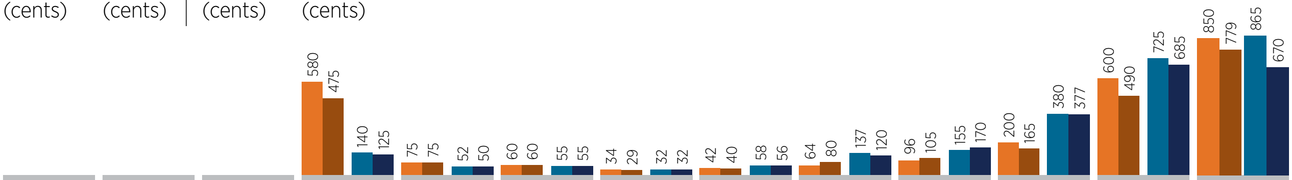
FIVE YEAR FINANCIAL REVIEW

	Year ended 31 December 2020	Year ended 31 December 2019	Year ended 31 December 2018	Year ended 31 December 2017	Year ended 31 December 2016
Operating results (R'000)					
Revenue	**4 714 720**	4 440 085	3 376 655	2 783 431	2 688 490
Operating Profit	**550 024**	656 109	388 559	374 453	459 480
Headline (Loss)/Earnings	**(155 545)**	(139 226)	(51 015)	26 957	115 581
Financial Position (R'000)					
Total Assets	**10 343 576**	11 267 145	10 896 551	9 185 104	7 770 514[1]
Net Assets	**2 491 312**	2 516 238	2 713 444	2 782 002	2 427 135
Performance per share					
Headline (Loss)/Earnings (cents)	**(61.5)**	(54.2)[1]	(21.1)	11.2	48.0
Dividend (cents)	**–**	–	45.0	42.0	42.0
Net Asset Value (Rands)	**9.85**	10.66	11.24	11.60	10.12
Intrinsic Net Asset Value (Rands)	**12.99**	14.19	16.15	18.01	21.40
Share statistics					
Weighted average number of shares in issue net of treasury shares	**252 803 480**	256 661 171[1]	241 946 011	240 170 204	240 732 715
Shares in issue at end of year net of treasury shares	**252 803 480**	235 979 441	241 445 838	239 767 194	239 955 798
Closing share price: Ordinary (Rands)	**5.81**	7.65	10.50	13.00	12.99
Closing share price: "N" Ordinary (Rands)	**6.50**	7.75	9.49	11.25	12.00
Market capitalisation: Ordinary shares (R'000)[2]	**214 175**	282 003	417 030	500 299	499 914[1]
Market capitalisation: "N" Ordinary shares (R'000)[2]	**1 403 612**	1 543 152	1 914 406	2 269 881	2 417 655
Total (R'000)	**1 617 787**	1 825 155	2 331 436	2 770 180	2 917 569

[1] Adjusted for capitalisation issue of 17.3 million "N" Ordinary shares on 11 May 2020

[2] Net of treasury shares

HISTORIC REVIEW



	Share price at 30 June: BRT Share Price (cents)	Share price at 30 June: BRN Share Price (cents)	Share price at 31 December: BRT Share Price (cents)	Share price at 31 December: BRN Share Price (cents)	
1995					
1996					
1997					
1998	580	475	140	125	
1999	75	75	52	50	150
2000	60	60	55	55	
2001	34	29	32	32	
2002	42	40	58	56	
2003	64	80	137	120	4
2004	96	105	155	170	8
2005	200	165	380	377	10
2006	600	490	725	685	12
2007	850	779	865	670	16

1995
- Incorporated in October
- Acquired stake in Oceana for R7.5m
- Raised initial capital of R3m from community shareholders

1996
- Raised R13m from shareholders
- Total investments R17.4m
- Acquired stakes in Plessey Cellular, KFM Radio and Norwich Holdings

1997
- Restructure of share capital
- First AGM held
- Raised more than R45m from previously disadvantaged shareholders
- Raised R104m from institutions

1998
- Raised R85m in various share issues
- Asset base R300m
- Sold stake in Norwich at profit of R21m
- Acquired House of Monatic
- Listed on JSE
- Sold off non-core assets raising R62m
- Acquired stake in Sea Harvest
- Acquired stake in Nandos Group

1999
- Paid back 150cps to all shareholders
- Acquired 30% of Lion of Africa
- Prof Jakes Gerwel appointed as Chairman of board

2000
- Acquired stake in Peoples Bank
- Sold stake in KFM Radio
- Started BrimEquity, a JV with Coronation Capital

2001
- Received empowerment deal of the year award for Peoples Bank
- Disposed of property investments
- Acquisition of further shares in Sea Harvest
- Market capitalisation drops to below R40m

2002
- Declared maiden dividend of 4cps

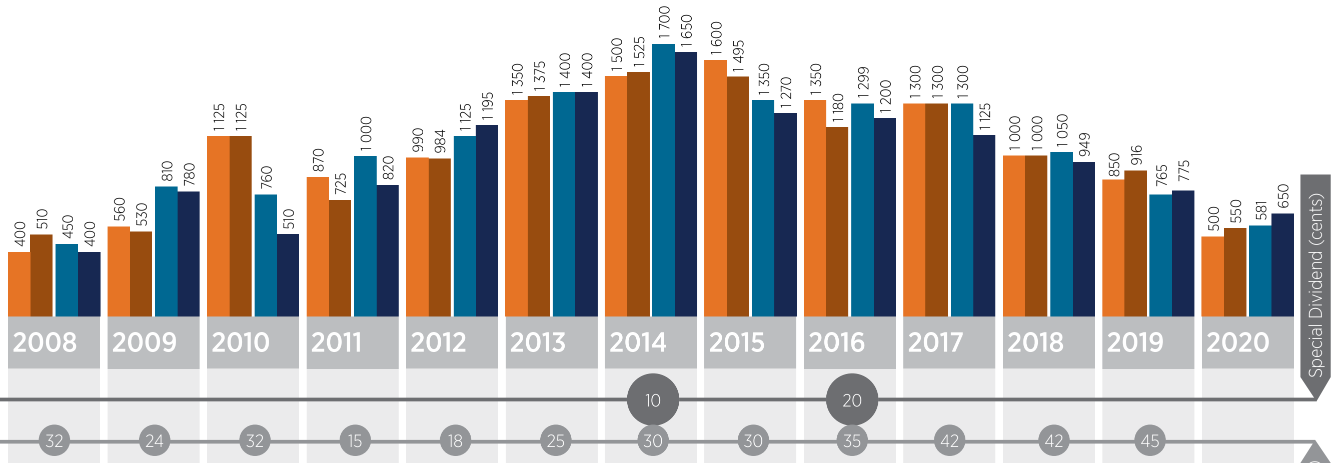
2003
- Disposed of stake in Nandos Group
- Acquired 25% in Lenco Holdings for R52m
- Doubled stake in Sea Harvest to 21.52% for R85.3m
- Specific share repurchase
- Paid maiden dividend of 4cps

2004

2005
- Acquired stakes in Old Mutual and Nedbank
- Acquired 18% stake in Life Healthcare
- Clawback offer of R110m

2006
- Acquired a further 10% stake in Oceana for R176m
- Increased stake in Life Healthcare to 21.9%

2007
- Sold Lenco stake for R203m
- Acquired 18% stake in Aon Re Africa



2008

10 years on the JSE

Acquired Phuthuma Nathi shares

2009

Increased stake in Sea Harvest to 55.7%

Increased stake in Lion of Africa to 74%

Acquired option to subscribe for 1% of Tiger Brands

2010

Unbundled part of Life Healthcare stake to shareholders

Acquisition of remaining 26% of Lion of Africa

Acquired MTN Zakhele shares

2011

Increased stake in Scientific Group to 28.2%

Acquired further 8.5m shares in Oceana for R382m

2012

Acquired 12.3% of Taste Holdings

Disposed of 4.5m shares in Life Healthcare realising R140m

Acquired 25.1% of Afena Capital

2013

Total assets increase by R1.1bn

2014

Acquired 4.97% of Grindrod

Acquired further 1.16m MTN Zakhele shares

Acquired further 1.1m Phuthuma Nathi shares

2015

Subscribed for additional 2.8m shares in Oceana rights offer

Acquired further 19.7m shares in Taste Holdings

Old Mutual and Nedbank transactions matured

Disposed of investment in Scientific Group at a profit of R44.8m

Increased shareholding in Grindrod to effective 6.62%

Acquired further 1.96m Phuthuma Nathi shares

Acquired 10% of Equites for R350m

2016

Increased stake in Sea Harvest to 85%

Disposed of investment in Rex Trueform and African & Overseas realising R51.8m

Disposed of investment in Taste Holdings realising R143.4m

Disposed of investment in Afena Capital realising R11m

Participated in Equites private placement of shares in the amount of R100m

2017

Listing of Sea Harvest on the JSE

Acquired 17.2m shares in Life Healthcare rights offer

Acquired 40m shares in Long4Life ahead of its listing

Disposed of investment in MTN Group

Acquired 33.8m shares in STADIO BEE transaction

2018

Disposed of investment in Tiger Brands

Acquired 10% of FPG Property Fund

Disposed of investment in Long4Life

Lion of Africa placed into run-off

2019

Acquired a further 21.4m shares in Sea Harvest for R300m

Acquired a further 9.5m shares in Oceana for R686m

Raised R1.2bn in Zero Cost Collar funding arrangement

2020

National lockdown as a result of COVID-19 pandemic

Capitalisation issue of 17.3m Brimstone "N" Ordinary shares

Increased shareholding in Oceana to 25.01%

Disposed of 20.9m Equites shares for R321.4m

Disposed of 1.9m Phuthuma Nathi shares for R175.3m

Repaid more than R1.0b in debt to funders

OUR BUSINESS MODEL

Key inputs

Human capital
- Market sensing investment team
- Strong and committed leadership and back office
- Professional service providers

Social and relationship capital
- Business networks
- Unique and broad shareholder profile
- Long-term investment focus
- Proven track record of successful partnering
- Strong BEE credentials

Intellectual capital
- Track record of adding value
- Reputation for fair and ethical business practices
- Balance sheet management expertise
- Optimisation of financial capital

Financial capital
- Debt and equity funding
- Vendor funding
- Reinvestment of retained earnings
- Available borrowing facilities

Our activities

Identify investment opportunities
- Leveraging networks
- Researching publicly available information
- Approaches from investment banks and corporate finance houses
- Approaches from businesses seeking BEE partner
- Restricted BEE equity ownership schemes

Rigorous evaluation of opportunities
- Preferred sectors
- Good growth potential
- Strong cash flows and record of profitability
- Minimum hurdle rates met, including Positive Social Impact
- Minimise discount to INAV
- Listed vs unlisted and control vs non-control
- Ethical, competent and like-minded management team
- Board representation required where possible

Robust negotiation and consider sources of funds
- Robust negotiation for the best terms
- Optimal funding and investment holding structure
- Involving necessary specialists in process
- Approvals framework adhered to

Monitoring investment performance
- Board representation and committee involvement
- Contribution of management expertise to investee companies
- Providing strategic insight to investee
- Dedicated executives assigned to subsidiaries
- Regular review of performance
- Robust discussions with investee companies

Governance

Our business context

External factors

p10

- Macro-economic factors on South African economy
- New B-BBEE Act
- Increased volatility of equity market

Our material risks

p12

1 Political instability
2 Investment concentration in highly regulated industries
3 Intrinsic Net Asset Value ("INAV") discount
4 Sustained stock market shock
5 Funding of transactions while maintaining B-BBEE ownership
6 Reputational risk
7 COVID-19 pandemic
8 Economic instability
9 IT security
10 Post-acquisition integration of acquisitions

Key outcomes

R123 million
Taxes paid to SARS

4 684
Total workforce in Group

R3 748 million
Paid to employees and suppliers

R6 million
CSI spend

R304 million
Interest paid to financiers

R1 319 million
Reinvested

R3 285 million
Intrinsic Net Asset Value

Output

Value delivered

EXTERNAL FACTORS IMPACTING OUR BUSINESS MODEL

The COVID-19 Pandemic

At the time of writing our 2019 Integrated Report, President Cyril Ramaphosa declared a national state of disaster and imposed a three-week level 5 national lockdown, which was subsequently extended to May 2020. This entailed among others, placing severe restrictions on travel, the closure of non-essential service providers, imposing nation-wide social distancing rules and curfews and limitations on public gatherings. The Coronavirus and the measures aimed at curbing its spread, shut down entire sectors of the global economy, disrupted global supply chains and caused many people to lose their jobs. Certain of these measures, predominantly aimed at resuscitating the South African economy were eased over the remainder of the 2020 financial year.

However, with South Africa experiencing a second wave of COVID-19 infections, an adjusted level 3 national lockdown was imposed on 29 December 2020, which has been eased but remains in place, as it is expected that these waves of infection will continue until vaccine distribution is widespread and the population develops sufficient immunity to curb virus transmission.

Brimstone has been fortunate that all of its operating subsidiaries and major associate, Oceana, were classified as essential service providers and continued to operate during all levels of the lockdown. Brimstone continues to monitor these companies' compliance with health protocols and government regulations.

Macro-Economic Factors on South African Economy

South Africa's economic growth is forecast to fall by 7.1% in 2020 by the South African Reserve Bank ("the SARB"), the biggest contraction since 2009 when the economy contracted by 1.5% due to the global financial crisis. Well before the COVID-19 pandemic, the economy was struggling with weak growth due to a number of overlapping constraints, such as: persistent policy uncertainty, constrained fiscal space, low business sentiment, unreliable electricity supply, growing unemployment and the credit rating downgrade. In addition, the significant bailouts required by financially distressed state owned entities, have increased the government's budget deficit and worsened its debt position.

COVID-19 has exacerbated South Africa's economic challenges, destroyed productive capacity and is changing the global economy. Consequently, in addition to dealing with the challenges outlined above, deeper economic reforms will be required to transition onto a path of economic recovery and meaningfully lift growth over the next five-years.

Average inflation for 2020 was 3.3%, which is the lowest rate since 2004 and well within the SARB's target range of 3% to 6%. This has enabled the SARB's Monetary Policy Committee to cut interest rates during 2020 by a total 300 basis points, in order to lessen the devastating effect of the Coronavirus on the already fragile economy and struggling businesses and households.

The Rand has once again been one of the most volatile emerging market currencies in 2020 due to the slow pace of economic reform, financially distressed state owned entities, Moody's downgrading South Africa's sovereign credit rating to full junk status and the effects of COVID-19. In April 2020 the Rand traded at R19.26 to the US Dollar but strengthened over the remainder of the year largely due to investors being attracted to the higher interest rates in South Africa, despite the rate cuts, compared to other emerging markets.

Although most of the businesses in Brimstone's portfolio were classified as essential service providers during lockdown, the effects of COVID-19 were felt across all industries, some more than others. This created a very difficult trading environment and negatively impacted the financial performance of these businesses. However, the more significant businesses in Brimstone's portfolio such as Sea Harvest and Oceana, with global footprints, physically and through exports, continue to produce resilient results.

While the virus is expected to continue in new waves, the rollout of vaccines is expected to boost global growth prospects generally, in 2021. This will have a positive effect on those investee companies with significant exports of finished goods and significant imports of raw material inputs.

The aggregate decrease of 3.0% in interest rates had a positive impact on the Group's results.

The B-BBEE Act and Sector Codes

The B-BBEE Commission ("the Commission") is responsible for monitoring compliance and adherence with the B-BBEE Act No. 53 of 2003 ("the Act"). The Commission has released the annual report on the *National Status and Trends of Broad-Based Black Economic Empowerment* for the calendar year 2019 in June 2020.

Some key findings of the research were as follows:

- Section 13G of the Act makes it compulsory for all JSE listed entities to submit compliance reports, however, only 42% (2018: 43%) complied with the reporting requirement. The Commission is preparing to refer measured entities that failed to submit reports for prosecution as their conduct is not only a violation of the Act, but enables the harbouring of fronting arrangements.
- JSE listed entities achieving at least B-BBEE contribution level 4, have decreased by 2% compared to 2018. The analysis indicates that 49% (2018: 51%) of entities are level 4 to level 1 and 49% (2018: 44%) are between level 5 and non-compliant.
- Black ownership is 29% (2018: 25%) and black women ownership is 10% (2018: 10%).
- Control of the boards of JSE listed entities improved over the prior year, with 56% (2018: 62%) held by white persons and foreign nationals. 44% (23% male and 21% female) of board positions were held by black persons.

The analysis of submissions shows a slow pace in the transformation and achievement of the B-BBEE for the priority elements: Ownership, Skills Development and Enterprise and Supplier Development. A company will not be able to achieve a reasonable level of B-BBEE compliance without meeting the priority elements of the relevant sector code.

Ownership remains a critical element in most of the sector codes and the procurement element is heavily weighted towards procuring from black-owned businesses as opposed to the highest-rated businesses. The increased monitoring which the Commission has implemented and consequence management for organisations that do not meet the desirable level of compliance should over time result in an increased level of B-BBEE deals to improve the level of ownership.

Brimstone with its strong black ownership credentials and B-BBEE contribution level 1, together with its 25-year track record of deal-making is well placed to partner with companies looking for a credible B-BBEE partner.

Increased Volatility of Equity Market

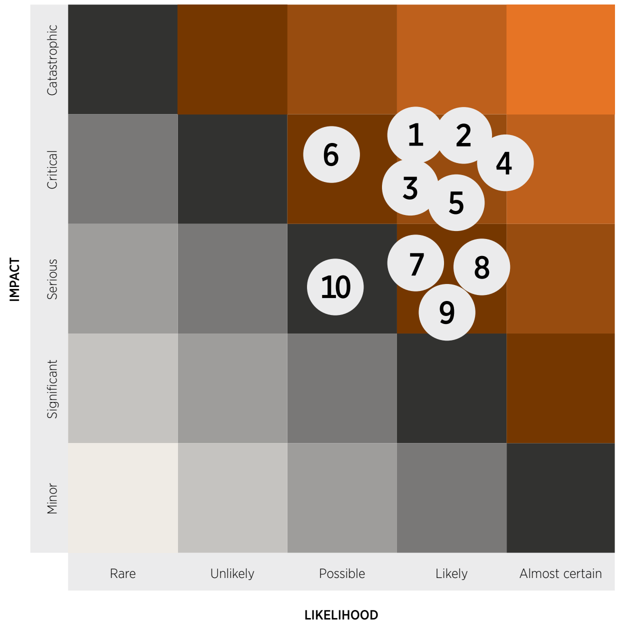
In the first three months of 2020, the JSE was negatively affected by the COVID-19 outbreak and the crash in the oil price after Saudi Arabia launched a price war. In the worst sell-off of equities since the global financial crisis, the JSE lost an estimated R4 trillion in shareholder value, representing a 24% drop since the beginning of the year. This put corporates with valuation based debt covenants under significant pressure to de-gear their balance sheets. Although Brimstone had no covenant breaches, despite the market collapse, we settled debt in excess of R1 billion during the 2020 financial year. The JSE has subsequently recovered almost all the lost value by the end of 2020.

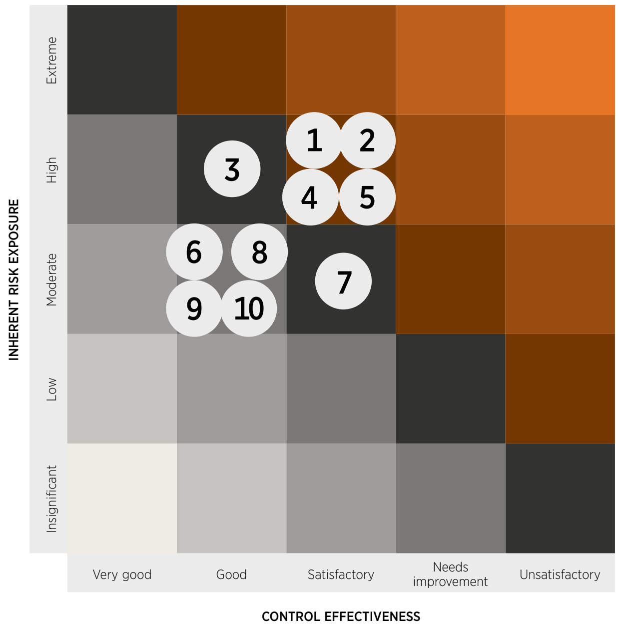
Investments in listed companies, accounted for at fair value through profit or loss in Brimstone's consolidated financial statements, ranged from 40% to 25% of the intrinsic gross asset value of Brimstone's investment portfolio during the year. Consequently, fluctuations in the market price of listed shares result in significant volatility in the statement of profit or loss.

MANAGING OUR MATERIAL RISKS

Risk heat maps

Inherent risk exposure





Top 10 material risks
(By residual risk priority)

1	Negative effect of political instability on the returns of the Group
2	Investment concentration in highly regulated industries
3	Intrinsic Net Asset Value ("INAV") discount
4	Sustained stock market shock
5	Inability to fund transactions while maintaining transformation ownership
6	Reputational Risk
7	Impact of the COVID-19 pandemic on business operations
8	Negative growth due to economic instability
9	Inadequate IT security
10	Inadequate post-acquisition integration of new acquisitions (business combinations)

Risk context	Response measures
■ Increase in corruption awareness in public and private sector ■ Severe social instability ■ Governance failure ■ Strike action/protests ■ Political leadership's inability to create policy certainty ■ Government's inability to commercially stabilise state owned entities' finances ■ Government's ability to successfully prosecute transgressors ■ Low investor confidence ■ Downgrading of sovereign credit rating	■ Interaction between management and government ■ Actively supporting anti-corruption initiatives ■ Business initiatives to assist in improving the economy and preventing further unemployment ■ Supporting/establishing emerging businesses ■ Financial support and monitoring progress of current group skills development projects
■ Group has interests in the fishing, healthcare and insurance industries which are subject to strict regulation ■ Increased scrutiny from competition authorities ■ New regulatory guidelines to respond to the pandemic	■ Monitor policy and legislative changes, and engage actively with relevant authorities on policy and legislative framework ■ Reduce reliance on South African market ■ Geographic and industry diversification of sources of revenue ■ Establishing employment skills development programmes for coastal fishing communities
■ Impact of market perception of Brimstone's investment philosophy and portfolio ■ Debt levels ■ Impacts Brimstone's ability to raise capital	■ Implementation of the revised strategy and plan to become more focussed and proactive ■ Increase communication with the investment community ■ Decisive action on under performing assets ■ Continuous consideration of appropriateness of share buy backs
■ Significant investments in listed companies exposes the Group to market volatility ■ Market conditions in relation to exchange rates impacting negatively on subsidiaries ■ Impact on valuation based debt covenants	■ Assess value protection ■ Hedging strategies ■ Continuous monitoring of debt covenants ■ Conservative debt policy ■ Determine optimal mix of investments ■ Increase exposure to unlisted investments ■ Reduce debt whenever possible ■ Monitor compliance with foreign exchange hedging policies
■ Restrictions on capital base ■ Ability to gear/leverage ■ Ability to issue shares ■ Maintain minimum B-BBEE control	■ Treasury function continues to optimise balance sheet ■ Continuous monitoring of discount to INAV ■ Continuous monitoring of debt covenants ■ Institutionalisation of relationships with bankers
■ Impact of poor brand or reputation in the market based on information within the public domain ■ Inadequate stakeholder engagement ■ Increased incidents of fake news ■ Unethical business practices ■ Inappropriate behaviour of management ■ Increased burden of compliance	■ Value system ■ Ethics and fraud policy ■ Whistle blower line ■ Social and Ethics Committee in place ■ Harassment policies ■ Anti-competitive behaviour prohibited and training on Competition Act ■ Formal programme for stakeholder engagement ■ Employee climate survey ■ Continuous monitoring of the brand ■ Code of conduct
■ Regulations restricting business operations ■ Changes to operating models to adapt to essential services needs ■ Loss of market with catastophic consequences for subsidiaries	■ Cash flow management ■ Adapted operational processes to comply with health protocols ■ Implementation and monitoring of compliance with COVID policy ■ Agility of marketing and operating strategies ■ Scrutiny and re-prioritisation of capital and operational budgets
■ Further sovereign credit rating downgrades by rating agencies ■ Low investor confidence ■ Sluggish economic growth impacting investment returns ■ Volatility of the Rand ■ Volatility of commodity prices ■ US/China economic super power struggle and the impact on the global economy ■ Impact of the pandemic on the global economy	■ Supporting offshore opportunities by subsidiary companies ■ Hedging strategies ■ Debt management plan ■ Diversification of investment portfolio
■ Increase in cyber-attacks and cyber crime ■ Mobile devices security ■ Increased remote access ■ Compliance with the POPI Act	■ Data protection software ■ Data security policy ■ Back up data security and disaster recovery plan/procedures ■ Cyber security as part of the Fraud Prevention Plan ■ IT security policies ■ Security risk assessment ■ Vulnerability assessment ■ Outsourced service provider
■ Different policy frameworks and operating areas ■ Organisational culture ■ Adoption of policies ■ Ability to integrate acquisitions ■ Maintaining entrepreneurial culture	■ Involvement of Brimstone Group team to assist with integration of acquisitions

BOARD OF DIRECTORS

OUR HISTORY
OUR BUSINESS
GOVERNANCE
ANNUAL FINANCIAL STATEMENTS

Executive directors

Years of service at Brimstone

Years of work experience

Fred Robertson (66)

DPhil (h.c.)

Executive Chairman

Board committees
- Social and Ethics

Directorships
- Aon Re Africa (Pty) Ltd
- Lion of Africa Insurance Company Ltd (chair)
- Lion of Africa Life Assurance Company Ltd (chair)
- MyDomain (Pty) Ltd
- Remgro Ltd (deputy chair)
- Sea Harvest Group Ltd (chair)
- Swiss Re Life and Health Africa Ltd

Mustaq Brey (67)

BCompt (Hons); CA(SA)

Chief Executive Officer

Board committees
- Social and Ethics

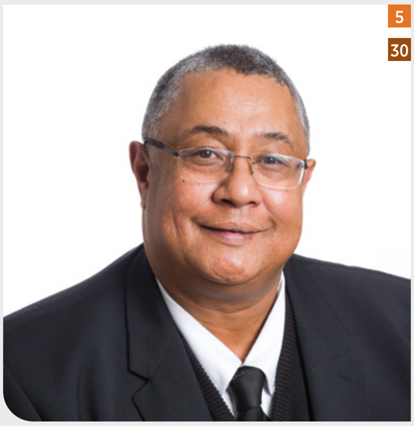
Directorships
- Aon Re Africa (Pty) Ltd
- Equites Property Fund Ltd
- FPG Investments (Pty) Ltd
- House of Monatic (Pty) Ltd
- International Frontier Technologies SOC Ltd
- Lion of Africa Insurance Company Ltd
- MyDomain (Pty) Ltd
- Oceana Group Ltd (chair)

Iqbal Khan (54)

BCompt (Hons); CA(SA)

Chief Operating Officer

Directorships
- House of Monatic (Pty) Ltd
- Lion of Africa Insurance Company Ltd
- Sea Harvest Group Ltd
- South African Enterprise Development (Pty) Ltd



Geoff Fortuin (54)

BCom (Acc) (Cum Laude); BCom (Acc) (Hons); CA(SA)

Financial Director

Directorships
- House of Monatic (Pty) Ltd (chair)
- Obsidian (Pty) Ltd
- Vuna Fishing Company (Pty) Ltd (chair)
- Quantum Foods Holdings Ltd

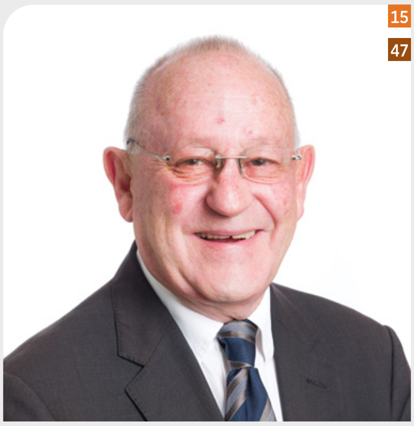
Tiloshani Moodley (46)

BA (Law); LLB

Executive Director: Legal & Compliance

Directorships
- Sea Harvest Group Ltd
- Obsidian (Pty) Ltd (chair)

Independent non-executive directors



Leon Campher (73)
BEcon

Lead Independent Director

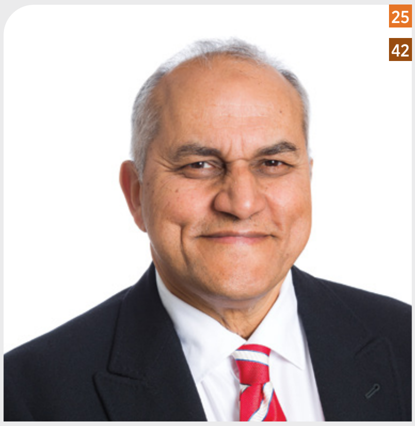
Board committees
- Investment
- Audit and Risk
- Remuneration and Nominations
- Social and Ethics

Directorships
- Equites Property Fund Ltd (chair)
- International Investment Funds Association
- Savings and Investments Association of South Africa (ASISA)

Keneilwe Moloko (52)
NDip (Building Survey); BSc(QS); BCom; PGDA; CA(SA)

Board committees
- Audit and Risk

Directorships
- Motus Ltd
- Long4Life Ltd



Nazeem Khan (65)
BSc(QS); MAQS; AAArb

Board committees
- Investment
- Audit and Risk
- Remuneration and Nominations
- Social and Ethics

Directorships
- Bham Tayob Khan Matunda CT Inc
- Business Park Development Company (Pty) Ltd
- Equites Property Fund Ltd
- MyDomain (Pty) Ltd
- Perthpark Properties (Pty) Ltd
- Proman Project Management Services (Pty) Ltd
- Stonefountain Properties (Pty) Ltd

Liyaqat Parker (67)

Board committees
- Investment
- Audit and Risk

Directorships
- FPG Foods (Pty) Ltd
- FPG Holdings (Pty) Ltd
- FPG Investments (Pty) Ltd
- FPG Property Fund (Pty) Ltd

Felicia Roman (57)
BA; Post Graduate Secondary Teacher's Diploma

Board committees
- Audit and Risk

Directorships
- Direng Investment Holdings (Pty) Ltd
- Distinct Few (Pty) Ltd
- Lion of Africa Insurance Company Ltd
- Omega Gaming (Pty) Ltd
- Signature Gaming (Pty) Ltd
- Umlingo (Pty) Ltd

Mzwandile Hewu (57)
BCom (Hons); BPhil (Hons)

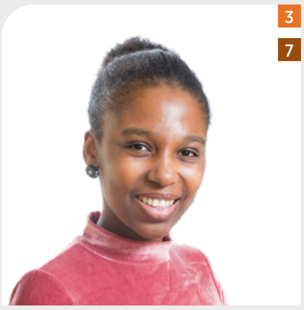
Board committees
- Social and Ethics
- Remuneration and Nominations

Directorships
- Elevated 154 Property Investment (Pty) Ltd

TEAM BRIMSTONE

Years of service at Brimstone | Years of work experience

Takula Tapela BCompt
Managing Executive



Nangamso Ngoma BBusSc; CA(SA)
Investment Analyst

Richard Siddle BBusSc; MFin; CA(SA)
Senior Investment Analyst

Nisaar Pangarker BBusSc; MBA
Managing Executive

Connie Vanda
Reception

Nazeema Jogee
Shareholder liaison and marketing

Zukiswa Nkejane
Office support

Fatima Allie
PA: Chairman & CEO

Virginia Feleza
PA: COO & FD

Zaheerah Harribi LLB
Assistant Company Secretary

Mike O'Dea BCom; CA(SA)
Chief Financial Officer

Paige Govender BBusSc; CA(SA)
Group Financial Manager

Lwazi Mdana BTech
Assistant Accountant

Sabira Dhansay BCom; CA(SA)
Accountant

CHAIRMAN'S REPORT

Fred Robertson
Executive Chairman

I present this report to you within a context of a world that has changed drastically in 2020. A year ago we were all stunned, scared and very anxious about the onset of the COVID-19 pandemic and the whole world feared the unknown impact of this global virus. If one delves back into history to study the evolution of pandemics over a few centuries, one could probably attribute the rapid growth and spread of COVID-19 to the speed and extent of globalisation that has created a world without borders. The mobility of people have accelerated the virus' spread from one city in the East to every corner of the world.

Let me at the outset convey my sincerest condolences to our staff, friends, associates and all stakeholders who have lost loved ones due to the pandemic. At the time of writing, South Africa has witnessed more than 1.5 million positive cases and over 50 000 deaths. One life lost is one too many and I pray that the pandemic is soon brought under control so that lives and livelihoods are protected. It is now almost certain that each and every one of us have been impacted and/or experienced the loss of a family member or friend to COVID-19. The emotional and mental toll created by this cruel pandemic across communities has been devastating and extremely disruptive. I have to commend and thank the frontline healthcare workers who have served selflessly and cared for the sick in the toughest of conditions.

As a country, South Africa has had its fair share of successes and failures in the management of the pandemic. In the early stages we faired very well to contain the spread and kept case numbers low. The strict national lockdown aimed to give us time to prepare our healthcare system for unprecedented admission rates. The national lockdown also resulted in a most severe negative impact on the economy as businesses, production and non-essential services were brought to a standstill. As the lockdown eased and restrictions lifted we were unfortunately hit by a very bad second wave with increased mortality. The second wave was characterised by rapid infection rates and a more dangerous mutant of the original virus. I respect the dedication of the National Coronavirus Command Council and health authorities in giving direction and showing leadership during these trying times. It could have been far worse. However, I am appalled at how unscrupulous characters used the pandemic as an opportunity for fraud and corruption and actually contribute to the loss of lives. It is corruption in all its forms that needs to be killed and eliminated from all spheres of government, business and civil society.

Across the Group, the safety of our people and communities is of paramount importance and we ensured that our employees remain safe and work in a safe environment at all times. All our subsidiaries, namely Sea Harvest, House of Monatic, Obsidian Health and associate Oceana were designated as essential service providers which meant that most of our staff worked through the period last year. Direct COVID-19 related costs incurred by the Group (excluding our associates and investments) exceeded R40 million. These business ensured that screening procedures, masking and social distancing were adhered to and made adjustments to operating procedures to accommodate these. At no point in time would any of these companies compromise on these standards.

The Group's responsibility extends far and wide up to and including many communities on the West Coast of South Africa. With talk of a third wave dawning, we now eagerly await the roll-out of the vaccine and pledge our support to facilitating this roll-out to our employees and the greater communities in which we operate.

CHAIRMAN'S REPORT (CONTINUED)

The domestic and global economic environment has been very weak in the reporting period, mainly as a result of the pandemic. I am still pleased to present the 2020 Integrated Report of Brimstone Investment Corporation Limited and its results for the year ended 31 December 2020. This is our 12th Integrated Report and we are committed to good governance as a cornerstone of our business.

Brimstone is now 25 years old. This is a great feat for a company with roots deeply anchored in communities. We have seen many business and economic cycles over the years with mixed results. We have seen political changes over the years, also with mixed results. We have seen many other empowerment groups start and fail or transform into vehicles that have simply forgotten the raison d'etre and ethos of empowerment. Brimstone has withstood the test of a quarter century and today stands very proud with its integrity perfectly intact. We have had many attempts to steer us from our course but ultimately in any decision we make lies the question "what is the best decision for our smallest shareholder?" This is what brings us back on course and gives us the drive to live our ethos of being profitable, empowering, and having a positive social impact.

Today Brimstone has a truly diverse base of shareholders. We have the general public, management and staff, institutional investors including pension funds and many NGO's. We are proud of this diverse base and thank them for their support and the value they see in Brimstone. With such a broad base it often remains a challenge to retain the empowerment status at an ownership level. Yet, Brimstone has attained a Level 1 B-BBEE accreditation – a dedicated effort by the entire team that ensures that B-BBEE is not reduced to a mere number on a scorecard but an active component of the way we conduct business.

When a pandemic is superimposed on a very weak economy it fuels a review of strategy going forward, for the world is now a different place with new challenges on any business. It is those businesses that are able to pivot through times like these that will be successful in the long term. At Brimstone we undertook a strategic review of our investment portfolio. At the same time we looked at our level of financial gearing. A decision was thus made to reduce exposure to or dispose of certain investments and to reduce debt. As a result we disposed of part-stakes in Equites and Phuthuma Nathi. The full exit of our investment in Life Healthcare is nearly complete. This process has enabled us to repay debt of more than R1 billion during the year.

Brimstone is now more nimble, agile and our debt ratios are closer to our target range. At the same time we examined our entire cost base and committed to reducing costs at the Company by at least 20%. I am pleased to advise that all staff have agreed to salary cuts, office space has been reduced or closed, and non-executive directors' fees will not increase this year. As can be seen this is a concerted effort by all parties to at least contain or reduce costs.

Brimstone's portfolio is anchored by significant investments in the food sector, namely its subsidiary Sea Harvest and associate Oceana Group, which is collectively valued at around R4.5 billion. Both these investments have been a part of our portfolio for over 20 years and is testimony of our long term view on the food sector. This year is significant as it sees the culmination of the South African government's fishing rights allocation process (FRAP) which will allocate long term fishing rights. We expect the process to be fair, equitable and transparent taking into account all the social and economic factors that impact this industry. We hope that these two companies, both large employers who have invested heavily into the sector, are at least able to retain its rights to enable the Group to continue its empowerment journey in the interest of all its stakeholders, including its employees and local communities. Brimstone will continue as we have in the past to support them through this process which is a strategic imperative for the entire Group. Often questioned about the value we bring to underlying investments – this is a fine example of the expertise, counsel and guidance we bring to the table. The team at Brimstone continues to play a very important supporting role to both businesses at a strategic, tactical and commercial level, while respecting the independence and competitiveness of each company.

The Group reported a loss for the year under review of R43.8 million compared to a profit of R75.3 million in the prior year. The current year loss is mainly due to the downward revaluation of listed investments, in particular Equites and MultiChoice Group, increased trading losses and asset impairments incurred by House of Monatic and the recognition of additional provisions, reserves and asset impairments, and underwriting losses incurred by Lion of Africa Insurance Company which is in run-off. The Group recorded strong and resilient results from its two largest investments, Sea Harvest and Oceana. Subsequent to

year-end House of Monatic entered into an agreement to dispose of its factory and manufacturing assets to another clothing retail group. The transaction is in the final stages of being concluded.

Our Intrinsic Net Asset Value (INAV) decreased to R3.28 billion at year-end from R3.35 billion at the prior year. Brimstone Ordinary shares were trading at a discount of 55.3% to INAV and "N" Ordinary shares traded at a discount of 50% to INAV. This phenomenon of widening discounts to INAV continue to be prevalent in many other listed investment holding companies.

Brimstone's social commitment is a core part of its mission of being profitable, empowering and making a positive social impact on the businesses and the individuals with whom it is involved. Integral to our social commitment is the activity of Brimstone Empowerment Share Trust (BEST) that is governed by an independent board of trustees who follow a rigorous process in awarding shares to worthy non-profit organisations.

