








BRIMSTONE
INVESTMENT CORPORATION LIMITED

Profitability. Empowerment. Positive Social Impact.

ISIN Number: ZAE000015277 | Share Code: BRT
ISIN Number: ZAE000015285 | Share Code: BRN
Company Registration Number: 1995/010442/06
(Incorporated in the Republic of South Africa)
("Brimstone" or "the Company" or "the Group")

REVIEWED PROVISIONAL CONDENSED CONSOLIDATED FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

SIGNIFICANT EVENTS

-  Debt repayment to funders in excess of R1.0 billion
-  Reduction of R129.8 million (24.5%) in finance costs
-  R496.7 million raised from the disposal of a portion of Equites and Phuthuma Nathi stakes
-  R441.4 million raised from the disposal of a portion of Life Healthcare stake
-  Improved debt and liquidity ratios
-  Brimstone's shareholding in Oceana increased to 25.01%

COMMENTARY

COVID-19 has exacerbated South Africa's economic challenges, destroyed productive capacity and caused many people to lose their lives and jobs. What the cost of the pandemic will ultimately be in terms of lost lives, job losses, business closures and economically is incalculable at this time.

With certain parts of the world already experiencing a third wave of the virus, it is reasonable to expect that before long South Africa will experience a third wave. Management has and will continue to implement measures to minimise its impact at the Company, its subsidiaries and investee companies. Our priority is to preserve the health and well-being of our employees, customers and communities in which we operate.

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.

UNDERLYING INVESTMENTS



COMMENTARY (CONTINUED)

In the context of the above and a further weakening economy, Brimstone deemed it prudent to implement its de-gearing strategy and utilised in excess of R1.0 billion from the disposal of a portion of its investments in Equites, Phuthuma Nathi and Life Healthcare and the entire stake in MultiChoice Group to reduce debt.

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.

Intrinsic net asset value decreased by 1.9% to R3.28 billion from R3.35 billion at 31 December 2019. The decrease on an intrinsic net asset value per share basis of 8.5% is mainly due to the dilutive effect of the capitalisation issue of 17.3 million "N" Ordinary shares in May 2020.

BRIMSTONE PORTFOLIO

SUBSIDIARIES

Sea Harvest (54.2%)¹

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) (80%)

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) (100%)

This is the second full year of the Lion of Africa 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.

¹ Treasury shares have been included in the calculation of the percentage interest held.

SUBSIDIARIES (CONTINUED)

House of Monatic (Monatic) (100%)

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 (25.01%)¹

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 (18%)²

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) (25%)

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.

Vuna Fishing Company (Vuna) (49.8%)

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) (12.8%)²

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.

¹ Treasury shares have been included in the calculation of the percentage interest held.

² Amounts stated in respect of associates held through partially owned subsidiaries are before attribution to non-controlling interests.

INVESTMENTS

Equites (2.3%)

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 (9.9%)

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 (2.3%)

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.

Refer to note 13 for further details of the Zero Cost Collar.

MTN Zakhele Futhi (1.5%)

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 (2.8%)

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 (5.3%)

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 enrolls 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.

INTRINSIC NET ASSET VALUE (INAV)

INAV at 31 December 2020 calculated on a line-by-line basis, totaled 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 analysis of INAV is available on the Company's website at www.brimstone.co.za.

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.

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.

DIVIDEND

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

PROSPECTS¹

We are confident that the Group's bona fide empowerment credentials and level 1 B-BBEE contributor status, will continue to benefit its 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.

CONDOLENCES

The board extends its sincere 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.

We hope and pray that the impact of this pandemic will be dramatically reduced in the near future.

F Robertson

Executive Chairman

MA Brey

Chief Executive Officer

3 March 2021

DIRECTORATE AND ADMINISTRATION

Registered office: Boundary Terraces, 1 Mariendahl Lane, Newlands, 7700, Cape Town

Transfer Secretaries: Computershare Investor Services (Pty) Ltd, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196

Sponsor: Nedbank CIB, 135 Rivonia Road, Sandton, 2196

Directorate: F Robertson (Executive Chairman)*, MA Brey (Chief Executive Officer)*, GG Fortuin (Financial)*, MI Khan (Chief Operating Officer)*, T Moodley*, PL Campher (Lead Independent), M Hewu, N Khan, KR Moloko, LA Parker, FD Roman **Executive*

Company Secretary: T Moodley

Website: www.brimstone.co.za

E-mail: info@brimstone.co.za

¹ Any forward-looking statement has not been reviewed or reported on by the Company's auditors.

