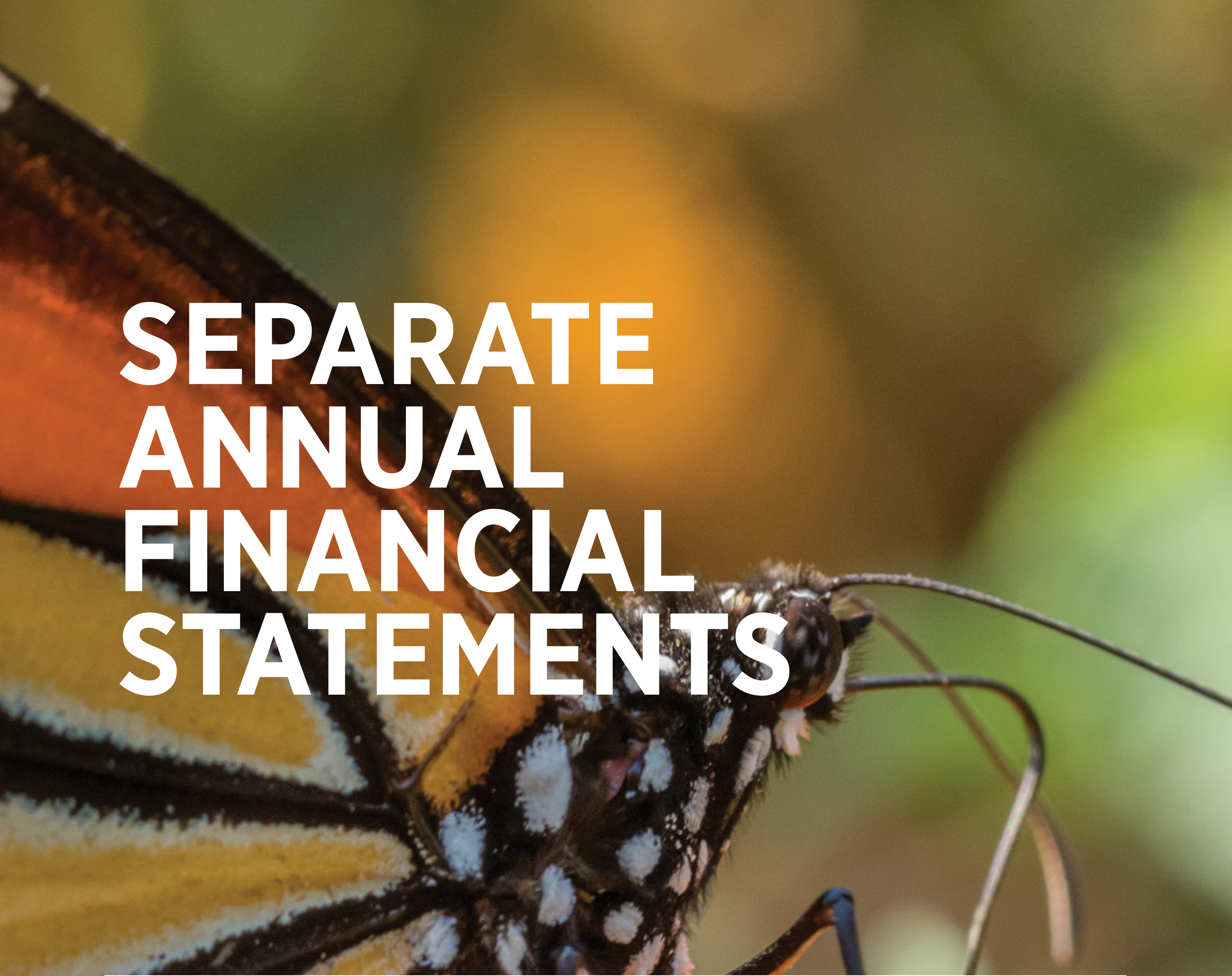
BRIMSTONE
INVESTMENT CORPORATION LIMITED

SEPARATE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021



SEPARATE ANNUAL FINANCIAL STATEMENTS

CONTENTS

APPROVAL AND DECLARATIONS

Directors' Approval of Separate Annual Financial Statements

The directors of the Company are responsible for the preparation, integrity and objectivity of the separate annual financial statements. To fulfil this responsibility, the Company maintains controls to provide reasonable assurance that assets are safeguarded and that records accurately reflect the transactions of the Company.