During the year under review BEST awarded shares to the following organisations: Wildlife and Environment Society of South Africa, Douglas Murray Home for the Aged, and Saabri and Ashrafi Relief Fund. To date, BEST has allotted more than 2.2 million Brimstone shares to 40 organisations across South Africa. We commend and thank all these organisations for the wonderful and much-needed work they continue to do in communities especially during these tough times when they are further impacted by the pandemic.

Brimstone is fortunate to have an effective board of directors reviewing aspects of the Company's strategy and engaging continuously in detail about the Company's direction. The merit of having a strong board on whose unfettered access and counsel management can rely was demonstrated in this last year. I thank the board for their support and good advice during this unprecedented year of uncertainty.

Thank you to our executive team and staff as well as the management and staff of all our subsidiaries and investee companies for their continued commitment to deliver solid results and committing to protect lives and livelihoods. I thank our shareholders and all other stakeholders who have supported us over the past year and over the last 25 years and given us the space to create and build a true exemplary model of genuine empowerment.

Fred Robertson
Executive Chairman

CHIEF EXECUTIVE OFFICER'S REPORT

Mustaq Brey
Chief Executive Officer

When the history of the 21st century is written, there is no doubt that the year 2020 will feature very prominently as the year when something unseen and unpredicted brought the world to a complete standstill. There is no household, family, community or organisation who has not felt the impact of the pandemic. I convey my sincerest condolences to all our staff and their families, associates, shareholders and stakeholders who have lost loved ones as a result of the COVID-19 pandemic. I pray that the pandemic is brought under control very soon and that the world is able to return to a sense of normality, whatever or however that new reality may be defined.

Brimstone reached a milestone of 25 years of existence during the year under review. We are proud of the Group's track record and the fact that we are one of the very few truly black-owned organisations that have stood the test of a quarter century. We are pleased that we have survived many challenges and seen many cycles over this 25 year period and remain with our integrity intact.

Over the last year COVID-19 has taught us to be resilient and tested us more than ever before. As reported during the year, in light of the economic uncertainty the Board had undertaken a strategic review of the investment portfolio and agreed to dispose of certain holdings. These disposals have enabled us to reduce our debt and I am delighted to advise that we have repaid in excess of R1.0 billion in debt to our funders during the year under review. This de-gearing has improved our liquidity and gearing ratios which we monitor very closely to ensure that it is within our comfort range.

Brimstone has been fortunate that all of its operating subsidiaries and its major associate, Oceana Group Limited, were classified as essential service providers during the national lockdown, but had varying degrees of financial success. The Group has observed strict health protocols and incurred COVID-19 related expenditure of approximately R40.0 million during the year under review.

The Group reported a loss for the year under review of R43.8 million compared to a profit of R75.3 million in the prior year. The current year loss is mainly due to the downward revaluation of listed investments, in particular Equites and MultiChoice Group, increased trading losses and asset impairments incurred by House of Monatic and the recognition of additional provisions, reserves and asset impairments, and underwriting losses incurred by Lion of Africa Insurance Company.

Intrinsic Net Asset Value ("INAV")

INAV at 31 December 2020 calculated on a line-by-line basis, totalled R3.28 billion, or R12.99 per share (31 December 2019: R3.35 billion or R14.19 per share), representing a decrease of 1.9% from 2019 (a decrease of 8.5% on a per share basis). As at 31 December 2020, Brimstone Ordinary shares were trading at a discount of 55.3% to INAV (31 December 2019: 46.1%) and "N" Ordinary shares traded at a discount of 50.0% to INAV (31 December 2019: 45.4%). The higher decrease in INAV on a per share basis is due to the increase in the number of shares in issue as a result of the capitalisation issue during the year.

Portfolio Performance

Subsidiaries

Sea Harvest

Brimstone held 159.5 million shares in Sea Harvest with a fair value of R2.3 billion at 31 December 2020 (R2.3 billion at 31 December 2019). Sea Harvest's share price closed at R14.26 per share, marginally down from R14.55 per share at 31 December 2019.

Despite the COVID-19 pandemic and the measures aimed at curbing its spread shutting down entire sectors of the global economy and disrupting global supply chains, Sea Harvest was classified as an essential service provider and proved its resilient and defensive nature in delivering attributable profit for the year ended 31 December 2020 of R430.8 million (2019: R412.5 million). The group's results benefitted from good performances in the South African Fishing segment, the Cape Harvest Foods segment (which includes Ladismith Cheese) and the Australian operations, offset by continued challenges in the Aquaculture segment which has been severely impacted by the effects of the pandemic.

On 1 March 2021, Sea Harvest declared a final cash dividend of 45 cents per share in respect of the year ended 31 December 2020. Brimstone expects to receive a dividend of R71.8 million on 12 April 2021.

Obsidian Health (Obsidian)

In February 2020, Brimstone increased its stake in Obsidian from 25.1% to 80% for a cash consideration of R36.0 million. The Group has thus consolidated Obsidian's results for 11 months. Obsidian contributed R6.9 million in attributable profit and R0.8 million (2019: R2.0 million) in equity accounted earnings during the year under review.

Obsidian is a leading supplier of innovative healthcare solutions to both the private and public healthcare sectors within Sub-Saharan Africa. The product portfolio includes capital equipment and medical devices within the key focus areas of cardiology, cardiovascular, theatre, ICU and high care, orthopaedics as well as point of care diagnostic testing.

Although Obsidian was classified as an essential service provider, the first half of 2020 remained challenging due to reductions in elective theatre cases, restrictions of onsite visits, and low margins due to pressures on the Rand. The easing of COVID-19 restrictions, the strengthening of the Rand and strategic additions to the product portfolio such as, COVID-19 rapid antigen testing kits, rapid HIV screening tests and personal protective equipment, led to an improvement in results with strong growth during the latter part of the year.

Lion of Africa Insurance Company (Lion of Africa)

This is the second full year of the business' run-off and it continues to progress well. The company reported a loss of R57.8 million (2019: loss of R65.2 million) after recognising additional provisions, reserves and asset impairments, and incurring underwriting losses, during the second half of the year under review. The run-off is expected to continue into the 2022 year.

House of Monatic (Monatic)

Revenue decreased by 57% to R58.6 million (2019: R137.3 million) and the company reported a loss of R104.8 million compared to a loss of R32.6 million in the prior year. The current year loss includes the recognition of impairments of R38.8 million on property, plant and equipment and inventory and retrenchment costs of R6.1 million incurred during the year.

The pandemic has profoundly changed the social behaviour of consumers and has normalised remote working. These changes had the effect of severely decreasing demand for formal wear, which is Monatic's core product. Consequently, Monatic started to manufacture cloth face masks and certain items of personal protective equipment and was classified as an essential service provider. While this enabled the company to provide some work to employees during the level 5 national lockdown, orders were not nearly enough to fully utilise production capacity and make the business sustainable.

Subsequent to year end, the company entered into a binding heads of agreement with another clothing manufacturer to dispose of the factory's manufacturing assets and transfer of the related factory staff with effect from no earlier than 1 April 2021. The agreement is subject to the fulfilment of certain conditions precedent normal for a transaction of this nature. This disposal falls below the categorisation thresholds of the JSE Limited. The board of Monatic has also decided to run-down the retail operation over the remainder of the year in an orderly manner.

Associates and Joint Ventures

Oceana Group (Oceana)

During the year, Brimstone acquired an additional 120 000 shares in Oceana for a cash consideration of R7.1 million, increasing its shareholding to 25.01%. Brimstone held 32.6 million shares in Oceana with a fair value of R2.1 billion at 31 December 2020. Oceana's share price closed at R64.25 per share, up from R61.55 per share at 31 December 2019. Brimstone recognised R197.8 million (2019: R141.3 million) as its share of profits of the associate based on Oceana's reported full year earnings to 30 September 2020. Brimstone received dividends of R128.2 million from Oceana during the year under review.

Aon Re Africa

Aon Re Africa is a leading reinsurance broker licensed and operating in South Africa and the rest of Africa. Brimstone recorded R10.7 million in equity accounted earnings (2019: R0.5 million equity accounted losses) and received dividends of R4.1 million (2019: R16.2 million) from Aon Re Africa during the year under review.

South African Enterprise Development (SAED)

SAED is an investment vehicle providing equity growth capital to high potential small and medium sized enterprises. Its interests include stakes in High Duty Castings (45%), Tombake Holdings (32.6%), Decision Inc. Holdings (32.8%), ASG Holdings (35.3%) and Specialised Food Investment Holdings (46.4%). SAED contributed R17.1 million in equity accounted losses (2019: R1.4 million in equity accounted earnings) to Brimstone during the year under review – this is mainly due to the fair value adjustment to ZARX which has been disposed of. Brimstone accrued a dividend of R1.3 million (2019: R0.9 million) from SAED during the year under review.

CHIEF EXECUTIVE OFFICER'S REPORT (CONTINUED)

Vuna Fishing Company (Vuna)

Vuna is a fully integrated fishing business based in Mossel Bay, fishing for Cape hake, sole, monkfish, kingklip and other by-catch species and the processing and packing thereof in order to provide value-added chilled and frozen food products to foodservice customers throughout South Africa and abroad. Despite the impact of the pandemic on the local and global foodservice market and the fishing days lost due to inclement weather, Vuna managed to post a positive result for the year. Vuna contributed R0.3 million (2019: R0.6 million) in equity accounted earnings and Brimstone accrued for R1.0 million (2019: R1.0 million) in dividends during the year under review.

Milpark Education (Milpark)

Milpark is a leading provider of higher education and training qualifications. Milpark contributed R40.1 million in equity accounted losses (2019: R0.5 million equity accounted losses) during the year under review. The losses arose primarily from the fair value adjustment to contingent purchase consideration, due to the out-performance of the earn-out metrics of the company acquired. Brimstone received a dividend of R11.3 million (2019: R11.3 million) from Milpark during the year under review.

Investments

Equites

During the year, Brimstone disposed of 20.9 million Equites shares for a total consideration of R321.4 million, effectively realising a loss on disposal of R97.4 million. Equites' share price closed at R17.37 per share at 31 December 2020, down from R20.00 per share at 31 December 2019. The remaining 14 million shares were revalued downwards by R36.7 million. Brimstone received dividends of R37.2 million (2019: R50.5 million) from Equites during the year under review.

FPG Property Fund

FPG Property Fund is a Cape-based black-owned and managed unlisted property fund specialising in the retail convenience market. It owns over 22 convenience shopping centres in South Africa with an expanding footprint in the United Kingdom valued in excess of R5.5 billion on a gross basis. The investment was revalued upwards by R8.8 million to R182.6 million at year end. Brimstone received a dividend of R2.2 million (2019: R2.0 million) from FPG Property Fund during the year under review.

Life Healthcare

Life Healthcare's share price closed at R16.82 per share at 31 December 2020, down from R24.65 per share at 31 December 2019. The investment was revalued downwards by a net R223.7 million during the year under review. In addition, 16 499 277 Life Healthcare shares were disposed of in two equal tranches for a total consideration of R441.4 million under a share-backed Zero Cost Collar funding arrangement. The sale proceeds were utilised to partly settle the related debt. The remainder of the investment continues to serve as security under the funding arrangement, with the derivative being fair valued by an independent expert at R346.5 million at 31 December 2020 compared to R121.1 million at 31 December 2019 resulting in an upward revaluation of R225.4 million. The net revaluation recognised in the statement of profit or loss on the investment and the derivative amounted to R1.7 million. Brimstone has been invested in Life Healthcare since 2005 and we are pleased that this investment has yielded a very good return over the period to Brimstone and to our shareholders who benefitted from the unbundling of a part of our Life Healthcare stake in 2010.

MTN Zakhele Futhi

MTN Zakhele Futhi's share price closed at R9.67 per share, down from R13.20 per share at 31 December 2019. The investment was revalued downwards by R6.4 million to R17.6 million at year end.

Phuthuma Nathi

During the year, Brimstone disposed of 1.9 million shares in Phuthuma Nathi for a cash consideration of R175.3 million, effectively realising a loss on disposal of R28.3 million. The sale of shares decreased Brimstone's interest from 5.6% to 2.8%. The Phuthuma Nathi share price closed at R118.75 per share, up from R107.40 per share at 31 December 2019, resulting in Brimstone recognising an unrealised fair value gain of R21.5 million on the remaining shares. Brimstone received a dividend of R63.2 million (2019: R105.3 million) comprising of R42.1 million in respect of the remaining shares and R21.2 million in respect of the portion of the shares sold ex-div.

STADIO

STADIO Holdings is a listed holding company investing in private higher (tertiary) education through multiple prestigious institutions which collectively offer over 90 accredited programmes, from Higher Certificates to Doctorates. STADIO enrols over 35 000 students via contact, distance and hybrid learning. STADIO's share price closed at R1.95 per share, down from R2.00 per share at 31 December 2019. The investment was revalued downwards by R2.2 million to R85.0 million at year end.

Conclusion

We are confident that the Group's bona fide empowerment credentials and level 1 B-BBEE contributor status will continue to benefit our investee companies. Despite the already challenging economic environment in South Africa being exacerbated by the COVID-19 pandemic, Brimstone's main investments have continued to produce resilient results. Brimstone will thus continue to monitor subsidiary and investee companies' compliance with health protocols and regulations and support them operationally, through any further waves of the virus.

I extend my thanks to the chairman, lead independent director and fellow board members for their continued support and invaluable counsel during these very trying times. I also wish to thank our executive management team and the leadership and staff of our subsidiaries, investments and associates. This year under review has brought about the opportunity for leadership to truly come to the surface and shine.

I also wish to extend our sincere thanks to Deloitte & Touche who have been our external auditors since incorporation. They have walked a long road with us and as a consequence of early adoption of mandatory audit firm rotation we now welcome Ernst & Young as our external auditors. We look forward to a mutually beneficial relationship with them.

Thank you to all our shareholders and other stakeholders who continually hold us to account in an honest, transparent and constructive manner. We appreciate your input and shall continue on our path of aiming to be profitable, empowering and having a positive social impact.

Mustaq Brey
Chief Executive Officer

INVESTMENT PROFILE

Company	Interest	Company information
Sea Harvest	54.2%	■ Listed on the JSE ■ The Sea Harvest group is a leading, internationally recognised vertically integrated fishing and branded FMCG business established in 1964 with operations in South Africa and Australia. The principal business of the group is fishing of MSC-certified Cape hake and Shark Bay tiger and king prawns, processing of the catch into frozen and chilled seafood, and the marketing of these products, locally and internationally. ■ Owns market-leading brands including Ladismith Cheese ■ Level 1 B-BBEE contributor **www.seaharvest.co.za**
OCEANA GROUP	25.01%	■ Listed on the JSE and NSE ■ Oceana is a global fishing company with operations in South Africa, Namibia and USA ■ Core fishing business is the catching, procuring, processing, marketing and distribution of canned fish, fishmeal, fish oil, horse mackerel, hake, lobster and squid ■ Oceana also provides refrigerated warehouse facilities and logistical support services ■ Level 1 B-BBEE contributor **www.oceana.co.za**
LION OF AFRICA INSURANCE	100%	■ Unlisted ■ This business was placed into run-off in November 2018 **www.lionsure.com**
AON RE AFRICA	18%	■ Unlisted ■ Aon Re Africa is a leading reinsurance and retrocession intermediary in Sub-Saharan Africa, based in Johannesburg, South Africa with an office in Harare, Zimbabwe **www.aon.com**
equites PROPERTY FUND	2.3%	■ Listed on the JSE ■ A specialist logistics property developer and landlord listed as a REIT **www.equites.co.za**
FPG PROPERTY FUND	9.9%	■ Unlisted ■ Black-owned and managed property fund with a portfolio of properties specialising in the retail convenience market **www.fpggroup.co.za**
Life HEALTHCARE	2.3%	■ Listed on the JSE ■ Principal business is acute hospital care and comprises one of the widest geographic spreads of acute care hospitals and day surgical centres in South Africa ■ Investments in Poland, United Kingdom and Europe **www.lifehealthcare.co.za**

Company	Interest	Company information
OBSIDIAN HEALTH	80%	■ Unlisted ■ A leading supplier of innovative solutions to healthcare providers and clinicians within Sub-Saharan Africa
HOUSE OF MONATIC	100%	■ Unlisted ■ Company involved in the design, marketing and manufacturing of mens and ladies clothing and accessories ■ C^2 and Carducci retail stores **www.monatic.co.za**
STADIO HOLDINGS	5.3%	■ Listed on the JSE ■ Focussed on the acquisition of, investment in, growth and development of higher education institutions **www.stadio.co.za**
MultiChoice Phuthuma Nathi SHARE THE FUTURE	2.8%	■ Listed on the Equity Express Securities Exchange ■ Black-owned investment company that holds 20% of MultiChoice South Africa **www.phuthumanathi.co.za**
MTN Zakhele Futhi	1.5%	■ Black-owned investment company that holds approximately 4% of MTN Group **www.mtnzakhele.co.za**
SAED SOUTH AFRICAN ENTERPRISE DEVELOPMENT	25%	■ Unlisted ■ Provides equity capital to high growth potential small and medium sized enterprises
SeaVuna	49.8%	■ Unlisted ■ Hake-inshore trawl fishery and processing
MILPARK EDUCATION M	12.8%	■ Unlisted ■ Leading provider of higher education and further education and training qualifications **www.milpark.ac.za**

INTRINSIC NET ASSET VALUE REPORT

The INAV of Brimstone at 31 December 2020 was R3 284.8 million (2019: R3 349.3 million), translating to R12.99 per share (2019: R14.19 per share), based on 252.8 million shares (2019: 236.0 million shares) in issue, net of treasury shares. Fully Diluted INAV per share was R12.83 per share (2019: R14.10 cents per share), based on 256.1 million shares (2019: 238.0 million shares) in issue, net of treasury shares after taking into account the notionally realised shares issued in terms of the circular to shareholders dated 18 November 2010 and fully diluted for outstanding share options and unvested forfeitable shares.

The Book Net Asset Value ("Book NAV") of Brimstone on 31 December 2020 was R2 491.3 million (2019: R2 516.2 million), translating to R9.85 per share (2019: R10.66 per share), based on the respective number of shares in issue.

The closing share prices on 31 December 2020 of Brimstone Ordinary and "N" Ordinary shares on the JSE were R5.81 and R6.50 (2019: R7.65 and R7.75) per share respectively.

	31 Dec 20	31 Dec 19
INAV of Brimstone (R'm)	**3 284.8**	3 349.3
Book NAV (R'm)	**2 491.3**	2 516.2
INAV per share (Rand)	**12.99**	14.19
Fully Diluted INAV per share (Rand)	**12.83**	14.10
Book NAV per share (Rand)	**9.85**	10.66
Market price per share (Rand)		
■ Ordinary shares	**5.81**	7.65
■ "N" Ordinary shares	**6.50**	7.75
Discount to INAV:		
■ Ordinary shares %	**55.3%**	46.1%
■ "N" Ordinary shares %	**50.0%**	45.4%

Oceana
The INAV of the 25.01% shareholding in Oceana was based on the closing share price of Oceana on the JSE at 31 December 2020 of R64.25 per share.

Sea Harvest
The INAV of the 54.2% shareholding in Sea Harvest was based on the closing share price of Sea Harvest on the JSE at 31 December 2020 of R14.26 per share.

Life Healthcare
The INAV of the 2.3% shareholding in Life Healthcare was based on the closing share price of Life Healthcare on the JSE at 31 December 2020 of R16.82 per share. The Zero Cost Collar derivative over the Life Healthcare investment was valued as at 31 December 2020, by an independent expert.

Equites
The INAV of the 2.3% shareholding in Equites was based on the closing share price of Equites on the JSE at 31 December 2020 of R17.37 per share.

Phuthuma Nathi
The INAV of the 2.8% shareholding in Phuthuma Nathi was based on the closing share price of Phuthuma Nathi on the Equity Express Securities Exchange at 31 December 2020 of R118.75 per share.

STADIO
The INAV of the 5.3% shareholding in STADIO was based on the closing share price of STADIO on the JSE at 31 December 2020 of R1.95 per share.

Milpark
The INAV of the 12.8% shareholding in Milpark was based on cost.

MTN Zakhele Futhi
The INAV of the 1.5% shareholding in MTN Zakhele Futhi was based on the closing share price of MTN Zakhele Futhi on the JSE at 31 December 2020 of R9.67 per share.

FPG Property Fund
The INAV of the 9.9% shareholding in FPG Property Fund was based on book value.

Aon Re Africa
The INAV of the 18% shareholding in Aon Re Africa was based on a price-to-earnings multiple.

INAV analysis by asset

An analysis of the INAV of Brimstone as at 31 December 2020 is set out below, including the valuation basis of each asset. Where applicable, INAV is net of ring-fenced debt and potential CGT relating to that asset.

Asset	% held	Valuation basis	Gross Value (R'000)	Debt (R'000)	CGT (R'000)	INAV (R'000)
Sea Harvest[1]	54.2%	Market value per share	2 274 461	–	–	2 274 461
Oceana[1]	25.01%	Market value per share	2 096 292	–	–	2 096 292
Life Healthcare[2]	2.3%	Market value per share	555 035	(898 944)	(108 974)	(452 883)
Life Healthcare Zero Cost Collar[3]	100%	Option valuation	346 499	–	(77 616)	268 883
Equites	2.3%	Market value per share	242 461	–	(13 407)	229 055
Phuthuma Nathi	2.8%	Market value per share	225 082	–	–	225 082
FPG Property Fund	9.9%	Book value	182 606	–	(11 153)	171 453
STADIO & Milpark	5.3%	Market value per share & cost	130 759	–	–	130 759
Investment property	100%	Capitalisation rate	57 500	–	–	57 500
Aon Re Africa	18.0%	PE valuation	78 005	–	(15 685)	62 319
MTN Zakhele Futhi	1.5%	Market value per share	17 588	–	–	17 588
House of Monatic	100%	Adjusted book value	6 369	–	–	6 369
Other investments	Various	Valuation	137 874	–	(10 314)	127 559
Cash/(Net debt)	100%	Book value	118 423	(2 109 528)	61 442	(1 929 664)
Total			**6 468 953**	**(3 008 472)**	**(175 708)**	**3 284 773**
INAV per share (Rands)[4]			25.59	(11.90)	(0.70)	(12.99)
Fully Diluted INAV per share (Rands)[5]			25.26	(11.75)	(0.69)	(12.83)

1 No CGT provided on shareholding in Sea Harvest and Ocean due to potential use of the corporate relief provisions of the Income Tax Act.
2 Brimstone has entered into a securities lending arrangement with Nedgroup Securities. At the end of the lending arrangement, Nedgroup Securities will be obligated to return the shares to Brimstone.
3 The Zero Cost Collar derivative over the Life Healthcare investment was valued as at 31 December 2020, by an independent expert.
4 Based on 252.8 million shares shares (December 2019: 236.0 million shares) in issue, net of treasury shares.
5 Based on 256.1 million shares (December 2019: 238.0 million shares) in issue, net of treasury shares after taking into account the notionally realised shares issued in terms of the circular to shareholders dated 18 November 2010 and fully diluted for outstanding share options and unvested forfeitable shares.

CORPORATE SOCIAL INITIATIVES

Nature, scope and effectiveness of all programmes on communities

Brimstone's social commitment is an extension of its mission of being profitable, empowering and to have a positive social impact on the businesses and the individuals with whom it is involved.

As presented in this Integrated Report, the Group's activities and its impact, be it corporate, social or environmental are measured against these yardsticks to ensure long-term sustainability.

Brimstone directly employs more than 4600 individuals in its subsidiaries and over 24 000 in its associates and investments.

Brimstone through its own corporate social initiatives and those of its subsidiaries and investments is involved in education, training and development, the arts and the support of specific charitable and social campaigns.

Apart from its internal corporate social investment programmes, Brimstone has established the Brimstone Foundation and the Brimstone Empowerment Share Trust to extend the long-term reach and sustainable impact of its initiatives.

Runners lining up at the start of the Slave Route Challenge powered by Brimstone

A mother with her
new-born baby at Mowbray
Maternity Hospital
– a recipient of Maskathon

Brimstone Empowerment Share Trust (BEST)

BEST was established in 2005 with the intention of supporting a broad range of NGOs and non-profit organisations through the allotment of Brimstone shares. These shares have a vested value and can be sold by the nominated beneficiaries after a period of five years, in tranches of 20% per annum. The beneficiary organisations participate fully in any dividends declared by Brimstone from the date of receipt of the shares.

During the year under review BEST awarded 55 000 Brimstone "N" Ordinary shares each to the following organisations: Wildlife and Environment Society of South Africa (WESSA), Douglas Murray Home for the Aged, Saabri and Ashrafi Relief Fund

To date, BEST has allotted more than 2.2 million Brimstone shares to 40 organisations across South Africa. These organisations support more than 3.5 million beneficiaries in South Africa and beyond our borders.

Learners at a rural school – recipients of Maskathon

CORPORATE SOCIAL INITIATIVES (CONTINUED)

Corporate Social Initiatives

Due to the COVID-19 pandemic, spending on our regular social initiatives was curtailed. The Company sponsored the annual Slave Route Challenge which took place prior to lockdown in February 2020. During the year Brimstone spearheaded a Maskathon in partnership with Smile 90.4FM and distributed over 90 000 masks to approximately 181 beneficiary groups including hospitals, schools, clinics and welfare centres. Brimstone also held its annual Health & Stroke Dialogue and a Mental Wellbeing Dialogue in a virtual format in partnership with Life Vincent Pallotti Hospital.

Brimstone also facilitated the distribution of CPAP machines (used for effective oxygen delivery) from Gift of the Givers to various public and private hospitals across the Western Cape.

Gift of the Givers handing over CPAP machines at Life Vincent Pallotti Hospital

Brimstone Heart & Stroke Dialogue

Maskathon handover at Red Cross War Memorial Children's Hospital

Socio – Economic and Enterprise Development at subsidiary Obsidian Health

Benjamin – the Sandwich Guy

OBSIDIAN HEALTH

Benjamin – the Sandwich Guy

Benjamin is a vendor selling sandwiches daily to offices and businesses in the same location as Obsidian.

He would make a one and a half hour walk from Randburg to Roodepoort and another one and a half hour walk back home balancing a large plastic container holding his sandwiches on his head!

To make Benjamin's day a little easier Obsidian decided to buy him a delivery bicycle which has cut his travel time to and from the office park to one hour a day versus the previous three hours. They also had a service provider design some branding for the cooler box used to keep the sandwiches fresh. In addition to the bike, Obsidian provided Benjamin with a helmet, air pump and a small set of tools including a puncture repair kit.

Josuzan Projects

In 2016 after one of the overseas suppliers stopped producing medical tubing, Obsidian was forced to find a local solution in order to continue to supply the customers.

They managed to find a local manufacturer who was able to supply the rolls of tubing and then partnered with a small local company called Josuzan Projects to perform the assembly and sterilisation process in order to supply the finished stock item ready for sale to customers.

Obsidian assisted Josuzan Projects in attaining their SAHPRA license, provide accounting services assistance and funding the purchase of raw material inventory. In addition to this Obsidian invested in a mezzanine level over its warehouse receiving area which serves as the production area for Josuzan.

GOVERNANCE REPORT

OUR HISTORY
OUR BUSINESS
GOVERNANCE
ANNUAL FINANCIAL STATEMENTS

Governance and Stakeholder Engagement

Corporate governance approach

The board of directors ("the Board") remains fully committed to the principles of integrity, competence, responsibility, fairness, transparency and accountability in its dealings with all its stakeholders. The Board is the focal point of the Company's corporate governance system and remains ultimately accountable and responsible for its performance and affairs.

Application of and compliance with King IV

Brimstone endorses and endeavours to adhere to the guidelines and principles of The King IV Report on Corporate Governance for South Africa ("King IV"). The Board is satisfied that Brimstone is in substantive alignment with the principles of King IV.

The Board has recognised that it is the custodian of corporate governance of the Company and has ensured that directors lead ethically and effectively; supported an ethical culture; set the strategic direction for the Company for the year ahead; approved policies and planning and administered and monitored the Company's risks and opportunities, business model, performance and sustainable development.

The full King IV disclosure report is available on Brimstone's website at www.brimstone.co.za.

Ethical leadership

The Board is responsible for providing leadership, either directly or through its committees, to Brimstone and its subsidiaries in order to deliver long term value to shareholders and other stakeholders. A formal Code of Conduct has been approved by Brimstone and its subsidiary companies and requires directors and employees to observe the highest ethical standards when conducting the Group's business.

Governance framework and structure

Board of directors

The Board has a formal charter setting out, inter alia, its composition, meeting frequency, powers and responsibilities, particularly with regard to financial, statutory, administrative, regulatory and human resource matters.

Key responsibilities in terms of the charter include the following:

- Determining the Company's vision, mission and key objectives;
- Determining the Group's values and incorporating them into the Code of Conduct;
- Appointment of new directors;
- Providing strategic direction to the Company, and taking responsibility for the adoption of strategic plans;
- Monitoring compliance with laws and regulations and codes of best business practice;
- Ensuring that relevant and accurate information is timeously communicated to stakeholders; and
- Evaluating the going concern status of the Company and the Group.

The Board is satisfied that it has discharged its duties and obligations as described in the board charter, during the past financial year.

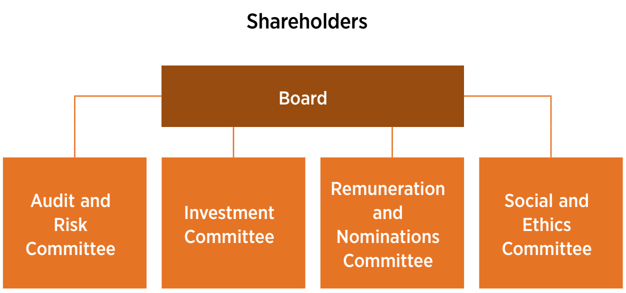
To ensure a balance with no individual having unfettered powers of decision-making, a clear division of responsibilities exists between the Board and executive management.

The Board provides effective leadership and vision, aiming to enhance shareholder value and ensure long-term sustainable development and growth of the Company for the benefit of shareholders and other stakeholders over time.

The Board meets at least four times a year. Additional meetings are convened as and when necessary. All members of the Board have unlimited access to the services of the Company Secretary and senior management, as well as all Company records.

The diagram that follows sets out Brimstone's group governance structure, reflecting the Brimstone board as having ultimate oversight:

BRIMSTONE
INVESTMENT CORPORATION LIMITED



Composition of the Board

The composition of the Board reflects a balance of executive and non-executive directors.

The Board has formally adopted a board Diversity Policy which reflects the Board's view that ensuring gender and race diversity at board level is an essential and important element to maintain a competitive advantage as well as contributing to society at large.

In reviewing the Board's composition, the Remuneration and Nominations Committee is committed to considering the benefits of all aspects of diversity, specifically gender diversity, in order to effectively discharge its duties and responsibilities. This committee continues to discuss and agree on an annual basis the objectives for achieving gender and race diversity at board level and duly recommend such objectives to the Board.

Taking into account the size of the Board, diversity and demographics, the majority of directors are independent. The Board believes that the current mix of knowledge, skill, culture, age and experience meet the requirements to lead the Company effectively.

The demographics of the Board are depicted in the graphs below:

Demographics

ACI* male ACI* female White male

**African, Coloured, Indian*

Gender

Male Female

Independence

Executive directors Independent non-executive directors

At year end, the Board consisted of five executive and six independent non-executive directors (one of whom is the Lead Independent Director).

Non-executive directors are selected to serve on the Board for their broader knowledge and experience and are expected to contribute effectively to decision-making and the formulation of policy. The independence of non-executive directors, who have served on the Board for more than nine years, is subject to review by the Board.

In terms of the memorandum of incorporation ("MOI") of the Company at least one third of the directors must retire by rotation annually and may make themselves available for re-election at an annual general meeting.

The roles and responsibilities of the Chairman of the Board and the Chief Executive Officer are separated. One of the principles of King IV is that the Chairman of the Board be an independent non-executive director. Mr F Robertson was appointed Executive Chairman early in 2013. The Board believes that Mr Robertson (who previously served as Executive Deputy Chairman since 2002) has the required level of expertise and experience to act as Chairman of the Company and oversee the strategy of unlocking shareholder value for the benefit of shareholders. Mr PL Campher serves as Lead Independent Director, in compliance with King IV and the JSE Limited Listings Requirements.

Board committees and individual directors are evaluated by its members.

The results of these evaluations are not disclosed in the Integrated Report, but the nomination for reappointment of directors only occurs after the evaluation of the members by the Board.

The Board conducted an internal skills assessment which highlighted the skills of the current Board and identified areas that can be enhanced upon. An independence assessment of all non-executive directors is being conducted.

Induction of directors

To assist directors, the Board has established an orientation programme for new directors which include background material, meetings with executive directors and senior management and visits to the various Group Companies' locations. In addition, new directors will also receive information on the Companies Act and the JSE Limited Listings Requirements and the duties they impose on directors.

Should circumstances arise where a non-executive director needs to obtain independent professional advice in order to act in the best interest of the Company, that director is encouraged to seek such advice with all reasonable costs being borne by the Company.

Company Secretary's role and responsibilities

The Company Secretary performs the company secretarial function which ensures that board procedures and relevant legislation and regulation is observed and complied with and ensures that proper governance principles are adhered to. All directors have unlimited access to the services of the Company Secretary, Ms T Moodley.

The Board has considered and satisfied itself of the competence and qualifications of the Company Secretary.

The Board is further satisfied that as far as is reasonably possible, an arm's length relationship between the Company Secretary and the Board exists.

Board committees (see tables overleaf)

Specific responsibilities have been delegated to board committees with defined terms of reference set out in their respective charters. Copies of the Board and committee charters, which are reviewed annually, are available on request from the Company Secretary.

Each committee adopted its charter with the terms of reference approved by the Board. All committee charters were reviewed during the year with changes being made to take into account new regulatory requirements and King IV to ensure best governance practices. The current subcommittees of the Board are the Audit and Risk Committee, Investment Committee, Remuneration and Nominations Committee and the Social and Ethics Committee.

Notwithstanding the delegation of functions to board committees, the Board remains ultimately responsible for the proper fulfilment of such functions, except for the functions of the Audit and Risk Committee relating to the appointment, fees and terms of engagement of the external auditor.

Policy on trading in company securities

In accordance with the JSE Limited Listings Requirements, the Company has adopted a Code of Conduct for insider trading. Directors and employees may not trade in the Company securities during prohibited and closed periods.

Directors and designated employees may only deal in the Company's securities outside of the prohibited and closed periods, with the approval of the Chairman, Chief Executive Officer or Lead Independent Director.

GOVERNANCE REPORT (CONTINUED)

Risk management

The Board is responsible for overseeing governance and risk. The Board charter outlines the directors' responsibilities for ensuring that an appropriate system and process of risk management is implemented and maintained.

Compliance

The Board is ultimately responsible for the governance of compliance with applicable laws, codes and standards and was satisfied with the compliance to the relevant legal and regulatory requirements.

Conflicts of interest

All directors of the Company and its subsidiaries and senior management, are reminded of the requirement to submit, at least annually, a list of all their directorships and interests in contracts with Brimstone.

Directors are required to disclose their personal financial interests, and those of persons related to them, in contracts or other matters in which Brimstone has a material interest or which are to be considered at a Board or committee meeting. Where a potential conflict exists; directors are expected to recuse themselves from relevant discussions and decisions.

	Name	Role, purpose and principal functions	Key focus for the year under review
Remuneration and Nominations Committee	**PL Campher** (chairman) Appointed: February 2012 **MK Ndebele*** Appointed: February 2007 **MJT Hewu** Appointed: July 2013 **N Khan** Appointed: March 2019 * Retired from the Board on 24 June 2020	■ Determine, approve and develop the Company's (a) general philosophy on remuneration and (b) specific philosophy in respect of executive remuneration ■ Review and determine the remuneration packages of executives, including bonus incentive schemes, increases and shares ■ Prepare for inclusion in the Company's Integrated Report an annual remuneration policy ■ Review the general level of remuneration for directors of the Board, including its committees. Put forward to the Board the necessary proposals in this respect for final approval by shareholders at the annual general meeting ■ Approve appointments and promotions of senior executives ■ Annually review the effectiveness of the Company's Code of Conduct ■ Evaluate cases of unethical behaviour by senior managers and executives of the Company ■ The approval of amendments to the Brimstone Group's share schemes ■ Ensure the Company has proper succession planning in place. Put forward to the Board the necessary proposals ■ Make recommendations to the Board in respect of senior management succession and senior talent development and education ■ Review the structure, size and composition of the Board ■ Make recommendations to the Board with regard to the appointment of new directors ■ Identify and nominate candidates to fill board vacancies ■ Ensure that formal succession plans for the Chairman, Chief Executive Officer, Financial Director and senior management are developed and implemented ■ Review the Board and committee charters	■ Reviewed long-term and short-term incentive payments to executive directors and management ■ Reviewed bonus calculations against approved targets ■ Reviewed Remuneration Report for inclusion in the Integrated Report before recommending to the Board for approval ■ Reviewed staff remuneration in an endeavor to curtail expenses due to the COVID-19 pandemic's economic consequences ■ Reviewed profiles of directors coming up for re-election at the annual general meeting ■ Reviewed the annual re-election of the Lead Independent Director ■ Review of succession plan

Audit and Risk Committee	Name	Role, purpose and principal functions	Key focus for the year under review
	N Khan (chairman) Date first appointed: January 1999 **LA Parker** Date first appointed: January 1999 **PL Campher** Date first appointed: November 2006 **F Roman** Date first appointed: May 2009 **KR Moloko** Date first appointed: November 2013	■ The Audit and Risk Committee shall provide an open avenue of communication between the internal auditors, external auditors, and the Board ■ Consider in consultation with external and internal auditors, their audit scope and plans ■ Review with internal audit and the representative of the external auditors the co-ordination of audit effort to ensure completeness of coverage, reduction of redundant efforts and effective use of audit resources ■ The Audit and Risk Committee shall review with the internal and the external auditors: ▫ The adequacy and effectiveness of the Company's internal controls, including computerised information system controls and security; ▫ The quality of financial information produced to ensure integrity and reliability; ▫ Compliance with the requirements for Audit and Risk Committees as set out by the King Report on Corporate Governance; ▫ Any related significant findings and recommendations of the internal and external auditors together with management's responses thereto; ▫ The effectiveness of the risk management process ▫ Oversee the external audit function and internal audit function ▫ Examine and review the interim and annual financial statements before submission to the Board and prior to public announcements ■ Determine the nature and extent of any non-audit services which the auditor may provide to the Company ■ To review significant cases of employee conflicts of interest, misconduct or fraud ■ Considers other topics as defined by the Board from time to time and to investigate any activity which the Audit and Risk Committee, in its sole discretion, considers to fall within the scope of its powers ■ Review the Risk Management Policy for approval by the Board annually ■ Review policies and procedures with respect to senior executive discretionary expenditure including their expense accounts and use of corporate assets and consider the results of any review of these areas by the internal or external auditors ■ Obtain the requisite resources for the effective discharge of its responsibilities ■ Review the expertise, resources and experience of the Company's finance function, including satisfying itself of the suitability, expertise and experience of the Financial Director annually as required by the JSE Listings Requirements and disclose the results of the review in the Integrated Report	See the full Audit and Risk Committee Report on pages 47 to 49.