INDEPENDENT REVIEWER'S REPORT ON CONDENSED CONSOLIDATED FINANCIAL RESULTS

TO THE SHAREHOLDERS OF BRIMSTONE INVESTMENT CORPORATION LIMITED

We have reviewed the condensed consolidated financial statements of Brimstone Investment Corporation Limited, contained in the accompanying provisional report, which comprise the condensed consolidated statement of financial position as at 31 December 2020 and the condensed consolidated statements of profit or loss, other comprehensive income, changes in equity and cash flows for the year then ended, and selected explanatory notes.

Directors' Responsibility for the Condensed Consolidated Financial Statements

The directors are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports, as set out in note 1 to the financial statements, and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Listings Requirements require condensed consolidated financial statements contained in a provisional report to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and to also, as a minimum, contain the information required by International Accounting Standard (IAS) 34, Interim Financial Reporting.

Auditor's Responsibility

Our responsibility is to express a conclusion on these financial statements. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410, which applies to a review of historical information performed by the independent auditor of the entity. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of financial statements in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements of Brimstone Investment Corporation Limited for the year ended 31 December 2020 are not prepared, in all material respects, in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports, as set out in note 1 to the financial statements, and the requirements of the Companies Act of South Africa.

Deloitte & Touche

Registered Auditor

Per: Michael van Wyk
Partner

3 March 2021

Unit 11, Ground Floor, 97 Dorp Street, Stellenbosch, 7600

BRIMSTONE INVESTMENT CORPORATION LIMITED

REVIEWED PROVISIONAL CONDENSED CONSOLIDATED FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended 31 December 2020

R'000	Reviewed Year ended 31 December 2020	Audited Year ended 31 December 2019
Revenue	4 714 720	4 440 085
Sales and fee income	4 604 076	4 264 822
Dividends received	110 644	175 263
Operating expenses	(4 164 696)	(3 783 976)
Operating profit	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
Profit before net finance costs	481 460	658 893
Income from investments	28 345	53 163
Finance costs	(400 725)	(530 507)
Profit before taxation	109 080	181 549
Taxation	(152 914)	(106 220)
(Loss)/profit for the year	(43 834)	75 329
Profit/(loss) 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	(73.0)	(33.4)
Diluted	(73.0)	(33.4)

BRIMSTONE INVESTMENT CORPORATION LIMITED

REVIEWED PROVISIONAL CONDENSED CONSOLIDATED FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2020

R'000	Reviewed Year ended 31 December 2020	Audited Year ended 31 December 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	19 608
Cost of hedging reserve		
Profit/(loss) arising during the year	19 400	(59 199)
Recycled to operating expenses	(25 385)	–
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

BRIMSTONE INVESTMENT CORPORATION LIMITED

REVIEWED PROVISIONAL CONDENSED CONSOLIDATED FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

for the year ended 31 December 2020

R'000	Reviewed Year ended 31 December 2020	Audited Year ended 31 December 2019
ASSETS		
Non-current assets	7 255 371	8 177 991
Property, plant, equipment and vehicles	2 057 951	1 978 887
Right-of-use assets	157 888	151 029
Biological assets	67 321	61 448
Goodwill	862 492	849 614
Intangibles	742 800	640 035
Investments in associate companies and joint ventures	2 437 298	2 241 545
Investments	792 358	2 044 305
Loans and receivables	16 493	17 132
Loans to supplier partners	85 484	78 464
Deferred taxation	5 196	30 994
Other financial assets	30 090	84 538
Current assets	3 088 205	3 089 154
Inventories	731 757	664 719
Biological assets	93 087	77 891
Investments	555 035	711 423
Trade and other receivables	825 562	911 962
Short-term loan receivable	1 036	1 609
Insurance assets	70 153	205 538
Other financial assets	373 833	185 514
Taxation	9 848	11 326
Cash and cash equivalents	427 894	319 172
TOTAL ASSETS	10 343 576	11 267 145