The separate annual financial statements are prepared in terms of International Financial Reporting Standards ("IFRS") and have been reported on by our auditors in conformity with International Standards on Auditing and the Companies Act of South Africa. The separate annual financial statements for the year ended 31 December 2021 which appear on page 2 and pages 5 to 37 were approved by the Board and authorised for issue on 3 June 2022.

On behalf of the Board:

F Robertson
Executive Chairman

MA Brey
Chief Executive Officer

Preparation of Separate Annual Financial Statements

The separate annual financial statements of Brimstone Investment Corporation Limited for the year ended 31 December 2021 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:

(a) the annual financial statements set out on pages 5 to 37 fairly present, in all material respects, the financial position, financial performance and cashflows of the issuer in terms of IFRS;
(b) no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;
(c) internal financial controls have been put in place to ensure that material information relating to the issuer have been provided to effectively prepare the financial statements of the issuer; and
(d) 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

DIRECTORS' REPORT

for the year ended 31 December 2021

Principal activities of the Company
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.

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 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 May 2021, 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 were set out in the notice of annual general meeting.

Interest in subsidiaries
Details of the Company's interests in its subsidiaries are set out in Appendix 1.

Directors' interests in contracts
Details of relevant transactions during the year are included in note 31 to the financial statements.

Going concern
The directors believe that the Company will be a going concern for the foreseeable future. Refer to note 34 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 during the year under review and at the date of this report:

Executive directors
F Robertson (Executive Chairman)
MA Brey (Chief Executive Officer)
GG Fortuin (Financial Director)
MI Khan (Chief Operating Officer)
T Moodley (Legal and Compliance)

Independent non-executive directors
PL Campher
M Hewu
N Khan
KR Moloko
M Ndebele (Retired on 24 June 2020)
LA Parker
FD Roman

LAD Wort and M Ndlovu were appointed as independent non-executive directors to the Board on 11 November 2021 and 2 December 2021 respectively. The company secretary's name and her business and postal address appear on page 38.

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 5 to 7 of the financial statements.

Events subsequent to 31 December 2021
Details of all events subsequent to 31 December 2021 are included in note 33 to the financial statements.

Litigation
There is no material litigation outstanding against the Company.

INDEPENDENT AUDITOR'S REPORT

to the Shareholders of Brimstone Investment Corporation Limited

Report on the Audit of the Separate Financial Statements

Opinion

We have audited the separate financial statements of Brimstone Investment Corporation Limited ('the company') set out on pages 8 to 37, which comprise of the separate statements of financial position as at 31 December 2021, and the separate statements of comprehensive income, the separate statements of changes in equity and the separate statements of cash flows for the year then ended, and notes to the separate financial statements, including a summary of significant accounting policies.

In our opinion, the separate financial statements present fairly, in all material respects, the separate financial position of the company as at 31 December 2021, and its separate financial performance and separate 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 Separate Financial Statements section of our report. We are independent of the company in accordance with the Independent Regulatory Board of Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements of the company and 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 of the company and 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 separate financial statements of the current period. These matters were addressed in the context of our audit of the separate financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

There are no key audit matters pertaining to these separate financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in pages 1 to 2 and pages 5 to 7 in the document titled "Brimstone Investment Corporation Limited Audited Separate Annual Financial Statements 2021", which includes the Corporate information, Directors' Approval of Separate Annual Financial Statements, Preparation of Separate Annual Financial Statements, Chief Executive Officer and Financial Director Internal Financial Control Responsibility Statement, Certificate by Secretary, Directors' Report and Audit and Risk Committee as required by the Companies Act of South Africa. The other information does not include the separate financial statements and our auditor's report thereon.

Our opinion on the separate 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 separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate 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.

Responsibilities of the Directors for the Separate Financial Statements

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

In preparing the separate financial statements, the directors are responsible for assessing the company's ability 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 company or to cease operations, or have no realistic alternative but to do so.