GOVERNANCE REPORT (CONTINUED)

	Name	Role, purpose and principal functions	Key focus for the year under review
Investment Committee	**PL Campher** (chairman) Appointed: August 2006 **N Khan** Appointed: February 2007 **LA Parker** Appointed: August 2013	■ Provide advice to the Board regarding investment principles, objectives and guidelines ■ Considers and recommends to the Board proposals for the investment of financial resources in new enterprises that are of strategic interest to the Company ■ Advises the Board on policy regarding borrowings, and recommend action to be taken within established policy in relation to requirements per the Company's delegated levels of authority ■ The Investment Committee, in carrying out its tasks under its terms of reference, may obtain such independent professional advice as it considers necessary to effectively carry out its duties ■ Considers the impact of investments on cash resources	■ Considered and recommended to the Board the annual year-end valuation of investments ■ Considered and recommended to the Board the Intrinsic Net Asset Values of investments ■ Considered and approved the following: – increased stake in Obsidian Health from 25.1% to 80% – disposal of 20.9 million Equites shares for a consideration of R321.4 million – disposal of 1.9 million shares in Phutuma Nathi for a cash consideration of R175.3 million ■ Monitored the Company's compliance with debt covenants in respect of its borrowing facilities
Social and Ethics Committee	**M Hewu** (chairman) Appointed: February 2018 **MA Brey** Appointed: November 2012 **PL Campher** Appointed: November 2012 **N Khan** Appointed: November 2012 **F Robertson** Appointed: February 2013	■ Monitors the Company's activities, having regard to any relevant legislation, other legal requirements or prevailing codes of best practice ■ Considers and ensures appropriate resources and committees are in place to ensure transformation within the Group ■ Ensures the promotion of equality, prevention of unfair discrimination and reduction of corruption within the Group ■ Monitors targets in respect of the B-BBEE Act within the Group ■ Considers and ensures appropriate programmes are in place in respect of CSI targets within the Group ■ Assists the Board in ensuring that the Company's ethical standards are integrated into all the Company's strategies and operations	See the full Social and Ethics Committee Report on page 38.

Directors' attendance at meetings

Attendance by directors	Board		Audit and Risk Committee		Investment Committee		Remuneration and Nominations Committee		Social and Ethics Committee	
	Possible	Attended	Possible	Attended	Possible	Attended	Possible	Attended	Possible	Attended
F Robertson	4	4	3	3	2	2	2	2	2	2
MA Brey	4	4	3	3	2	2	2	2	2	1
MI Khan	4	4	3	3	2	2	2	2	2	2
GG Fortuin	4	4	3	3	2	2	2	2	2	2
T Moodley	4	4	3	3	2	2	2	2	2	2
PL Campher	4	4	3	3	2	2	2	2	2	2
MJ Hewu	4	4	–	–	–	–	2	2	2	2
N Khan	4	4	3	3	2	2	2	2	2	2
MK Ndebele*	2	2	–	–	–	–	1	1	–	–
LA Parker	4	4	3	3	2	2	–	–	–	–
K Moloko	4	4	3	3	–	–	–	–	–	–
FD Roman	4	4	3	3	–	–	–	–	–	–

* MK Ndebele retired from the Board on 24 June 2020.

Stakeholder Engagement

Prescribed engagement activities	Targeted groupings
JSE SENS announcements*	All
The publication of interim and annual results in printed media	All
The distribution of Integrated Report and notice of AGM	All
Posting of interim and annual financial results on our website	All
AGM and other shareholder meetings	All shareholders

* The JSE provides an investor service to facilitate a listed company's prescribed and voluntary disclosures to the general investor public. SENS is an acronym for Stock Exchange News Service.

Proactive engagement activities	Target groupings
Bi-annual results presentations posted on website	Institutional investors, analysts and financial media
Responded where necessary to analyst and media reports to improve accuracy	Analysts and financial media
Press announcements, together with media interviews for interim and annual results	All
Website provides a wide range of information, including dividend announcements, SENS announcements, share price information and Integrated Report	All

2021 Investor diary

Shareholders	Date
2020 Annual financial results presentation	3 March 2021
AGM	19 May 2021

SOCIAL AND ETHICS COMMITTEE REPORT

The Social and Ethics committee ("the Committee") was established to assist in monitoring the Group's performance as a good and responsible corporate citizen and to perform the statutory functions required of a social and ethics committee in terms of the Companies Act, 71 of 2008, as amended (''the Companies Act''). This report is presented by the Committee to describe how it has discharged its duties in terms of the Companies Act as well as its additional duties assigned to it by the Board in respect of the financial year ended 31 December 2020.

Membership and composition of the Committee

Committee members at present are:

- MJT Hewu
- PL Campher
- N Khan
- F Robertson
- MA Brey

The Committee comprises of independent non-executive and executive directors with the majority being independent non-executive directors.

The executive directors of the Group's subsidiary companies; House of Monatic (Pty) Limited, Lion of Africa Insurance Company Limited and Obsidian Health (Pty) Limited are invited to attend all committee meetings.

In terms of the Committee's mandate at least two meetings should be held annually.

The Committee's role and responsibilities

Role

The Committee fulfils an oversight role with accountability to the Board. The main objective of the Committee is to assist the Board in monitoring the Group's performance as a good corporate citizen.

Responsibilities

The Committee performs all the necessary functions to fulfil its role as stated above, including the following statutory duties:

(a) Monitoring the Group's activities, having regard to any relevant legislation, other legal requirements or prevailing codes of best practice, with regard to matters relating to:
- Social and economic development, including the Group's standing in terms of the goals and purposes of:
  - The 10 principles set out in the United Nations Global Compact Principles;
  - The Organisation for Economic Co-Operation and Development ("OECD") recommendations regarding corruption;
  - The Employment Equity Act; and
  - The Broad-Based Black Economic Empowerment Act.
- Good corporate citizenship, including the Group's
  - Promotion of equality, prevention of unfair discrimination, and reduction of corruption;
  - Contribution to the development of the communities in which its activities are predominantly conducted or within which its products or services are predominantly marketed; and
  - Record of sponsorship, donations and charitable giving.
- The environment, health and public safety, including the impact of the Group's activities and of its products or services;
- Consumer relationships, including the Group's advertising, public relations and compliance with consumer protection laws; and
- Labour and employment, including:
  - The Group's standing in terms of the International Labour Organisation Protocol on decent work and working conditions; and
  - The Group's employment relationships, and its contribution toward the educational development of its employees;

(b) Ensure that the Group's ethics, risks and opportunities are assessed and that an ethics risk profile is compiled;

(c) Ensure that the ethical standards guiding the Group's relationships with internal and external stakeholders are clearly identified;

(d) Ensure that the Group's ethical standards are integrated into all the Group's strategies and operations;

(e) Ensure that the Group's ethics performance is assessed, monitored, reported and disclosed;

(f) To draw matters within its mandate to the attention of the Board as may be required; and

(g) To report, through one of its members, to the shareholders at the Company's annual general meeting on matters within its mandate.

Report to shareholders

The Committee has reviewed and is satisfied with the content in the Integrated Report that is relevant to the activities and responsibilities of the Committee.

MJT Hewu
Chairman of the Social and Ethics Committee

12 April 2021

REMUNERATION REPORT

Part 1: Remuneration Background Statement

Presented on the following pages is the Remuneration Report for 2020 on behalf of the Remuneration and Nominations Committee ("the Committee"). In line with the recommendations of the King IV Report on Corporate Governance™ ("King IV") we have split the report into three parts:

- Part 1: Remuneration background statement
- Part 2: Remuneration policy and philosophy
- Part 3: Implementation report

Business Performance and the impact on remuneration outcomes

Globally, COVID-19 disrupted business operations very abruptly. Businesses worldwide were having to manage an unknown environment with no precedent to offer any guidance. In the Brimstone context the Group's major investments were classified essential service providers and were allowed to continue operations throughout all levels of the national lockdown.

Managing operations at multiple sites with large staff numbers in possibly the worst global pandemic in living memory, proved to be a significant challenge across the food producing businesses. Despite these challenges, the businesses were able to successfully operate at near capacity levels to generate cash and keep production and efficiency at peak levels.

Due to the uncertainty of the environment, management deemed it prudent to preserve cash to enable the business to navigate a difficult and unprecedented year. Therefore, after careful consideration and guidance from our remuneration consultants and labour lawyers, Brimstone undertook bold cost cutting and remuneration adjustments which included:

- Negotiated salary decreases across all staff levels;
- No annual salary increases for all staff;
- No increases in non-executive directors' fees; and
- The short-term incentive outcomes were partially deferred.

Shareholding voting options

At the Annual General Meeting ("AGM") held on 28 July 2020, Brimstone received the following favourable votes from shareholders:

- 98.57% of shareholders voted in favour of the remuneration policy resolution
- 98.57% of shareholders voted in favour of the implementation report; and
- 100% voted in favour of the non-executive director's fees.

At the 2021 AGM, in line with the JSE Listings Requirements we will once again be putting Parts 2 and 3 of this report (containing the forwarding-looking remuneration policy and 2020 implementation report respectively) to non-binding shareholder votes. Brimstone is committed to maintaining an open dialogue with shareholders and welcomes any feedback or comments.

Brimstone has operated a Forfeitable Share Plan ("FSP") for a number of years. It takes regular guidance from experts in the field, in order to deliver the best outcome for employees and stakeholders.

Key Performance Measures used to evaluate performance and reward have been consistently applied year on year. However, since 2019, the relative weightings of these measures were adjusted to more appropriately reflect the role required of the individual employee.

Policy changes and performance alignment

Individual executives and selected employees will continue to be evaluated specifically in relation to their focus areas within the overall strategic direction of Brimstone. The performance measures are weighted differently for different individuals resulting in focused efforts to achieving the strategic goals.

The Committee is satisfied that this focused and role-aligning measurement has achieved the required performance outcomes of the executive and employees.

In determining the remuneration structure, Brimstone is committed to responsible corporate governance practices, creating sustainable shareholder value through consistent growth in Intrinsic Net Asset Value ("INAV"), assets under management and cash generation. The Committee is satisfied that the remuneration policy (as set out in Part 2) is aligned with the Company's strategy and for 2020 has achieved its stated objectives. No changes have been made to the remuneration policy for 2021.

The Committee and management used Price Waterhouse Coopers ("PwC") as external remuneration consultants to provide market practice and intelligence in the context of COVID-19. The research and advice received was independent and objective.

Part 2: Remuneration Policy and Philosophy

Remuneration and Nominations Committee

The Committee has been appointed by the Board, has its own delegated authority framework to act on behalf of the Board and its own charter to guide it. All the members of the Committee are independent, non-executive directors. The Committee meets regularly to deal with remuneration related matters. The attendance record of members is set out on page 37. Should any relevant matters be raised by shareholders, these would be dealt with by the Committee. No matters were raised at the AGM held on 28 July 2020 or any other meeting held during the year.

The Committee's standing annual activities include:

- Recommending the remuneration of non-executive directors;
- As tasked by the Board through the Committee charter, confirmed that remuneration policies, processes and practices are implemented and continuously reviewed, to at a minimum comply with the requirements of King IV;
- Monitored remuneration practices and adherence to the remuneration policy, having met formally during the year;
- Evaluating and approving all annual increases for all employees and directors;
- Determining the performance criteria and targets for both short-term and long-term incentives;
- Approving short-term incentive payments in terms of the designated scheme; and
- Approving the allocation and award of FSP shares in terms of the Company's long-term incentive plan rules.

REMUNERATION REPORT (CONTINUED)

Remuneration policy and philosophy

The forward-looking remuneration policy deals with remuneration of non-executive directors, executive directors, senior management and other employees. The remuneration mix between guaranteed and variable pay is linked to each job and its expected deliverables.

In determining the remuneration policy, the Committee gives due consideration to the principle of fair and responsible remuneration. As there is no "one-size-fits-all" solution, the Committee as well as the Board must develop initiatives, policies and arrangements to give effect to this principle in line with best practice, bearing in mind the Company's strategic objectives. The Committee takes the necessary steps to ensure that executive remuneration is justifiable in the context of overall employee remuneration. The Committee will continue to monitor remuneration to ensure that, to the extent possible, they are adhering to the principle of fair and responsible remuneration.

Elements of remuneration

The mix of remuneration varies per grade with higher grades, which have the ability to influence performance, receiving a higher proportion of variable pay.

In line with the Company's human resources and business strategies, the objective of the remuneration policy is to align the reward practices to create sustainable shareholder value. The principles of the remuneration policy are designed to attract, retain and motivate employees.

All employees receive total guaranteed pay and are eligible to participate in the short-term incentive scheme ("STI"), which requires the achievement of individual performance criteria and predetermined financial targets.

In addition to the STI, executive directors and senior managers are eligible to participate in the long- term incentive scheme ("LTI").

The elements of remuneration are discussed in further detail below.

Total guaranteed pay

Guaranteed pay is reviewed regularly and benchmarked to appropriate market data. The Company uses benchmarking to ensure that the remuneration policy remains competitive with the external market, allowing for the retention and recruitment of the talent required to execute the business strategy. It is Brimstone's policy to align total remuneration with the 50th percentile.

As a general principle, increases for all employees (including executive directors), are determined by taking into account the following factors:

- Performance of the individual and the Company;
- Competence and contribution to the wider group;
- Forecast profitability; and
- Economic factors, including the consumer price index ("CPI").

Benefits provided include medical aid, provident fund, group life and personal accident insurance cover.

A condition of employment for employees is to be a member of the Company's retirement fund. Contributions to the fund are used primarily for retirement funding and risk benefits. The risk benefits include benefits such as death and disability cover. An umbrella fund arrangement is in place for provident fund members, which offers investment choice.

STI

Under the STI, eligible employees have, on an annual basis, the opportunity to receive a cash payment based on the achievement of individual and corporate performance measures (see below for details). The weighting of these measures varies according to grade.

The maximum amount that can be earned under the STI is:

	% of annual CTC*
Executive Chairman and Chief Executive Officer	95%
Other executive directors and senior management	60%
Junior management and specialist staff	30% – 45%
Junior staff	17% – 25%

* CTC = Cost to company

Executive directors and senior management

In addition to the STI, executive directors and senior managers are eligible to participate in the LTI. The LTI is a FSP which also requires the achievement of individual performance criteria and corporate performance and financial targets.

LTI

The purpose of the FSP is to retain, motivate and reward those executive directors and senior managers who are able to influence the performance of the Company and align their interests with those of the Company's stakeholders.

The LTI takes the form of an FSP under which, eligible employees, on an annual basis are granted a share award. The awards vest after 3 years provided the employee remains in employment and subject to the achievement of individual and corporate performance measures. During the vesting period, employees enjoy normal shareholder rights including the right to vote and the right to receive dividends.

The maximum expected value of shares that can be granted under the LTI is:

	% of annual CTC
Executive Chairman and Chief Executive Officer	60%
Other executive directors and senior management	17% – 40%
Junior management and specialist staff	15%

Short and long-term incentives

Performance measures

Both the STI and LTI use the same pool of performance measures which focus on growth in INAV, deal creation, achievement of strategic objectives, cash management and personal performance of the individual.

Brimstone has and continues to promote a share owning culture among all levels of staff both at Brimstone and its subsidiaries. Executive directors and senior staff are all invested in Brimstone shares in varying degrees and hence the performance of the share price is of critical importance to all staff and management, in terms of their long-term individual financial and retirement planning. This is an important concept to ensure employee and stakeholder alignment and it is for this reason that specific performance measures relating to share price is not included in annual performance evaluations.

The constant management of INAV is meant to have an effect on the share price in terms of how the market and shareholders interpret value and merit of management performance.

All performance measures differ per individual, in keeping with the principle of the different roles expected from different individuals.

All key performance indicators are contracted with the Committee by each employee and are continuously monitored throughout the year. While not specifically linked to the 6 capitals (set out by the International Integrated Reporting Council), the personal key performance indicators cover a broad spectrum of capitals and, most importantly, are aligned with Brimstone's strategic priorities.

For the STI, performance is tested to the end of the financial year, for the LTI, performance is tested over the 3 financial years between grant and vesting date.

Relative weightings for executive directors differ per executive but are comprised of the performance measures set out below:

		Weightings differ per individual executive
1.1	Growth in INAV per share over a 12 month period relative to the FINDI	
1.2	Growth in INAV per share over a 36 month period relative to the FINDI	
1.3	Growth in INAV per share above CPI over a 36 month period	
2.	Cash at the centre – Sufficient cash must be held at the centre to cover operational and ad-hoc funding and requirements	
3.	Deal creation: Threshold: Deals worth R300 million over a 3 year rolling period – 8.33%, Stretch: Deals worth R900 million over a 3 year rolling period	
4.	Individual key performance indicators	%
		100%

Termination arrangements

In the event of an executive director and senior manager ceasing employment due to resignation or just cause dismissal, all STI and unvested LTI awards will be forfeited in their entirety. Where the executive director's or senior manager's employment is terminated due to death, ill-health, permanent disability, or retirement, STI and LTI awards will be treated in accordance with the relevant plan rules with awards being pro-rated for both time served during the performance cycle and the extent to which performance conditions are met

Share dilution limits

In terms of the rules of the FSP, the maximum aggregate number of shares that may be allocated to all participants shall not exceed 1 993 707 Ordinary shares and 11 431 998 "N" Ordinary shares.

For any one participant the maximum aggregate number allocated shall not exceed 199 370 Ordinary shares and 1 143 199 "N" Ordinary shares. As at 31 December 2020, the actual number of shares that had been allocated to participants under the FSP is, in aggregate, 4 377 029 "N" Ordinary shares. No Ordinary shares have been awarded to participants.

Pay mix

Pay for performance is a key principle of our remuneration philosophy and a high weighting is placed on variable pay.

The table below sets out the mix between fixed and variable pay (STI and LTI) for each of our executive directors on a minimum, on-target and maximum basis.

Element	Minimum	On-target	Maximum
Fixed (annual CTC)	Salary and benefits in line with those paid in the 2019 financial year (as reported in the single figure table)		
STI	Nil	50% of stretch	60% – 95% of annual CTC
LTI	Nil	The maximum number of instruments granted in 2020 multiplied by the fair value on grant.	The maximum number of instruments granted in 2020 multiplied by the share price on grant.

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REMUNERATION REPORT (CONTINUED)

Service agreements

All executive directors have service agreements in place and contain notice periods of one month by either party. No additional payments are made to executive directors upon termination of employment in terms of contractual arrangements (apart from those required in terms of labour legislation).

Non-executive directors

In terms of the Company's normal practice:

- Non-executive directors' remuneration is benchmarked by management to companies of a similar size, nature and complexity to Brimstone, in addition to a further comparison to an independent benchmarking survey published by PwC. Where the benchmarking reveals a significant difference in remuneration, base adjustments are made with a view of achieving parity over a reasonable period of time.
- More specifically, the remuneration of the lead independent director has been set, taking into account the fact that Brimstone has an executive chairman and consequently the lead independent director has to perform more extensive duties.
- Remuneration for board meetings is fixed and does not depend on attendance, while that of sub-committees is based on a fee per meeting attended. Non-executive directors do not receive any benefits or variable incentives. Travel expenses incurred during the course and scope of their duties are reimbursed by the Company.

However, as mentioned in Part 1, as part of Brimstone's cost cutting measures, there is no increase proposed in respect of non-executive directors' fees for the forthcoming year.

R	1/1/2020 to 31/12/2020 (Approved)	1/1/2021 to 31/12/2021 (For approval)
Board (Annual fee)		
Chairman	–	–
Lead independent director	438 000	438 000
Member	238 000	238 000
Committees (Per meeting)		
Audit and Risk Committee		
Chairman	59 100	59 100
Member	31 700	31 700
Investment Committee		
Chairman	47 500	47 500
Member	25 300	25 300
Remuneration and Nominations Committee		
Chairman	47 500	47 500
Member	25 300	25 300
Social and Ethics Committee		
Chairman	47 500	47 500
Member	25 300	25 300

The following is also being tabled for approval at the Company's upcoming AGM: That non-executive directors be paid an amount of R2 000 (two thousand Rand) per hour excluding VAT, in respect of work performed by them as required by extraordinary circumstances, provided that payment in respect of any such additional work is approved by the Committee and the chief executive officer.

Shareholder engagement

As mentioned in Part 1, we will be putting both the remuneration policy (Part 2 of this report) and the implementation report (Part 3 of this report) to a vote at the 2021 AGM. In the event that 25% or more of the shareholders vote against either or both the remuneration policy, or the implementation report, the Committee will commence engagement with shareholders to ascertain their reasons and legitimate concerns underlying their votes. Should this occur, the Committee will extend an invitation to shareholders in a Stock Exchange News Service announcement together with the results of the AGM, setting out the precise details of the manner, date and timing of engagement. Such methods may include written correspondence, individual meetings and Committee representation at shareholder engagement sessions. Any engagement will be led by the Committee chair.

Part 3: Implementation report

This section of the report sets out how the policy was applied during 2020 and the resulting remuneration outcomes

Cost cutting measures

The business environment during the COVID-19 pandemic, remains very uncertain and tense. Business continuity remains a high priority for Brimstone both during the current and post COVID-19 periods. In an attempt to position the business to remain viable for the unknown duration of the pandemic, with its associated implications, Brimstone have made a number of cost reductions, the majority of which affect staff remuneration. These have been highlighted in Part 1 and in the remuneration categories below.

Guaranteed pay

No salary increases have been awarded in January 2021. In addition, salary decreases had been negotiated with all staff. These measures are necessary trade-offs that need to be made to ensure a lean structure is maintained, ready to exploit growth opportunities post the pandemic. Beyond the immediate crisis, it is acknowledged that a cost aware workforce and business are best placed for the upturn which may indeed be rapid. Brimstone always strives to remunerate its staff members in a manner which is fair to both staff and shareholders.

STI

Performance in respect of the year ended 31 December 2020 was individually assessed. The measures for growth in INAV were not achieved in all assessments while the cash at the centre and deal creation metrics were fully achieved. Individual key performance indicators were assessed and varied per individual. As part of the cost cutting measures mentioned above two thirds of the achieved award will be paid out and one third will be deferred on a non-obligatory basis, which is to be reconsidered for payment in an economically appropriate period in 2021.

The performance detailed above resulted in the following STI payments to be made to executive directors in respect of the financial year.

Name	Total achieved as % of maximum	Maximum STI (% of CTC)	CTC for STI calculation (R'000)	STI included in the single figure table (R'000)
MA Brey	75%	95%	3 507	1 666
F Robertson	75%	95%	3 507	1 666
GG Fortuin	76%	60%	2 453	746
MI Khan	75%	60%	2 850	855
T Moodley	82%	60%	1 584	520

LTI

Awards were made to executive directors in terms of the FSP in 2017 with awards vesting subject to performance conditions and continued employment. The awards were subject to the same performance conditions and outcomes set out in the paragraph on STI in Part 2. The performance period for the awards made in February 2017 ended on 28 February 2020. The awards vested in 2020 following the lifting of the closed period.

In respect of these 2017 performance vested FSP shares, the number of shares to vest after adjusting for the cumulative notional loan is nil, caused by the cumulative notional loan exceeding the share price. The above cumulative notional loan includes interest rolled up for three years.

LTI awards granted in the year

During the financial year the Company made awards under the FSP as detailed in the policy. Details of the awards are set out in the table on executive director's interests on page 46. The performance conditions, weightings and targets are set out in Part 2.

REMUNERATION REPORT (CONTINUED)

Remuneration of directors

Executive directors' remuneration

The table below sets out details of the amounts paid to or receivable by executive directors in respect of the financial year. We note the recommendation in terms of King IV to move towards disclosure of a single figure of remuneration. The table below includes all elements of remuneration.

2020
Paid by the Company (R'000)

Name	Basic salary	Fees paid by subsidiary	Other benefits*	STI	LTI Award value	Value of Cap Shares received	Total
MA Brey	2 960	–	468	1 666	2 338	384	7 816
F Robertson	3 280	753	385	1 666	2 338	384	8 806
GG Fortuin	2 252	–	380	746	1 003	173	4 554
MI Khan	2 776	–	289	855	1 179	203	5 302
T Moodley	1 454	–	182	520	630	104	2 890
Total	12 722	753	1 704	5 453	7 448	1 248	29 368

2019
Paid by the Company (R'000)

Name	Basic salary	Fees paid by subsidiary	Other benefits*	STI	LTI Award Value	LTI Dividends received	Total
MA Brey	3 274	199	437	2 924	2 227	375	9 436
F Robertson	3 352	1 128	359	2 887	2 227	375	10 328
GG Fortuin	2 184	–	323	1 216	1 003	144	4 870
MI Khan	2 669	–	278	1 374	1 179	186	5 668
T Moodley	1 404	–	171	774	630	63	3 042
Total	12 883	1 327	1 568	9 175	7 266	1 125	33 344

* Company contributions to retirement fund and medical aid

Non-executive directors' remuneration

Non-executive directors receive fees for membership of the Brimstone Investment Corporation Limited Board and a subsidiary company. They also receive fees for work done on committees of the Board. The amounts below are exclusive of VAT.

2020 Name (R'000)	Board fees	Board fees paid by subsidiaries	Committee fees	Total
PL Campher	438	31	336	805
MJT Hewu	238	–	146	384
N Khan	238	31	329	598
MK Ndebele*	119	–	25	144
K Moloko	238	–	95	333
LA Parker	238	–	146	384
FD Roman	238	267	95	600
Total	1 747	329	1 172	3 248

* MK Ndebele retired from the Board on 24 June 2020.

2019 Name (R'000)	Board fees	Fees for special board meetings	Board fees paid by subsidiary	Committee fees	Total
PL Campher	417	5	15	365	802
MJT Hewu	227	6	–	139	372
N Khan	227	9	15	292	543
MK Ndebele	227	–	–	48	275
K Moloko	227	8	–	91	326
LA Parker	227	9	–	163	399
FD Roman	227	8	216	91	542
Total	1 779	45	246	1 189	3 259

Prescribed officers

The Board has determined that there are no prescribed officers in the employ of the Company as defined by the Companies Act No.71 of 2008.

REMUNERATION REPORT (CONTINUED)

Executive directors' interests

The table below sets out details of all awards made under variable remuneration incentive schemes in the current and prior years that, at the end of the financial year had not yet vested. The options did not have any performance measures attached to them. The performance measures attached to the FSP's are set out in the remuneration policy. The table also sets out, in respect of options awards exercised during the year. Note, options vest annually in 20% tranches after the expiry of 1 year from date of award. They must be exercised within 6 years from date of award. The date shown in the table is the date that the last tranche of options will vest:

Executive Director	Date of grant	Final vesting date	Number of instruments awarded	Options: Strike price/ FSP notional share amount	Number of instruments vested and exercised	Number of instruments forfeited in year	Closing number of unvested/ unexercised instruments	Indicative value of unvested instruments
MA Brey	**Options over "N" ordinary shares**							
	24-Feb-14	23-Feb-19	99 700	13.00	59 820	39 880	–	–
	FSP's – "N" ordinary shares							
	27-Feb-17	26-Feb-20	273 079	13.37	–	273 079	–	–
	18-Feb-18	17-Feb-21	233 784	11.98	–	–	233 784	1 139 697
	4-Mar-19	3-Mar-22	323 220	9.19	–	–	323 220	1 575 698
	24-Feb-20	23-Feb-23	439 273	7.10	–	–	439 273	2 141 456
F Robertson	**Options over "N" ordinary shares**							
	24-Feb-14	23-Feb-19	99 700	13.00	59 820	39 880	–	–
	FSP's – "N" ordinary shares							
	27-Feb-17	26-Feb-20	273 079	13.37	–	273 079	–	–
	18-Feb-18	17-Feb-21	233 784	11.98	–	–	233 784	1 139 697
	4-Mar-19	3-Mar-22	323 220	9.19	–	–	323 220	1 575 698
	24-Feb-20	23-Feb-23	439 273	7.10	–	–	439 273	2 141 456
T Moodley	**Options over "N" ordinary shares**							
	24-Feb-14	23-Feb-19	20 600	13.00	–	20 600	–	–
	FSP's – "N" ordinary shares							
	27-Feb-17	26-Feb-20	39 137	13.37	–	39 137	–	–
	18-Feb-18	17-Feb-21	54 119	11.98	–	–	54 119	263 830
	4-Mar-19	3-Mar-22	91 453	9.19	–	–	91 453	445 833
	24-Feb-20	23-Feb-23	124 290	7.10	–	–	124 290	605 914
MI Khan	**FSP's – "N" ordinary shares**							
	27-Feb-17	26-Feb-20	143 230	13.37	–	143 230	–	–
	18-Feb-18	17-Feb-21	123 788	11.98	–	–	123 788	603 467
	4-Mar-19	3-Mar-22	171 144	9.19	–	–	171 144	834 327
	24-Feb-20	23-Feb-23	232 593	7.10	–	–	232 593	1 133 891
GG Fortuin	**FSP's – "N" ordinary shares**							
	27-Feb-17	26-Feb-20	122 973	13.37	–	122 973	–	–
	18-Feb-18	17-Feb-21	105 278	11.98	–	–	105 278	513 230
	4-Mar-19	3-Mar-22	145 553	9.19	–	–	145 553	709 571
	24-Feb-20	23-Feb-23	197 814	7.10	–	–	197 814	964 343

Approval

The remuneration report was approved by the Remuneration and Nominations Committee of Brimstone Investment Corporation Limited.

PL Campher
Chairman of the Remuneration and Nominations Committee

12 April 2021

AUDIT AND RISK COMMITTEE REPORT

Introduction

The Audit and Risk Committee ("the Committee") is a formal committee of the Board. The responsibilities of the Committee are outlined in its written terms of reference which are reviewed annually and are in line with the Companies Act, No. 71 of 2008 as amended ("Companies Act"), the King IV Report on Corporate Governance for South Africa, 2016 ("King IV") and the JSE Limited ("JSE") Listings Requirements. The Committee has an independent role with accountability to the Board and shareholders.

This report of the Committee is presented to the shareholders in terms of section 94(7)(f) of the Companies Act and as recommended by King IV.

The members of the Committee were recommended by the Board and appointed by shareholders for the 2020 financial year.

Committee members

The Committee comprises five independent non-executive directors and is chaired by Mr N Khan. All the Committee members are suitably skilled and experienced. The Committee meets at least three times per year.

The executive directors and senior management make themselves available to attend meetings and answer questions.

Representatives from Brimstone's subsidiary company attend the meetings by invitation.

The Committee chairman and Brimstone's lead independent director are representatives at the finance committee meetings of subsidiary companies.

Roles and responsibilities

The Committee has a charter, approved by the Board, which is annually reviewed and ensures alignment with King IV.

The Committee's roles and responsibilities include its statutory and regulatory duties in accordance with the Companies Act and the JSE Listings Requirements, as well as the responsibilities assigned to it by the Board.

The audit or finance committees of Brimstone's operating subsidiary companies, namely, Lion of Africa, House of Monatic and Obsidian Health report to this Committee at each meeting by way of report back by the respective chairpersons of the subsidiary's audit or finance committees.

In the case of Lion of Africa, a wholly-owned subsidiary, its own audit committee comprises of three independent non-executive directors and consequently fulfils its responsibilities independent of the Committee.

Statutory and regulatory duties

In the conduct of its duties, the Committee has in respect of the 2020 financial year performed the following statutory and regulatory duties:

- Deloitte & Touche ("Deloitte") are Brimstone's external auditors and were appointed since 1995. Mr Michael van Wyk is currently the designated individual partner. He has confirmed to the Committee that Deloitte have complied with the independence requirements in terms of the Independent Regulatory Board for Auditors ("IRBA") and the South African Institute of Chartered Accountants standards.
- Evaluated the information required by paragraph 22.15(h) of the JSE Listings Requirements in its assessment of the suitability for appointment of the audit firm and the designated individual partner as required by paragraph 3.84(g)(iii) of the JSE Listings Requirements;
- Ensured that the appointment of the external auditors complies with the provisions of the Companies Act and any other legislation relating to the appointment of external auditors;
- Determined the fees to be paid to the external auditors and their terms of engagement;
- Determined the nature and extent of any non-audit services;
- Pre-approved any proposed agreement with the auditors for the provision of non-audit services; and
- Considered the Group structure and the nature and size of the components forming part thereof, to ensure that management have established appropriate procedures to ensure that all relevant components have submitted audited or reviewed financial reporting packages, prepared in accordance with International Financial Reporting Standards ("IFRS"), which have been included in the consolidated financial statements of Brimstone using an appropriate IFRS treatment, as required by paragraph 3.84(g))(ii) of the JSE Listings Requirements.

Independence of external auditors

The Committee is satisfied that the Company's external auditors are independent of the Company and are able to conduct their audit functions without any influence from the Company. The Committee has rules contained in its "Policy on Use of External Auditors for Non-Audit Services", regulating the services and conditions of use of non-audit services provided by the external auditors. The Committee has furthermore been provided with the latest IRBA audit firm and registered auditors review findings which were used in the consideration of the external auditor's appointment.

Interaction with external and internal auditors

In terms of its charter this Committee is responsible for the appointment of the Company's internal auditors. Nexia SAB&T performed this function for the past year and were reappointed as internal auditors for the 2020 financial year.

The Committee meets at least three times a year with the Company's internal and external auditors together with management to review accounting, internal and external auditing, internal control and financial reporting matters. Both the internal and external auditors enjoy unrestricted access to the Committee and vice versa.

AUDIT AND RISK COMMITTEE REPORT (CONTINUED)

The Committee's chairman meets at least three times per year with both internal and external audit without management being present. In addition, they are also provided with the opportunity to meet with the full Committee without management being present, at every Audit and Risk Committee meeting.

The Committee approves the fees and scope of external and internal audit services. It is responsible for the maintenance of a professional relationship with both the external and internal auditors and oversees co-operation between these two parties.

Mandatory audit firm rotation

Deloitte has been the external auditors of the Company since its incorporation in 1995. In the context of Deloitte's extended period of service and the gazetted IRBA rule that will require audit firms to serve for a maximum of ten consecutive years before rotating off the audit engagement, the Committee has concluded a comprehensive tender process and recommended the proposed appointment of Ernst & Young Inc. ("EY") as the external auditors for the next financial year which the Board has endorsed. This appointment will be presented to shareholders for approval at the annual general meeting of the Company to be held on 19 May 2021. Deloitte will remain responsible for the completion of the audit of the consolidated and separate annual financial statements for the year ended 31 December 2020. Upon completion, Deloitte will immediately be replaced by EY.

EY has provided the Committee with the information detailed in paragraph 22.15(h) of the JSE Listings Requirements to assist the Committee in its assessment of the suitability for appointment of EY as the external auditors of the Company and the appointment of Mr Pierre Du Plessis as the designated individual partner as required by paragraph 3.84(g)(iii) of the JSE Listings Requirements.

Expertise and experience of the Financial Director and finance function

The Committee has satisfied itself of the appropriateness of the expertise and experience of the Financial Director, Mr Geoffrey George Fortuin. The Committee has furthermore considered and has satisfied itself of the appropriateness of the expertise and adequacy of resources of the Company's finance function and the experience of the senior members of management responsible for the finance function.

Internal financial controls

Brimstone is responsible for ensuring that a sound system of internal control exists to safeguard shareholders' investments and the assets of the Group. The Group's internal controls, systems and procedures are designed to provide reasonable, but not absolute assurance as to the integrity and reliability of the annual financial statements, that assets are adequately safeguarded against material loss and that transactions are properly authorised and recorded.

The Committee has considered the approach adopted by management to ensure that the CEO and FD responsibility statement sign-off on the consolidated and separate annual financial statements and internal financial reporting controls in terms of the JSE Listings Requirement 3.84(k) is appropriately supported. In satisfying itself in this regard, the Committee has evaluated:

- The risk assessment and scoping framework, including the determination of materiality, applied to ensure that significant areas of risk, complexity and judgement are included for the evaluation of internal financial reporting controls;
- The process followed for the evaluation of the design of existing internal financial reporting controls and the need for amending and/or supplementing those controls;
- The ongoing implementation of the aforementioned controls and whether they have operated effectively during the reporting period under review; and
- The findings of assurance providers, including management declarations and internal audit findings, following their assessment of the operating effectiveness of internal financial reporting controls.

The Committee will continue to monitor progress in the implementation of amended and supplementary controls over financial reporting and formal remediation plans have been developed to address control deficiencies identified in design and operating effectiveness.

The Committee has discussed and documented the basis for its conclusion, which includes discussions with internal and external auditors as well as management.

The Committee believes that the Group's internal financial reporting controls can be relied upon as a reasonable basis for the preparation of the consolidated and separate annual financial statements.

Financial statements

The Committee reviewed the consolidated and separate annual financial statements and is satisfied that they comply with IFRS and the requirements of the Companies Act, and that the accounting policies used are appropriate.

Key audit matters

The Independent Auditor's Report on pages 52 to 56 details the matters considered by the Committee and the external auditors to be significant in relation to the consolidated and separate annual financial statements for the year under review and the manner in which these key audit matters were addressed. These key audit matters were:

- Compliance and disclosure of debt covenants (Group);
- Insurance provisions subject to estimates and judgements (Lion of Africa).
- Long-term fishing permit conditions (Sea Harvest); and
- Valuation of goodwill for the Aquaculture cash generating unit (Sea Harvest).

The Committee is satisfied that these key audit matters were adequately and appropriately addressed in the context of the audit.

JSE proactive monitoring reports

The Committee has received and considered the findings in the following reports on the JSE's proactive monitoring of financial statements for compliance with IFRS:

1. Report back on Proactive Monitoring of Financial Statements in 2020 (issued 19 February 2021).
2. The following sections from the Combined Findings Report for the period 2011 to 2019:
    a. Going Concern (pages 12, 59 and 60);
    b. Statement of Cash Flows (pages 19 to 25);
    c. Income Taxes (pages 26 to 28);
    d. Related Party Disclosures (page 31);
    e. Impairment of Assets (pages 36 to 38); and
    f. Fair Value Measurement (pages 55 to 57).
3. The following JSE COVID-19 letters:
    a. Financial Reporting (issued April 2020);
    b. Reflecting the impact of COVID-19 in financial results (issued May 2020); and
    c. Effective communication with investors (issued September 2020).
4. The IASB COVID-19 documents:
    a. Going concern – a focus on disclosure; and
    b. Applying IFRS Standards in 2020 – impact of COVID-19.

The Committee has ensured that where applicable, the contents of these reports have been appropriately actioned in the preparation of the consolidated and separate annual financial statements for the year ended 31 December 2020.

Going concern

The Committee has reviewed a documented assessment by management of the going concern premise of the Group and the Company, including an assessment of the financial impact of the COVID-19 pandemic, before recommending to the Board that the Group and the Company will be a going concern for the foreseeable future.