BRIMSTONE INVESTMENT CORPORATION LIMITED

REVIEWED PROVISIONAL CONDENSED CONSOLIDATED FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

for the year ended 31 December 2020

R'000	Reviewed Year ended 31 December 2020	Audited Year ended 31 December 2019
EQUITY AND LIABILITIES		
Capital and reserves	3 757 401	3 676 688
Share capital	39	39
Capital reserves	552 624	389 774
Revaluation reserves	17 207	17 293
Cash flow hedging reserve	53 932	82 531
Cost of hedging reserve	(37 172)	(33 242)
Foreign currency translation reserve	21 436	(18 141)
Changes in ownership	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	3 408 564	3 910 280
Long-term provisions	22 557	22 509
Lease liabilities	170 879	161 272
Contingent consideration	99 974	90 862
Deferred grant income	30 814	32 236
Other financial liabilities	901	26 358
Share-based payment liability	31 510	27 509
Deferred taxation	620 068	631 784
Current liabilities	2 200 908	2 687 647
Short-term borrowings	1 016 436	1 436 772
Short-term provisions	47 300	28 178
Bank overdrafts	32 742	65 206
Trade payables	585 902	478 724
Other payables	216 413	167 473
Deferred grant income	4 059	3 317
Share-based payment liability	—	15 909
Lease liabilities	17 588	13 670
Insurance liabilities	226 213	442 574
Other financial liabilities	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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2020

R'000	Reviewed Year ended 31 December 2020	Audited Year ended 31 December 2019
Operating activities		
(Loss)/profit for the year	(43 834)	75 329
Adjustments for non-cash items	760 355	457 259
Operating cash flows before movements in working capital	716 521	532 588
(Increase)/decrease in inventories	(4 504)	39 990
Decrease in trade and other receivables	122 196	75 122
Increase/(decrease) in trade and other payables	134 731	(111 951)
Net decrease in insurance assets	135 385	285 384
Net decrease in insurance liabilities	(216 360)	(462 177)
Cash generated from operations	887 969	358 956
Interest received	22 780	46 367
Proceeds from receipt of a government grant	3 328	17 181
Dividends received from associates and joint ventures	145 960	215 440
Dividends received from other equity investments	110 644	175 263
Income taxes paid	(116 418)	(122 074)
Finance costs	(228 312)	(270 844)
Net cash generated from operating activities	825 951	420 289
Investing activities		
Loans and receivables advanced to associates and joint ventures	(54 028)	(577)
Loans and receivables repaid	3 000	645
Proceeds on disposal of investments	1 016 845	64 189
Proceeds on disposal of assets classified as held for sale	—	148 512
Proceeds on disposal of property, plant, equipment and vehicles	7 636	26 147
Acquisition of property, plant, equipment and vehicles	(314 719)	(292 480)
Acquisition of biological assets	(65 605)	(69 007)
Acquisition of subsidiary	(22 514)	(558 137)
Acquisition of intangible assets	(35 293)	(30)
Net loans made to supplier partners	(7 295)	—
Acquisition of investments	(17 286)	(700 933)
Net cash generated by/(used in) investing activities	510 741	(1 381 671)
Financing activities		
Dividends paid by Company and subsidiaries	(74 554)	(177 499)
Repayments of borrowings	(1 704 567)	(1 901 789)
Loans raised	601 893	2 616 885
Loans made to supplier partners	—	(6 032)
Repayment of loans made to supplier partners	—	5 687
Units/shares repurchased	737	(44 065)
Net 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	(1 228 545)	254 934
Net 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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2020