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

Our objectives are to obtain reasonable assurance about whether the separate 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 separate financial statements.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

to the Shareholders of Brimstone Investment Corporation Limited

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 separate 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 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 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 separate 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 company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors 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 directors 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 or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the separate 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 this is the first year Ernst & Young Inc. has been the auditor of Brimstone Investment Corporation Limited.

Ernst & Young Inc.

ERNST & YOUNG INC.
DIRECTOR – PIERRE GUSTAV DU PLESSIS
CHARTERED ACCOUNTANT
REGISTERED AUDITOR

3 June 2022
Waterway House
3 Dock Road
Cape Town

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 2021 financial year.

Membership and composition of the Committee

The Committee comprises seven independent non-executive directors and is chaired by Mr N Khan. Messrs Logan Wort and Mduduzi Ndlovu were appointment as members of the Committee on 11 November 2021 and 2 December 2021 respectively. 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.

The Committee chairman and Brimstone's lead independent director are representatives at subsidiary company House of Monatic's finance committee meetings.

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

Statutory and regulatory duties

In the conduct of its duties, the Committee has in respect of the 2021 financial year performed the following statutory and regulatory duties:

- After a comprehensive Mandatory Audit Firm rotation process conducted by the Committee, Ernst & Young Inc. ("EY") were appointed as Brimstone's external auditors at the Company's Annual General Meeting in May 2021. Mr Pierre du Plessis is currently the designated individual partner. He has confirmed to the Committee that EY 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;
- Reviewed revisions to the Group's Policy on Use of External Auditors for Non-Audit Services to ensure conformity with the revisions to the International Ethics Standards Board's Non-Assurance Services Provisions of the Code (issued April 2021)
- 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

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.

AUDIT AND RISK COMMITTEE REPORT (CONTINUED)

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 2021 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.

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.

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 Company. The Company'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 that 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.

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 2021 (issued 9 November 2021).
2. The 2019 New Standards Thematic Review Report on compliance with IFRS 9 *Financial Instruments* and IFRS 15 Revenue, (issued 6 November 2019).
3. The following sections from the Combined Findings Report for the period 2011 to 2020 (issued 31 October 2021):
   a. Disclosure of judgements and estimates (pages 15 to 18);
   b. Revenue (pages 35 to 37); and
   c. Financial Instruments: Disclosures (pages 52 to 56).
4. The letter issued by the JSE on 25 May 2020, (containing the JSE's expectations for reporting the impact of COVID-19) which was reconsidered in the context of reporting the impact of the July 2021 civil unrest.

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 2021.

Going concern

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

Risk management

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

The Company 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.

Recommendation of the Integrated Report for approval by the Board

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

N KHAN
CHAIRMAN OF THE AUDIT AND RISK COMMITTEE

3 June 2022

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2021

R'000	NOTES	2021	2020
Revenue	2	**148 239**	1 943 283
Fee income		**6 414**	7 464
Dividends received		**141 825**	1 935 819
Operating expenses	3	**(78 486)**	(73 476)
Operating profit		**69 753**	1 869 807
Fair value gains/(losses)	4	**37 657**	(34 372)
Expected credit losses on:			
■ loans to subsidiaries	12	**(38 669)**	(129 978)
■ other receivables		**(2 531)**	—
Other investment gains/(losses)	5	**16 860**	(642 134)
Profit before net finance costs	6	**83 070**	1 063 323
Interest income	8	**65 503**	92 020
Finance costs	9	**(9 029)**	(95 312)
Profit before taxation		**139 544**	1 060 031
Taxation	10	**97 229**	15 179
Profit for the year		**236 773**	1 075 210
Other comprehensive income		**—**	—
Total comprehensive income for the year		**236 773**	1 075 210