Risk management

In giving effect to risk management responsibilities the Group has implemented a continuous risk management review programme to ensure a coherent governance approach throughout the Group.

The Group has ensured that no undue, unexpected or unusual risks have been undertaken in pursuit of reward.

Compliance

The Committee is responsible for reviewing any major breach of relevant legal, regulatory and other responsibilities. The Committee is satisfied with the compliance to these standards and with the applicable laws and regulations. Furthermore, the Committee is satisfied that it has complied with all its legal, regulatory and other responsibilities during the year under review.

IT and Technology Governance

The Committee has oversight responsibility for IT governance and risk management. All recommendations of the Committee relating to IT policies were fully implemented in the year under review. A key focus area for management and the Committee was to ensure that the Company's IT infrastructure and systems were secure and operating effectively, to support optimal efficiency of all staff working from home in the COVID-19 environment.

Recommendation of the Integrated Report for approval by the Board

The Committee has reviewed and considered the Integrated Report, the consolidated annual financial statements and the separate annual financial statements, and has recommended it for approval by the Board.

N Khan
Chairman of the Audit and Risk Committee

12 April 2021

AUDITED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

CONTENTS

SUPPLEMENTARY REPORTS ON INVESTMENTS

APPROVAL AND DECLARATIONS

Directors' Approval of Consolidated Annual Financial Statements

The directors of the Company are responsible for the preparation, integrity and objectivity of the consolidated annual financial statements as well as for all other information contained in this Integrated Report. To fulfil this responsibility, the Group maintains controls to provide reasonable assurance that assets are safeguarded and that records accurately reflect the transactions of the Group.

The consolidated annual financial statements are prepared in terms of International Financial Reporting Standards and have been reported on by our auditors in conformity with International Standards on Auditing and the Companies Act of South Africa. The consolidated annual financial statements for the year ended 31 December 2020 which appear on pages 26 and 27, 44 to 49 and 57 to 143 were approved by the Board and authorised for issue on 12 April 2021.

On behalf of the Board:

F Robertson
Executive Chairman

MA Brey
Chief Executive Officer

Preparation of Consolidated Annual Financial Statements

The consolidated annual financial statements of Brimstone Investment Corporation Limited for the year ended 31 December 2020 have been prepared under the supervision of Financial Director, GG Fortuin, BCom (Acc) (Hons) CA(SA).

Chief Executive Officer and Financial Director Internal Financial Control Responsibility Statement

The directors, whose names are stated below, hereby confirm that:

- the consolidated annual financial statements set out on pages 26 to 27, 44 to 49 and 57 to 143 fairly present, in all material respects, the financial position, financial performance and cashflows of the issuer in terms of International Financial Reporting Standards;
- no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;
- internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the issuer; and
- the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function within the combined assurance model pursuant to principle 15 of the King Report on Corporate Governance™ for South Africa, 2016. Where we are not satisfied, we have disclosed to the audit committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls and any fraud that involves directors, and have taken the necessary remedial action.

MA Brey
Chief Executive Officer

GG Fortuin
Financial Director

Certificate by Secretary

In terms of section 88(2)(e) of the Companies Act, I certify that the Company has lodged with the Commissioner all such returns and notices as are required by the Companies Act and that all such returns and notices are true, correct and up to date.

T Moodley
Company Secretary

INDEPENDENT AUDITOR'S REPORT

to the Shareholders of Brimstone Investment Corporation Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Brimstone Investment Corporation Limited (the Group) set out on pages 26 to 27, 44 to 46 and 57 to 138, which comprise the statement of financial position as at 31 December 2020, and the statement of profit and loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2020, 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.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements section of our report. We are independent of the Group in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards).

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the matter was addressed in the audit
Valuation of goodwill for the Aquaculture cash generating unit (Sea Harvest)	
As disclosed in note 16, the Group's goodwill balance is R862 million. R70 million of this balance arose on the acquisition of 51% of the Viking Aquaculture Proprietary Limited Group in 2018. The goodwill is allocated the Aquaculture operations cash generating unit (CGU). In line with IAS 36: Impairment of Assets (IAS 36), the Directors are required to assess annually whether goodwill that arose on acquisitions is potentially impaired. The impairment assessment is subject to significant management judgement and estimation. As disclosed in note 16, there are a number of key estimates made in determining the inputs into the model which includes: ■ Revenue growth rates which are dependent on forecasted sales quantities and prices; and ■ Growth rates and discount rates (weighted average cost of capital), applied to the projected future cash flows. As a result of the lower than expected financial performance of the Aquaculture segment in the current financial year and the significant judgment required in estimating forecasted sales quantities of abalone due to prevailing market conditions, primarily in China, the goodwill impairment assessment of the Aquaculture cash generating unit was identified as a key audit matter ("KAM").	Our testing of the impairment assessment of goodwill for the Aquaculture operations CGU focused on the key areas of estimates made by the directors. Our audit procedures included: ■ Assessing the design and tested the implementation of the key controls over the goodwill impairment process; ■ Obtaining the respective discounted cash flow models which assessed the carrying value of goodwill; ■ Evaluating whether the future projected cash flows used by the Directors to calculate the value-in-use of the CGU complies with the requirements of IAS 36; ■ Assessing the reasonability of the future projected cash flows, including the assumptions relating to revenue growth rates, with specific emphasis on forecasted abalone quantities; ■ Engaging our internal specialists to independently assess the reasonability of the pre-tax discount rates and growth rates used in the directors' impairment calculations; ■ Performing sensitivity analyses on key estimates including areas of judgement and estimate including revenue growth rates and pre-tax discount rates to evaluate the extent of the impact on the value-in-use; ■ Assessing the completeness and accuracy of the carrying value of the CGU; ■ Recalculating the value-in-use of the cash generating unit; and ■ Assessing the adequacy of the Group's disclosures in respect of goodwill in the notes to the consolidated financial statements. Based on the procedures performed, the valuation methodology used is considered appropriate, the forecast cash flows are considered to be materially reasonable and the valuation headroom confirms that the carrying values of the goodwill are not impaired. We reviewed the disclosure in note 16 to the financial statements with respect to the judgements applied by the Directors in assessing goodwill for impairment and we consider these to be appropriate.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

to the Shareholders of Brimstone Investment Corporation Limited

Key Audit Matter	How the matter was addressed in the audit

Long-term fishing permit conditions (Sea Harvest)
The Group holds long-term fishing rights in South Africa and Australia, which entitles it to quota allocations annually, enabling it to fish commercially.
 	
The long-term fishing rights are subject to compliance with regulatory and financial obligations. Non-compliance with long-term fishing permit conditions could lead to reputational damage, penalties and to quota being withdrawn. This could negatively impact the Group's ability to continue as a going concern.
 	
Given the severe implications of potential non-compliance with long-term fishing permit conditions, this was an audit focus area and is therefore considered to be a key audit matter.
	Our audit procedures included the following:
	■ Evaluating the design, implementation and operating effectiveness of the controls to address the risk of non-compliance;
	■ Reviewing compliance with regulatory and financial obligations of all long-term fishing permit conditions through, inter alia, assessment of the following:
	  ■ Reviewing correspondence with the regulatory body where there have been developments in the industry imposing additional regulatory or financial compliance requirements;
	  ■ Inspecting correspondence from the regulatory body supporting quota allocations; and
	  ■ Comparing and evaluating the evidence of quota caught against quota allocations and assessing compliance with permit conditions.
	
	The design, implementation and operating effectiveness of controls were found to be effective and there was sufficient and appropriate evidence to support compliance with long-term fishing rights conditions.

Compliance and disclosure of debt covenants (Group) The Brimstone Group engages in regular asset acquisitions of significant size. Significant financing arrangements are often entered into to fund such acquisitions. These funding arrangements can be complex in nature, often including debt covenants, guarantees and contingencies. Non-compliance with debt covenants could have a significant impact on the liquidity of the Group should the Group be required to make significant payments within a short timeframe. As a result, this was identified as a key audit matter. Details of significant funding arrangements and covenant compliance are disclosed in note 36 and 53 respectively of the consolidated financial statements.	Our audit procedures included the following: ■ Evaluating the design and implementation of the key controls to address the risk associated with non compliance and disclosure of debt covenants; ■ Reviewing all funding arrangements to ensure all debt covenants, guarantees and contingencies have been identified appropriately; ■ Recalculating all debt covenants; ■ Reviewing remedial steps taken where debt covenants have been breached; ■ Considering the impact of breached covenants on the consolidated financial statements; and ■ Reviewing disclosure in the financial statements of debt covenants, guarantees and contingencies to ensure that it is adequate and appropriate. The design and implementation of controls was found to be effective and there was sufficient and appropriate evidence to support compliance and disclosure of debt covenants.

Key Audit Matter	How the matter was addressed in the audit

Insurance provisions subject to estimates and judgment (Lion of Africa)

The Group has various technical insurance provisions. The determination of these provisions involves a high degree of subjectivity, estimation and judgement by the directors'. These provisions include:
■ Incurred but not reported ("IBNR"); and
■ Outstanding claims reported ("OCR").
 	
The IBNR is calculated using the Chain ladder method. Key assumptions are:
■ Development triangles per line of business;
■ Loss ratios per line of business; and
■ Level of large claims per line of business.
 	
OCR is based on the directors' best case estimate and is dependent on the underlying contract value per customer. The OCR provision is subject to a considerable amount of volatility and key judgement areas and contributes to the volatility of the IBNR provision.
 	
As a result, this was identified as a key audit matter. Technical insurance provisions are disclosed in note 26 of the consolidated financial statements.
	Our approach was focused on the accuracy and completeness of the methodologies and results of the Group's provisioning policies. This included a combination of the following audit procedures:
	■ Evaluating the design and implementation of key controls that address this risk relating to provisions that are subject to estimates and judgement;
	■ Agreeing a sample of OCR at year end to supporting documentation;
	■ Engaging our actuarial specialists to perform the following:
	  ▪ Analysis of claims payment triangles;
	  ▪ Assess compliance with the Professional Actuarial Guidance for methodologies adopted; and
	  ▪ Assess the validity of actuarial assumptions;
	■ Testing of inputs in the calculation against relevant market information and industry norms; and
	■ Subjecting the key assumptions to sensitivity analysis and assessing the appropriateness of the directors' disclosures.
	
	We are satisfied that the overall level of technical insurance provisions is prudent and the disclosure of these provisions is adequate and complete.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled Brimstone Investment Corporation Limited Integrated Report 2020, which includes the Preparation of Consolidated Annual Financial Statements and Certificate by Secretary, Audit and Risk Committee Report and the Director's Report as required by the Companies Act of South Africa, and the Declaration by Group Executive Officer (CEO) and Chief Financial Officer (CFO) as required by the JSE listing requirements as well as the remaining parts of the Integrated Report which has been made available prior to the date of this report, and the Integrated Report. The other information does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

to the Shareholders of Brimstone Investment Corporation Limited

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and / or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit and Risk Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit and Risk Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats of safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements
In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Deloitte & Touche has been the auditor of the Group for 25 years.

Deloitte & Touche
Registered Auditor

Per: Michael van Wyk
Partner

12 April 2021

Unit 11 Ground Floor
La Gratitude
97 Dorp Street
Stellenbosch 7600

DIRECTORS' REPORT

for the year ended 31 December 2020

Principal activities of the Group
Brimstone is an investment holding company. It has a sector based approach to investments backed by research and focussing on food, healthcare, property, restricted B-BBEE and enterprise development.

Review of operations
The results for the year under review are set out in the attached financial statements.

Capitalisation Issue
On 11 May 2020 Brimstone allotted and issued 17 325 787 "N" Ordinary shares, as a capitalisation issue to Brimstone Ordinary and "N" Ordinary shareholders pro rata to their current holdings. The number of capitalisation shares to which Brimstone shareholders were entitled in terms of the capitalisation issue was 7 "N" Ordinary shares for every 100 "N" Ordinary and/or Ordinary shares held.

Voting rights
Ordinary shares carry 100 votes per share, while "N" Ordinary shares carry one vote per share. "N" Ordinary shares rank pari passu with Ordinary shares in all other respects, including receipt of dividends and proceeds on the winding up of the Company.

Share capital
The following share movements occurred during the year under review:

	Ordinary	"N" Ordinary
Shares issued		
Capitalisation award 11 May 2020	–	17 325 787
Shares repurchased and cancelled		
14 December 2020	–	3 664 000
Treasury shares		
Acquired during the year	–	188 761

There were no changes to the authorised Ordinary and "N" Ordinary share capital.

The unissued shares are the subject of a general authority granted to the directors in terms of the Companies Act, which authority remains valid only until the forthcoming annual general meeting.

General authority
The Board is proposing that the general authority granted at the last annual general meeting held in July 2020, to permit the Company or a subsidiary to acquire the Company's own shares and to permit the Company to issue shares for cash, be renewed at the forthcoming annual general meeting. Full details are set out in the notice of annual general meeting.

Interest in and earnings of subsidiaries
Details of the Company's interests in and share of aggregate profits and losses of its subsidiaries are set out in appendix 1 on page 136.

Directors' interests in contracts
Details of relevant transactions during the year are included in note 50 to the financial statements.

Interests of directors in the shares of the Company
The details of directors' interest in the shares of the Company are set out on page 139. Details of the directors' interest in forfeitable shares in terms of the Company's share incentive scheme are set out on page 114.

Insurance, interest rate and currency risk management
The Board utilises appropriate expertise in controlling and managing material identified risks in asset holdings, borrowings and foreign currency exposure both in the holding company and in advising and assisting subsidiaries, associates and joint ventures.

Going concern
The directors believe that the Group and Company will be a going concern for the foreseeable future. Refer to note 53 for further details.

Companies Act, No. 71 of 2008 (as amended)
The Board confirms that Brimstone Investment Corporation Limited has complied with the provisions of the Companies Act, No. 71 of 2008 (as amended) specifically relating to its incorporation and has operated in conformity with its memorandum of incorporation during the year under review.

Directors and secretary
The names of the directors in office at the date of this report appear on pages 14 to 15 of the Integrated Report. MA Brey, GG Fortuin, MJT Hewu and N Khan are due to retire by rotation in terms of the Company's memorandum of incorporation and, being eligible, offer themselves for re-election at the Company's upcoming annual general meeting.

The company secretary's name and her business and postal address appear on the inside back cover of the Integrated Report.

Audit and Risk Committee Report
The Audit and Risk Committee Report on the performance of its duties in terms of section 94(7) of the Companies Act is set out on pages 47 to 49 of the Integrated Report.

Events subsequent to 31 December 2020
Details of all events subsequent to 31 December 2020 are included in note 52 to the financial statements.

Litigation
There is no material litigation outstanding against the Company or its subsidiaries.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended 31 December 2020

R'000	Notes	2020	2019
Revenue	2	**4 714 720**	4 440 085
Sales and fee income		**4 604 076**	4 264 822
Dividends received		**110 644**	175 263
Operating expenses*	3	**(4 164 696)**	(3 783 976)
Operating profit		**550 024**	656 109
Fair value losses	4	**(175 081)**	(71 672)
Other investment losses	5	**(46 681)**	(69 680)
Share of profits of associates and joint ventures		**153 198**	144 136
Profit before net finance costs	6	**481 460**	658 893
Interest income	8	**28 345**	53 163
Finance costs	9	**(400 725)**	(530 507)
Profit before taxation		**109 080**	181 549
Taxation	10	**(152 914)**	(106 220)
(Loss)/profit for the year		**(43 834)**	75 329
(Loss)/profit attributable to:			
Equity holders of the parent		**(184 540)**	(85 774)
Non-controlling interests		**140 706**	161 103
		(43 834)	75 329
Loss per share (cents)			
Basic	12	**(73.0)**	(33.4)
Diluted		**(73.0)**	(33.4)

* Included in operating expenses are expected credit losses amounting to R55.2 million (2019: R83.2 million) relating to trade receivables.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2020

R'000	2020	2019
(Loss)/profit for the year	**(43 834)**	75 329
Other comprehensive income/(loss), net of tax	**152 290**	161 793
Items that may be reclassified subsequently to profit or loss		
Cash flow hedges		
(Loss)/profit arising during the year	**(109 566)**	137 641
Recycled to operating expenses	**56 584**	(7 586)
Cost of hedging reserve		
Profit/(loss) arising during the year	**19 400**	(59 199)
Recycled to operating expenses	**(25 385)**	27 194
Foreign currency translation		
Profit/(loss) arising during the year	**69 131**	(14 045)
Share of other comprehensive income of associates	**140 127**	72 981
Items that will not be reclassified subsequently to profit or loss		
Measurement of defined benefit plans	**619**	3 645
Share of other comprehensive income of associates	**1 380**	1 162
Total comprehensive income for the year	**108 456**	237 122
Total comprehensive (loss)/income attributable to:		
Equity holders of the parent	**(35 115)**	37 949
Non-controlling interests	**143 571**	199 173
	108 456	237 122

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2020

R'000	Notes	2020	2019
Assets			
Non-current assets		**7 255 371**	8 177 991
Property, plant, equipment and vehicles	13	**2 057 951**	1 978 887
Right-of-use assets	14	**157 888**	151 029
Biological assets	15	**67 321**	61 448
Goodwill	16	**862 492**	849 614
Intangibles	17	**742 800**	640 035
Investments in associate companies and joint ventures	20	**2 437 298**	2 241 545
Investments	21	**792 358**	2 044 305
Loans and receivables		**16 493**	17 132
Loans to supplier partners	22	**85 484**	78 464
Deferred taxation	41	**5 196**	30 994
Other financial assets	23	**30 090**	84 538
Current assets		**3 088 205**	3 089 154
Inventories	24	**731 757**	664 719
Biological assets	15	**93 087**	77 891
Investments	21	**555 035**	711 423
Trade and other receivables	25	**825 562**	911 962
Short-term loan receivable		**1 036**	1 609
Insurance assets	26	**70 153**	205 538
Other financial assets	23	**373 833**	185 514
Taxation		**9 848**	11 326
Cash and cash equivalents	27	**427 894**	319 172
Total assets		**10 343 576**	11 267 145

R'000	Notes	2020	2019
Equity and liabilities			
Capital and reserves		**3 757 401**	3 676 688
Share capital	28	**39**	39
Capital reserves	29	**552 624**	389 774
Revaluation reserves	30	**17 207**	17 293
Cash flow hedging reserve	31	**53 932**	82 531
Cost of hedging reserve	32	**(37 172)**	(33 242)
Foreign currency translation reserve	33	**21 436**	(18 141)
Changes in ownership	34	**564 557**	574 755
Retained earnings		**1 318 689**	1 503 229
Attributable to equity holders of the parent		**2 491 312**	2 516 238
Non-controlling interests		**1 266 089**	1 160 450
Non-current liabilities		**4 385 267**	4 902 810
Long-term borrowings	36	**3 408 564**	3 910 280
Long-term provisions	37.1	**22 557**	22 509
Lease liabilities	40	**170 879**	161 272
Contingent consideration	38	**99 974**	90 862
Deferred grant income		**30 814**	32 236
Other financial liabilities	39	**901**	26 358
Share-based payment liability		**31 510**	27 509
Deferred taxation	41	**620 068**	631 784
Current liabilities		**2 200 908**	2 687 647
Short-term borrowings	36	**1 016 436**	1 436 772
Short-term provisions	37.1	**47 300**	28 178
Bank overdrafts	42	**32 742**	65 206
Trade payables		**585 902**	478 724
Other payables	37.2	**216 413**	167 473
Deferred grant income		**4 059**	3 317
Share-based payment liability		**—**	15 909
Lease liabilities	40	**17 588**	13 670
Insurance liabilities	26	**226 213**	442 574
Other financial liabilities	39	**49 404**	32 455
Taxation		**4 851**	3 369
Total equity and liabilities		**10 343 576**	11 267 145
NAV per share (cents)		**985**	1 066
Shares in issue at end of year (000's)		**252 803**	235 979

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2020

R'000	Share capital	Capital reserves	Revaluation reserves
Balance 1 January 2019	42	364 189	18 926
IFRS 16 *Leases* transition adjustment	–	–	–
Adjusted balance 1 January 2019	42	364 189	18 926
Attributable (loss)/profit for the year	–	–	–
Other comprehensive income/(loss) for the year	–	76 529	–
Total comprehensive income/(loss) for the year	–	76 529	–
Recognition of share-based payments	–	40 999	–
Dividend paid	–	–	–
Transfer to share-based payment liability subsequent to modification	–	(41 923)	–
Distributions made to participants of shares trusts and share repurchase	–	–	–
Transfer on sale of properties	–	–	(2 297)
Acquisition of non-controlling interest and repurchase of shares by subsidiary	–	(5 958)	664
Treasury shares acquired	(3)	(44 062)	–
Balance 31 December 2019	39	389 774	17 293
Balance at 1 January 2020	**39**	**389 774**	**17 293**
Attributable (loss)/profit for the year	**–**	**–**	**–**
Other comprehensive income/(loss) for the year	**–**	**142 167**	**–**
Total comprehensive income/(loss) for the year	**–**	**142 167**	**–**
Transfer to share-based payment liability subsequent to modification	**–**	**(2 921)**	**–**
Recognition of share-based payments	**–**	**32 649**	**–**
Arising on acquisition of subsidiary	**–**	**–**	**–**
Dividend paid	**–**	**–**	**–**
Issue of FSP* shares to participants by subsidiary	**–**	**(9 782)**	**(86)**
Shares repurchased	**–**	**737**	**–**
Balance at 31 December 2020	**39**	**552 624**	**17 207**

* Forfeitable share plan.

Cash flow hedging reserve	Cost of hedging reserve	Foreign currency translation reserve	Changes in ownership	Retained earnings	Attributable to equity holders of the parent	Non-controlling interests	Total
10 558	(14 596)	(10 280)	660 945	1 683 660	2 713 444	1 153 806	3 867 250
—	—	—	—	998	998	(1 345)	(347)
10 558	(14 596)	(10 280)	660 945	1 684 658	2 714 442	1 152 461	3 866 903
—	—	—	—	(85 774)	(85 774)	161 103	75 329
72 009	(17 677)	(7 138)	—	—	123 723	38 070	161 793
72 009	(17 677)	(7 138)	—	(85 774)	37 949	199 173	237 122
—	—	—	—	—	40 999	(5 433)	35 566
—	—	—	—	(110 430)	(110 430)	(65 370)	(175 800)
—	—	—	—	—	(41 923)	—	(41 923)
—	—	—	—	(2 268)	(2 268)	(1 699)	(3 967)
—	—	—	—	2 297	—	—	—
(36)	(969)	(723)	(86 190)	14 746	(78 466)	(118 682)	(197 148)
—	—	—	—	—	(44 065)	—	(44 065)
82 531	(33 242)	(18 141)	574 755	1 503 229	2 516 238	1 160 450	3 676 688
82 531	**(33 242)**	**(18 141)**	**574 755**	**1 503 229**	**2 516 238**	**1 160 450**	**3 676 688**
—	**—**	**—**	**—**	**(184 540)**	**(184 540)**	**140 706**	**(43 834)**
(27 920)	**(4 226)**	**39 404**	**—**	**—**	**149 425**	**2 865**	**152 290**
(27 920)	**(4 226)**	**39 404**	**—**	**(184 540)**	**(35 115)**	**143 571**	**108 456**
—	**—**	**—**	**—**	**—**	**(2 921)**	**—**	**(2 921)**
—	**—**	**—**	**—**	**—**	**32 649**	**8 824**	**41 473**
—	**—**	**—**	**—**	**—**	**—**	**15 324**	**15 324**
—	**—**	**—**	**—**	**—**	**—**	**(74 554)**	**(74 554)**
(679)	**296**	**173**	**(10 198)**	**—**	**(20 276)**	**13 229**	**(7 047)**
—	**—**	**—**	**—**	**—**	**737**	**(755)**	**(18)**
53 932	**(37 172)**	**21 436**	**564 557**	**1 318 689**	**2 491 312**	**1 266 089**	**3 757 401**

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2020

R'000	Notes	2020	2019
Operating activities			
(Loss)/profit for the year		**(43 834)**	75 329
Adjustments for non-cash items	43.1	**746 773**	457 259
Operating cash flows before movements in working capital		**702 939**	532 588
Decrease in inventories		**30 989**	39 990
Decrease in trade and other receivables		**114 867**	75 122
Increase/(decrease) in trade and other payables		**135 887**	(111 951)
Net decrease in insurance assets		**135 385**	285 384
Net decrease in insurance liabilities		**(216 360)**	(462 177)
Cash generated from operations		**903 707**	358 956
Interest received		**22 780**	46 367
Dividends received from associates and joint ventures		**145 960**	215 440
Dividends received from other equity investments		**110 644**	175 263
Proceeds from receipt of a government grant		**3 328**	17 181
Income taxes paid	43.2	**(123 274)**	(122 074)
Finance costs	43.3	**(304 358)**	(270 844)
Net cash generated from operating activities		**758 787**	420 289
Investing activities			
Loans and receivables advanced		**(54 028)**	(577)
Loans and receivables repaid		**3 000**	645
Proceeds on disposal of investments		**1 016 845**	64 189
Proceeds on disposal of property, plant, equipment and vehicles		**7 636**	26 147
Insurance proceeds		**25 747**	—
Proceeds on disposal of assets classified as held for sale		**—**	148 512
Acquisition of property, plant, equipment and vehicles		**(314 719)**	(292 480)
Acquisition of non-current biological assets		**(65 605)**	(69 007)
Acquisition of subsidiary	19	**(22 514)**	(558 137)
Acquisition of intangible assets		**(35 293)**	(30)
Loans made to supplier partners		**(7 295)**	—
Acquisition of investments		**(17 286)**	(700 933)
Net cash generated by/(used in) investing activities		**536 488**	(1 381 671)
Financing activities			
Dividends paid by Company and subsidiaries		**(74 554)**	(177 499)
Repayment of borrowings	43.4	**(1 653 464)**	(1 901 789)
Loans raised	43.4	**592 207**	2 616 885
Loans made to supplier partners		**—**	(6 032)
Repayment of loans made to supplier partners		**—**	5 687
Shares repurchased		**737**	(44 065)
Issue/(repurchase) of shares by subsidiaries		**3 543**	(28 258)
Repayment of other financial liabilities		**(22 752)**	(21 401)
Share of distribution made by special purpose entities		**—**	(2 268)
Further investment in subsidiary		**(380)**	(168 890)
Decrease in bank overdrafts		**(32 465)**	(17 436)
Net cash (used in)/generated by financing activities		**(1 187 128)**	254 934
Net increase/(decrease) in cash and cash equivalents		**108 147**	(706 448)
Cash and cash equivalents at beginning of year		**319 172**	1 025 463
Foreign exchange differences		**575**	157
Cash and cash equivalents at end of year			
Bank balances and cash		**427 894**	319 172

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2020

1. Presentation of financial statements

(a) Basis of preparation

Statement of compliance

The consolidated (or "Group") annual financial statements (or "financial statements") are prepared in accordance with International Financial Reporting Standards ("IFRS") of the International Accounting Standards Board, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Pronouncements issued by the Financial Reporting Standards Council, the requirements of the JSE Limited's Listings Requirements and the Companies Act of South Africa.

Basis of measurement

The consolidated financial statements have been prepared in accordance with the underlying assumption of going concern on the historical cost basis except for the revaluation of certain financial instruments and biological assets that are measured at fair values or fair values less costs to sell at the end of each reporting period, as explained in the accounting policies.

The principal accounting policies set out below and in the individual notes, have been applied on a basis consistent with the previous year.

Functional and presentation currency

The consolidated financial statements are presented in South African Rand, which is the Group's functional currency, rounded to the nearest thousand, unless otherwise stated.

Disclosure of accounting policies

The Group discloses only those accounting policies which relate to material transactions, other events or conditions and:

- was changed during the reporting period because the Group was required to or chose to change its policy and this change resulted in a material change to the amounts included in the financial statements;
- was chosen from one or more alternatives in an IFRS Standard;
- was developed in accordance with paragraphs 10 to 12 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* in the absence of an IFRS Standard that specifically applies;
- relates to an area for which the Group is required to make significant judgements or assumptions in applying an accounting policy and discloses those judgements or assumptions; or
- applies the requirements of an IFRS Standard in a way that reflects the Group's specific circumstances.

(b) Basis of consolidation

The consolidated financial statements include the total comprehensive income or loss, the financial position and the cash flows of the Company and its subsidiaries, associates and joint ventures. Details of the Company's related undertakings are presented in Appendices 1 and 2. This includes share ownership trusts established for certain share-based awards. In the case of associates and joint ventures, those entities are presented as single line items in the statement of profit or loss, statement of comprehensive income and statement of financial position (see note 20). Intercompany transactions and balances are eliminated on consolidation. Consistent accounting policies have been applied across the Group in the preparation of the consolidated financial statements.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company under the heading "changes in ownership".

(c) Foreign currency translation

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a foreign currency translation reserve (attributed to non-controlling interests as appropriate).

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

NOTES (CONTINUED)

for the year ended 31 December 2020

1. Presentation of financial statements (continued)

(d) Critical accounting judgements and key sources of estimation uncertainty

In applying the Group's accounting policies, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. These judgements and estimates are described within the notes and identified under the heading "significant judgements and estimates". The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(e) Intrinsic net asset value ("INAV")

INAV which is presented in the report appearing on pages 26 and 27 of the Integrated Report, is a key valuation tool used to measure the Brimstone Group's performance and compliance with financial covenants. In determining INAV,

- the intrinsic gross asset value of listed assets is valued using quoted market prices, whereas unlisted assets are valued using appropriate valuation methods as indicated in the fair value hierarchy note 49.12 to the financial statements. These values will not necessarily correspond with the carrying amounts in the consolidated statement of financial position since the latter are measured using the relevant financial reporting and accounting standards which include historical cost, consolidation and the equity method of accounting;
- debt outstanding and ring fenced with the specific asset is deducted from the intrinsic gross asset value; and
- capital gains tax ("CGT") calculated on changes in the intrinsic gross asset value of the asset in relation to its base cost in terms of the Income Tax Act, No. 58 of 1962 ("the Act"), is deducted from the intrinsic gross asset value of the asset and added if a capital loss will be allowed to be off-set against other capital gains for tax purposes. In addition, where the Group is able to utilise any tax relief in the so-called Corporate Rules of the Act, it has been taken into account in the determination of CGT.

The balance outstanding on the Group's preference share funding facility utilised to fund all other assets is also deducted from the intrinsic gross asset value, in determining INAV.

INAV per share is determined by dividing INAV by the number of shares in issue at the reporting date after deducting treasury shares. Fully diluted INAV per share is determined by dividing INAV by the number of shares in issue at the reporting date after deducting treasury shares which have been adjusted for treasury shares which are likely to vest.

The INAV information presented in this report has been prepared on a basis consistent with that used in the Integrated Report for the year ended 31 December 2019.

(f) New IFRS Standards and Interpretations not yet adopted

Certain new IFRS Standards and Interpretations have been issued that are not mandatory for the year ended 31 December 2020 and have not been early adopted by the Group. There are no new IFRS Standards and Interpretations that are not yet effective, that would be expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

2. Revenue

Accounting policy

Recognition and measurement
Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer, excluding value added tax. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue from the sale of goods is recognised at the point in time when control of the asset is transferred to the customer, which is normally on delivery. Delivery in the case of export sales is determined by reference to the sales contract and application of Incoterms. The normal credit terms in the Group ranges from 30 to 90 days after delivery.

The Group considers whether there are other promises in the sales order that are separate performance obligations to which a portion of the transaction price needs to be allocated such as warranties and customer loyalty points. The impact of warranties and customer loyalty points is insignificant.

Dividend income is recognised when the right to receive payment has been established, which is normally the last date to trade.

R'000	2020	2019
The Group's revenue comprises the following:		
Revenue from industrial and other operations		
Sale of goods recognised at a point in time		
Wild-caught fish	**2 848 476**	2 510 694
Shellfish	**308 089**	267 297
Vegetables and meals	**93 852**	94 499
Traded	**188 774**	190 171
Dairy	**936 148**	903 791
Food products	**4 375 339**	3 966 452
Clothing products	**58 613**	129 170
Healthcare products	**179 030**	—
	4 612 982	4 095 622
Other	**2 181**	10 084
Total revenue from industrial and other operations	**4 615 163**	4 105 706
Revenue from insurance operations		
Short-term insurance contracts		
■ Gross written premiums	**3 308**	80 463
■ Change in unearned premium provision	**1 774**	161 864
Insurance premium revenue	**5 082**	242 327
Short-term reinsurance contracts		
■ Premiums payable	**(19 988)**	(55 026)
■ Change in unearned premium provision	**(1 503)**	(64 699)
Premium ceded to reinsurers on insurance contracts issued	**(21 491)**	(119 725)
Net insurance premium revenue	**(16 409)**	122 602
Fee income from insurance contracts	**2 567**	9 833
Income from reinsurance contracts ceded	**2 755**	26 681
Total revenue from insurance operations	**(11 087)**	159 116
Total sales and fee income	**4 604 076**	4 264 822

NOTES (CONTINUED)

for the year ended 31 December 2020

	R'000	2020	2019
2.	**Revenue (continued)**		
	Dividends received:		
	■ listed investments	**100 426**	169 289
	■ unlisted investments	**10 218**	5 974
	Total dividends received	**110 644**	175 263

Business and geographic segments:

The clothing, fish and cheese products mentioned above are processed and manufactured in the Group's factories in the Western Cape and Australia. The table below shows the geographical breakdown of the clothing, fish, cheese and healthcare product sales.

R'000	2020	2019
Sales revenue by geographical market:		
South Africa	**2 577 918**	2 335 600
Australia	**543 009**	447 178
Europe	**1 299 838**	1 113 675
Other markets	**192 217**	199 169
	4 612 982	4 095 622

	R'000	2020	2019
3.	**Operating expenses**		
	Operating expenses industrial and other operations		
	Production, selling and administration expenses*	**1 030 603**	757 816
	Raw materials and consumables used	**3 085 772**	2 795 546
	Total operating expenses industrial and other operations	**4 116 375**	3 553 362
	Operating expenses insurance operations		
	Insurance claims and loss adjustment expenses	**(171 970)**	73 113
	Insurance claims and loss adjustment expenses recovered from reinsurers	**101 838**	(31 454)
	Net insurance claims	**(70 132)**	41 659
	Expenses for the acquisition of insurance contracts	**800**	36 393
	Selling and administration expenses	**117 639**	152 384
	Asset management services received	**14**	178
	Total operating expenses insurance operations	**48 321**	230 614
	Total operating expenses	**4 164 696**	3 783 976

* Includes holding company administration expenses of R71.8 million (2019: R76.7 million), after deducting external fee income, but before recoveries from subsidiary companies of R5.8 million (2019: R5.8 million) which have been eliminated on consolidation.

R'000	2020	2019
4. Fair value (losses)/gains		
Changes in fair value of financial assets and liabilities and non-financial assets, at fair value through profit or loss and fair value less costs to sell:		
■ mark-to-market revaluation of listed investments	**(399 981)**	(253 979)
■ mark-to-market revaluation of unlisted investments	**7 647**	25 976
■ loss on remeasurement of previously held interest in associate	**(391)**	–
■ revaluation of options	**231 502**	122 155
■ revaluation of contingent consideration	**(9 112)**	31 048
■ biological assets	**2 585**	5 984
■ other financial instruments	**(7 331)**	(2 856)
Total fair value losses	**(175 081)**	(71 672)
5. Other investment gains/(losses)		
Other investment gains		
■ on disposal of fishing trawlers	**1 126**	–
■ gain on bargain purchase	**5 200**	891
■ other	**380**	–
Total gains	**6 706**	891
Other investment losses		
■ impairment of property, plant, equipment and vehicles	**(45 895)**	–
■ on disposal of fishing trawlers	**(7 492)**	–
■ deal costs	**–**	(1 871)
■ on disposal of right to acquire shares	**–**	(68 700)
Total losses	**(53 387)**	(70 571)
Other investment losses	**(46 681)**	(69 680)

NOTES (CONTINUED)

for the year ended 31 December 2020

	R'000	2020	2019
6.	**Profit before net finance costs**		
	Profit before net finance costs includes the following items of income and expenditure not shown separately in the statement of profit or loss:		
6.1	**Income**		
	Profit on disposal of property, plant, equipment and vehicles (excluding fishing trawlers)	**750**	77 812
	Foreign exchange gains	**3 636**	45 641
6.2	**Expenditure**		
	Auditors' remuneration	**16 670**	14 737
	Fees – current year	**11 525**	10 469
	– under provided previous year	**2 164**	1 944
	Other services	**2 981**	2 324
	Loss on disposal of property, plant, equipment and vehicles (excluding fishing trawlers)	**2 809**	548
	Foreign exchange losses	**72 036**	386
	Staff costs	**1 075 656**	962 912
	Retirement benefit plan contributions		
	Defined contribution plans	**50 999**	48 249
	Fees for services		
	Secretarial	**769**	602
	Other professional	**8 979**	11 339
	Write down of inventory to net realisable value	**17 085**	9 372
7.	**Directors' emoluments**		
	Paid by Company		
	Fees for services as directors		
	Non-executive directors	**2 919**	3 013
	Management and other services		
	Executive directors	**27 367**	30 892
	Total paid by Company	**30 286**	33 905
	Paid by subsidiaries		
	Fees for services as directors		
	Executive directors	**753**	1 327
	Non-executive directors	**329**	246
	Total paid by subsidiary companies	**1 082**	1 573
	Total paid by Company and subsidiaries	**31 368**	35 478

Executive directors do not have fixed term contracts. They have employment agreements with the Company which are subject to a one month notice period by either party. Detailed information appears in the remuneration report starting on page 39. Directors' emoluments do not include non-performance related remuneration.

R'000	2020	2019
8. Interest income		
Interest received on bank deposits and loans to associates and joint ventures	**25 520**	53 163
Other	**2 825**	—
	28 345	53 163
9. Finance costs		
Interest on borrowings	**240 769**	321 009
Interest on lease liabilities	**15 942**	15 074
Preference dividends	**139 614**	187 018
Other	**4 400**	7 406
	400 725	530 507
10. Taxation		
10.1 Taxation charge/(credit)		
SA normal taxation	**152 914**	106 209
Current – current year	**127 137**	140 603
– over provision prior year	**(2 203)**	(4 098)
Deferred – current year	**27 862**	(26 534)
– under/(over) provision prior year	**118**	(3 762)
Dividends tax		
Current – current year	**—**	11
	152 914	106 220
Unutilised computed tax losses carried forward	**1 137 513**	1 258 231
Saving in taxation attributable thereto at current rate	**318 504**	352 305
No deferred tax asset was raised in respect of estimated tax losses in subsidiaries amounting to[3]	**892 286**	686 596
10.2 Reconciliation of taxation charge		
Profit before taxation	**109 080**	181 549
Tax at statutory rates (28%) (2019: 28%)	**30 544**	50 832
Adjustment for entities with different tax rates to the statutory company rate	**462**	(35)
Over provided previous year	**(2 085)**	(7 860)
Tax effect of share of results of associates and joint ventures	**(42 895)**	(5 219)
Tax effect of fair value gains	**(5 811)**	(37 612)
Tax effect of fair value losses	**62 412**	64 942
Tax effect of non-deductible expenses[1]	**106 113**	121 252
Tax effect of non-taxable income[2]	**(32 455)**	(85 668)
Tax effect of building allowance	**(900)**	(188)
Tax effect of utilisation of prior year losses	**4 071**	—
Deferred tax asset not raised	**40 767**	45 767
Dividends tax	**—**	11
Capital gains tax	**(7 309)**	(40 002)
Taxation	**152 914**	106 220

1 Non-deductible expenses consists primarily of preference dividends included in finance costs and the non-deductible portion of expenditure relating to an investment holding company.