	Share capital	Capital reserves	Revaluation reserves	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
Balance 1 January 2019 – audited	42	364 189	18 926	10 558	(14 596)	(10 280)	660 945	1 684 658	2 714 442	1 152 461	3 866 903
Attributable (loss)/profit for the year	–	–	–	–	–	–	–	(85 774)	(85 774)	161 103	75 329
Other comprehensive income/(loss) for the year	–	76 529	–	72 009	(17 677)	(7 138)	–	–	123 723	38 070	161 793
Total comprehensive income/(loss) for the year	–	76 529	–	72 009	(17 677)	(7 138)	–	(85 774)	37 949	199 173	237 122
Recognition of share-based payments	–	40 999	–	–	–	–	–	–	40 999	(5 433)	35 566
Dividend paid	–	–	–	–	–	–	–	(110 430)	(110 430)	(65 370)	(175 800)
Transfer to share-based payment liability subsequent to modification	–	(41 923)	–	–	–	–	–	–	(41 923)	–	(41 923)
Distributions made to participants of shares trusts and share repurchase	–	–	–	–	–	–	–	(2 268)	(2 268)	(1 699)	(3 967)
Transfer sale of properties	–	–	(2 297)	–	–	–	–	2 297	–	–	–
Acquisition of non-controlling interest and repurchase of shares by subsidiary	–	(5 958)	664	(36)	(969)	(723)	(86 190)	14 746	(78 466)	(118 682)	(197 148)
Treasury shares acquired	(3)	(44 062)	–	–	–	–	–	–	(44 065)	–	(44 065)
Balance 31 December 2019 – audited	39	389 774	17 293	82 531	(33 242)	(18 141)	574 755	1 503 229	2 516 238	1 160 450	3 676 688
Balance at 1 January 2020 – audited	39	389 774	17 293	82 531	(33 242)	(18 141)	574 755	1 503 229	2 516 238	1 160 450	3 676 688
Attributable (loss)/profit for the year	–	–	–	–	–	–	–	(184 540)	(184 540)	140 706	(43 834)
Other comprehensive income/(loss) for the year	–	142 167	–	(27 920)	(4 226)	39 404	–	–	149 425	2 865	152 290
Total comprehensive income/(loss) for the year	–	142 167	–	(27 920)	(4 226)	39 404	–	(184 540)	(35 115)	143 571	108 456
Transfer to share-based payment liability subsequent to modification	–	(2 921)	–	–	–	–	–	–	(2 921)	–	(2 921)
Recognition of share-based payments	–	32 649	–	–	–	–	–	–	32 649	8 824	41 473
Acquired through business combination	–	–	–	–	–	–	–	–	–	15 324	15 324
Dividend paid	–	–	–	–	–	–	–	–	–	(74 554)	(74 554)
Issue of FSP* shares to participants by subsidiary	–	(9 782)	(86)	(679)	296	173	(10 198)	–	(20 276)	13 229	(7 047)
Shares repurchased	–	737	–	–	–	–	–	–	737	(755)	(18)
Balance at 31 December 2020 – reviewed	39	552 624	17 207	53 932	(37 172)	21 436	564 557	1 318 689	2 491 312	1 266 089	3 757 401

* Forfeitable share plan.

BRIMSTONE INVESTMENT CORPORATION LIMITED

REVIEWED PROVISIONAL CONDENSED CONSOLIDATED FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

HEADLINE LOSS PER SHARE

for the year ended 31 December 2020

R'000	Reviewed Year ended 31 December 2020	Audited Year ended 31 December 2019
Headline loss per share (cents)		
Basic	(61.5)	(54.2)
Diluted	(61.5)	(54.2)
Headline loss calculation (R'000)		
Net loss attributable to equity holders of the parent	(184 540)	(85 774)
Impairment of property, plant, equipment and vehicles	45 896	—
Insurance proceeds	(14 682)	—
Fair value adjustment of previously held interest in associate	391	—
Loss/(profit) on disposal of property, plant, equipment and vehicles	5 169	(75 717)
Gain on bargain purchase	(5 200)	(513)
Adjustments relating to results of associates	(10 094)	4 441
Total tax effects of adjustments	7 515	18 337
Headline loss	(155 545)	(139 226)
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 headline loss per share was 58.1 cents.

FURTHER INFORMATION

1. Basis of preparation

The condensed consolidated financial statements for the year ended 31 December 2020 are prepared in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports and the requirements of the Companies Act of South Africa. The Listings Requirements require provisional reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 *Interim Financial Reporting*. These condensed consolidated financial statements for the year ended 31 December 2020 have been reviewed by Deloitte & Touche, who expressed an unmodified review conclusion. The directors take full responsibility for the preparation of this report.

The condensed consolidated financial statements were prepared under the supervision of the Financial Director, Geoffrey George Fortuin CA(SA).