STATEMENT OF FINANCIAL POSITION

as at 31 December 2021

R'000	NOTES	2021	2020
Assets			
Non-current assets		**1 769 230**	1 664 753
Property, plant, equipment and vehicles		**914**	1 252
Right-of-use asset		**2 208**	3 312
Interest in subsidiaries	12	**1 325 376**	1 574 103
Investments in associate companies	13	**60 519**	59 023
Investments	14	**348 658**	14 406
Loans and receivables	15	**3 860**	12 657
Deferred taxation	16	**23 956**	—
Other financial assets	17	**3 739**	—
Current assets		**67 313**	930 687
Other receivables		**1 871**	1 137
Other financial assets	17	**—**	346 499
Taxation		**—**	1 698
Investments	14	**—**	555 035
Cash and cash equivalents	18	**65 442**	26 318
Total assets		**1 836 543**	2 595 440
Equity and liabilities			
Capital and reserves		**1 419 751**	1 185 009
Share capital	19	**42**	42
Capital reserves	20	**157 605**	159 636
Revaluation reserves		**14 098**	14 098
Retained earnings		**1 248 006**	1 011 233
Non-current liabilities		**2 340**	76 585
Lease liability		**2 340**	3 312
Deferred taxation	16	**—**	73 273
Current liabilities		**414 452**	1 333 846
Borrowings	21	**—**	898 678
Interest in subsidiaries (loans owing to subsidiaries)	12	**282 531**	222 230
Trade payables		**3 232**	5 890
Other payables		**26 472**	17 740
Other financial liabilities	22	**102 217**	24 515
Provisions	24	**—**	164 793
Total equity and liabilities		**1 836 543**	2 595 440

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2021

R'000	SHARE CAPITAL	CAPITAL RESERVES	REVALUATION RESERVES	(ACCUMULATED LOSSES)/ RETAINED EARNINGS	TOTAL
Balance at 1 January 2020	42	153 510	14 098	(63 977)	103 673
Total comprehensive income for the year	—	—	—	1 075 210	1 075 210
Repurchase of shares	—	(1 105)	—	—	(1 105)
Recognition of share-based payments	—	7 231	—	—	7 231
Balance at 31 December 2020	**42**	**159 636**	**14 098**	**1 011 233**	**1 185 009**
Total comprehensive income for the year	**—**	**—**	**—**	**236 773**	**236 773**
Recognition of share-based payments	**—**	**(2 031)**	**—**	**—**	**(2 031)**
Balance at 31 December 2021	**42**	**157 605**	**14 098**	**1 248 006**	**1 419 751**

STATEMENT OF CASH FLOWS

for the year ended 31 December 2021

R'000	NOTES	2021	2020
Operating activities			
Profit for the year		**236 773**	1 075 210
Adjustments for non-cash and other items:			
Interest income and dividends received		**(207 328)**	(2 027 839)
Fair value (gains)/losses		**(37 657)**	19 937
Expected credit losses on loans to subsidiaries		**38 669**	129 978
Expected credit losses on other receivables		**2 531**	—
Impairment in value of investment in subsidiaries		**48 000**	584 310
Non-cash items relating to subsidiaries		**(3 188)**	5 021
Finance costs		**9 029**	95 312
Taxation		**(97 229)**	(15 179)
Depreciation		**1 944**	1 206
Share-based payment expense		**9 825**	7 231
Loss on disposal of subsidiary		**99 933**	—
(Decrease)/increase in provisions		**(164 793)**	57 824
(Profit)/loss on disposal of equipment and vehicles		**(108)**	27
Operating cash flows before movements in working capital		**(63 599)**	(66 962)
(Increase)/decrease in other receivables		**(734)**	1 001
Increase/(decrease) in trade and other payables		**8 300**	(4 300)
Cash used in operations		**(56 033)**	(70 261)
Interest received		**3 854**	3 038
Dividends received from associates		**—**	1 317
Dividends received from subsidiaries		**4 785**	53 692
Taxation refund		**1 698**	—
Interest paid	26.1	**(8 830)**	(95 312)
Net cash used in operating activities		**(54 526)**	(107 526)
Investing activities			
Loans repaid by subsidiaries		**225 820**	480 400
Loans advanced to subsidiaries		**(179 267)**	(473 741)
Loans and receivables repaid/(advanced)		**8 526**	(5 375)
Loan repayments from associates		**—**	3 000
Proceeds on disposal of investments		**906 969**	441 356
Proceeds on disposal of property, plant, equipment and vehicles		**110**	4
Acquisition of property, plant, equipment and vehicles		**(504)**	(204)
Acquisition of investment		**(1 625)**	—
Acquisition of subsidiary		**—**	(35 974)
Disposal of subsidiary	25	**1**	—
Net cash generated from investing activities		**960 030**	409 466
Financing activities			
Repayment of borrowings and lease liabilities	26.2	**(928 064)**	(347 221)
Loans received from subsidiaries	26.2	**61 684**	68 118
Shares repurchased		**—**	(1 105)
Decrease in bank overdrafts		**—**	(25)
Net cash used in financing activities		**(866 380)**	(280 233)
Net increase in cash and cash equivalents		**39 124**	21 707
Cash and cash equivalents at beginning of year		**26 318**	4 611
Cash and cash equivalents at end of year			
Bank balances and cash		**65 442**	26 318