2 Non-taxable income consists primarily of dividends received.

3 Deferred tax assets are recognised on deductible temporary differences to the extent that it is probable that future taxable income will be generated against which to utilise the deductible temporary differences.

NOTES (CONTINUED)

for the year ended 31 December 2020

R'000	2020	2019

11. Dividends

In line with the prior year, no dividend has been declared or proposed.

12. Loss per share

The following is a reconciliation of the loss figures used in the loss per share calculations:

R'000	2020	2019
Basic loss		
Loss attributable to equity holders of the parent	**(184 540)**	(85 774)

	2020 Gross	2020 Net	2019 Gross	2019 Net
Headline loss calculation				
Loss attributable to equity holders of the parent	**—**	**(184 540)**	—	(85 774)
Impairment of property, plant, equipment and vehicles	**45 896**	**45 896**	—	—
Insurance proceeds	**(14 682)**	**(9 931)**	—	—
Loss on remeasurement of previously held interest in associate	**391**	**391**		
Loss/(profit) on disposal of property, plant, equipment and vehicles	**5 169**	**5 169**	(75 717)	(58 150)
Gain on bargain purchase	**(5 200)**	**(5 200)**	(513)	(513)
Adjustments relating to results of associates	**(10 094)**	**(7 330)**	4 441	5 211
Headline loss	**no total**	**(155 545)**	no total	(139 226)
Basic headline loss per share (cents)		**(61.5)**		(54.2)
Diluted headline loss per share (cents)		**(61.5)**		(54.2)

	2020	2019
Weighted average number of shares on which basic loss and basic headline loss per share is based (000's)*	**252 803**	256 661
Weighted average number of shares on which diluted loss and diluted headline loss per share is based (000's)*	**252 803**	256 661

* Weighted average number of shares has been adjusted for the prior year presented in respect of the capitalisation issue on 11 May 2020, as required by IAS 33 *Earnings per Share*. The prior year weighted average number of shares before the adjustment was 239 837 133 and the basic and diluted loss per share was 35.8 cents and the basic and diluted headline loss per share was 58.1 cents.

The forfeitable share plan shares are anti-dilutive and have therefore not been taken into account.

13. Property, plant, equipment and vehicles

Accounting policy

Recognition and measurement
Property, plant, equipment and vehicles are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Cost
Historical cost includes expenditure that is directly attributable to the acquisition of the item.

The cost of fishing trawler refits (major overhauls) includes expenditure on materials, direct labour and an allocated proportion of project overheads. Subsequent costs are included in the asset's carrying amount, or recognised as a separate asset, only when it is probable that the future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the statement of profit or loss in the period in which they are incurred.

Gains or losses on disposals of property, plant, equipment and vehicles are determined by comparing proceeds with the carrying amount and are included in operating profit in the statement of profit or loss.

Depreciation
Property, plant, equipment and vehicles are depreciated to its estimated residual value on a straight-line basis over its expected useful life. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Land and buildings comprise mainly factories and office buildings. Owned land is not depreciated. Leasehold improvements are depreciated over the lesser of the period of the lease and the useful life of the asset.

Impairment
The Group reviews the carrying amount of its property, plant, equipment and vehicles annually and if events occur which call into question the carrying amount of the assets to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated, being the higher of the asset's fair value less cost to sell and value-in-use. In assessing value-in-use the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash generating units). Where the carrying amount exceeds the estimated recoverable amount, such assets are written down to their recoverable amount.

Significant judgements and estimates

Depreciation and residual values
The Group depreciates its assets over their estimated useful lives. The estimation of the useful lives of assets is based on historic performance as well as expectations about future use and therefore, requires a significant degree of judgement to be applied by management. The actual lives of these assets can vary depending on a variety of factors, including technological innovation, operating conditions and maintenance programmes. These depreciation rates represent management's current best estimate of the useful lives of these assets.

Significant judgement is applied by management when determining the residual values for property, plant, equipment and vehicles. When determining the residual value, the following factors are taken into account:
- external residual value information (if available); and
- internal technical assessments for specialised plant and machinery.

The Group has reviewed the residual values and useful lives of its assets. No material adjustments resulted from the review in the current year.

NOTES (CONTINUED)

for the year ended 31 December 2020

13. Property, plant, equipment and vehicles (continued)

Significant judgements and estimates (continued)

Depreciation rates

The rates used to depreciate the Group's assets for the 2020 year are as follows:

Buildings	2% – 10%
Leasehold improvements	20%
Fishing trawlers (including refits)	5.5% – 50%
Plant and machinery and computers	20% – 33.3%
Office furniture and equipment	10% – 17%
Motor vehicles	20%

R'000	Land and buildings – freehold	Land and buildings – leasehold improve-ments	Plant and machinery	Fishing trawlers (including refits)	Office furniture, equipment and computers	Motor vehicles	Total
2020							
Cost	233 840	57 767	1 030 591	1 261 523	117 472	29 785	2 730 978
Accumulated depreciation and impairment losses	(8 473)	(32 711)	(193 524)	(442 573)	(66 438)	(8 372)	(752 091)
Carrying value 1 January	225 367	25 056	837 067	818 950	51 034	21 413	1 978 887
Additions	14 768	8 419	111 119	161 338	14 675	4 400	314 719
Disposals – cost	(836)	(3177)	(24 550)	(62 973)	(13 040)	(1 267)	(105 843)
Acquisitions through business combinations	—	45	3 810	—	814	89	4 758
Effect of foreign currency differences on cost	3 536	—	(461)	23 160	2 534	109	28 878
Transfers between classes of assets – cost	5 987	—	(28 961)	22 675	(25)	324	—
Depreciation for the year	(5 708)	(4 851)	(64 780)	(104 256)	(16 365)	(5 570)	(201 530)
Accumulated depreciation on disposals	715	2 928	23 004	50 237	12 014	883	89 781
Effect of foreign currency differences on depreciation	(678)	—	(410)	(3 434)	(1 189)	(93)	(5 804)
Impairment losses	(35 651)*	—	(9 266)	—	(977)	(1)	(45 895)
Balance at 31 December	207 500	28 420	846 572	905 697	49 475	20 287	2 057 951
Carrying value comprises:							
Cost	257 295	63 054	1 091 548	1 405 723	122 430	33 440	2 973 490
Accumulated depreciation and impairment losses	(49 795)	(34 634)	(244 976)	(500 026)	(72 955)	(13 153)	(915 539)
Carrying value at 31 December 2020	207 500	28 420	846 572	905 697	49 475	20 287	2 057 951

* Impairment loss recognised on the Group's Epping property which houses clothing subsidiary, House of Monatic's manufacturing operations. The property was valued by an independent expert.

R'000	Land and buildings – freehold	Land and buildings – leasehold improve-ments	Plant and machinery	Fishing trawlers (including refits)	Office furniture, equipment and computers	Motor vehicles	Total
2019							
Cost	138 037	47 229	808 978	1 217 821	96 361	13 224	2 321 650
Accumulated depreciation and impairment losses	(3 995)	(29 085)	(147 568)	(386 864)	(56 060)	(4 927)	(628 499)
Carrying value 1 January	134 042	18 144	661 410	830 957	40 301	8 297	1 693 151
Additions	18 953	11 031	129 511	97 246	29 712	6 027	292 480
Disposals – cost	(7 084)	(493)	(7 023)	(49 670)	(972)	(1 848)	(67 090)
Acquisitions through business combinations	75 195	—	101 991	—	97	12 403	189 686
Effect of foreign currency differences on cost	(698)	—	(296)	(3 874)	(859)	(21)	(5 748)
Transfers between classes of assets – cost	9 437	—	(2 570)	—	(6 867)	—	—
Depreciation for the year	(4 602)	(4 106)	(52 404)	(90 011)	(11 862)	(3 949)	(166 934)
Accumulated depreciation on disposals	—	480	6 375	33 692	888	486	41 921
Effect of foreign currency differences on depreciation	124	—	73	610	596	18	1 421
Balance at 31 December	225 367	25 056	837 067	818 950	51 034	21 413	1 978 887
Carrying value comprises:							
Cost	233 840	57 767	1 030 591	1 261 523	117 472	29 785	2 730 978
Accumulated depreciation and impairment losses	(8 473)	(32 711)	(193 524)	(442 573)	(66 438)	(8 372)	(752 091)
Carrying value at 31 December 2019	225 367	25 056	837 067	818 950	51 034	21 413	1 978 887

Cost of fully depreciated property, plant, equipment and vehicles still in use at 31 December 2020 is R233.7 million (2019: R183.8 million).

Details of land and buildings are contained in a register which is open for inspection by shareholders or their duly authorised representatives at the registered office of the Company.

Details of encumbered assets

Other items of property, plant, equipment and vehicles with a net book value of R2.0 billion (2019: R1.9 billion) are encumbered by a notarial bond (refer note 36).

NOTES (CONTINUED)

for the year ended 31 December 2020

14. Right-of-use assets

Accounting policy

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of certain properties and motor vehicles (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e., below R100 000). Lease payments on short-term leases and leases of low-value assets are recognised as expenses on a straight-line basis over the lease term.

Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. Judgement is required in determining whether the Group is reasonably certain to exercise its option to extend the lease or terminate the lease at inception of the lease. This is based on various factors including terms for renewal in relation to market rates, whether there has been significant leasehold improvements and the costs relating to termination.

R'000	2020	2019
Cost	**181 170**	148 400
Accumulated depreciation	**(30 141)**	(8 312)
Carrying value at 1 January 2020/Balance at effective date 1 January 2019	**151 029**	140 088
New leases acquired	**18 940**	35 093
Acquisitions through business combinations	**16 118**	445
Effect of foreign currency exchange differences on cost	**2 248**	(499)
Depreciation for the year	**(27 749)**	(22 473)
Disposals	**(2 593)**	(2 269)
Accumulated depreciation on disposals	**1 144**	363
Effect of foreign currency exchange differences on depreciation	**(1 249)**	281
Balance at 31 December	**157 888**	151 029
Carrying value comprises:		
Cost	**218 476**	181 170
Accumulated depreciation	**(60 588)**	(30 141)
Carrying value 31 December	**157 888**	151 029
Amounts recognised in profit or loss		
Depreciation expense on right-of-use assets	**(28 998)**	(22 192)
Expenses relating to leases of low-value assets	**(10 776)**	(2 142)
Gain on modification of leased asset	**266**	438
Interest expense on lease liabilities	**(15 942)**	(15 074)
Expenses relating to short-term leases	**(5 428)**	(14 933)
Total cash flows recognised		
Rental expenses	**(34 889)**	(40 337)

15. Biological assets

Accounting policy

Recognition and measurement

Biological assets include abalone, mussels, oysters and fish cultivated at aquaculture farms and are measured at their fair value less estimated point-of-sale costs. Fair value is determined based on the market prices of biological assets of similar age, breed and genetic merit. Point-of-sale costs include all costs that would be incurred in order to get the biological assets to the customer. Gains or losses arising from measurement on initial recognition or from a subsequent change in fair value less estimated point-of-sale costs is included in profit or loss in the period in which it arises.

Significant judgements and estimates

The fair value of abalone, mussels, oysters, fish and spats are determined based on market prices of these biological assets of a similar age, breed, and genetic merit. In the absence of an active market, due to early stages of biological assets transformation, the capitalised costs are deemed to be the best estimate of fair value. Subsequent expenditure incurred in the development of abalone, mussels, oysters, fish and spats from a certain size up to the point of maturity, is capitalised in the cost.

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

NOTES (CONTINUED)

for the year ended 31 December 2020

15. Biological assets (continued)

15.1 Reconciliation of biological assets

2020	Abalone	Mussels and oysters	Fish in water	Total
Balance as at 1 January	**107 758**	**24 181**	**7 400**	**139 339**
Increase due to additions and costs capitalised	**47 069**	**12 190**	**6 346**	**65 605**
Decrease due to harvest and mortalities	**(28 451)**	**(8 456)**	**(10 214)**	**(47 121)**
Fair value adjustment	**(3 100)**	**2 020**	**3 665**	**2 585**
Balance as at 31 December	**123 276**	**29 935**	**7 197**	**160 408**
Transferred to current	**(73 035)**	**(16 099)**	**(3 953)**	**(93 087)**
Total non-current	**50 241**	**13 836**	**3 244**	**67 321**

2019	Abalone	Mussels and oysters	Fish in water	Total
Balance as at 1 January	80 048	18 855	8 743	107 646
Increase due to additions and costs capitalised	41 235	13 250	14 522	69 007
Decrease due to harvest and mortalities	(17 417)	(8 824)	(17 057)	(43 298)
Fair value adjustment	3 892	900	1 192	5 984
Balance as at 31 December	107 758	24 181	7 400	139 339
Transferred to current	(65 772)	(10 362)	(1 757)	(77 891)
Total non-current	41 986	13 819	5 643	61 448

2020	Abalone (TONS)	Mussels (TONS)	Oysters (UNITS)	Fish (TONS)
Quantities on hand at 31 December	**572**	**743**	**12 726**	**118**
Quantities harvested during the period	**153**	**158**	**924**	**22**

2019	Abalone (TONS)	Mussels (TONS)	Oysters (UNITS)	Fish (TONS)
Quantities on hand at 31 December	458	1 000	13 465	80
Quantities harvested during the period	86	266	1 903	78

Included in inventory finished goods is an amount of R12.7 million (2019: R3.0 million) relating to abalone harvested, canned, dried and frozen. The operating cycle is more than one year and therefore only abalone above and including 40 – 50g, oysters above and including 50 – 60g size categories, fish larger than 1.5kg and mussels at harvestable size are classified as current assets.

The fair value adjustment to biological assets of R2.6 million (2019: R6.0 million) consists of an upward revaluation of R10.3 million (2019: R13.6 million) relating to physical change in size and downward revaluation of R7.7 million (2019: R7.6 million) relating to change in market price.

The Group has budgeted to spend R74.1 million (2019: R51.2 million) in further development and acquisition of the biological assets during the next reporting period.

There are no biological assets pledged as security for debt.

15.2 Risk management strategy related to aquacultural activities

Exchange rate risks

The Group is subject to changes in the exchange rate as abalone sales prices are denominated in US dollars and biological assets are measured at fair value which is also based on the US dollar market price. The Group's currency risk management is described in note 49.5.

Mechanical, environmental and disease risks

Reliance on plant and equipment to sustain a living environment for the abalone exposes the Group to certain risks. This risk is managed by allowing for redundancy of key equipment and the use of generators and wind turbines to mitigate shortage of electricity supply. Critical assets are monitored with sophisticated alarm systems.

Aquaculture farming is exposed to storms, red tides and water temperatures that could kill the animals and/or introduce stress related illnesses. As far as possible the farms have been placed within the biological parameters of the species being grown to minimise extreme temperature profiles. Each of the farms belong to a Veterinary Health Programme to ensure good husbandry to minimise disease risk. The abalone farms have well proven recirculation systems to prevent the abalone being exposed to red tides and other contaminants.

Strict testing and closure protocols are in place where animals cannot be removed from red tide events to prevent accidental human consumption and illness. The farms are insured against storm losses but not disease.

Kelp rights

The Aquaculture farms rely heavily on wild harvested kelp either from its own concession or third parties. These concessions are regulated by the Fishing Rights Allocation Process ("FRAP") processes and allocation is dependent on maintaining a good B-BBEE score.

Assumption sensitivity analysis

The Group has performed a sensitivity analysis relating to its exposure to a change in exchange rates used in the valuation of abalone. The sensitivity analysis demonstrates the increase/(decrease) in the fair value of biological assets, which could result from a change in this assumption.

2020	Exchange rate	Fair value adjustment R'000
-10% (weakening of the ZAR against the USD)	**$1/R16.11863**	**5 645**
+10% (strengthening of the ZAR against the USD)	**$1/R13.18797**	**(11 845)**

2019	Exchange rate	Fair value adjustment R'000
-10% (weakening of the ZAR against the USD)	$1/R15.42937	11 193
+10% (strengthening of the ZAR against the USD)	$1/R12.62403	(3 409)

NOTES (CONTINUED)

for the year ended 31 December 2020

16. Goodwill

Accounting policy

Recognition and measurement
Goodwill arising on the acquisition of subsidiaries or businesses is presented separately in the statement of financial position and carried at cost less accumulated impairment losses.

Cost
Goodwill is initially measured as the excess of the aggregate of the consideration transferred, the amount of any non-controlling interest, the acquisition date fair value of any previously held equity interest over the net identifiable assets acquired and liabilities assumed. If the cost of the acquisition is less than the fair value of the net assets of the subsidiary or business acquired, the difference (gain on bargain purchase) is recognised in profit or loss.

The gain or loss recognised in profit or loss on the loss of control of a subsidiary is calculated after taking into account the carrying amount of any related goodwill.

Impairment
For the purposes of impairment testing, goodwill is allocated to the lowest level of cash generating unit (or "CGU"). Each of those cash generating units represents the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. 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. Impairment assessments are performed annually, or more frequently if there are indicators that the carrying amount might be impaired. Impairment testing is performed by comparing the value-in-use of the cash generating unit to the carrying amount. Impairment testing is only performed on cash generating units that are considered to be significant in comparison to the total carrying amount of goodwill. In addition, the carrying values of intangible assets with an indefinite useful life have been included in the carrying amounts and fair values of the CGU's and therefore forms part of the overall impairment consideration.

Significant estimates
The value-in-use calculation requires management to estimate future cashflows and a suitable discount rate in order to calculate present value. The South African Fishing CGU's recoverable amount is the fair value less costs to sell which require earnings projections and price earnings multiple estimates.

Value-in-use
Key assumptions relating to this valuation include the discount rate and cash flows used to determine the value-in-use. Future cash flows are estimated based on the most recent budgets and forecasts approved by management covering a period of up to five years and are extrapolated over the useful life of the asset to reflect the long-term plans of the Group using the estimated growth rate for the specific business or product. The estimated future cash flows and discount rates used are pre-tax based on an assessment of the current risks applicable to the specific asset and/or entity and country in which it operates or the product is sold.

Management determines the expected performance of the assets based on the following:
- an assessment of existing products against past performance and market conditions;
- an assessment of existing products against existing market conditions; and
- the pipeline of products under development, applying past experiences of launch success and existing market conditions.

The growth rate used to extrapolate cash flow projections beyond the period covered by the budgets and forecasts takes into account the long-term average rates of the industry in which the cash generating unit is operating. Estimations are based on a number of key assumptions such as volume, price and product mix which will create a basis for future growth and gross margin. These assumptions are set in relation to historic figures and external reports on market growth. If necessary, these cash flows are then adjusted to take into account any changes in assumptions or operating conditions that have been identified subsequent to the preparation of the budgets and forecasts.

The weighted average cost of capital is derived from a pricing model based on credit risk and the cost of debt. The variables used in the model are established on the basis of management judgement and current market conditions. Management judgement is also applied in estimating the future cash flows of the cash generating units. These values are sensitive to the cash flows projected for the periods for which detailed forecasts are not available and to the assumptions regarding the long-term sustainability of the cash flows thereafter.

Impairment losses recognised in respect of goodwill are not reversed in subsequent periods.

R'000	2020	2019
Balance at 1 January	**849 614**	621 549
Arising on acquisition of subsidiary	**—**	230 581
Foreign currency translation adjustment	**12 878**	(2 516)
Balance at 31 December	**862 492**	849 614

Allocation of goodwill to cash-generating units for the purpose of impairment reviews and testing

Goodwill is allocated to the consolidated entity's cash-generating units identified according to geographical segments.

R'000	2020	2019
The carrying amount of goodwill was allocated to CGU's as follows:		
South African Fishing operations	**463 324**	463 324
Australian operations	**98 604**	85 726
Cape Harvest Foods	**230 581**	230 581
Aquaculture operations	**69 983**	69 983
	862 492	849 614

Management has taken into account the effects of the COVID-19 pandemic in assessing goodwill for impairment.

Australian operations

The recoverable amount of this CGU is determined based on a value-in-use calculation which requires the use of certain assumptions. The calculation uses cash flow projections based on financial budgets approved by the Sea Harvest board, covering a five-year period. The below key estimates are used in the value-in-use calculation:

%	2020	2019
Pre-tax discount rate	**10.38**	9.90
Revenue growth per annum[1]	**2.30**	3.40
Inflation	**2.00**	2.00
Terminal growth rate	**2.50**	2.50

[1] Based on the revised incremental catch growth rate.

The 2.5% terminal growth rate is the mid-point of the long-term Reserve Bank of Australia inflation target of 2% to 3%. The valuations resulted in a surplus over the carrying values of the CGU and thus the directors believe that a reasonably possible change in the assumptions would not result in an impairment of the carrying value of goodwill.

Cape Harvest Foods

The recoverable amount of this CGU is determined based on a value-in-use calculation which requires the use of certain assumptions. The calculation uses cash flow projections based on financial budgets approved by the Sea Harvest board, covering a five-year period. The below key estimates are used in the value-in-use calculation:

%	2020	2019
Pre-tax discount rate	**14.53**	15.60
Revenue growth per annum (five-year average)[1]	**7.00**	5.50
Inflation[2]	**3.00**	5.00
Terminal growth rate	**5.60**	5.60

[1] Revenue forecast increased as a result of an increase in milk supply from the farmers.

[2] In line with the inflation rate in South Africa.

A terminal growth rate of 5.60% is based on the long term forecast of the consumer price inflation.

The valuation resulted in a surplus over the carrying value of the CGU and thus the directors believe that a reasonably possible change in the assumptions would not result in an impairment of the carrying value of goodwill.

NOTES (CONTINUED)

for the year ended 31 December 2020

16. Goodwill (continued)

Aquaculture operations

The recoverable amount of this CGU is determined based on a value-in-use calculation which requires the use of certain assumptions. The calculation uses cash flow projections based on financial budgets approved by the Sea Harvest board, covering a five-year period. The below key estimates are used in the value-in-use calculation:

%	2020	2019
Pre tax discount rate	**15.03**	15.60
Revenue growth per annum (five-year average)[1]	**16.00**	38.00
Inflation[2]	**3.00**	5.00
Terminal growth rate	**3.20**	2.00

[1] The significant change in the revenue growth per annum is a result of the forecast stronger Rand against the US dollar compared to the previous forecast and the low abalone US dollar prices. The forecast for 2021 has been revised to take into account the effects of the COVID-19 pandemic by appropriately adjusting the forecast sales volumes to reflect lower demand.

[2] In line with the inflation rate in South Africa.

As a result of the lower than expected financial performance of the Aquaculture CGU in the current year and tough prevailing market conditions in China, significant judgement is required in estimating future sales quantities of abalone.

The valuation resulted in a significant surplus over the carrying values of the CGU and thus the directors believe that a reasonably possible change in the assumptions would not result in an impairment of the carrying value of goodwill.

The Group performed a scenario analysis on the sensitivity of the valuation to changes in sales volume, prices and the discount rate. A reasonable decrease in sales volume and price still resulted in a surplus over the carrying value of the CGU. All other variables remaining equal, an increase in the pre-tax discount rate of 4.9% will result in the value-in-use amount being equal to the carrying amount.

South African Fishing operations

The recoverable amount of the CGU was determined on the basis of fair value less costs to sell. The fair value less costs to sell calculation used an average of actual 2020 earnings and 2021 projected earnings. A price earnings multiple of 8.84 (2019: 9.48) was used in the valuation, which is an average of listed companies operating in the same industry adjusted by a 25% (2019: 15%) risk factor for size and the unlisted nature of the CGU. The valuation resulted in a surplus over the carrying value of the CGU and thus the directors believe that a reasonably possible change in the multiple would not result in an impairment of the carrying value of goodwill.

The fair value measurements for the recoverable amount have been categorised as Level 3 fair value based on the inputs to the valuation techniques used.

17. Intangible assets

Accounting policy

Recognition and measurement
Intangible assets acquired separately are initially measured at cost. Intangible assets acquired separately include long-term fishing rights and permits, retail agency rights, trade names and brands, aquaculture-related intangibles and computer software. Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy either the separability criterion or contractual legal criterion in IFRS 3 *Business Combinations*. The cost of such intangible assets is their fair value at the acquisition date. Identifiable acquired intangible assets relating to business combinations include long-term fishing rights and permits, trade names and brands and aquaculture-related intangibles.

Accumulated amortisation
Subsequent to initial recognition, intangible assets with finite useful lives, are carried at cost less accumulated amortisation. Amortisation is charged on a straight-line basis over the assets estimated useful lives, and is recognised as expenses in the statement of profit or loss. The estimated useful lives and amortisation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Impairment
An indefinite useful life intangible asset is an intangible asset where there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the Group.

An impairment assessment is performed on indefinite useful life intangible assets at the end of each reporting period, or more frequently if there are impairment indicators. Intangible assets with finite useful lives are reviewed at the end of each reporting period, but only assessed for impairment when there are impairment indicators. Impairment testing is performed by comparing the recoverable amount to the carrying amount of the intangible asset.

The recoverable amounts of the intangible assets are determined as the higher of value-in-use and fair value less costs to sell.

Value-in-use
Key assumptions relating to this valuation include the discount rate and cash flows used to determine the value-in-use. Future cash flows are estimated based on the most recent budgets and forecasts approved by management covering a period of up to five years and are extrapolated over the useful life of the asset to reflect the long-term plans of the Group using the estimated growth rate for the specific business or product. The estimated future cash flows and discount rates used are pre-tax based on an assessment of the current risks applicable to the specific asset and/or entity and country in which it operates or the product is sold.

Management determines the expected performance of the assets based on the following:
- an assessment of existing products against past performance and market conditions;
- an assessment of existing products against existing market conditions; and
- the pipeline of products under development, applying past experiences of launch success and existing market conditions.

The growth rate used to extrapolate cash flow projections beyond the period covered by the budgets and forecasts takes into account the long-term average rates of the industry in which the cash generating unit is operating. Estimations are based on a number of key assumptions such as volume, price and product mix which will create a basis for future growth and gross margin. These assumptions are set in relation to historic figures and external reports on market growth. If necessary, these cash flows are then adjusted to take into account any changes in assumptions or operating conditions that have been identified subsequent to the preparation of the budgets and forecasts.

The weighted average cost of capital is derived from a pricing model based on credit risk and the cost of debt. The variables used in the model are established on the basis of management judgement and current market conditions. Management judgement is also applied in estimating the future cash flows of the cash generating units. These values are sensitive to the cash flows projected for the periods for which detailed forecasts are not available and to the assumptions regarding the long-term sustainability of the cash flows thereafter.

Intangible assets that have been impaired in past financial years are reviewed for possible reversal of impairment at each reporting date.

NOTES (CONTINUED)

for the year ended 31 December 2020

17. Intangible assets (continued)

Significant judgements and estimates

Intangible assets as a result of contractual or legal rights
Significant judgement is applied by management when determining the classification of long-term fishing rights and permits as finite or indefinite useful life intangible assets and in determining the amortisation period for finite useful life intangible assets.

Perpetual fishing licences
Australian fishing licences held in perpetuity by the Group subject to compliance with regulatory and financial obligations, which are probable of being complied with, are classified as indefinite useful life intangible assets.

Long-term fishing rights
Fishing rights allocated by the South African Department of Environment, Forestry and Fisheries for a period of time in terms of its FRAP are classified as finite useful life intangible assets.

Indefinite useful life intangible assets constitute 82% of total intangible assets (2019: 79% of total intangible assets).

Amortisation of long-term fishing rights
The Group amortises long-term fishing rights over a longer period than the original term of the right, after considering the following factors:
- whether the Group intends and is able to renew the fishing rights;
- whether there are substantial costs associated with renewal; and
- whether there will be any material modifications to existing terms of the right.

The expectation of renewal of the long-term fishing rights is based on the Group's:
- transformation credentials;
- history of compliance with permit conditions and fishing responsibly;
- significant capital investment in order to conduct deep sea fishing operations;
- socio-economic impact on the communities in which it operates;
- assessment of the impact of new entrants on the FRAP;

and therefore requires a significant degree of judgement to be applied by management.

Due to the nature of the Group's intangible assets, management do not apply residual values to them.

Amortisation useful lives
The anticipated useful lives used to amortise the Group's intangible assets for the 2020 year are as follows:

Long term fishing rights and permits (finite)	2 allocation cycles
Perpetual fishing licences	Indefinite
Retail agency rights	Indefinite
Brands	Indefinite
Trade names and customer relationships	5 – 10 years
Aquaculture-related intangibles	8 – 14 years
Computer software	1 – 3 years

2020	Long term* fishing rights and permits	Retail agency rights	Trade names, brands and customer relation-ships	Aquaculture related intangibles	Computer software development	Total
Cost	725 673	3 034	49 134	2 991	35 589	816 421
Accumulated amortisation and impairment losses	(139 818)	(87)	(793)	(339)	(35 349)	(176 386)
Carrying value 1 January	585 855	2 947	48 341	2 652	240	640 035
Additions	32 200	—	3 028	—	65	35 293
Acquisitions through business combinations	—	—	6 999	—	187	7 186
Effect of foreign currency differences on cost	69 321	443	103	—	—	69 867
Amortisation	(7 877)	—	(1 017)	(226)	(395)	(9 515)
Effect of foreign currency differences on amortisation	(66)	—	—	—	—	(66)
Balance at 31 December	679 433	3 390	57 454	2 426	97	742 800
Carrying value comprises:						
Cost	827 194	3 477	59 264	2 991	35 841	928 767
Accumulated amortisation and impairment losses	(147 761)	(87)	(1 810)	(565)	(35 744)	(185 967)
Carrying value at 31 December 2020	679 433	3 390	57 454	2 426	97	742 800

2019	Long term* fishing rights and permits	Retail agency rights	Trade names and brands	Aquaculture related intangibles	Computer software development	Total
Cost	739 178	3 034	3 310	2 991	35 589	784 102
Accumulated amortisation and impairment losses	(131 973)	—	(264)	(113)	(33 396)	(165 746)
Carrying value 1 January	607 205	3 034	3 046	2 878	2 193	618 356
Additions	—	—	30	—	—	30
Acquisitions through business combinations	—	—	45 813	—	—	45 813
Effect of foreign currency differences on cost	(13 505)	—	(19)	—	—	(13 524)
Amortisation	(7 857)	—	(529)	(226)	(1 953)	(10 565)
Effect of foreign currency differences on amortisation	12	(87)	—	—	—	(75)
Balance at 31 December	585 855	2 947	48 341	2 652	240	640 035
Carrying value comprises:						
Cost	725 673	3 034	49 134	2 991	35 589	816 421
Accumulated amortisation and impairment losses	(139 818)	(87)	(793)	(339)	(35 349)	(176 386)
Carrying value at 31 December 2019	585 855	2 947	48 341	2 652	240	640 035

* Includes perpetual fishing licences.

NOTES (CONTINUED)

for the year ended 31 December 2020

18. Interest in subsidiaries

Details of non-wholly owned subsidiaries that have material non-controlling interests

Name of subsidiary	2020	2019
Sea Harvest Group Limited[1] (%)	**43.0**	42.5

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intra-group eliminations.

R'000	2020	2019
Sea Harvest Group Limited		
Current assets	**1 730 201**	1 727 800
Non-current assets	**4 063 814**	3 787 453
Current liabilities	**852 766**	915 774
Non-current liabilities	**2 146 905**	2 086 705
Equity attributable to owners of the company	**2 754 206**	2 437 274
Non-controlling interests – share of equity	**40 138**	76 500
Revenue	**4 375 339**	3 966 452
Profit for the year	**397 848**	395 513
Profit attributable to owners of the company	**430 751**	412 478
Loss attributable to the non-controlling interests	**(32 903)**	(16 965)
Total comprehensive income attributable to owners of the company	**444 035**	498 319
Total comprehensive loss attributable to the non-controlling interests	**(35 409)**	(15 156)
Total comprehensive income for the year	**408 626**	483 163
Dividends paid to non-controlling interests	**66 427**	52 464
Net cash inflow from operating activities	**810 716**	560 415
Net cash outflow from investing activities	**(403 138)**	(861 408)
Net cash outflow from financing activities	**(366 999)**	(251 550)
Net cash inflow/(outflow)	**40 579**	(552 543)

[1] Calculation of interest excludes treasury shares

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19. Business combinations

Accounting policy

Recognition and measurement

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date. Acquisition-related costs are recognised in profit or loss as incurred.

Goodwill is measured as stated in note 16.

Non-controlling interests at acquisition date is determined as the non-controlling shareholders' proportionate share of the fair value of the net assets of the subsidiary acquired.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as a financial liability is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

Acquisition of subsidiary

On 3 February 2020, Brimstone acquired a further 55% equity interest in associate Obsidian Health (Pty) Ltd ("Obsidian") for a cash consideration of R36.0 million (R22.5 million net of cash acquired). As Obsidian has become an 80% held subsidiary, it has been consolidated as from 3 February 2020. The Group has finalised the initial accounting for this business combination in accordance with IFRS 3 and recognised a gain on bargain purchase of R5.2 million at acquisition date.

Obsidian is a leading supplier of innovative healthcare solutions to both the private and public healthcare sectors within Sub-Saharan Africa. The product portfolio includes capital equipment and medical devices within the key focus areas of cardiology, cardiovascular, theatre, ICU and high care, point of care diagnostic testing COVID-19 rapid antigen testing kits, rapid HIV screening tests and personal protective equipment.

NOTES (CONTINUED)

for the year ended 31 December 2020

20. Investments in associate companies and joint ventures

Accounting policy

Recognition and measurement

Associates are entities in which the Group has an interest directly or indirectly and over which it has significant influence, but not control or joint control, through participation in the financial and operating policy decisions of the entity. Where the Group holds at least an 20% equity interest it is presumed to have significant influence.

Joint ventures are entities in which the Group has an interest where it, along with one or more of the other shareholders, has contractually agreed to share control of the business and where the major decisions require the unanimous consent of the joint partners.

In both cases, the Group applies the equity method of accounting, under which the investments are initially recognised at the fair value of the purchase consideration, including acquisition related costs and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the investee, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the investee.

The most recent available financial statements of the associate or joint venture are used in applying the equity method. When the reporting period of the associate or joint venture is different to that of the Group by more than three months, the associate or joint venture prepares, for the use of the Group, financial statements as of the same date as the financial statements of the Group unless it is impracticable to do so. When the reporting period of the associate or joint venture is different to that of the Group by less than three months, adjustments are made for significant transactions occurring between the respective year ends.

R'000	2020	2019
Cost of investment in associate companies and joint ventures	**2 087 775**	2 071 743
Loans to associate companies and joint ventures	**147 733**	96 705
Share of other comprehensive income of associates	**340 283**	213 800
Share of distributions made by associates and joint ventures	**(82 267)**	(82 267)
IFRS 16 transition adjustment	**11 650**	11 650
Share of post-acquisition profits, net of dividends received	**(67 876)**	(70 086)
Total carrying value	**2 437 298**	2 241 545

Associates

Refer to appendix 2 for full details of associate companies. The aggregate assets, liabilities and results of operations of associate companies are summarised below:

20.1 Details of material associate

Details of the Group's material associate are as follows:

	Proportion of ownership interest and voting power held by the Group	
Name of associate	30 September 2020	30 September 2019
Oceana Group Limited[1] (%)	**27.96**	27.79

The above associate is accounted for using the equity method in these consolidated financial statements. Oceana Group Limited is incorporated and operates in South Africa.

The financial year end of Oceana Group Limited is 30 September. Brimstone does not have the authority to change this date. For purposes of applying the equity method of accounting, the financial statements of Oceana Group Limited for the year ended 30 September 2020 have been used and appropriate adjustments have been made for the effects of significant transactions between that date and 31 December 2020. As at 31 December 2020, the fair value of the Group's interest in Oceana Group Limited, which is listed on the JSE, was R2.1 billion (2019: R2.0 billion) based on the quoted market price available on the JSE, which is a level 1 input in terms of IFRS 13 *Fair Value Measurement*.

[1] Calculation of interest excludes treasury shares

R'000	2020	2019
Non-current assets	**7 847 728**	7 042 312
Current assets	**4 204 233**	3 757 887
Assets held for sale	**19 420**	–
Total assets	**12 071 381**	10 800 199
Non-current liabilities	**3 908 692**	3 840 143
Current liabilities	**2 182 754**	1 838 329
Total liabilities	**6 091 446**	5 678 472
Non-controlling interests	**182 796**	110 435
Revenue	**8 308 341**	7 647 415
Profit for the year	**816 151**	648 367
Other comprehensive income for the year	**495 757**	286 629
Total comprehensive income for the year	**1 311 908**	934 996
Dividends received from the associate during the year	**128 225**	186 097
Reconciliation of the above summarised financial information to the carrying amount of the interest in Oceana Group Limited recognised in the consolidated financial statements.		
Net assets of the associate	**5 797 139**	5 011 292
Proportion of the Group's ownership interest in Oceana Group Limited (%)	**27.96**	27.79
Share of net assets	**1 620 855**	1 392 777
Goodwill	**684 642**	683 465
Dividend received after 30 September	**(95 598)**	(78 017)
Carrying amount of the Group's interest in Oceana Group Limited	**2 209 899**	1 998 225

20.2 Aggregate information of associates that are not individually material

	2020	2019
Group's share of losses	**(39 836)**	(26 078)
Group's share of other comprehensive losses	**(767)**	(722)
Group's share of total comprehensive losses	**(40 603)**	(26 800)
Aggregate carrying amount of the Group's interests in these associates	**140 138**	203 048

Joint ventures

Refer to appendix 2 for full details of joint venture companies.

20.3 Aggregate information of joint ventures that are not individually material

	2020	2019
Group's share of profits/(losses)	**340**	(415)
Group's share of total comprehensive income/(losses)	**340**	(415)
Aggregate carrying amount of the Group's interests in these joint ventures	**87 261**	40 273

NOTES (CONTINUED)

for the year ended 31 December 2020

21. Investments

Accounting policy

The Group holds financial assets including listed and unlisted equities and derivatives to support the Group's capital strategies and hedge market risks, including loans to external parties, associates and joint ventures. .