2. Accounting policies

The accounting policies and methods of computation applied in the preparation of these condensed consolidated financial statements are in terms of International Financial Reporting Standards and are consistent with those applied in the financial statements for the year ended 31 December 2019.

R'000	Reviewed Year ended 31 December 2020	Audited Year ended 31 December 2019
3. Revenue		
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		
Insurance operations	(11 087)	159 116
Total sales and fee income	4 604 076	4 264 822

BRIMSTONE INVESTMENT CORPORATION LIMITED

REVIEWED PROVISIONAL CONDENSED CONSOLIDATED FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

FURTHER INFORMATION (CONTINUED)

R'000	Reviewed Year ended 31 December 2020	Audited Year ended 31 December 2019
4. Income from investments		
Interest received on bank deposits and loans to associates	28 345	53 163
5. Finance costs		
Interest on borrowings	240 769	321 009
Preference dividends	139 614	187 018
Interest expense on lease liabilities	15 942	15 074
Other	4 400	7 406
	400 725	530 507
6. Taxation		
Current normal and deferred tax	152 914	106 209
Dividends tax	—	11
	152 914	106 220
7. 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
	218 531	290 667

FURTHER INFORMATION (CONTINUED)

8. 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 fair value through other comprehensive income ("FVTOCI") and investments at fair value through profit or loss ("FVTPL").

R'000	Reviewed Year ended 31 December 2020	Audited Year ended 31 December 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
Income from investments	28 345	53 163
Finance costs	(400 725)	(530 507)
Taxation	(152 914)	(106 220)
Profit after taxation	(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	289 591	490 239
Clothing	236 191	69 349
Investments	3 060 720	4 028 390
Total segment liabilities	6 586 175	7 590 457

FURTHER INFORMATION (CONTINUED)

9. Fair value measurements

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 the end of each financial reporting year. 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 condensed consolidated financial statements approximate their fair values.

R'000

31 December 2020 – reviewed	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 – audited	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

* FVTPL = Fair value through profit or loss

** FVTOCI = Fair value through other comprehensive income

FURTHER INFORMATION (CONTINUED)

9. Fair value measurements (continued)

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.
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.
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.

FURTHER INFORMATION (CONTINUED)

10. Share capital (number)

	Reviewed 31 December 2020	Audited 31 December 2019
In issue (number)		
Ordinary shares	39 874 146	39 874 146
Held as treasury shares	(3 011 028)	(3 011 028)
	36 863 118	36 863 118
“N” ordinary shares	224 975 962	211 314 175
Held as treasury shares	(9 035 600)	(12 197 852)
	215 940 362	199 116 323
Total net of treasury shares	252 803 480	235 979 441
Weighted average number of shares on which loss and headline loss per share is based*	252 803 480	256 661 171
Weighted average number of shares on which diluted loss and diluted headline loss per share is based*	252 803 480	256 661 171
Closing share price (cents)		
Ordinary shares	581	765
“N” ordinary shares	650	775

* Weighted average number of shares has been adjusted for the prior year 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.

11. Business combination

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 *Business Combinations* 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.

12. Material related party transactions

In terms of a supply agreement between joint venture group, Vuna Fishing Company Proprietary Limited (“Vuna”) and SeaVuna 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 in the prior year. Sales to and other recoveries from SeaVuna during the year amounted to R48.4 million compared to R61.8 million in the prior year.

Loans owing by Vuna and SeaVuna amounted to R84.4 million at 31 December 2020 compared to R36.7 million at 31 December 2019.

FURTHER INFORMATION (CONTINUED)

13. 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 principle loan of R1.2 billion. The Zero Cost Collar unwinds in six monthly instalments of between R220.7 million and R228.9 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 this report, two of the remaining four tranches of the Zero Cost Collar have unwound, resulting in the disposal of another 16.5 million Life Healthcare shares for a total consideration of R449.6 million, which has been used to further reduce the related debt. The Zero Cost Collar is expected to be fully unwound during April 2021.

14. Events after the reporting period

Subsequent to year end, wholly-owned subsidiary, House of Monatic (“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.

15. COVID-19 pandemic and going concern

The Group has assessed the impact of the COVID-19 pandemic on the condensed 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 condensed consolidated financial statements, management has assessed that there is no material impact on the condensed 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 condensed consolidated financial statements.