NOTES TO THE SEPARATE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2021

1. Accounting policies and basis of preparation

Presentation of financial statements

(a) Basis of preparation

Statement of compliance

The separate 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, and the Companies Act of South Africa.

Basis of measurement

The 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 that are measured at fair values 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 financial statements are presented in South African Rand, which is the Company's functional currency, rounded to the nearest thousand, unless otherwise stated.

Disclosure of accounting policies

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

- was changed during the reporting period because the Company 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 Company 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 Company's specific circumstances.

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

In applying the Company'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.

There are no reportable segments as required by IFRS 8 *Operating Segments.*

1.1 New standards, interpretations and amendments adopted by the Company

Certain new IFRS Standards and Interpretations have been issued that are not mandatory for the year ended 31 December 2021 and have not been early adopted by the Company. There are no new IFRS Standards and Interpretations that are not yet effective, that would be expected to have a material impact on the Company 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 Company expects to be entitled in a contract with a customer, excluding value added tax.

Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-price management contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided, because the customer receives and uses the benefits simultaneously. This is determined based on the actual labour hours spent relative to the total expected labour hours.

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

R'000	2021	2020
Management fees received	**4 312**	5 283
Other	**2 102**	2 181
Total fee income	**6 414**	7 464
Dividends received		
■ associate companies	**1 496**	1 317
■ subsidiaries	**140 329**	1 934 502
Total dividends received	**141 825**	1 935 819
Revenue	**148 239**	1 943 283

3. Operating expenses

Includes holding company administration expenses of R74.6 million (2020: R66.0 million), after deducting external fee income and recoveries from subsidiary companies. The current year holding company administration expenses include R4.2 million paid in 2021 in respect of the 2020 bonus which was deferred on a non-obligatory basis.

4. Fair value gains/(losses)

	2021	2020
Changes in fair value of financial assets held at fair value through profit or loss		
■ mark-to-market revaluation of listed investments	**384 174**	(227 984)
■ revaluation of options	**(346 499)**	225 364
■ other financial instruments	**(18)**	(31 752)
	37 657	(34 372)

5. Other investment gains/(losses)

	2021	2020
■ provision for losses in subsidiary[1]	**164 793**	(57 824)
■ impairment in value of investment in subsidiaries[2]	**(48 000)**	(584 310)
■ loss on sale of subsidiary[3]	**(99 933)**	–
	16 860	(642 134)

[1] Refer to note 24.

[2] Refer to note 12 and Appendix 1.

[3] Refer to note 25.

NOTES (CONTINUED)

for the year ended 31 December 2021

R'000	2021	2020
6. Profit before net finance costs		
Profit before net finance costs includes the following items of expenditure not shown separately in the statement of comprehensive income:		
Expenditure		
Auditors' remuneration	**1 983**	3 073
■ External statutory audit	**1 983**	2 081
■ Other services	**—**	992
Depreciation	**1 944**	1 206
Employee related expenses		
■ Staff costs	**45 981**	36 157
■ Post-employment benefits	**1 907**	1 986
Professional fees	**5 271**	7 343
7. Directors' emoluments		
Fees for services as directors		
Non-executive directors	**3 068**	2 919
Management and other services		
Executive directors	**34 851**	27 367
Total paid by Company	**37 919**	30 286

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.