Classification and measurement in accordance with IFRS 9 *Financial Instruments*
The Group initially records all financial assets at fair value. The Group subsequently holds each financial asset at fair value ("fair value through profit or loss" ("FVTPL") or "fair value through other comprehensive income" ("FVTOCI")) or at amortised cost. Fair value is the price that would be received to sell an asset or paid to transfer a liability between market participants. Amortised cost is the amount determined based on accreting the initial amount recognised for the financial instrument to the maturity value on a systematic basis using a fixed interest rate (effective interest rate), taking account of repayment dates and initial premiums or discounts.

Financial assets at amortised cost
Financial assets are measured at amortised cost when their contractual cash flows represent solely payments of principal and interest and they are held within a business model designed to collect cash flows. This classification typically applies to the Group's loans and trade receivables. The carrying value of amortised cost financial assets is adjusted for impairment under the expected loss model (see notes 22 and 25).

Financial assets at fair value through other comprehensive income
Financial assets are held at FVTOCI if it is an investment in an equity instrument within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognised in a business combination to which IFRS 3 applies, and the Group has at initial recognition made an irrevocable election to present subsequent changes in the fair value in other comprehensive income.

Financial assets at fair value through profit or loss
All other financial assets are held at FVTPL. The Group's financial assets at FVTPL principally comprise investments in equities and derivatives (also see note 23).

R'000	2020	2019
Investments at FVTOCI		
Unlisted investments		
Shares at fair value (non-current)	**25 265**	25 265
Investments at FVTPL		
Listed investments		
Shares at fair value (non-current)	**570 083**	1 826 267
Shares at fair value (current)	**555 035**	711 423
Total listed investments	**1 125 118**	2 537 690
Unlisted investments		
Shares and units at fair value (non-current)	**197 010**	192 773
Total investments at FVTPL	**1 322 128**	2 730 463
Total investments		
Non-current	**792 358**	2 044 305
Current	**555 035**	711 423
	1 347 393	2 755 728

Refer to appendix 3 for full details on the investments.

R'000	2020	2019
22. Loans to supplier partners		
Balance at 1 January	**78 464**	72 182
Advances to supplier partners	**8 425**	6 031
Interest charged	**5 565**	6 796
Loans repaid	**(1 130)**	(5 686)
Current portion transferred to trade receivables	**(5 840)**	(859)
Balance at 31 December	**85 484**	78 464

The balance mainly relates to loans advanced to Nalitha Investments (Pty) Ltd and South African Fishing Empowerment Corporation (Pty) Ltd. These loans have no fixed terms of repayment and bear interest at JIBAR plus 2.65%.

The Group considered the expected credit losses required on these loans and the impact is insignificant.

23. Other financial assets

Financial assets carried at FVTPL

	2020	2019
Foreign exchange contracts	**27 334**	124 946
Vuna Fishing Group call option	**30 090**	23 971
Zero Cost Collar	**346 499**	121 135
	403 923	270 052
Non-current	**30 090**	84 538
Current	**373 833**	185 514
	403 923	270 052

Foreign exchange contracts

Comprises hedging contracts entered into by the Group for the purpose of minimising the Group's exposure to foreign currency and commodity price volatility. Please refer to note 49.5 for details on the Group's hedging process.

Zero Cost Collar

During the prior year, Brimstone entered into a Zero Cost Collar arrangement with its funders, whereby all the Life Healthcare Group Holdings Limited ("Life Healthcare") shares held by Brimstone, were placed as security for a principal loan of R1.2 billion. The Zero Cost Collar unwinds in six monthly instalments of between R220.7 million and R228.8 million from November 2020. For tranches 1 – 3, the put option strike price and the call option strike price is R26.75 and R31.16 per share respectively. For tranches 4 – 6, the put option strike price and the call option strike price is R27.73 and R30.00 per share.

On 19 October 2020, shareholders at a general meeting approved the potential disposal of all the Life Healthcare shares due to the scheduled unwind of the Zero Cost Collar over the shares and the full and final settlement of the related debt. Subsequent to this meeting, two tranches of the Zero Cost Collar unwound at the put option strike price of R26.75 per share. This resulted in 16.5 million shares being disposed of for a total consideration of R441.4 million which was used to settle a portion of the related debt. At 31 December 2020, Brimstone held 33 million Life Healthcare shares, with a fair value of R555.0 million. The Zero Cost Collar derivative was valued at R346.5 million (2019: R121.3 million), and the related debt outstanding was R898.9 million.

Subsequent to year end and up to the date of authorising the consolidated financial statements for issue, three of the remaining four tranches of the Zero Cost Collar have unwound, resulting in the disposal of another 24.7 million Life Healthcare shares for a total consideration of R678.2 million, which has been used to further reduce the related debt. The Zero Cost Collar is expected to be fully unwound during April 2021.

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for the year ended 31 December 2020

24. Inventories

Accounting policy

Recognition and measurement
The Group recognises inventories initially at cost when it has control of the inventories, expects it to provide future economic benefits and the cost can be measured reliably. Cost is determined on the first-in-first-out basis. Cost includes expenditure incurred in acquiring, manufacturing and transporting the inventory to its present location. Inventories are subsequently measured at the lower of cost and net realisable value. The carrying amounts of finished goods and work-in-progress include raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity), but exclude borrowing costs. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and applicable variable selling expenses.

A provision for obsolete inventories is established when there is evidence that no future economic benefits will be obtained for such inventories. The carrying amount of the inventories is reduced and the amount of the loss is recognised in profit or loss within cost of sales, if insignificant in amount, otherwise within operating expenses.

Significant judgements and estimates

Determination of net realisable value of inventories
Management is required to exercise considerable judgement in the determination of net realisable value, specifically relating to the forecasting of demand.

Management is also required to exercise significant judgement in estimating the provision for obsolete inventory. Such judgement would take into account the following:
- change in fashion and season;
- change in market; and
- inventory nearing expiry dates.

R'000	2020	2019
Raw materials	**50 276**	62 763
Work-in-progress	**5 577**	34 945
Finished goods	**545 409**	487 794
Consumable stores	**130 495**	79 217
	731 757	664 719

Inventories with a net book value of R631.0 million (2019: R582.2 million) are encumbered by a notarial bond (refer note 36).

Inventories have been stated at the lower of cost and net realisable value by the Group's subsidiaries with a total amount in their books of R55.0 million (2019: R56.2 million) being shown at net realisable value.

25. Trade and other receivables

Accounting policy

Recognition and measurement

Receivables (except for trade receivables which are initially measured at transaction price) are initially recognised at fair value and subsequently measured at amortised cost, less impairments, using the effective interest rate method. No fair value adjustment is made for the effect of time value of money where receivables have a short-term profile. Other receivables comprise mainly of prepayments and value-added tax, initially recognised at fair value and subsequently at amortised cost. The Group applies the IFRS 9 simplified approach to measuring expected credit losses ("ECLs") which uses an expected credit loss allowance for all trade receivables.

IFRS 9 allows an entity to use a simplified "provision matrix" for calculating ECLs as a practical expedient for trade receivables, if consistent with the general principles for measuring ECLs. The provision matrix is based on an entity's historical default rates over the expected life of the trade receivables and is adjusted for forward looking factors specific to the debtors and economic environment by looking at the future prospects of the industries that the Group's debtors operate in, obtained from financial analysts and various forecast economic information relating to the debtors' core operations. We considered the ECLs on receivables other than trade receivables under the general model and the impact is not considered significant.

This provision is recognised through the use of an allowance account for losses. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss within administrative expenses. When a trade receivable is uncollectible, it is written off against the allowance account for losses.

Trade receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, among others, the failure of a debtor to engage in a repayment plan with the Group for a period of greater than 180 days past due.

For corporate customer's management have made the assumption that a customer is in default when the debt is 180 days past due. This is on the basis of billing disputes taking time to resolve resulting in a high cure rate.

If, in a subsequent period, the amount of the impairment loss, decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is credited against administrative expenses in profit or loss.

R'000	2020	2019
Amounts receivable from the sale of goods or insurance and reinsurance contracts	**831 536**	857 856
Less: Allowance for expected credit losses	**(163 779)**	(116 246)
Trade receivables	**667 757**	741 610
Other receivables	**157 805**	170 352
Prepayments	**40 574**	39 257
VAT receivable	**77 680**	50 040
Receivable relating to sale of property	**–**	39 343
Other receivables*	**39 551**	41 712
	825 562	911 962

* Other receivables consist of non-trade debtors and other sundry receivables.

Refer to page 130 for details of how the Group manages credit risk in its insurance business.

No interest is charged on the trade receivables within agreed credit terms. Thereafter, interest is charged at prime bank overdraft rates on the overdue balance. The Group has provided fully for all receivables over 180 days, except where recovery is considered probable and where recovery is considered doubtful following investigations into the specific debtor whose debt is outstanding for less than 180 days. Before accepting any new customer, the Group uses credit agency reports to assess creditworthiness together with reports from agents, visits to and interviews with the customer when deemed necessary. Credit limits are set and debtor balances are reviewed monthly. In some instances, security by way of personal surety, cession of debtors or notarial bond over assets is obtained. There are no uninsured customers who represent more than 5% of the total balance of trade receivables. Included in the Group's trade receivable balance are receivables with a carrying value of R174.3 million (2019: R449.2 million) which are past due at the reporting date for which the Group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

NOTES (CONTINUED)

for the year ended 31 December 2020

R'000	2020	2019
25. Trade and other receivables (continued)		
Age analysis of gross trade receivables		
Current*	**490 653**	281 723
31 to 60 days	**83 532**	192 213
61 to 90 days	**10 962**	242 376
91 to 120 days	**27 438**	43 242
over 120 days	**218 951**	98 302
	831 536	857 856
Allowance for ECLs		
31 to 60 days	**76**	1 079
61 to 90 days	**42**	24 032
91 to 120 days	**17 667**	14 424
over 120 days	**145 994**	76 711
	163 779	116 246
Expected loss rate (%)		
31 to 60 days	**0%**	1%
61 to 90 days	**0%**	10%
91 to 120 days	**64%**	33%
over 120 days	**67%**	78%
Movement in the allowance for ECLs		
Balance at beginning of the year	**116 246**	33 284
Amounts written off during the year	**(7 685)**	(158)
Increase in allowance recognised in profit or loss	**55 198**	83 227
Effect of foreign currency differences on the allowance	**20**	(107)
Balance at end of the year	**163 779**	116 246

* The Group has considered the expected loss rate on trade receivables included in the "current" category and the impact was insignificant.

In determining the recoverability of trade receivables, the Group considers any change in the credit quality of trade receivables from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited because of the customer base being large and unrelated. 44% (2019: 46%) of the Group's trade receivables are insured against irrecoverability. However, the Group applies the IFRS 9 simplified model of recognising lifetime ECLs for all trade receivables as these items do not have a significant financing component. In measuring the expected credit losses, the trade receivables have been assessed on a collective basis as they possess shared credit risk characteristics and have been grouped on the days past due.

In reviewing the Group's historical credit loss rates over the past 4 to 5 years, it was determined that these loss rates have been low and immaterial to the Group. These historical rates have been adjusted to reflect current and forward-looking macroeconomic factors in determining the allowance for ECLs. In particular, the impact of the COVID-19 pandemic and the measures aimed at curbing its spread were considered in quantifying the allowance for customers in certain industries, such as formal clothing retailers, which have been particularly "hard hit" by the pandemic due to the increase in unemployment levels and increase in remote working. Consequently, the clothing manufacturing subsidiary, House of Monatic, was exposed to increased credit risk, however the total allowance in respect of House of Monatic's trade receivables was not significant to the Group.

Included in trade receivables are amounts due from reinsurers arising from reinsurance contracts in terms of which reinsurers bear a portion of claims paid by the short-term insurance subsidiary, Lion of Africa. Normal practice in the insurance industry is the application of the principle that reinsurers will follow the fortunes of the insurer. Consequently, ECLs in respect of reinsurance receivables have historically been zero. However, since Lion of Africa was placed into run-off in November 2018, certain reinsurers, representing a minority of the reinsurance panel, have raised a dispute in respect of the amounts to be recovered from them. The Group has in the 2019 financial year instituted legal proceedings against some of these reinsurers, however, for financial reporting purposes has recognised an allowance in respect of these receivables. These receivables represent approximately 94% (2019: 87%) of the allowance in the "over 120 days" category. 86% of the remaining trade receivables in the "over 120 days" category relates to reinsurance receivables that are considered recoverable as they adhered to the normal payments cycle.

Trade receivables with a value of R18.9 million (2019: R27.6 million) have been ceded as security for a bank overdraft facility (refer note 42). Trade and other receivables with a value of R694.7 million (2019: R696.0 million) are encumbered by a notarial bond (refer note 36).

R'000	2020	2019

26. Insurance assets and liabilities

Insurance contract liabilities and reinsurance contract assets

R'000	2020	2019
Insurance contract liabilities		
Short-term insurance contracts:		
■ claims reported and loss adjustment expenses	**193 840**	369 677
■ claims incurred but not reported	**32 373**	71 122
■ unearned premiums provision	**—**	1 775
Total insurance liabilities, gross	**226 213**	442 574
Insurance contract assets		
Short-term insurance contracts:		
■ claims reported and loss adjustment expenses	**61 640**	172 054
■ claims incurred but not reported	**8 329**	29 558
■ unearned premiums provision	**184**	3 926
Total reinsurers' share of insurance liabilities	**70 153**	205 538

Claims and loss adjustment expenses – analysis of movements

	2020			2019		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Balance at 1 January						
Notified claims	**369 677**	**172 054**	**197 623**	571 072	314 302	256 770
Incurred but not reported	**71 122**	**29 558**	**41 564**	165 741	81 518	84 223
	440 799	**201 612**	**239 187**	736 813	395 820	340 993
(Decrease)/increase in liabilities	**(95 878)**	**(46 393)**	**(49 485)**	81 452	52 346	29 106
Claims paid during the year	**(118 708)**	**(85 250)**	**(33 458)**	(377 466)	(246 554)	(130 912)
Balance at 31 December	**226 213**	**69 969**	**156 244**	440 799	201 612	239 187
Comprising:						
■ notified claims	**193 840**	**61 640**	**132 200**	369 677	172 054	197 623
■ incurred but not reported	**32 373**	**8 329**	**24 044**	71 122	29 558	41 564
	226 213	**69 969**	**156 244**	440 799	201 612	239 187

Unearned premiums provision – analysis of movement

	2020			2019		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Balance at 1 January	**1 775**	**3 926**	**(2 151)**	167 939	68 625	99 314
Released in the year	**(1 775)**	**(3 742)**	**1 967**	(166 164)	(64 699)	(101 465)
Balance at 31 December	**—**	**184**	**184**	1 775	3 926	(2 151)

NOTES (CONTINUED)

for the year ended 31 December 2020

R'000	2020	2019
26. Insurance assets and liabilities (continued)		
Deferred acquisition costs		
Commissions related to securing new insurance contracts and renewing existing contracts are deferred when incurred and recognised in profit or loss over the terms of the policies as premiums are earned.		
Balance at 1 January	**–**	26 479
Costs amortised during the year	**–**	(26 479)
Balance at 31 December	**–**	–
Assets		
Non-current	**–**	–
Current	**70 153**	205 538
	70 153	205 538
Liabilities		
Non-current	**–**	–
Current	**226 213**	442 574
	226 213	442 574

26.1 Process used to estimate insurance liabilities

Insurance risks are unpredictable and the Group recognises that it is impossible to forecast with absolute precision, future claims payable under existing insurance contracts. Over time the Group has developed methodologies that are aimed at establishing insurance provisions that have a reasonable likelihood of being adequate to settle all its insurance obligations. These liabilities comprise of reported claims not yet paid (outstanding claims), a provision for claims incurred but not yet reported (IBNR) and an unearned premium provision at the reporting date.

Outstanding claims

Claims on insurance contracts are recognised on a claims-made basis. This means that the Group is liable for all insured events that occurred and for which the claim is first made in writing, during the term of the contract. The outstanding liability in respect of claims is the Group's best estimate of the current commitment to its policyholders at any particular time.

The estimated cost of claims includes direct expenses to be incurred in settling claims, net of the expected subrogation value and other recoveries. The Group takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established.

Initial estimates of outstanding claims are based on historical trends per class of business and are updated as soon as new information is available. The outstanding liability is reduced commensurate to any interim payments that may be made. On settlement of the claim, the outstanding liability is reduced to nil.

Claims incurred but not reported (IBNR)

The IBNR reserve relates to the uncertainty concerning the eventual outcome of claims resulting from events which have taken place, but of which the insurer has not received notices or reports of the loss.

The provision for claims IBNR is based on actuarially calculated deterministic methods, which are applied on a gross basis to project the ultimate claims. The IBNR provisions have been calculated on an undiscounted basis. The deterministic calculations provide a "best estimate" of the reserve by applying a combination of the Chain Ladder and Bornhuetter-Ferguson methods to paid claims triangles with smoothed development factors.

The Chain Ladder method is based upon the assumption that the incurred losses will continue in a similar manner in the future for all accident years, whilst the Bornhuetter-Ferguson method is used in the modelling of very recent periods where there hasn't been sufficient claim development to rely on the chain ladder results.

A risk margin is added using a stochastic reserving process based on the bootstrapping method. It is calculated at the 75th percentile margin for all classes of business consistent with current market practice.

In addition to the above, the Group also establishes provisions for unallocated loss adjustment expenses on IBNR losses on an undiscounted basis.

Unearned premiums provision

The Group raises provisions for unearned premiums on a basis that reflects the underlying risk profile of its insurance contracts. An unearned premiums provision is created at the commencement of each insurance contract and is then released as the risk under the contract expires. The majority of the Group's insurance contracts have an even risk profile and therefore the unearned premiums provisions are released evenly over the period of insurance using the 365th time proportionate basis. For the remainder of the insurance portfolio, for example the engineering class, the unearned premium is released on a basis consistent with the increasing, decreasing or uneven risk profile of the contracts. The provisions for unearned premiums are first determined on a gross level and thereafter the reinsurance impact is recognised.

27. Cash and bank balances

Accounting policy

Actual bank balances are reflected. Outstanding cheques and deposits are included in accounts payable and accounts receivable respectively. For the purpose of the statement of cash flows, cash and cash equivalents includes cash on hand and deposits held with banks. Bank overdraft is considered to be a financing activity

R'000	2020	2019
Cash at banks and on hand	**427 894**	319 172

Cash at banks earns interest at floating rates based on daily bank deposit rates.

The Sea Harvest Australia cash and cash equivalents with a carrying amount of approximately R23.4 million (2019: R0.3 million) have been pledged to secure long-term borrowings of Sea Harvest Australia (see note 36).

NOTES (CONTINUED)

for the year ended 31 December 2020

	R'000	2020	2019
28.	**Share capital**		
28.1	**Authorised**		
	500 000 000 ordinary shares of 0.1 cents each	**500**	500
	1 000 000 000 "N" ordinary shares of 0.001 cents each	**10**	10
		510	510
28.2	**Issued and fully paid**		
	Ordinary shares		
	At beginning and end of year		
	39 874 146 (2019: 39 874 146) ordinary shares of 0.1 cents each	**40**	40
	"N" ordinary shares		
	At beginning of year		
	211 314 175 (2019: 219 558 175) "N" ordinary shares of 0.001 cents each	**2**	2
	Repurchased in terms of the Brimstone call option and cancelled		
	(3 664 000) [2019: (8 244 000)] "N" ordinary shares of 0.001 cents each	**–**	–
	Capitalisation issue		
	17 325 787 (2019: nil) "N" ordinary shares of 0.001 cents each	**–**	–
	At end of year		
	224 975 962 (2019: 211 314 175) "N" ordinary shares of 0.001 cents each	**2**	2
28.3	**Held as treasury shares**		
	Ordinary shares		
	At beginning of year		
	3 011 028 (2019: 157 030) ordinary shares of 0.1 cents each	**(3)**	–
	Repurchased for cash		
	Nil (2019: 2 853 998) "N" ordinary shares of 0.1 cents each	**–**	(3)
	At end of year		
	3 011 028 (2019: 3 011 028) ordinary shares of 0.1 cents each	**(3)**	(3)
	"N" ordinary shares		
	At beginning of year		
	12 197 852 (2019: 17 829 453) "N" ordinary shares of 0.001 cents each	**–**	–
	Disposal in terms of staff BEE schemes		
	(3 664 000) [2019: (8 244 000)] "N" ordinary shares of 0.001 cents each	**–**	–
	Forteitable share plan shares		
	(312 987) [2019: (112 130)] "N" ordinary shares of 0.001 cents each	**–**	–
	Repurchased for cash		
	312 987 (2019: 2 724 529) "N" ordinary shares of 0.001 cents each	**–**	–
	Capitalisation issue		
	501 748 (2019: nil) "N" ordinary shares of 0.001 cents each	**–**	–
	At end of year		
	9 035 600 (2019: 12 197 852) "N" ordinary shares of 0.001 cents each	**–**	–
28.4	**Unissued shares (numbers)**		
	Under option in terms of the Company's share option scheme		
	"N" ordinary shares at 1300 cents exercisable until 24 February 2020	**–**	185 516

The directors are authorised, by resolution of the shareholders and until the forthcoming annual general meeting, to issue the unissued shares for any purpose and upon such terms and conditions as they see fit.

R'000	2020	2019

29. Capital reserves

Share premium

R'000	2020	2019
Balance at 1 January	**193 490**	236 324
Specific repurchase of shares	**737**	—
Decrease/(increase) in treasury shares	**1 969**	(42 834)
Balance at 31 December	**196 196**	193 490

Share options reserve

R'000	2020	2019
Balance at 1 January	**(34 033)**	(25 778)
Gain/(dilution) on issue of shares by subsidiary	**459**	(6 103)
Recognition of share-based payments	**32 649**	35 566
Forfeitable share plan share issue (treasury shares)	**(1 969)**	(1 228)
Recognition of change in value of share option liability directly in equity	**(2 921)**	(41 923)
Non-controlling shareholders' share of reserves	**(8 824)**	5 433
Balance at 31 December	**(14 639)**	(34 033)

Share options exercised reserve

R'000	2020	2019
Balance at 1 January and 31 December	**8 314**	8 314

Capital redemption reserve fund

R'000	2020	2019
Balance at 1 January and 31 December	**3 655**	3 655

Actuarial gains/loss reserve

R'000	2020	2019
Balance at 1 January	**4 267**	2 025
Dilution on issue of shares by subsidiary	**(37)**	145
Current year movement	**619**	3 645
Non-controlling shareholders' share of reserve	**(266)**	(1 548)
Balance at 31 December	**4 583**	4 267

Share of other comprehensive income of associates

R'000	2020	2019
Balance at 1 January	**214 081**	139 649
Current year movement	**140 127**	74 143
Non-controlling shareholders' share of reserves	**307**	289
Balance at 31 December	**354 515**	214 081
Total capital reserves	**552 624**	389 774

NOTES (CONTINUED)

for the year ended 31 December 2020

	R'000	2020	2019
30.	**Revaluation reserves**		
	Properties revaluation reserve		
	Balance at 1 January	**–**	2 297
	Current year movement	**–**	(2 297)
	Balance at 31 December	**–**	–
	Investments revaluation reserve		
	Balance at 1 January	**17 293**	16 629
	(Dilution)/gain on issue of shares by subsidiary	**(86)**	664
	Balance at 31 December	**17 207**	17 293
	Total revaluation reserves	**17 207**	17 293
31.	**Cash flow hedging reserve**		
	Balance at 1 January	**82 531**	10 558
	Dilution on issue of shares by subsidiary	**(679)**	(36)
	Current year movement	**(152 403)**	191 207
	Deferred tax thereon	**42 837**	(53 566)
	Recycled to operating expenses	**78 589**	(10 536)
	Deferred tax thereon	**(22 005)**	2 950
	Non-controlling shareholders' share of reserve	**25 602**	(58 046)
	Balance at 31 December	**53 932**	82 531
32.	**Cost of hedging reserve**		
	Balance at 1 January	**(33 242)**	(14 596)
	Gain/(dilution) on issue of shares by subsidiary	**296**	(969)
	Current year movement	**26 945**	(82 221)
	Deferred tax thereon	**(7 545)**	23 022
	Recycled to operating expenses	**(35 256)**	37 770
	Deferred tax thereon	**9 871**	(10 576)
	Non-controlling shareholders' share of reserve	**1 759**	14 328
	Balance at 31 December	**(37 172)**	(33 242)
33.	**Foreign currency translation reserve**		
	Balance at 1 January	**(18 141)**	(10 280)
	Gain/(dilution) on issue of shares by subsidiary	**173**	(723)
	Current year movement	**69 131**	(14 045)
	Non-controlling shareholders' share of reserve	**(29 727)**	6 907
	Balance at 31 December	**21 436**	(18 141)

R'000		2020	2019
34.	**Changes in ownership**		
	Balance at 1 January	**574 755**	660 945
	Dilution on issue of shares by subsidiary	**–**	(15)
	Arising on issue of shares by subsidiary	**–**	(76 439)
	Non-controlling shareholders' share of reserve*	**(10 198)**	(9 736)
	Balance at 31 December	**564 557**	574 755

* Arises on the issue of FSP shares by Sea Harvest.

R'000		2020	2019
35.	**Non-controlling interests**		
	Balance at 1 January	**1 160 450**	1 153 806
	Share of profit for the year	**140 706**	161 103
	Share of other comprehensive income for the year	**2 865**	38 070
	Dividend paid	**(74 554)**	(65 370)
	Arising on acquisition of subsidiary	**15 324**	–
	Distributions made to participants of share trusts	**(755)**	(1 699)
	Recognition of share-based payments	**8 824**	(5 433)
	Issue of/(reduction in) share capital by/of subsidiary	**4 630**	(13 346)
	IFRS 16 transition adjustment	**–**	(1 345)
	Acquisition of non-controlling interest in subsidiary	**–**	(162 638)
	Effect of changes in ownership	**8 599**	57 302
	Balance at 31 December	**1 266 089**	1 160 450

NOTES (CONTINUED)

for the year ended 31 December 2020

36. Interest bearing borrowings

Accounting policy

Recognition and measurement

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective interest rate method, any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings.

Fees paid on the establishment of selected loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment against the loan and amortised over the period of the facility to which it relates.

The Group presents separately current and non-current borrowings in the statement of financial position. A liability is classified as current unless the Group expects, and has the discretion, to refinance or roll over the obligation for at least twelve months after the reporting period under an existing loan facility, in which case the Group classifies the obligation as non-current, even if it would otherwise be due within a shorter period.

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

All other borrowing costs are expensed in profit or loss in the period in which they are incurred.

Financial liabilities at amortised cost

Borrowings are classified as "liabilities at amortised cost" in terms of IFRS 9. Financial liabilities are recognised on the transaction date when the Group becomes a party to the contract and thus has a contractual obligation and are derecognised when these contractual obligations are discharged, cancelled or expired.

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

The exchange between the Group and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in covenants are also taken into consideration. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment, unless if such costs or fees incurred are incremental and are directly related to the issue of the new debt instrument in which case any such costs or fees adjust the carrying amount of the liability and are amortised over the remaining term of the new financial liability. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

R’000	2020	2019
Class A5 variable rate cumulative redeemable preference shares of R1 326.5 million issued by a subsidiary, Newshelf 1063 (RF) (Pty) Ltd. The dividend rate is 83% of the prime bank lending rate nominal annual compounded monthly. The company is not obliged (but is entitled) to declare and pay any scheduled preference share dividends that are deemed to accrue during the first three years after the subscription date on 1 March and 1 September of each year. The company is obliged to declare and pay any scheduled preference share dividends that are deemed to accrue during the fourth and fifth years after the subscription date on 1 March and 1 September of each year. The preference shares are redeemable in full on 3 July 2023. The company is obliged to pay outstanding preference share dividends according to a specific calculation should it decide to sell any assets that have been pledged as security for the debt. If the total asset cover ratio (“TACR”) is less than 2.75 times or the listed asset cover ratio (“LACR”) is less than 2.0 times then 100% of the net disposal proceeds are required to be used to pay outstanding debt. If the TACR is greater than 2.75 times but less than 3.75 times or the LACR is greater than 2.0 times but less than 3.0 times then 50% of the net disposal proceeds are required to be used to pay outstanding debt. If the TACR is greater than 3.75 times and the LACR is greater than 3.0 times then none of the net disposal proceeds are required to be used to pay outstanding debt. Brimstone Investment Corporation Limited has agreed to guarantee to the holders of the preference shares the due and full performance by the company of the guaranteed liabilities and to pay all guaranteed amounts and gross up amounts to the holders.	**1 509 541**	1 452 762
Class A6 variable rate cumulative redeemable preference shares of R227.2 million issued by a subsidiary, Newshelf 1063 (RF) (Pty) Ltd on 3 July 2018. The dividend rate is 83% of the prime bank lending rate nominal annual compounded monthly. The company is not obliged (but is entitled) to declare and pay any scheduled preference share dividends that are deemed to accrue during the first three years after the subscription date on 1 March and 1 September of each year. The company is obliged to declare and pay any scheduled preference share dividends that are deemed to accrue during the fourth and subsequent years after the subscription date on 1 March and 1 September of each year. The preference shares are redeemable in full on 7 January 2024. The company is obliged to pay outstanding preference share dividends according to a specific calculation should it decide to sell any assets that have been pledged as security for the debt. If the TACR is less than 2.75 times or the LACR is less than 2.0 times then 100% of the net disposal proceeds are required to be used to pay outstanding debt. If the TACR is greater than 2.75 times but less than 3.75 times or the LACR is greater than 2.0 times but less than 3.0 times then 50% of the net disposal proceeds are required to be used to pay outstanding debt. If the TACR is greater than 3.75 times and the LACR is greater than 3.0 times then none of the net disposal proceeds are required to be used to pay outstanding debt. Brimstone Investment Corporation Limited has agreed to guarantee to the holders of the preference shares the due and full performance by the company of the guaranteed liabilities and to pay all guaranteed amounts and gross up amounts to the holders.	**590 041**	566 278
As security for the A5 and A6 preference shares issued by Newshelf 1063 (RF) Pty Ltd, 32.6 million Oceana Group Limited shares, 159.5 million Sea Harvest Group Limited shares and 13.9 million Equites Property Fund Limited shares were ceded to the financial institution.		

NOTES (CONTINUED)

for the year ended 31 December 2020

R'000	2020	2019
36. Interest bearing borrowings (continued)		
Brimstone entered into a Funded Equity Option Transaction (which comprised of a Loan Transaction and an Equity Option Transaction) on 23 January 2019, raising R1.159 billion. As security for the loan, Brimstone ceded and pledged its 49.5 million shares in Life Healthcare Group Holdings Limited. The Equity Option Transaction comprises put and call options (collar) over the 49.5 million Life Healthcare Group Holdings Limited shares. The loan bears interest at an effective fixed rate of 8.1% and is repayable in six monthly instalments of between R220.7 million and R228.7 miilion commencing on 19 November 2020.	**898 678**	1 245 899
Bridge loan facility made to Newshelf 1064 (RF) (Pty) Ltd. The loan bore interest at a rate of JIBAR plus 4%. The loan was repaid in full during the year under review.	**–**	528 136
Loans from financial institutions to Sea Harvest Corporation (Pty) Ltd		
Senior debt – Standard Bank Limited		
R161.5 million of the loan amount was repaid on 30 June 2020 and the balance is payable in full on 31 December 2023. The loan is subject to a variable interest rate of three month JIBAR plus 2.13%. The loan is secured by marine bonds and a general notarial bond over all of Sea Harvest Corporation (Pty) Ltd's assets.	**561 000**	722 500
Revolving credit facility – Standard Bank Limited		
R466 million of the loan was paid and an additional drawdown of R465.5 million was made in the current year. The loan is repayable in full on 31 December 2023 and is subject to a variable interest rate of three month JIBAR plus a margin of between 2.13% - 2.45%. The loan is secured by marine bonds and a general notarial bond over all of Sea Harvest Corporation Proprietary Limited's assets.	**250 000**	250 500
Loans from financial institutions to Sea Harvest Australia		
COVID-19 Business Support Loan		
The loan is subject to interest of 4.5% and expires on 31 May 2023	**2 700**	–
Senior debt		
The loan is effective from 11 December 2015 and is subject to a variable interest rate of 100% floating at BBSY plus customer margin of 2.38%, and is payable in equal instalments over a period of 11 years, commencing 1 January 2020. The loan is secured by a security interest and charge in the form of a General Security Agreement on the Personal Property Securities Register over all of Sea Harvest Australia's assets.	**138 729**	130 673
Corporate market loan		
Term Finance Facility for working capital funding is reviewed annually on 28 February. Maximum borrowing limit of R56.5 million (AUD5 million). Subject to a variable interest rate of 100% floating at BBSY plus funding margin of 0% plus drawn margin of 3.08%.	**56 504**	49 125

R'000	2020	2019
Corporate receivables finance loan with National Australia Bank The loan commenced on 11 December 2015 and is reviewed annually on or about 31 January. Up to R79.1 million (AUD7.0 million) available funding based on 85% of trade receivables value. Interest payments are made quarterly in arrears and the loan is subject to a variable interest rate of 100% floating at Lender Indicator rate plus customer margin of 1.39% plus purchase charge rate of 1.00% on facility limit.	**20 014**	33 689
Corporate market loan with National Australia Bank This facility was originally introduced as a bridging finance facility repayable on 31 March 2020 and the company is currently in negotiations with the National Australia Bank to extend the facility for a further 12 months. Maximum borrowing limit of R22.6 million (AUD2.0 million). Subject to a variable interest rate of 100% floating at BBSY plus funding margin 0% plus drawn margin of 2.38%. Facility fee nil, undrawn fee 1%.	**22 602**	19 650
Instalment sale agreements with National Australia Bank At the end of the reporting period, Sea Harvest Australia has two outstanding instalment sale agreements, entered into for the purpose of funding equipment acquisitions. The loans are repayable in full between 30 June 2021 and 30 November 2021. Interest on the loans is charged monthly in arrears, at a fixed rate between 4.8% and 4.93% p.a. The assets subject to the instalment sale agreements serve as security for the outstanding loan amount.	**4 258**	4 154
Loans from financial institutions to Ladismith Cheese (Pty) Ltd		
■ Instalment sale agreements with Standard Bank Limited	**–**	13 130
■ Instalment sale agreements with Wesbank, a division of FirstRand Bank Limited	**5 649**	222
The instalment sale agreements are between 48 to 60 months over the fleet, with variable interest rates from prime less 1.5% to prime and a fixed interest rate of 11%.		
Loans from non-controlling shareholders of Viking Aquaculture (Pty) Ltd		
■ Loan from Viking Fishing Group Administration (Pty) Ltd	**248 486**	262 634
■ Odin Investments	**55 009**	–
■ Redburg Investments (Pty) Ltd	**61 789**	6 700
■ Moonshine Investments (Pty) Ltd	**–**	61 000
R305.5 million bears interest from 1 January 2021 at prime plus 2%, compounded monthly and payable monthly in arrears. There are no fixed repayment terms. Repayment of the capital portion of the loans will be determined by the Directors when provided for in the budget and as specified in the shareholders' agreement. The balance of the loans are interest free and have no repayment terms and were provided to fund the growth and working capital of Viking Aquaculture. These loans have been disaggregated in the current year between the various non-controlling shareholders in order to provide more useful information. The prior period amounts have been adjusted in order to ensure comparability.		
Total interest bearing borrowings	**4 425 000**	5 347 052
Less: short-term portion of interest bearing borrowings	**(1 016 436)**	(1 436 772)
Long-term interest bearing borrowings	**3 408 564**	3 910 280

NOTES (CONTINUED)

for the year ended 31 December 2020

	R'000	2020	2019
37.	**Provisions**		
37.1	**Long term provisions**		
	Post-retirement medical assistance		
	Present value of unfunded obligations	**22 167**	22 395
	Refer to note 48 for details of the post-retirement medical assistance plan.		
	Leave pay		
	Carrying value 1 January	**114**	108
	Additional provision	**356**	78
	Effect of foreign currency exchange differences	**40**	(3)
	Provision utilised	**(120)**	(69)
		390	114
	Total carrying amount – long term	**22 557**	22 509
	Short term provisions		
	Product claims		
	Carrying value at 1 January	**–**	121
	Additional provision	**–**	–
	Provision utilised	**–**	(121)
		–	–
	Bonus		
	Carrying value 1 January	**25 667**	37 715
	Acquisitions through business combinations	**2 281**	1 590
	Additional provision	**43 184**	28 772
	Provision utilised and reallocated to accruals	**(25 568)**	(42 410)
		45 564	25 667
	Leave pay		
	Carrying value 1 January	**2 511**	4 319
	Additional provision	**1 736**	2 042
	Provision utilised and reallocated to accruals	**(2 511)**	(3 850)
		1 736	2 511
	Total carrying amount – short term	**47 300**	28 178

37.2 Other payables

Included in other payables are employee related liabilities, amounts received in advance, VAT payable and accruals.

R'000	2020	2019

38. Contingent consideration

Viking Fishing Holdings (Pty) Ltd	**90 862**	82 600
Viking Aquaculture (Pty) Ltd	**—**	39 310
	90 862	121 910
Effect of discounting	**9 112**	13 338
Fair value adjustment	**—**	(44 386)
	99 974	90 862

The contingent consideration arrangement requires the Group to pay the former owners of Viking Fishing and Viking Aquaculture for achieving certain earn-out targets for the 2018 and 2019 financial years, up to a maximum undiscounted amount of R110 million and R88.8 million, respectively.

The fair value of the contingent consideration arrangement was estimated calculating the present value of the future expected cash flows. The estimates are based on a discount rate equal to the prime lending rate and the assumption that the earn-out targets will be met based on the best available forecast information at acquisition date. In the prior year R44.4 million was recognised in fair value gains in profit or loss for the contingent consideration arrangement as a result of Viking Aquaculture not achieving the 2019 minimum target.

The balance relates to Viking Fishing meeting the 2018 and 2019 earn-out targets and is payable on 1 January 2022, therefore the contingent consideration is classified as non-current.

39. Other financial liabilities

Fishing licence liability	**24 662**	41 610
Forward exchange contracts	**227**	160
Other derivatives	**25 416**	17 043
	50 305	58 813
Non-current	**901**	26 358
Current	**49 404**	32 455
	50 305	58 813

The fishing licence liability relates to the Shark Bay Prawn Managed Fishery Voluntary Fisheries Adjustment Scheme ("VFAS"), which was established on 12 November 2010 pursuant to the Fisheries Adjustment Schemes Act 1987 (Western Australia). The VFAS operates from 12 November 2010 until 1 July 2021, and for the period 2015 to 2021 an annual fee of R2.23 mllion is payable by the holder of a licence that authorises fishing in the Shark Bay region. Sea Harvest Australia owns ten fishing licences in the Shark Bay region. The liabilities shown represent present values discounted at the five-year Australian Corporate Bond rate.