Refer note 32 for detailed information.

R'000	2021	2020
8. Interest income		
Interest received on bank deposits and loans to subsidiaries	**65 503**	92 020
9. Finance costs		
Interest on borrowings	**9 029**	95 312
10. Taxation		
10.1 Taxation credit		
SA normal taxation	**(97 229)**	(15 179)
Deferred – current year	**(82 290)**	(15 179)
– over provision prior year	**(14 939)**	—
Unutilised computed tax losses carried forward	**120 724**	245 228
Saving in taxation attributable thereto at current rate	**33 803**	68 664

R'000		2021	2020
10.2	**Reconciliation of taxation income**		
	Profit before taxation	**139 544**	1 060 031
	Tax at statutory rates (28%) (2020: 28%)	**39 072**	296 809
	Over provided previous year	**(14 939)**	—
	Tax effect of fair value (gains)/losses	**(10 549)**	694
	Tax effect of impairments and expected credit losses	**6 815**	216 191
	Tax effect of non-deductible expenses[1]	**14 674**	26 852
	Tax effect of non-taxable income[2]	**(41 713)**	(542 029)
	Tax effect of sale of subsidiary	**(140 847)**	—
	Capital gains tax	**50 258**	(13 696)
		(97 229)	(15 179)

[1] Non-deductible expenses consists primarily of the non-deductible portion of expenditure relating to an investment holding company.

[2] Non-taxable income consists primarily of dividends received.

11. Dividends

On 29 March 2022, a final gross dividend of 30 cents per share (2020: nil cents) was declared out of income reserves.

12. Interest in subsidiaries

	2021	2020
Shares at cost	**884 803**	884 803
Less: Impairments	**(633 600)**	(633 600)
Shares at cost less impairments	**251 203**	251 203
Loans owing by subsidiaries	**1 296 907**	1 506 965
Less: Allowance for expected credit losses	**(222 734)**	(184 065)
Loans owing by subsidiaries less expected credit losses	**1 074 173**	1 322 900
Interest in subsidiaries	**1 325 376**	1 574 103

The intention of the directors is not to call on the above loans within the next 12 months. The Company has issued letters of support to its subsidiaries in this regard.

The loans owing by subsidiaries are unsecured, have no fixed terms of repayment and are interest free except for the following loans:

NAME OF SUBSIDIARY	INTEREST RATE	2021	2020
House of Monatic (Pty) Ltd	prime	**13 012**	12 153
Newshelf 1331 (RF) (Pty) Ltd	prime	**—**	82 325
Newshelf 1331 (RF) (Pty) Ltd	9.25%	**20 348**	480 823
Newshelf 1063 (RF) (Pty) Ltd	8.10%	**541 212**	499 238
Firefly Investments 306 (Pty) Ltd	prime	**2 865**	—

NOTES (CONTINUED)

for the year ended 31 December 2021

12. Interest in subsidiaries (continued)

The carrying amount of the Company's investment in subsidiary companies is reviewed annually to determine if there are any impairment indicators. Where such indicators exist, the investment is impaired to its recoverable amount.

In the current year, a loan of R48 million was made to subsidiary Lion of Africa Insurance Company Limited ("Lion"). The loan was converted to equity and impaired fully prior to the disposal of Lion. In the prior year, the investments in Newshelf 831 (Pty) Ltd, H Investments No 219 (Pty) Ltd and BrimTiger (Pty) Ltd were impaired as the dividends declared by these entities during the prior year resulted in the net asset value of the entity being lower than the carrying value. Therefore the carrying amount of these subsidiaries were impaired to the fair value of the underlying net assets.

The Company's practice in assessing credit risk and measuring expected credit losses ("ECLs") on loans owing by subsidiaries has been detailed in note 30.6 The loans owing by subsidiaries have been classified into two categories:

Current

The subsidiary has access to sufficient liquid resources to settle the amount owing to the Company at the reporting date. The ECL on loans classified as current is insignificant.

Default

The subsidiary does not have access to sufficient liquid resources to settle the amount owing to the Company at the reporting date. All ECLs recognised in the current and prior year fall into this category and are considered to be lifetime ECLs.

ECLs are updated to reflect changes in credit risk since initial recognition of the loan granted to the subsidiaries at the reporting date. At year-end, ECLs were recognised relating to the loans owing by House of Monatic (Pty) Ltd to the extent that the entity will not be able to settle the outstanding amounts.

R'000	2021	2020
Allowance for ECLs		
Balance at the beginning of year	**184 065**	54 087
Increase in allowance recognised in profit or loss	**38 669**	129 978
Balance at the end of the year	**222 734**	184 065
Loans owing to subsidiaries	**282 531**	222 230

The loans owing to subsidiaries are unsecured, have no fixed terms of repayment and are interest free.

Refer to Appendix 1 for details of subsidiary companies.

13. Investments in associate companies

	2021	2020
Shares at cost less impairments	**288**	288
Loans to associate companies	**60 231**	58 735
	60 519	59 023

Refer to Appendix 2 for details of associate companies.

14. Investments

Accounting policy

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

Classification and measurement in accordance with IFRS 9 *Financial Instruments*

The Company initially records all financial assets at fair value. The Company subsequently holds each financial asset at fair value ("fair value through profit or loss" ("FVTPL")) 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 Company's loans and receivables. The carrying value of amortised cost financial assets is adjusted for impairment under the expected credit loss model (see note 15).

Financial assets at fair value through profit or loss

All other financial assets are held at FVTPL. The Company's financial assets at FVTPL principally comprise investments in equities and derivatives (also see note 17).

R'000	2021	2020
Investments at FVTPL		
Listed investments		
Shares at fair value (non-current)	**320 909**	–
Shares at fair value (current)	**–**	555 035
	320 909	555 035
Unlisted investments		
Shares at fair value (non-current)	**27 749**	14 406
Total investments at FVTPL	**348 658**	569 441
Total investments		
Non-current	**348 658**	14 406
Current	**–**	555 035
	348 658	569 441

Refer to Appendix 3 for full details of the investments.

15. Loans and receivables

	2021	2020
Balance at 1 January	**12 657**	13 526
Repaid	**(8 526)**	(2 391)
Present value adjustment	**2 260**	1 522
Impairment	**(2 531)**	–
	3 860	12 657

Loans and receivables relate to a corporate social responsibility funding programme whereby the Company contributes a share of the funds made available by the programme to beneficiaries along with contractual repayment terms. These loans are interest free and unsecured.

The Company considered the expected credit losses required on these loans and the impact is not significant.

NOTES (CONTINUED)

for the year ended 31 December 2021

16. 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 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.

R'000	2021	2020
Deferred taxation (asset)/liability	**(23 956)**	73 273
The major components of the deferred tax (asset)/liability together with movements during the year were as follows:		
Derivative instruments	**408**	70 752
Investments	**14 335**	73 714
Provisions and accruals	**(4 897)**	(2 529)
Estimated tax losses	**(33 802)**	(68 664)
Deferred tax (asset)/liability	**(23 956)**	73 273
Opening balance	**73 273**	88 452
Recognised in profit or loss	**(97 229)**	(15 179)
Balance at 31 December	**(23 956)**	73 273

17. Other financial assets

	2021	2020
Other derivatives	**3 739**	–
Zero Cost Collar	**–**	346 499
	3 739	346 499
Non-current	**3 739**	–
Current	**–**	346 499
	3 739	346 499

Zero Cost Collar

During 2019, 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 unwound in six monthly instalments of between R220.7 million and R228.9 million from November 2020.

During November and December 2020, two tranches of the Zero Cost Collar unwound, resulting 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.

During the first half of 2021, four tranches of the Zero Cost Collar unwound, resulting in the disposal of the remaining 33 million Life Healthcare shares for a total consideration of R907 million, which was used to fully settle the related debt.

18. 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.