NOTES (CONTINUED)

for the year ended 31 December 2020

40. Lease liabilities

Accounting policy

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

R'000	2020	2019
Carrying value 1 January	**174 942**	–
IFRS 16 transition adjustment	**–**	158 796
New leases acquired	**14 712**	35 389
Acquired through business combinations	**16 126**	445
Disposals	**(1 648)**	(2 344)
Interest charged	**15 942**	15 074
Interest paid	**(12 903)**	(13 972)
Capital repaid	**(19 787)**	(18 203)
Effect of foreign currency exchange differences	**1 083**	(243)
Carrying value	**188 467**	174 942
Less: transfer to short-term lease liabilities	**(17 588)**	(13 670)
Carrying value at 31 December	**170 879**	161 272
Maturity analysis		
Year 1	**38 003**	14 198
Year 2	**34 106**	23 906
Year 3	**35 655**	23 328
Year 4	**33 028**	22 403
Year 5	**30 239**	27 015
Onwards	**110 939**	173 323
Total	**281 970**	284 893
Less: unearned interest	**(93 503)**	(109 951)
	188 467	174 942

The Group does not face a significant liquidity risk with regard to its lease liabilities.

41. Deferred taxation

Accounting policy

Recognition and measurement
Deferred tax is provided using the liability method, providing for temporary differences arising between the tax base and the accounting carrying amount of amounts reflected in the consolidated financial statements. Deferred tax is, however, not provided for temporary differences that arise from the initial recognition of an asset or liability where that transaction affects neither accounting profit nor tax profit (tax loss). The only exception to this being when that asset or liability arises in terms of a business combination. Deferred tax is determined at tax rates that are enacted or substantively enacted at year-end and are expected to apply when the temporary difference reverses.

Deferred tax is not provided on temporary differences arising on investments in subsidiaries, associates and joint ventures where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets and liabilities are only offset to the extent that the balances are recoverable from the same tax authority and there is a legal right to offset them at settlement of those balances.

R'000	2020	2019
Deferred taxation asset	**(5 196)**	(30 994)
Deferred taxation liability	**620 068**	631 784
Net deferred taxation liability	**614 872**	600 790
The major components of the deferred tax balance are as follows:		
Difference between tax wear and tear allowances and depreciation charges on assets	**432 601**	378 891
Difference between doubtful debt allowance and amount allowable for tax purposes	**(510)**	(1 283)
Fair value adjustment on fishing rights	**181 931**	166 138
Fishing licence liability	**(8 159)**	(10 660)
Inventory	**(9 497)**	(8 406)
Derivative instruments	**77 308**	29 311
Arising from cash flow hedging reserve (taken directly to equity)	**7 337**	28 791
Prepayments	**1 476**	1 160
Government grants	**(1 948)**	(2 407)
Leases	**(27)**	(5 285)
Investments at FVTPL	**107 892**	265 296
Investments at FVTOCI	**3 903**	3 903
Provisions and accruals	**(34 527)**	(29 534)
Utilisation of estimated tax losses	**(154 233)**	(218 402)
Biological assets	**7 751**	7 777
Other	**3 574**	(4 498)
	614 872	600 790
Opening balance	**600 790**	543 272
Recognised in profit or loss	**27 980**	(30 296)
Recognised in other comprehensive income	**(23 159)**	38 170
Recognition on acquisition of subsidiary	**(2 600)**	49 678
Effect of foreign currency exchange differences	**11 861**	(34)
Net deferred tax liability at 31 December	**614 872**	600 790

NOTES (CONTINUED)

for the year ended 31 December 2020

42. Bank overdrafts

The Company has an overdraft facility amounting to R60 million (2019: R60 million). The facility bears interest at the bank's prime lending rate. The overdraft facility is unsecured.

The Company has signed a limited guarantee for the overdraft facility of a wholly-owned subsidiary to the extent of R35 million (2019: R65 million). At the end of the year, the overdraft secured by this limited guarantee was R27.9 million (2019: R56.6 million). The subsidiary has also pledged trade receivables amounting to R18.9 million (2019: R27.6 million) as security for the overdraft facility.

R'000	2020	2019
43. Notes to the cash flow statement		
43.1 Adjustments for non-cash items		
Share of profits of associates and joint ventures	**(153 198)**	(144 136)
Interest income and dividends received	**(138 989)**	(228 426)
Government grant income	**(4 007)**	(3 972)
Fair value losses	**174 690**	71 672
Loss on remeasurement of previously held interest in associate	**391**	—
Impairment of property, plant, equipment and vehicles	**45 895**	—
Amortisation of intangible assets	**9 515**	10 565
Gain on bargain purchase	**(5 200)**	(891)
Unrealised foreign exchange losses/(gains)	**11 920**	(2 538)
Finance costs	**400 725**	530 507
Taxation	**152 914**	106 220
Depreciation of property, plant, equipment and vehicles and right of use assets	**229 279**	189 407
Share-based payment expense	**17 820**	9 435
Increase/(decrease) in long and short-term provisions	**15 280**	(16 399)
Biological assets mortalities	**11 627**	9 345
Actuarial loss on post-retirement medical aid obligation	**619**	3 645
Other movement in non-cash items	**(4 986)**	528
Insurance proceeds	**(25 747)**	—
Loss/(profit) on disposal of property, plant, equipment and vehicles	**8 225**	(77 703)
	746 773	457 259
43.2 Income taxes		
Income tax		
Prepaid at the beginning of the year	**(7 957)**	(20 247)
Acquisitions through business combinations	**2 266**	(2 152)
	(5 691)	(22 399)
Provided during year	**123 968**	136 505
Prepaid at the end of the year	**4 997**	7 957
Income tax paid	**123 274**	122 063
Dividends tax		
Dividends tax paid	**–**	11
Total taxes paid	**123 274**	122 074
43.3. Finance costs		
Finance costs recognised in profit or loss	**400 725**	530 507
Adjustment for non-cash items	**(96 367)**	(259 663)
Finance costs paid	**304 358**	270 844

43.4 Changes in liabilities arising from financing activities

R'000	Borrowings	Leases	Total
Balance as at 1 January 2019	4 338 503	—	4 338 503
IFRS 16 transition	—	158 796	158 796
Cash flows	733 299	(18 203)	715 096
New leases	—	35 389	35 389
Foreign exchange adjustments	(7 387)	(243)	(7 630)
Other changes*	282 638	(797)	281 841
Balance as at 31 December 2019	**5 347 053**	**174 942**	**5 521 995**
Cash flows	**(1 041 471)**	**(19 786)**	**(1 061 257)**
New leases	**—**	**14 712**	**14 712**
Foreign exchange adjustments	**36 331**	**1 083**	**37 414**
Other changes*	**83 087**	**17 516**	**100 603**
Balance as at 31 December 2020	**4 425 000**	**188 467**	**4 613 467**

* Other changes include non-cash movements, including accrued interest expense which will be presented as operating cash flows in the statement of cash flows when paid.

NOTES (CONTINUED)

for the year ended 31 December 2020

44. Segmental information

Information reported to the Group's operating decision makers for the purpose of resource allocation and assessment of segment performance is specifically focused on the individual entity in which Brimstone has invested. The Group's reportable segments under IFRS 8 *Operating Segments* are therefore food, insurance, clothing and investments. Investments include investments in associates and joint ventures, investments at FVTPL, investments at FVTOCI, and the Group's administrative head office.

R'000	2020	2019
Segment revenues and results		
Segment revenue		
Food	**4 383 339**	3 970 452
Insurance	**(11 087)**	159 116
Clothing	**58 613**	137 249
Investments	**283 855**	173 268
Total revenue	**4 714 720**	4 440 085
Segment profit/(loss) from operations		
Food	**643 625**	605 451
Insurance	**(59 407)**	(71 435)
Clothing	**(75 317)**	(26 530)
Investments	**41 123**	148 623
Total profit from operations	**550 024**	656 109
Fair value losses	**(175 081)**	(71 672)
Other investment losses	**(46 681)**	(69 680)
Share of profits of associates and joint ventures	**153 198**	144 136
Interest income	**28 345**	53 163
Finance costs	**(400 725)**	(530 507)
Taxation	**(152 914)**	(106 220)
(Loss)/profit for the year	**(43 834)**	75 329
Segment assets and liabilities		
Segment assets		
Food	**5 703 878**	5 500 693
Insurance	**179 798**	383 270
Clothing	**71 225**	135 824
Investments	**4 388 675**	5 247 358
Total segment assets	**10 343 576**	11 267 145
Segment liabilities		
Food	**2 999 673**	3 002 479
Insurance	**324 591**	490 239
Clothing	**39 356**	69 349
Investments	**3 222 555**	4 028 390
Total segment liabilities	**6 586 175**	7 590 457

R'000	2020	2019
Other segmental information		
Depreciation and amortisation		
Food	**219 293**	183 484
Insurance	**3 349**	3 058
Clothing	**6 377**	12 154
Investments	**9 775**	1 276
Total segment depreciation and amortisation	**238 794**	199 972
Additions to non-current assets		
Food	**339 822**	336 916
Clothing	**11 456**	5 179
Investments	**55 451**	19 422
Total segment additions to non-current assets	**406 729**	361 517

The Group operates in two principal geographical areas – Republic of South Africa and Australia.

The Group's revenue from external customers by location of operations and information about its non-current assets by location of assets are detailed below.

	Revenue from external customers		Non-current assets	
	2020	2019	2020	2019
South Africa	**4 172 243**	4 002 333	**5 429 072**	5 204 267
Australia	**542 477**	437 752	**896 678**	718 291
	4 714 720	4 440 085	**6 325 750**	5 922 558

45. Contingent liabilities

The Company has irrevocably and unconditionally guaranteed the due and punctual payment and performance by Newshelf 1063 RF (Pty) Ltd for preference shares issued by Newshelf 1063 RF (Pty) Ltd to a financial institution.

The Company has subordinated its rights and claims of any nature against Newshelf 1269 (RF) (Pty) Ltd for the benefit and in favour of funders and preference shareholders.

The Company has guaranteed the post-redemption obligations of Newshelf 1064 (RF) (Pty) Ltd, Oceana SPV (Pty) Ltd, Newshelf 1269 (Pty) Ltd and Friedshelf 1535 (RF) (Pty) Ltd for preference shares issued by those subsidiaries.

The Company has issued a letter of support to the Financial Services Conduct Authority in respect of its insurance subsidiary, stating its willingness to capitalise this subsidiary up to a maximum amount of R120 million, should the need arise.

R'000	2020	2019
46. Capital commitments		
Commitments for the acquisition of property, plant, equipment and vehicles:		
Contracted for	**32 023**	15 632
Authorised by directors but not contracted for	**186 508**	275 035
Total commitments	**218 531**	290 667

The commitments will be funded from internal cash resources.

NOTES (CONTINUED)

for the year ended 31 December 2020

47. Share-based payments

Accounting policy

The Group has equity-settled compensation plans and a reclassified cash-settled compensation plan.

Equity-settled schemes

Equity-settled share-based payments to certain employees are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions.

Fair value is measured using the Monte Carlo method. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Reclassification from equity-settled to cash-settled

Upon the reclassification or modification of an equity-settled share scheme to cash-settled, the Group measures the liability initially using the reclassification date fair value of the equity award based on the elapsed portion of the vesting period. This amount is recognised as a liability with the corresponding entry in equity. Subsequent to the modification of the share scheme, the Group recognises, as a minimum, the services received measured at the grant date fair value of the equity instruments granted in profit or loss and the remaining fair value at modification date is transferred to the share-based payment liability as the services are rendered.

The fair value of the share-based payment liability is remeasured at each reporting date and at the date of settlement, with changes in fair value recognised in profit or loss.

The Group recognised total expenses of R32.6 million (2019: R41.0 million).

Share option scheme

Certain employees held outstanding options in respect of 185 516 "N" ordinary shares at the beginning of the year, all of which were forfeited. The share option scheme expired and was replaced by the forfeitable share plan, details of which are set out below.

Forfeitable share plan

The Company adopted a forfeitable share plan which was approved by shareholders on 18 December 2014. In terms of the forfeitable share plan, executive directors, top and senior managers will be awarded performance shares in the Company. The performance shares are linked to a requirement of continued employment over the prescribed period, the Company's performance and strategic, individual performance conditions which have to be met.

Number of forfeitable shares	2020	2019
"N" ordinary shares		
Outstanding at beginning of year	**3 528 532**	4 047 802
Awarded during year	**1 974 550**	1 468 830
Forfeited	**(1 126 053)**	(1 701 717)
Vested during the year	**–**	(286 383)
Outstanding at end of year	**4 377 029**	3 528 532

Grant date	Number of shares	Grant date fair value R'000	Expected life (years)	Remaining life (years)
18 February 2018	1 002 631	9 014	3	0.2
4 March 2019	1 399 848	9 645	3	1.2
24 February 2020	1 974 550	10 514	3	2.2
	4 377 029			

Share incentive scheme

During the current year, participants of the share incentive scheme known as Cocoon, did not receive any benefits as the scheme was out of the money. The share incentive scheme expired in the current financial year.

Sea Harvest Group Limited – Share-based payment plans

The group has two controlled trusts which have been established as vehicles through which certain executives, senior management and employees have made an investment in or acquired an economic exposure to an investment in shares in the company and a forfeitable share plan which was adopted to attract, retain, incentivise and reward the right calibre of employees.

R'000	2020	2019
Equity-settled compensation plans		
The Sea Harvest Management Investment Trust No. 2	**(42 441)**	(42 441)
Sea Harvest Employee Share Trust	**(25 749)**	(23 150)
Sea Harvest Australia	**(3 186)**	–
Forfeitable share plan	**38 028**	46 519
Share-based payment reserve	**(33 348)**	(19 072)
Cash-settled compensation plans		
The Sea Harvest Management Investment Trust No. 2	**–**	15 909
Sea Harvest Employee Share Trust	**31 510**	27 509
Share-based payment liabilities	**31 510**	43 418

The Sea Harvest Management Investment Trust No. 2

The Sea Harvest Management Investment Trust No. 2 was established as an investment vehicle for senior executives of Sea Harvest Corporation Proprietary Limited to acquire shares in the company. Before the modification in 2017, the options vested in tranches of 40%, 30%, 20% and 10% starting in 2019 and expire eight years after grant date. In 2017 the scheme was modified and 75% of the options vested. 15% of the remaining options will vest in March 2019 and 10% in March 2020. As a result of the settlement of a significant portion of the scheme in cash, it was considered to be a cash-settled scheme with the fair value of the liability remeasured at each reporting date. The share incentive scheme is cash settled with the fair value of the liability measured at reporting date.

Sea Harvest Employee Share Trust

The Sea Harvest Employee Share Trust, was established as an investment vehicle for employees of Sea Harvest Corporation Proprietary Limited to acquire an economic exposure to an investment in shares in the company. Before the modification in 2017, the options vested fully in 2022 and expire eight years after grant date. In 2017, the scheme was modified and 50% of the options vested. The remaining 50% of the options will vest in 2022. The share incentive scheme is cash settled with the fair value of the liability measured at reporting date.

NOTES (CONTINUED)

for the year ended 31 December 2020

47. Share-based payments (continued)

Forfeitable Share Plan

Sea Harvest Group Limited has a forfeitable share plan to attract, retain, incentivise and reward the right calibre of employees. The following awards are issued:

1. Performance shares

Annual awards of performance shares to key executives and strategic management, as a percentage of guaranteed pay and the vesting of which will be subject to:

i) the employment condition of three years post award date; and

ii) sufficiently stretching performance conditions measured over a three year period which include a combination of total shareholder return in relation to a comparator group, headline earnings per share, return on capital employed and transformation.

2. Bonus shares

Annual awards of bonus shares to key executives and strategic management in the form of a matched short-term incentive, the vesting of which will be subject to an employment condition of three years from award date.

3. Retention shares

Once-off awards of retention shares upon listing in order to retain key executives and selected members of strategic management instrumental in delivering the Sea Harvest group's business strategy.

The shares will vest in equal annual tranches over either five years (CEO and Key Executives) or three years (other) from award date. Ad hoc awards of retention shares to key employees to address retention risks or sign-on requirements and the vesting of which will be subject to varying employment conditions.

Shares that have not been exercised in accordance with the rules of the plan are forfeited upon termination of employment, other than on death, retrenchment or retirement. The fair value of the equity-settled shares plan is estimated at the award date using the Monte Carlo model, taking into account the terms and conditions upon which the options were granted.

48. Retirement benefit plan

Brimstone's Provident Fund is administered by the Old Mutual SuperFund Provident Fund. Contributions payable to the fund and charged to profit or loss amounted during the year to R1.99 million (2019: R1.89 million).

Wholly-owned subsidiary, House of Monatic (Pty) Ltd, is a member of the Clothing Industry National Bargaining Council and as such, it is compulsory for all qualifying employees to be members of the Clothing Industry Bargaining Council Provident Fund. Employees of House of Monatic (Pty) Ltd who do not qualify for membership of the Provident Fund are members of the House of Monatic Pension Fund. The fund is administered by Old Mutual Superfund. The contributions payable to the funds by the employer in terms of the rules of the funds are charged to profit or loss and during the year amounted to R2.59 million (2019: R4.04 million).

Employees of Obsidian Health (Pty) Ltd, a partially-owned subsidiary, are members of the Obsidian Health Pension Fund, a defined contribution plan governed by the Pension Fund Act, 1956. Retirement benefits are determined with reference to both company and the employee contributions to the fund. The cost charged to profit or loss represents contributions payable to the scheme by the company at rates specified in the rules of the scheme. Contributions amounted to R3.71 million.

All permanent staff of Brimstone Investment Corporation Limited and its subsidiaries were members of a retirement fund.

Sea Harvest Group Limited

Defined contribution funds

The group provides for retirement benefit plans for all qualifying employees through independent funds. These funds (listed below) are governed by the Pension Funds Act of 1956 of the Republic of South Africa, except for the Australian Fund.

	2020	2019
The number of employees that belong to each fund are:		
Sea Harvest Old Mutual Superfund Provident Fund	**1 564**	1 680
Sea Harvest Old Mutual Superfund Management Provident Fund	**20**	23
Sea Harvest Old Mutual Superfund Pension Fund	**114**	115
Sanlam Umbrella Provident Fund	**645**	633
Sanlam Umbrella Pension Fund	**162**	161
NMG Umbrella Pension Fund	**259**	272
Old Mutual Corporate Business Fund	**363**	341
Australian BT Super Fund	**46**	58

The only obligation of the group with respect to the retirement benefit plans' funds is to make the specified contributions each month.

The total expense recognised in profit or loss of R43.7 million (2019: R42.3 million) represents contributions payable to these funds by Sea Harvest at rates specified in the rules of the funds.

Post-retirement medical assistance

The group has undertaken to subsidise a portion of medical aid subscriptions for certain employees who meet specific criteria. The projected unit credit method was used to value the liability, as prescribed by IAS 19 *Employee Benefits*. The latest full actuarial valuation was performed on 31 December 2020. The group has no separately identified plan assets to fund the liability. At 31 December 2020 there were 43 (2019: 43) employees who qualified for the benefit.

R'000	2020	2019
Amounts recognised in profit or loss in respect of these defined benefit schemes are as follows:		
Current service cost	**157**	209
Interest cost	**2 138**	2 537
Actuarial gain recognised	**(619)**	(3 645)
	1 676	(899)
Changes in the present value of the defined benefit obligation are as follows:		
Defined benefit obligation at beginning of year	**22 395**	25 121
Current service cost	**157**	209
Interest cost	**2 138**	2 537
Actuarial gain arising in the current year	**(619)**	(3 645)
Benefits paid	**(1 904)**	(1 827)
Defined benefit obligation at year end	**22 167**	22 395
The principal assumptions of the actuarial valuation are:		
Discount rate (%)	**11**	10.0
Health care cost inflation (%)	**7.10 – 7.60**	7.1 – 7.6
Retirement age	**63 or 65**	63 or 65

NOTES (CONTINUED)

for the year ended 31 December 2020

48. Retirement benefit plans (continued)

Post-retirement medical assistance (continued)

The risks faced by the group as a result of the post-retirement healthcare obligation can be summarised as follows:

- **Inflation:** The risk that future CPI inflation and healthcare cost inflation are higher than expected and uncontrolled.
- **Longevity:** The risk that pensioners live longer than expected and thus their healthcare benefit is payable for longer than expected.
- **Open-ended, long-term liability:** The risk that the liability may be volatile in the future and uncertain.
- **Future changes in legislation:** The risk that changes to legislation with respect to the post-employment liability may increase the liability for the group.
- **Future changes in the tax environment:** The risk that changes in the tax legislation governing employee benefits may increase the liability for the group.
- **Perceived inequality by non-eligible employees:** The risk of dissatisfaction of employees who are not eligible for a post-employment healthcare subsidy.
- **Administration:** Administration of this liability poses a burden to the group.
- **Enforcement of eligibility criteria.**

The average duration of the benefit obligation at 31 December 2020 is 9.5 years (2019: 10.2 years).

The group expects to make a contribution of R1.8 million (2019: R1.9 million) to the defined benefit plans during the next financial year.

The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions above occurring at the end of the reporting period, while holding all other assumptions constant.

- If the discount rate is 100 basis points higher (lower), the defined benefit obligation would decrease by R1.7 million (increase by R1.9 million).
- If the expected healthcare cost inflation increases by 5% for 5 years and increase by 10% for 5 years, the defined benefit obligation would increase by R3.4 million (increase by R7.4 million).
- If the expected retirement age decreases by one year for both men and women, the defined benefit obligation would decrease by R0.06 million (decrease by R0.1 million).

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the statement of financial position.

Lion of Africa

Lion of Africa operates a pension scheme on a defined contribution basis. This pension scheme is governed by the Pension Funds Act,1956. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. The scheme is funded through payments to trustee-administered funds on a mandatory basis. The company has no legal or constructive obligations to pay further contributions once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due. Contributions of R0.99 million (2019: R2.74 million) were paid during the year.

49. Financial instruments

49.1 Capital risk management

The Group manages its capital to ensure that entities within the group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in notes 36 and 42, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves as disclosed in notes 29 to 34 and retained earnings.

The Group's board reviews the capital structure on a regular basis and in particular when an acquisition of an investment is planned. As a part of this review, the Board considers the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

The Group's overall strategy remains unchanged from the previous year.

As given effect to by the Financial Sector Regulation Act, the Prudential Authority has taken over the responsibilities regulating insurance companies and in particular, to set capital requirements and monitor capital positions of insurers relative to requirements. On 1 July 2018, the Insurance Act was issued and enabled the Prudential Authority to implemented the Solvency Assessment and Management (SAM). Through the Financial Standards for Insurers (FSI), the Prudential Authority prescribes approaches for valuing assets and liabilities of insurers and ultimately, to determine the solvency position of insurers.

Although Lion of Africa is in run-off, it is still required to complete the SAM quarterly returns and based on interim figures, the company's Eligible Own Funds to meet the Solvency Capital Requirement (SCR) as at 31 December 2020 was a negative R63 million versus the SCR requirement of R35 million, this gave a negative SCR cover ratio of 1.80 for the company. The Prudential Authority requires insurers to maintain an SCR cover ratio of at least 1. Brimstone has issued a letter of guarantee for R120 million and will contribute capital if required.

R'000	2020	2019
49.2 Categories of financial instruments		
Financial assets		
Classified as at FVTPL	**1 322 128**	2 730 462
Derivative financial assets carried at fair value	**403 923**	270 053
Amortised cost (including cash and cash equivalents)	**1 346 397**	1 254 693
Trade receivables	**667 757**	741 610
Loans and receivables	**17 529**	18 742
Loans to supplier partners	**85 484**	78 464
Cash and cash equivalents	**427 894**	319 172
Loans to associate companies and joint ventures	**147 733**	96 705
Classified as at FVTOCI	**25 265**	25 265
Financial liabilities		
Contingent consideration at FVTPL	**99 974**	90 862
Derivative financial liabilities carried at fair value	**25 643**	17 203
Amortised cost	**5 284 719**	6 100 065
Fishing licence liability	**24 662**	41 610
Long and short-term borrowings	**4 425 000**	5 347 052
Bank overdrafts	**32 742**	65 206
Trade and other payables	**802 315**	646 197

NOTES (CONTINUED)

for the year ended 31 December 2020

49. Financial instruments (continued)

49.3 Financial risk management objectives

A committee consisting of executives of the holding company and of the Group's subsidiaries monitors and manages the Group's financial risks relating to the operations of the Group. These risks include market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The recommendations of this committee are presented to the Audit and Risk Committee and, if necessary, the board of directors for approval. The Group does not enter into or trade in financial instruments, including derivative instruments, for speculative purposes.

49.4 Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign exchange (see 49.5 below), interest rates (see 49.6 below) and equity price risk (see 49.10 below). There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk.

49.5 Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies which give rise to exchange rate fluctuations. The carrying amount of the Group's uncovered foreign currency denominated monetary assets and monetary liabilities at the reporting date is as follows:

R'000	2020	2019
Assets		
USD-denominated	**6 210**	46 347
GBP-denominated	**1 617**	11 254
EURO-denominated	**197 985**	218 179
AUD-denominated	**10 903**	3 994
Liabilities		
USD-denominated	**207**	1 516
GBP-denominated	**1 541**	656
EURO-denominated	**4 326**	879

The Group has a foreign denominated bank account.

Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a 10% increase and decrease in the Rand against the respective foreign currencies. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 10% change in foreign currency rates. A negative number indicates a decrease in profit where the Rand strengthens by 10% against the relevant currency. For a 10% weakening in the Rand against the relevant currency, there would be an equal and opposite effect on the loss.

	2020	2019
USD	**(1 566)**	(2 130)
GBP	**75**	66
EURO	**(37 759)**	(33 806)
AUD	**(1 982)**	399

All profits or losses are attributable to the exposure on outstanding receivables and payables at year end in the Group.

Hedge accounting

Cash flow hedges

Due to the volatility in foreign currency rates and commodity prices, the Group enters into derivatives such as options, swaps and forward exchange contracts for the purpose of minimising the Group's exposure to fluctuations in cash flows over the hedging period that results from the volatility. The Group applies IFRS 9 for hedge accounting.

The derivatives are designated as effective cash flow hedging instruments at year end. The effective portion of changes in the fair value of the derivatives is recognised in other comprehensive income and accumulated in the cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

The Group designates only the spot element of forward contracts as a hedging instrument. The forward element is recognised in other comprehensive income and accumulated in a separate component of equity under cost of hedging reserve. The hedges relate to highly probable forecast transactions, and critical terms of both the hedged items and the hedging instruments are the same. The Group performs a qualitative assessment of effectiveness and it is expected that the value of the forward contracts and the value of the corresponding hedged items will systematically change in the opposite direction in response to the movements in the underlying exchange rates.

The main sources of ineffectiveness in these hedge relationships are the effect of counterparty and the Group's own credit risk on the fair value of the forward contracts, which is not reflected in the fair value of the hedged item attributable to changes in the foreign exchange rates. No other sources of ineffectiveness emerged from these relationships.

Forward exchange contracts

The Group enters into forward exchange contracts to buy and sell specified amounts of various foreign currencies in the future at a predetermined exchange rate. The contracts are entered into to manage the Group's exposure to fluctuations in foreign currency exchange rates on specific transactions. The contracts are matched by anticipated future cash flows in foreign currencies, primarily from sales. It is the Group's policy to enter into forward exchange contracts for all net foreign currency trade or capital items. Where a relatively short settlement period is involved and risk is minimal, no forward exchange contract is entered into. There were open forward exchange contracts to the value of R1.7 billion (2019: R1.3 billion) at year end.

The following tables detail the amounts that the Group is contracted to sell under forward exchange contracts in respect of future receivables:

2020	R'000	Exchange rate	Contractual expiry dates
USD	**23 977**	**15.02**	**29 December 2020 – 30 April 2021**
EURO	**1 469 479**	**18.70**	**28 February 2020 – 28 February 2022**
AUD	**178 576**	**11.34**	**2 March 2020 – 28 February 2022**

2019	R'000	Exchange rate	Contractual expiry dates
USD	7 044	16.57	31 January 2020
USD	96 834	15.24	31 January 2020 – 31 December 2020
AUD	73 894	10.33	18 February 2020 – 31 December 2020
EURO	1 438 331	17.97	30 January 2018 – 31 December 2020
EURO	242 915	18.07	31 January 2020 – 31 December 2020
GBP	1 359	18.87	31 January 2020

NOTES (CONTINUED)

for the year ended 31 December 2020

49. Financial instruments (continued)

49.5 Foreign currency risk management (continued)

The following table details the amounts that the Group is contracted to buy under forward exchange contracts in respect of future payables:

2020	R'000	Exchange rate	Contractual expiry dates
USD	4 894	14.78	21 December 2020 – 25 January 2021
GBP	1 854	14.69	22 December 2020 – 16 February 2021
EURO	482	18.41	16 November 2020 – 17 February 2021
EURO	2 081	18.43	29 October 2020 – 15 March 2021

2019	R'000	Exchange rate	Contractual expiry dates
EURO	3 769	16.43	2 January 2020 – 13 March 2020

R'000	2020	2019
Hedge accounting applied in respect of foreign currency and price risk cash flow hedges		
■ Foreign currency forward exchange contracts	27 107	124 786

The foreign exchange currency contracts have been acquired to hedge the underlying currency risk arising from firm commitments received from customers for the purchase of goods, as well as forecast sales.

The majority of cash flows are expected to occur and affect profit or loss within the next 12 months.

49.6 Interest rate risk management

The Group is exposed to interest rate risk as entities in the Group borrow funds at both fixed and floating interest rates. The Group's exposure to interest rate risk on financial liabilities are detailed in the liquidity risk management section.

Interest rate sensitivity

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the reporting date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the balance date was outstanding for the whole year.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's profit (2019: profit) for the year would decrease/increase by R11.1 million (2019: decrease/increase by R15.8 million) in the Group as a result of their exposure to interest rates on their variable rate borrowings.

49.7 Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Financial assets which potentially subject the Group to concentrations of credit risk consist of cash and receivables. The Group's cash is placed with recognised financial institutions. Trade receivables comprise a large, widely spread customer base, avoiding an excessive concentration of risk with a small number of customers. The Company, prior to advancing funds to subsidiaries, associates, joint ventures and investments, reviews through its Investment Committee the entity's ability to repay the funds.

R'000	2020	2019
Unutilised banking facilities		
Total banking and loan facilities	5 689 279	6 428 275
Facilities utilised	(4 457 742)	(5 412 256)
Cash and cash equivalents	427 894	319 172
Unutilised banking facilities and cash and cash equivalents	1 659 431	1 335 191

Certain of the borrowing facilities may only be utilised subject to share cover ratios and the consent of the bankers. Cash and cash equivalents includes R14.6 million (2019: R42.5 million) held by Lion of Africa which may only be utilised in insurance activities.

49.8 Liquidity risk management

Liquidity and interest rate risk tables

The following tables detail the Group's remaining contractual maturity for non-derivative financial liabilities and assets. The liability tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the liabilities can be repaid and includes both interest and principal cash flows. The asset tables have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where it is anticipated that the cash flow will occur in a different period.

The Group's exposure to liquidity and interest rate risk and the effective rates of interest at reporting date are as follows:

2020	Weighted average effective interest rate %	Less than 1 year R'000	1 – 5 years R'000	Over 5 years R'000	Total R'000
Assets					
Investments at FVTPL and at FVTOCI	Interest free	555 035	—	792 358	1 347 393
Participating preference shares held in investment in associate	3.6	—	—	46 681	46 681
Loans to associate companies and joint ventures	Interest free	—	—	44 097	44 097
Loans to associate companies	Prime plus 2	5 624	16 336	45 379	67 339
Loans to associate companies	Jibar plus 2.65	—	—	13 431	13 431
Loans and receivables	18	8 793	3 106	—	11 899
Loans and receivables	Interest free	—	—	13 057	13 057
Trade receivables	Interest free	667 757	—	—	667 757
Loans to supplier partners	Jibar plus 2.65	5 036	66 719	23 701	95 456
Other financial assets	Interest free	346 499	27 334	30 090	403 923
Insurance assets	Interest free	70 153	—	—	70 153
Cash and cash equivalents	Bank deposit rates	427 894	—	—	427 894
		2 086 791	113 495	1 008 794	3 209 080
Liabilities					
Long-term interest bearing borrowings	5.79	—	3 408 833	454 560	3 863 393
Short-term interest bearing borrowings	5.79	165 362	—	—	165 362
Instalment sale agreement borrowings – fixed rate	4.87	5 914	3 993	—	9 907
Funded equity option (Zero Cost Collar) – fixed rate	8.1	906 975	—	—	906 975
Trade payables	Interest free	585 902	—	—	585 902
Other payables	Interest free	216 413	—	—	216 413
Other financial liabilities	2.35	46 326	22 388		68 714
Insurance liabilities	Interest free	226 213	—	—	226 213
Bank overdrafts	Prime	32 742	—	—	32 742
		2 185 847	3 435 214	454 560	6 075 621

NOTES (CONTINUED)

for the year ended 31 December 2020

49. Financial instruments (continued)

49.8 Liquidity risk management (continued)

2019	Weighted average effective interest rate %	Less than 1 year R'000	1 – 5 years R'000	Over 5 years R'000	Total R'000
Assets					
Investments at FVTPL and at FVTOCI		711 423	610 061	1 434 244	2 755 728
Participating preference shares held in investment in associate	3.6	–	–	41 566	41 566
Loans to associate companies	Interest free	–	–	55 139	55 139
Loans and receivables	18	1 928	11 644	324	13 896
Loans and receivables	Interest free	2 468	–	5 732	8 200
Trade receivables	Interest free	741 610	–	–	741 610
Loans to supplier partners	Jibar plus 2.65	1 989	81 141	18 277	101 407
Other financial assets	Interest free	185 514	61 320	23 218	270 052
Insurance assets	Interest free	205 538	–	–	205 538
Cash and cash equivalents	Bank deposit rates	319 172	–	–	319 172
		2 169 642	764 166	1 578 500	4 512 308
Liabilities					
Long-term interest bearing borrowings	7.93	–	3 858 872	–	3 858 872
Short-term interest bearing borrowings	8.95	916 146	–	–	916 146
Instalment sale agreement borrowings – fixed rate	8.23	11 591	5 914	–	17 505
Funded equity option (Zero Cost Collar) – fixed rate	8.1	662 003	686 297	–	1 348 300
Trade payables	Interest free	478 724	–	–	478 724
Other payables	Interest free	167 473	–	–	167 473
Other financial liabilities	8.187	32 455	26 358	–	58 813
Insurance liabilities	Interest free	442 574	–	–	442 574
Bank overdrafts	Prime	65 206	–	–	65 206
		2 776 172	4 577 441	–	7 353 613

49.9 Interest rate management

The factors which would be considered in the decision on fixed versus floating interest rates in respect of the Group's borrowings are:

- the perceived stage in the interest rate cycle
- the nature and characteristics of the borrowings concerned
- the nature of the assets financed by the borrowings in question

Interest rate swap contracts are entered into should conditions be such that it would be advantageous to switch from a fixed to a variable rate or vice versa. Such contracts would not be entered into for speculative reasons.

49.10 Equity Price Risk

The portfolio of listed equities and equities held through the subsidiaries which are carried in the statement of financial position at fair value, has exposure to significant equity price risk, being the potential loss in market value resulting from an adverse change in prices. The Group's holdings are diversified across more than one company. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Investment Committee. The primary goal of the Group's investment strategy is to maximise investment returns without incurring undue market risk.

At 31 December, the exposure to equity price risk resulted from the financial assets listed below:

R'000	2020	2019
Investments		
Directly held equities	**1 125 118**	2 711 809

Equity price risk sensitivity

The sensitivity analysis below has been determined based on the exposure to equity price movements from listed and unlisted equities.

If equities had been 1% higher/lower, loss for the year (2019: profit) would increase/decrease by R8.7 million (2019: increase/decrease by R22.4 million) in the Group.

49.11 Fair value of financial instruments

The estimated net fair values at 31 December 2020 have been determined using available market information and appropriate valuation methodologies and are not necessarily indicative of the amounts that the Group could realise in the ordinary course of business. The fair values of financial instruments in both the Group and the Company approximate the amounts reported in the statements of financial position.

The following methods and assumptions were used by the Company in establishing fair values:

Investments

These investments are valued each 6 months on the basis considered most appropriate to the investment concerned.

Cash and cash equivalents

The carrying amounts reported in the statements of financial position approximate fair values.

Trade receivables

The carrying value of trade receivables reported in the statements of financial position approximate fair values.

Other receivables

The carrying amounts reported in the statements of financial position approximate fair values.

Long-term interest bearing borrowings

The carrying amounts reported in the statements of financial position approximate fair values.

Short-term interest bearing borrowings

The carrying amounts reported in the statements of financial position approximate fair values.

Trade and other payables

The carrying amounts reported in the statements of financial position approximate fair values.

NOTES (CONTINUED)

for the year ended 31 December 2020

49. Financial instruments (continued)

49.12 Fair value measurements recognised in the statement of financial position

This note provides information about how the Group determines fair values of various financial assets, non-financial assets and financial liabilities.

Fair value of the Group's financial assets, non-financial assets and financial liabilities that are measured on a fair value basis on a recurring basis

Some of the Group's financial assets, non-financial assets and financial liabilities are measured at fair value at each reporting date. The following table gives information about how the fair values of these financial assets, non-financial liabilities and financial liabilities are determined (in particular, the valuation technique(s) and inputs used). The directors consider that the carrying amounts of financial assets, non-financial assets and financial liabilities not measured at fair value on a recurring basis (but fair value disclosures are required) recognised in the consolidated financial statements approximate their fair values.

R'000

31 December 2020	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	**–**	**403 923**[1]	**–**	**403 923**
Listed shares	**1 125 118**	**–**	**–**	**1 125 118**
Unlisted shares	**–**	**–**	**197 011**[2]	**197 011**
Non-financial assets at fair value				
Biological assets	**–**	**–**	**160 408**[3]	**160 408**
Financial assets at FVTOCI				
Unlisted shares	**–**	**–**	**25 265**[4]	**25 265**
Total	**1 125 118**	**403 923**	**382 684**	**1 911 725**
Financial liabilities at FVTPL				
Contingent consideration	**–**	**–**	**99 974**[5]	**99 974**
Derivative financial liabilities	**–**	**50 305**[1]	**–**	**50 305**
Total	**–**	**50 305**	**99 974**	**150 279**

R'000

31 December 2019	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	–	270 052[1]	–	270 052
Listed shares	2 537 690	–	–	2 537 690
Unlisted shares	–	–	192 773[2]	192 773
Non-financial assets at fair value				–
Biological assets	–	–	139 339[3]	139 339
Financial assets at FVTOCI				–
Unlisted shares	–	–	25 265[4]	25 265
Total	2 537 690	270 052	357 377	3 165 119
Financial liabilities at FVTPL				
Contingent consideration	–	–	90 862[5]	90 862
Derivative financial liabilities	–	58 813[1]	–	58 813
Total	–	58 813	90 862	149 675

49.12 Fair value measurements recognised in the statement of financial position

The table provided analysis financial instruments that are measured subsequent to initial recognition at fair value, grouped in Levels 1 to 3 based on the degree to which fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within 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 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There were no transfers between levels 1, 2 and 3 in the current or prior year.

There are no changes to unobservable inputs that might result in a significantly higher or lower fair value measurement within level 2 and level 3 financial assets, non-financial liabilities and liabilities.

Notes

1. The following methods and inputs are used in valuing level 2 financial assets and liabilities:
   - Options are independently valued using the Monte Carlo method, taking into account the number of option shares, the spot price per share, the risk free rate, dividend yield, volatility and outstanding debt of the relevant share.
   - The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
   - The fair value of forward exchange contracts is determined using forward exchange spot and forward rates at the reporting date.
   - The fair value of the Zero Cost Collar is calculated by an independent valuer using the Monte Carlo method, taking into account the spot price per share, the risk free rates, dividend and volatility.
2. Value is based on the effective interest held in the net assets of the underlying entity. In assessing the net assets of the underlying entity, substantially all of the assets are carried at fair value and all of the liabilities are carried at amortised cost. Therefore, application of Brimstone's percentage interest to the net asset value of the entity is the best indication of fair value of the investment. If the net assets of the underlying entity had been 10% higher/lower, loss for the year (2019: profit) would decrease/increase by R15.3 million (2019: increase/decrease by R15.0 million) in the Group.
3. Biological assets are measured at fair value less costs to sell. The fair value of fish, mussels, oysters, and abalone, are determined based on the market price of biological assets of a similar age, breed and genetic merit.
4. Value determined by an independent valuer:
   - financial assets represented by unlisted shares in a vessel owning company are valued based on the cash flows related to the vessel.
   - The Group has performed a sensitivity analysis relating to its exposure to a change in the assumptions used in the valuation. If there is a 5% change in the assumptions, the loss for the year (2019: profit) would decrease/increase by R1.2 million (2019: increase/decrease by R1.2 million).
5. The fair value of the contingent consideration arrangement is estimated by calculating the present value of the future expected cash flows. The estimates are based on a discount rate equal to the prime lending rate and the assumption that the earn-out targets will be met based on the best available forecast information.

R'000	2020	2019
Reconciliation of level 3 fair value measurements		
Opening balance	**266 515**	235 735
Total gains or losses – in profit or loss	**(2 289)**	74 581
Acquisitions/(disposals)	**18 484**	(43 801)
Closing balance	**282 710**	266 515

NOTES (CONTINUED)

for the year ended 31 December 2020

49. Financial instruments (continued)

49.13 Risks that arise from insurance contracts (Lion of Africa)

Insurance risks

The company issues contracts that transfer insurance risk.

Underwriting is the term used to describe the process of transfer of risk from the insured to the insurer in return for payment of an appropriate consideration, termed premium. This process carries the risk of incorrect or inappropriate assumptions leading to drafting of incorrect insurance contracts.

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable. Changing risk parameters and unforeseen factors, such as patterns of crime, economical and geographical circumstances, may result in unexpectedly large claims. These risks are controlled through a system of underwriting mandates and guidelines more thoroughly described below.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the company faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random and the actual number and amount of claims and benefits will vary from year to year.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio.

The various types of insurance contracts, which can be grouped into a number of segments, that have a material effect on the amount, timing and uncertainty of future cash flows arising from insurance contracts in the company are described below:

- **Property:** Property insurance contracts compensate the company's customers for damage suffered to their immovable or movable properties or for the value of property lost. Customers who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the insured properties in their business activities (business interruption cover).
- **Motor:** Motor insurance contracts provide indemnity for loss or damage to the insured motor vehicle. This cover is normally on an all risks basis providing a wide scope of cover following an accident or a theft of the vehicle but the insured can select restricted forms of cover such as cover for fire and theft only. Legal liabilities arising out of the use or ownership of the motor vehicle following an accident for damage to third party property or death or injury to a third party are also covered by this class of business.
- **Engineering:** Engineering insurance contracts provide indemnity for loss suffered through the use of machinery and equipment or the erection of buildings or structures. This type of contract includes contract works, removal of support, project delay, construction plant, machinery breakdown, loss of profits, deterioration of stock, dismantling, transit and erection, works damage and electronic equipment.
- **Marine:** Marine insurance contracts provide indemnity for both cargo and hull classes of business. Cargo covers physical loss of or damage to cargo, with a project delay option. Hull covers loss or damage to pleasure craft or commercial vessels as a result of accidents and also includes legal liability as a result of the accident.
- **Liability:** Liability insurance contracts provide indemnity for actual or alleged breach of professional duty arising out of the insured's activities, indemnify directors and officers of a company against court compensation and legal defence costs, provide indemnity for the insured against damages consequent to a personal injury or property damage.
- **Miscellaneous:** These insurance contracts provide indemnity for any loss or damage in respect of insurance contracts that do not fall into any of the above classes.

Management of insurance risk

This section summarises these risks and the way the company manages them. An advanced internal model is applied to ensure appropriate and accurate implementation of acceptable risk levels with regard to underwriting, reserving, credit risk and concentration of risk within the company. This model has not changed since the previous year.

Underwriting Strategy

The underwriting strategy seeks diversity to ensure a balanced portfolio in terms of type and amount of risk, industry and geography. The underwriting strategy is managed through exercising strict underwriting controls to ensure that the acceptance criteria for which risks are accepted meet both its underwriting guidelines and fall within its reinsurance acceptance limits.

Underwriting limits are in place to enforce appropriate risk selection criteria. For example, the company has the right not to renew individual policies, it can impose deductibles or it can impose special conditions that may require the insured to enforce certain risk reduction measures (for example a burglar alarm) before it will accept the risk.

The Insurance Services Division issues underwriting guides for the use of both internal staff (when policies are issued) and sales staff to utilise as guides when accepting risks or processing changes to policies already renewed with the company. The underwriting guidelines cover all lines of business underwritten by the company and include such matters as:

- Rating tables;
- Reinsurance risk categories and limits;
- Standard endorsements;
- Acceptance criteria; and
- Details of undesirable risks or risks for which the company has no reinsurance facilities.

Underwriters and sales staff are given various levels of mandates that specify which risks they may accept, the degree to which the standard rates may be varied and the levels to which they may commit the company's reinsurance facilities. These mandates are set after taking into account the staff member's qualifications, seniority and experience in dealing with various insurance risks.

In the development of the company's IT platform for underwriting, many of these controls have been automated in the system. This allows the company even tighter control over the business underwritten and will be closely managed through the automatic production of exception reports generated by the system. These exception reports will be subjected to audit by the company's Quality Assurance department.

Reinsurance strategy

To manage the underwriting result and protect capital, the company has adopted a multifaceted reinsurance strategy consisting of a proportional and non-proportional treaty programme as well as tailored facultative solutions.

Reinsurance is not a substitute for the company's liability to its policyholders and if, for any reason, a reinsurer fails to honour its obligations, the company remains liable in terms of the original policy.

The company therefore monitors closely and continuously the financial conditions of its reinsurers using public information, the evaluations of local and international ratings agencies and the services of our specialist consultants. The company's senior management also meets regularly with its reinsurance partners to consider and respond to developments in the global reinsurance markets.

The company's reinsurance strategy is also monitored continuously and reviewed and adjusted annually to align with the company's risk management and underwriting strategies.

NOTES (CONTINUED)

for the year ended 31 December 2020

49. Financial instruments (continued)

49.13 Risks that arise from insurance contracts (continued)

Concentration of insurance risk and policies mitigating the concentrations

The company's portfolio comprises commercial insurances, ranging from small enterprises to large corporations, parastatals and local authorities, and personal insurances which are insurances of individuals in their personal capacity.

The commercial portfolio has exposure to the major lines of business such as property, liability and motor and a limited exposure to the specialist classes of engineering and marine.

The company's acceptance in terms of any one risk is restricted in accordance with the relevant underwriting and reinsurance strategies to the prescribed limits. Furthermore, the portfolio is diversified both geographically and in terms of type and class of risk which limits the exposure to any accumulation of losses arising out of a concentration of aggregation of risks.

Exposure relating to catastrophe events

The treaty reinsurance programme purchased by the company includes protection against the aggregation of losses emanating from a single event such as a natural catastrophe.

The amount of protection which is purchased is determined using a number of internal and proprietary modelling tools to simulate a range of catastrophic events and to measure the aggregate, net, exposure based on the company's overall reinsurance strategy.

Based on this analysis, the company considers that its greatest exposure would result from the occurrence of an earthquake affecting Johannesburg and its surroundings.

Credit risk

The company determines counterparty credit quality by reference to ratings from independent ratings agencies, and where such ratings are not available, by internal analysis. The company structures the level of credit risk it accepts by monitoring limits on its exposure to a single counterparty, or counterparties and industry segments. Such risks are subject to an annual or more frequent review. Limits on the level of credit risk by category are approved by the Lion of Africa board of directors.

Exposures to individual policyholders, groups of policyholders and third parties are monitored as part of the credit control process. More than 50% of customers have been transacting with the company over the last five years, and losses have occurred infrequently.

Other risks and policies for mitigation of these risks

Insurance companies are exposed to the risk of false, invalid and exaggerated claims.

The company has the right to reject the payment of a claim where the insured has not complied with any of the conditions specified in the policy contract or where the claim is fraudulent in some aspect. Insurance contracts also entitle the company to pursue third parties for payment of some or all costs (i.e. subrogation). All claims are subject to reasonable investigation to establish that the loss is capable of being indemnified and that the quantum of the claim is reasonable and is commensurate with the damage suffered or awarded.

The company employs its own legal team to investigate claims involving third parties and has an internal procurement team to procure replacement goods on terms that are fair and reasonable to both the company and the insured. In addition the company makes use of external loss adjusters and attorneys for specialist or complex claims.

Claims development

The company is liable for all insured events that occur during the term of the contract, even if the loss is discovered after the end of the contract term, subject to pre-determined time scales dependent on the nature of the insurance contract. The company is therefore exposed to the risk that claims reserves will not be adequate to fund historic claims (run-off risk). To manage run-off risk the company takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures and adopts sound reserving practices. Consequently, the company has a history of positive claims development, i.e. the reserves created over time proved to be sufficient to fund the actual claims paid.

	Gross Claims Paid in respect of accident year				
	2020	**2019**	**2018**	**2017**	**2016**
	%	%	%	%	%
Financial year					
2020	**100**	20	11	3	3
2019	**–**	80	35	12	6
2018	**–**	–	54	47	5
2017	**–**	–	–	38	43
2016	**–**	–	–	–	42
	100	100	100	100	100

	Net Claims Paid in respect of accident year				
	2020	**2019**	**2018**	**2017**	**2016**
	%	%	%	%	%
Financial year					
2020	**100**	19	5	3	2
2019	**–**	81	39	10	5
2018	**–**	–	56	44	5
2017	**–**	–	–	43	37
2016	**–**	–	–	–	51
	100	100	100	100	100

NOTES (CONTINUED)

for the year ended 31 December 2020

R'000	2020	2019
50. Related party transactions and directors' interests		
Compensation of key management personnel		
The remuneration of executive directors and other key members of management during the year was as follows:		
Short-term benefits	**32 526**	30 063
Post-employment benefits	**1 749**	1 607
Share-based payments	**8 855**	5 275
	43 130	36 945

F Robertson, an executive director of the Company, is a beneficiary of a trust which is the ultimate controlling shareholder of an insurance broker that provides services to the Company and certain of its subsidiaries. The services are performed on a strictly market related arms' length basis and total fees paid for the services during the year amounted to R334 702 (2019: R615 582).

Brimsure (Pty) Ltd holds a 30% stake in Aon Re Africa (Pty) Ltd, is jointly controlled by Brimstone (60%) and Commlife Holdings (Pty) Ltd (40%), a company controlled by a trust of which F Robertson is a beneficiary.

In terms of a supply agreement between joint venture group, Vuna Fishing Company Proprietary Limited ("Vuna") and Sea Vuna Fishing Company Proprietary Limited ("SeaVuna") and Sea Harvest Group Limited's subsidiary, Sea Harvest Corporation Proprietary Limited ("Sea Harvest Corporation"), fish caught by Vuna and SeaVuna is marketed by Sea Harvest Corporation. Purchases from Seavuna during the year amounted to R221.4 million compared to R214.2 million for the year ended 31 December 2019. Sales to and other recoveries from Seavuna during the year amounted to R48.4 million compared to R61.8 million for the year ended 31 December 2019.

Fees paid to BTKM Inc., of which, non-executive director N Khan is a director, for the design and project management of alterations done to Brimstone's Epping property amounted to R0.3 million (2019: R0.5 million).

Transactions between the Company, associates and joint ventures:

R'000	2020	2019
Associates and Joint Ventures		
Dividends received	**145 960**	215 440
Interest received	**2 266**	–

The balances owing by associate companies and joint ventures are disclosed in appendix 2 on page 137.

The balances with associate companies and joint ventures will be settled by the transfer of funds.

Related party transactions are concluded on an arm's length basis.

51. Group borrowing powers

In terms of the memorandum of incorporation of the Company, borrowings of the Company and its subsidiaries are unlimited, subject to authorisation by the board of directors of the holding company.

52. Events after the reporting period

House of Monatic ("Monatic")

Subsequent to year end, wholly-owned subsidiary, Monatic entered into a binding heads of agreement with another clothing manufacturer to dispose of the factory's manufacturing assets and transfer of the related factory staff with effect from no earlier than 1 April 2021. The agreement is subject to the fulfilment of certain conditions precedent normal for a transaction of this nature. This disposal falls below the categorisation thresholds of the JSE Limited. The board of Monatic has also decided to run-down the retail operation over the remainder of the year in an orderly manner.

Zero Cost Collar

Refer to note 23 for details of the unwinding of the Zero Cost Collar, subsequent to year end.

53. COVID-19 pandemic and going concern

The Group has assessed the impact of the COVID-19 pandemic on the consolidated financial statements and considered the potential impairment indicators for its various subsidiaries, associates and joint ventures, as well as the assumptions used in testing goodwill for impairment. As at the date of approving these consolidated financial statements, management has assessed that there is no material impact on the consolidated financial statements for the year ended 31 December 2020 that has not been recognised.

As essential food manufacturers, the Group's major subsidiary, Sea Harvest, and major associate, Oceana, have been exempt from lockdown and will continue to be exempt. These entities have also produced resilient results during the 2020 financial year and once again proved their defensive nature in very tough economic and trading conditions.

The Brimstone board has assessed the funding facilities available to the Group and the projected cash flow forecast and is satisfied that sufficient funding and cash is available for a period of at least twelve months from the date of the approval of these consolidated financial statements. In addition, no covenants have been breached during the current financial year and no such breaches are anticipated during the next twelve months.

SUPPLEMENTARY REPORTS ON INVESTMENTS

as at 31 December 2020

Appendix 1

Interest in subsidiaries

	Issued share capital		Effective percentage holding	
	2020 R	2019 R	2020 %	2019 %
Held directly				
Company				
Firefly Investments 306 (Pty) Ltd				
Holds investment in Obsidian Health (Pty) Ltd	**5 000 000**	n/a	**80**	n/a
Brimco (Pty) Ltd	**1**	1	**100**	100
Holds investments in Newshelf 1411 (Pty) Ltd and Vuna Fishing Group (Pty) Ltd				
House of Monatic (Pty) Ltd	**30 572 408**	30 572 408	**100**	100
Manufacturer and distributor of clothing				
Septen Investments (Pty) Ltd	**1**	1	**100**	100
Held investment in Life Healthcare Group Holdings Limited				
Brimstone Properties (Pty) Ltd	**100**	100	**100**	100
Dormant				
Brimstone Commodities Trading (Pty) Ltd	**100**	100	**100**	100
Dormant				
Brimstone Securities Trading (Pty) Ltd	**100**	100	**100**	100
Dormant				
Brimbrands (Pty) Ltd	**1**	1	**100**	100
Dormant				
Brimsure (Pty) Ltd	**100**	100	**60**	60
Holds investment in Aon Re Africa (Pty) Ltd				
Newshelf 831 (RF) (Pty) Ltd	**15 335**	15 335	**97.8**	97.8
Dormant				
Oceana SPV (Pty) Ltd	**100**	100	**100**	100
Holds investment in Oceana Group Limited				
H Investments No 219 (Pty) Ltd	**100**	100	**100**	100
Formerly property owning				
Lion of Africa Insurance Company Limited	**95 000 001**	95 000 001	**100**	100
Short-term insurer				
Newshelf 1063 (RF) (Pty) Ltd	**167 163 234**	167 163 234	**100**	100
Holds investment in Newshelf 1064 (RF) (Pty) Ltd, Friedshelf 1535 (RF) (Pty) Ltd, Newshelf 1168 (Pty) Ltd, Newshelf 1169 (Pty) Ltd, Friedshelf 1534 (Pty) Ltd, Newshelf 1269 (RF) (Pty) Ltd and Newshelf 1416 (Pty) Ltd				
Newshelf 1331 (Pty) Ltd	**1**	1	**100**	100
Holds investment in Equites Property Fund Limited				
Newshelf 1354 (Pty) Ltd	**1**	1	**100**	100
Dormant				
Newshelf 1404 (Pty) Ltd	**1**	1	**100**	100
Holds investment in STADIO Holdings Limited and Newshelf 1409 (Pty) Ltd				
Business Venture Investments 933 (Pty) Ltd	**67**	67	**100**	100
Dormant				
Brim Tiger SPV (Pty) Ltd	**100**	100	**100**	100
Dormant				

	Issued share capital		Effective percentage holding	
	2020 R	2019 R	2020 %	2019 %
Held indirectly				
Obsidian Health (Pty) Ltd				
Distributor of healthcare products	**10**	n/a	**80**	n/a
Newshelf 1055 (Pty) Ltd	**100**	100	**100**	100
Dormant				
Newshelf 831 (RF) (Pty) Ltd	**15 335**	15 335	**2.2**	2.2
Dormant				
Newshelf 1064 (RF) (Pty) Ltd	**17 000**	17 000	**100**	100
Holds investment in Oceana Group Limited				
Newshelf 1062 (RF) (Pty) Ltd	**1**	1	**100**	100
Holds investment in MTN Zakhele Futhi (RF) Limited				
Newshelf 1168 (Pty) Ltd	**1**	1	**100**	100
Property owning				
Newshelf 1169 (Pty) Ltd	**1**	1	**100**	100
Holds investment in Sea Harvest Group Limited				
Newshelf 1269 (RF) (Pty) Ltd	**167 143 233**	167 143 233	**100**	100
Holds investment in Phuthuma Nathi Investments (RF) Limited				
Newshelf 1409 (Pty) Ltd	**1**	1	**51**	51
Holds investment in Milpark Investments SPV (Pty) Ltd				
Newshelf 1411 (Pty) Ltd	**1 656 483 997**	1 656 483 997	**100**	100
Holds investment in Sea Harvest Group Ltd				
Newshelf 1416 (RF) (Pty) Ltd	**1**	1	**100**	100
Holds investment in FPG Property Fund (Pty) Ltd				
Friedshelf 1535 (RF) (Pty) Ltd	**1**	1	**100**	100
Holds investment in Newshelf 1062 (RF) (Pty) Ltd				
Vuna Fishing Group (Pty) Ltd	**1 000**	1 000	**92.5**	92.5
Holds investment in Vuna Fishing Company (Pty) Ltd				
Neptune Underwriting Managers (Pty) Ltd	**1**	1	**100**	100
Underwriting management agency				
Sea Harvest Group Ltd	**1 809 037 706**	1 810 506 239	**54.2**	54.2
Investment holding				
Sea Harvest Corporation (Pty) Ltd	**100**	100	**100**	100
Deep sea fishing				
Cape Harvest Foods (Pty) Ltd	**100**	100	**100**	100
FMCG agency and retail business				
Sea Harvest International (Pty) Ltd	**100**	100	**100**	100
Holds investment in Sea Harvest (Pty) Ltd*				
Cape Harvest Food Group (Pty) Ltd	**100**	100	**100**	100
Holding company for Cape Harvest Foods (Pty) Ltd				
Cape Haddie Ltd	**100**	100	**100**	100
Dormant				
Atlantic Trawling (Pty) Ltd	**1 000 000**	1 000 000	**100**	100
Dormant				

SUPPLEMENTARY REPORTS ON INVESTMENTS (CONTINUED)

as at 31 December 2020

Appendix 1 (continued)

Interest in subsidiaries (continued)

	Issued share capital 2020 R	Issued share capital 2019 R	Effective percentage holding 2020 %	Effective percentage holding 2019 %
Held indirectly (continued)				
Sea Harvest Corporation of Namibia (Pty) Ltd	**N$100.000**	N$100.000	**100**	100
Dormant				
Sea Harvest (Pty) Ltd*	**246 964 101**	246 964 101	**100**	100
Fishing and fish processing based in Australia				
Sea Harvest Aquaculture (Pty) Ltd	**100**	100	**100**	100
Holding company of aquaculture business				
Viking Aquaculture (Pty) Ltd	**100**	100	**51**	51
Material subsidiaries of Viking Aquaculture (Pty) Ltd				
Molapong Aquaculture (Pty) Ltd	**1 000**	1 000	**82**	82
Tuna Marine (Pty) Ltd	**200**	200	**69**	69
Buffeljags Abalone Farm (Pty) Ltd	**100**	100	**100**	100
Luderitz Mariculture (Pty) Ltd	**388 000**	388 000	**95**	95
West Coast Oyster Growers (Pty) Ltd	**100**	100	**100**	100
West Coast Aquaculture (Pty) Ltd	**14 036**	14 036	**50**	50
Diamond Coast Aquaculture (Pty) Ltd	**100**	100	**90**	90
Viking Aquaculture and its subsidiaries farm abalone, mussels, oysters and trout				

* Formerly Mareterram Limited. Referred to as Sea Harvest Australia in these consolidated financial statements.

	Issued share capital 2020 R	Issued share capital 2019 R	Effective percentage holding 2020 %	Effective percentage holding 2019 %
Held indirectly				
Consolidated special purpose entities				
Brimstone Investment Corporation Limited Share Trust	**–**	–	**–**	–
The Brimstone Black Executives Investment Trust	**–**	–	**–**	–
The Brimstone General Staff Investment Trust	**–**	–	**–**	–
The Brimstone Broad-Based BEE Trust	**–**	–	**–**	–
The Sea Harvest Management Investment Trust No. 2	**–**	–	**–**	–
The Sea Harvest Employee Share Trust	**–**	–	**–**	–
The Sea Harvest Foundation NPC	**–**	–	**–**	–

The Company's interest in the aggregate profits and losses after taxation of consolidated subsidiaries was as follows:

R'000	2020	2019
Profits	**427 265**	453 630
Losses	**(475 457)**	(405 570)

All subsidiaries are incorporated in the Republic of South Africa with the exception of:

- Sea Harvest (Pty) Ltd which is incorporated in Australia
- Cape Haddie Ltd which is incorporated in Australia

Appendix 2

Investments in associate and joint venture companies

Unlisted	Reporting date	Effective percentage holding		Shares at cost/ valuation		Share of retained income/ (accumulated losses) since acquisition		Share of other comprehensive income		Share of distributions since acquisition		Indebtedness	
		2020 %	2019 %	2020 R'000	2019 R'000	2020 R'000	2019 R'000	2020 R'000	2019 R'000	2020 R'000	2019 R'000	2020 R'000	2019 R'000
Held directly													
■ by Company:													
Obsidian Health (Pty) Ltd (Distributor of healthcare products)	31 Dec.	**–**	25.07	**–**	1 254	**–**	4 279	**–**	13 646	**–**	–	**–**	–
South African Enterprise Development (Pty) Ltd (Entrepreneurial investments)	31 Mar.	**25.00**	25.00	**–**	–	**51**	18 498	**–**	–	**–**	–	**58 735**	52 351
Hot Platinum (Pty) Ltd (Manufacturer of machinery for jewellery industry)	28 Feb.	**20.66**	20.66	**288**	288	**(288)**	(288)	**–**	–	**–**	–	**–**	3 000
Held indirectly													
■ by subsidiaries:													
Aon Re Africa (Pty) Ltd (Insurance industry)	31 Dec.	**18.00**	18.00	**13 359**	13 359	**16 660**	10 073	**10 181**	10 948	**–**	–	**–**	–
Oceana Group Limited* (Food industry)	30 Sep.	**25.01**	24.00	**1 482 431**	1 475 372	**444 662**	380 941	**341 751**	200 856	**(58 945)**	(58 945)	**–**	–
Vuna Fishing Company (Pty) Ltd (Fishing and fish processing)	31 Dec.	**49.80**	49.80	**36 432**	36 432	**(10 224)**	(9 568)	**–**	–	**(23 322)**	(23 322)	**84 375**	36 731
Friedshelf 1534 (Pty) Ltd (Held investment in Grindrod Limited)	31 Dec.	**72.40**	72.40	**466 000**	466 000	**(466 000)**	(466 000)	**–**	–	**–**	–		–
Newshelf 1404 (Pty) Ltd (Holds investment in Milpark Investment SPV (Pty) Ltd)	31 Dec.	**12.80**	12.80	**88 596**	78 369	**(54 062)**	(8 556)	**–**	–	**–**	–	**623**	623
Specialized Aquatic Feeds (Pty) Ltd (Producer of aquatic feed)	31 Dec.	**30.00**	30.00	**669**	669	**1 325**	535	**–**	–	**–**	–	**4 000**	4 000
Total Group				**2 087 775**	2 071 743	**(67 876)**	(70 086)	**351 932**	225 450	**(82 267)**	(82 267)	**147 733**	96 705

* Valuations are carried out every six months using bases considered appropriate to the underlying investment. At 31 December 2020, the fair value of the investment in Oceana Group Limited was R2.1 billion (2019: R2.0 billion). 32.6 million shares held in Newshelf 1064 (Pty) Ltd and Oceana SPV (Pty) Ltd have been pledged as stated in note 36.

All amounts owing by associates and joint ventures have no fixed terms of repayment and are interest free, except for the following:

	Interest rate	2020	2019
South African Enterprise Development (Pty) Ltd	3.60%	46 681	41 566
Vuna Fishing Company (Pty) Ltd	JIBAR + 2.65%	9 311	9 311
Vuna Fishing Company (Pty) Ltd	Prime + 2%	47 645	–

The Group has not recorded any impairment in respect of amounts owed by the associate and joint venture (2019: Rnil). An assessment is undertaken at each reporting date by examining the financial position of the entity. In addition, the budgets of these entities for the forthcoming year are reviewed as part of this assessment.

SUPPLEMENTARY REPORTS ON INVESTMENTS (CONTINUED)

as at 31 December 2020

Appendix 3

Investments

	Number of shares		Valuation of shares	
	2020	2019	2020 R'000	2019 R'000
Investments at FVTOCI				
Unlisted				
Desert Diamond Fishing (Pty) Ltd	**12**	12	**25 265**	25 265
Valuations are carried out every six months using bases considered appropriate to the underlying investment.				
Investments at FVTPL				
Listed				
Life Healthcare Group Holdings Ltd	**32 998 530**	49 497 807	**555 035**	1 220 121
Equites Property Fund (Pty) Ltd	**13 958 621**	34 896 552	**242 461**	697 931
Stadio Holdings (Pty) Ltd	**43 565 057**	43 565 057	**84 952**	87 130
Phuthuma Nathi Investments (RF) Ltd	**1 895 425**	3 790 850	**225 082**	407 137
Multichoice Group Ltd	**—**	870 064	**—**	101 363
MTN Zakhele Futhi (RF) Ltd	**1 818 795**	1 818 795	**17 588**	24 008
Unlisted				
Welkom Yizani Investments (Pty) Ltd	**430**	430	**5**	5
African Legend Investment (Pty) Ltd	**3 075 844**	3 075 844	**14 401**	18 654
FPG Property Fund (Pty) Ltd	**11 111 222**	11 111 222	**182 604**	174 114
Total investments			**1 347 393**	2 755 728

A register of investments is available for inspection at the registered office of the Company.

DIRECTORS' INTERESTS IN SHARES

Appendix 4

	Direct		Indirect			
Directors	Beneficial	Non-beneficial	Beneficial	Non-beneficial	Total	Pledged
As at 31 December 2020						
Ordinary shares						
MA Brey	1 351 184	–	4 847 350	104 184	6 302 718	2 855 757
F Robertson	520 300	–	6 017 303	–	6 537 603	5 860 322
MI Khan	10 000	–	–	10 089	20 089	–
T Moodley	22 799	–	–	17 095	39 894	–
M Hewu	107 134	–	–	–	107 134	–
N Khan	133 279	–	235 812	–	369 091	–
LA Parker	–	–	655 730	–	655 730	270 000
	2 144 696	–	11 756 195	131 368	14 032 259	8 986 079
"N" ordinary shares						
MA Brey	654 994	–	18 597 559	199 589	19 452 142	15 222 007
F Robertson	222 996	–	17 524 338	–	17 747 334	17 192 380
MI Khan	80 213	–	–	980	81 193	–
GG Fortuin	483	–	–	–	483	–
T Moodley	610 943	–	–	123 072	734 015	–
M Hewu	243 495	–	–	–	243 495	–
N Khan	146 084	–	1 152 887	–	1 298 971	–
LA Parker	–	–	2 615 278	–	2 615 278	2 209 972
	1 959 208	–	39 890 062	323 641	42 172 911	34 624 359
As at 31 December 2019						
Ordinary shares						
MA Brey	1 351 184	–	4 847 350	104 184	6 302 718	
F Robertson	520 300	–	6 009 143	–	6 529 443	
MI Khan	–	–	–	10 089	10 089	
T Moodley	22 799	–	–	17 095	39 894	
M Hewu	107 134	–	–	–	107 134	
N Khan	133 279	–	235 812	–	369 091	
LA Parker	–	–	655 730	–	655 730	
	2 134 696	–	11 748 035	131 368	14 014 099	
"N" Ordinary shares						
MA Brey	523 750	–	17 059 318	179 717	17 762 785	
F Robertson	174 370	–	15 893 638	–	16 068 008	
MI Khan	40 455	–	–	257	40 712	
GG Fortuin	73	–	–	–	73	
T Moodley	569 485	–	–	150 973	720 458	
M Hewu	220 558	–	–	5 185	225 743	
N Khan	127 809	–	1 062 039	–	1 189 848	
MK Ndebele	106 367	–	–	–	106 367	
LA Parker	–	–	2 105 373	–	2 105 373	
	1 762 867	–	36 120 368	336 132	38 219 367	

There have been changes between the end of the financial year and the date of approval of the consolidated financial statements in respect of which the requisite SENS announcements have been made.

SHAREHOLDING INFORMATION

as at 31 December 2020

Shareholder spread

	No. of shareholders in S.A.		No. of shareholders other than S.A.		Total shareholders	
	No.	**%**	**No.**	**%**	**No.**	**%**
Ordinary shares						
Public	1 335	99.40	14	100.0	1 349	99.41
Directors	7	0.53	–	0.0	7	0.52
Other	1	0.07	–	0.0	1	0.07
Total	1 343	100	14	100	1 357	100
"N" ordinary shares						
Public	2 822	99.64	62	100.0	2 884	99.65
Directors	8	0.29	–	0.0	8	0.28
Other	2	0.07	–	0.0	2	0.07
Total	2 832	100	62	100	2 894	100

Share trading statistics

	Ordinary shares	"N" ordinary shares
Market price per share (cents)		
High	764	734
Low	335	374
Year-end	581	650
Volume of shares traded (number)	242 467	33 715 158
Volume of shares traded as a % of issued shares	0.6	15.0
Value of shares traded (R)	1 405 233	166 255 416
Number of transactions	192	3 064

Combined ordinary and "N" ordinary shareholdings

	Ordinary	"N" ordinary	Total	% of issued share capital
Major shareholders				
MA Brey (direct and indirect, beneficial and non-beneficial)	6 302 718	19 452 142	25 754 860	9.7
F Robertson (direct and indirect, beneficial and non-beneficial)	6 537 603	17 747 334	24 284 937	9.2
Brostone Securities (Pty) Ltd*	2 855 757	15 222 007	18 077 764	6.8
Jasmynweg Beleggings 3 (RF)	2 855 757	15 222 007	18 077 764	6.8
FRB ITF 36ONE SNN QI Hedge Fund	—	11 563 147	11 563 147	4.4
SBSA ITF PSG Flexible Fund	—	11 055 783	11 055 783	4.2
Morgan Stanley and Company	—	10 257 496	10 257 496	3.9
Septen Investments (Pty) Ltd (treasury shares)	3 011 028	4 658 571	7 669 599	2.9
Max Brozin Investment Corporation	2 912 712	2 756 134	5 668 846	2.1
	24 475 575	107 934 621	132 410 196	50.0

* previously Friedshelf 1801 (Pty) Ltd

Public vs Non-public shareholding

	Number of shares	% of issued share capital
Ordinary Shares		
Public shareholders	22 830 859	57.3
Non-public shareholders		
Directors and associates	14 032 259	35.2
Treasury shares		
Septen Investments (Pty) Ltd	3 011 028	7.6
Total	39 874 146	100
"N" Ordinary Shares		
Public shareholders	173 566 848	77.1
Non-public shareholders		
Directors and associates	42 172 911	18.7
Treasury shares		
Septen Investments (Pty) Ltd	4 658 571	2.1
Brimstone Investment Corporation Limited (FSP shares)	4 577 632	2.0
Total	224 975 962	100

SHAREHOLDING INFORMATION (CONTINUED)

as at 31 December 2020

Number of shareholders

Ordinary shares	Number of shareholders	% of total shareholders	Number of shares	% of shares issued
Size of Holding				
1 – 5 000	885	65.2	883 117	2.2
5 001 – 10 000	220	16.2	1 341 335	3.4
10 001 – 100 000	209	15.4	5 415 601	13.6
100 001 – 1 000 000	35	2.6	8 985 546	22.5
over 1 000 000	8	0.6	23 248 547	58.3
	1 357	100	39 874 146	100
Major shareholders				
Friedshelf 1800 (Pty) Ltd	1	0.07	5 513 603	13.8
Septen Investments (Pty) Ltd	1	0.07	3 011 028	7.6
Max Brozin Investment Corporation	1	0.07	2 912 712	7.3
Breyfin 2 (RF) (Pty) Ltd	1	0.07	2 855 757	7.2
Brostone Securities (Pty) Ltd	1	0.07	2 855 757	7.2
Jasmynweg Beleggings 3 (RF)	1	0.07	2 855 757	7.2
Breyfin (Pty) Ltd	1	0.07	1 892 749	4.7
	7	0.52	21 897 363	55.0
Analysis of shareholders				
Assurance Companies	2	0.15	70 323	0.18
Close Corporations	15	1.11	561 446	1.41
Collective Investment Schemes	10	0.74	748 700	1.88
Control Accounts	2	0.15	51	0.00
Custodians	1	0.07	7 920	0.02
Foundations & Charitable Funds	14	1.03	254 404	0.64
Hedge Funds	1	0.07	18 683	0.05
Insurance Companies	1	0.07	47 346	0.12
Investment Partnerships	13	0.96	185 160	0.46
Managed Funds	1	0.07	6	0.00
Private Companies	48	3.54	25 867 199	64.87
Public Companies	1	0.07	436 748	1.10
Retail Shareholders	1 173	86.44	8 439 006	21.16
Retirement Benefit Funds	5	0.37	84 904	0.21
Share Schemes	1	0.07	30 684	0.08
Stockbrokers & Nominees	6	0.44	351 263	0.88
Trusts	63	4.64	2 770 303	6.95
	1 357	100	39 874 146	100

"N" ordinary shares	Number of shareholders	% of total shareholders	Number of shares	% of shares issued
Size of Holding				
1 – 5 000	2 198	75.9	2 142 242	1.0
5 001 – 10 000	228	7.9	1 596 800	0.7
10 001 – 100 000	326	11.3	10 921 271	4.9
100 001 – 1 000 000	105	3.6	34 280 899	15.2
over 1 000 000	37	1.3	176 034 750	78.2
	2 894	100	224 975 962	100
Major shareholders				
Friedshelf 1800 (Pty) Ltd	1	0.03	16 819 611	7.5
Breyfin 2 (RF) (Pty) Ltd	1	0.03	15 222 007	6.8
Brostone Securities (Pty) Ltd	1	0.03	15 222 007	6.8
Jasmynweg Beleggings 3 (RF)	1	0.03	15 222 007	6.8
FRB ITF 36ONE SNN QI Hedge Fund	1	0.03	11 563 147	5.1
SBSA ITF PSG Flexible Fund	1	0.03	11 055 783	4.9
Morgan Stanley and Company	1	0.03	10 257 496	4.6
	7	0.24	95 362 058	42.5
Analysis of shareholders				
Assurance Companies	4	0.14	320 796	0.14
Close Corporations	38	1.31	812 294	0.36
Collective Investment Schemes	31	1.07	46 936 315	20.86
Control Accounts	3	0.10	118	0.00
Custodians	7	0.24	4 027 950	1.79
Foundations & Charitable Funds	72	2.49	6 822 117	3.03
Hedge Funds	11	0.38	21 364 353	9.50
Insurance Companies	1	0.03	3 314	0.00
Investment Partnerships	20	0.69	402 163	0.18
Managed Funds	2	0.07	10 452	0.00
Medical Aid Funds	—	—	—	—
Organs of State	—	—	—	—
Private Companies	83	2.87	97 477 401	43.33
Public Companies	3	0.10	79 848	0.04
Retail Shareholders	2 443	84.42	21 871 047	9.72
Retirement Benefit Funds	22	0.76	3 767 293	1.67
Scrip Lending	3	0.10	297 904	0.13
Share Schemes	2	0.07	1 099 197	0.49
Sovereign Funds	2	0.07	8 644 063	3.84
Stockbrokers & Nominees	16	0.55	1 111 763	0.49
Treasury	1	0.03	4 577 632	2.03
Trusts	129	4.46	5 349 941	2.38
Unclaimed Scrip	1	0.03	1	0.00
	2 894	100.00	224 975 962	100.00

CORPORATE INFORMATION

Company registration number
1995/010442/06

JSE share codes and ISIN numbers
Share code: BRT ISIN number: ZAE000015277
Share code: BRN ISIN number: ZAE000015285

Registered office and business address
1st Floor, Slade House
Boundary Terraces
1 Mariendahl Lane
Newlands 7700

Postal Address
PO Box 44580
Claremont 7735

Telephone number
021 683 1444

Email
info@brimstone.co.za

Website
www.brimstone.co.za

Company secretary
Tiloshani Moodley BA (Law) LLB

Attorneys
Cliffe Dekker Hofmeyr Inc.
DLA Piper South Africa (Pty) Ltd

Auditors
Deloitte & Touche

Bankers
Nedbank Ltd

Sponsor
Nedbank CIB

Transfer secretaries
Computershare Investor Services (Pty) Ltd
Rosebank Towers
15 Biermann Avenue
Rosebank, Johannesburg 2196
Private Bag X9000
Saxonwold 2132
Tel: 011 370 5000

BRIMSTONE
INVESTMENT CORPORATION LIMITED

Boundary Terraces, 1 Mariendahl Lane, Newlands 7700, South Africa
PO Box 44580, Claremont 7735, South Africa

www.brimstone.co.za