R'000	2021	2020
Cash at banks and on hand	**65 442**	26 318

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

19. Share capital

19.1 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

19.2 Issued and fully paid

Ordinary shares		
At beginning and end of year		
39 874 146 (2020: 39 874 146) Ordinary shares of 0.1 cents each	**40**	40
"N" Ordinary shares		
At beginning of year		
224 975 962 (2020: 211 314 175) "N" Ordinary shares of 0.001 cents each	**2**	2
Repurchased in terms of the Brimstone call option and cancelled		
Nil (2020: 3 664 000) "N" Ordinary shares of 0.001 cents each	**–**	–
Capitalisation issue		
Nil (2020: 17 325 787) "N" Ordinary shares of 0.001 cents each	**–**	–
At end of year		
224 975 962 (2020: 224 975 962) "N" Ordinary shares of 0.001 cents each	**2**	2
Total share capital	**42**	42

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.

Refer to note 28 for movements in treasury shares relating to the Company's forfeitable share plan. The nominal value of these shares is below R100.

NOTES (CONTINUED)

for the year ended 31 December 2021

R'000	2021	2020
20. Capital reserves		
Share premium		
Balance at 1 January	**123 807**	124 912
Specific repurchase of shares	**–**	(1 105)
Balance at 31 December	**123 807**	123 807
Share options reserve		
Balance at 1 January	**27 515**	20 284
Recognition of share-based payments	**9 825**	9 200
Forfeitable share plan share issue (treasury shares)	**(11 856)**	(1 969)
Balance at 31 December	**25 484**	27 515
Share options exercised reserve		
Balance at 1 January and 31 December	**8 314**	8 314
Total capital reserves	**157 605**	159 636

21. 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 income 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 for liquidity services and amortised over the period of the facility to which it relates.

The Company presents separately current and non-current borrowings in the statement of financial position. A liability is classified as current unless the Company 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 Company classifies the obligation as non-current, even if it would otherwise be due within a shorter period.

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 Company 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 Company 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	2021	2020
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 comprised put and call options (collar) over the 49.5 million Life Healthcare Group Holdings Limited shares. The loan bore interest at an effective fixed rate of 8.1% and was repayable in six monthly instalments of between R220.7 million and R228.7 million commencing on 19 November 2020.	–	898 678
Less: amount transferred to current	–	(898 678)
	–	–

22. Other financial liabilities

	2021	2020
Interest rate swaps	**2 283**	24 515
Financial liability with contingent settlement provisions[1]	**99 934**	–
	102 217	24 515

[1] Represents liability recognised at date of sale of subsidiary and equals the net liabilities of Lion disposed of (refer to note 25.2).

23. Bank overdraft

The Company has an overdraft facility amounting to R60 million (2020: R60 million).

The facility bears interest at the bank's prime lending rate. The overdraft facility is unsecured.

NOTES (CONTINUED)

for the year ended 31 December 2021

R'000	2021	2020
24. Provisions		
Provision for losses in subsidiary		
Carrying value 1 January	**164 793**	106 969
Movement in provision	**(164 793)**	57 824
	–	164 793

On 13 November 2018, the Company placed Lion into run-off. Since the commencement of the run-off Brimstone had a constructive obligation to complete the run-off process, and recognised a provision under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. The provision represented the best estimate at reporting date of the expenditure required to complete the run off process.

During December 2021, Brimstone disposed of its holding in Lion. As a result, the provision was reduced to Rnil, and a *Financial Liability with Contingent Settlement Provisions* was recognised – refer to note 25.

25. Disposal of subsidiary

25.1 Description

On 13 November 2018, the Company placed Lion into run-off. The subsidiary was not previously classified as held-for-sale as a sale was not probable at the previous reporting date. On 30 December 2021, the Company disposed of its holding in Lion for a nominal value of R1 000.

25.2 Details of the sale of the subsidiary

R'000	2021
Cash consideration received	
■ Cash	**1**
■ Financial liability with contingent settlement provisions[1]	**(99 934)**
Total disposal consideration	**(99 933)**
Carrying amount of shares disposed	**–**
Loss on sale	**(99 933)**

[1] Represents liability recognised at date of sale and equals the net liabilities of Lion disposed of.

In terms of the sale agreement, the run-off business will be ring-fenced from the other business carried on by the acquirer of the ordinary shares and the acquirer will continue to fully operate and administer the run-off business for a fee, under the mandate and control of the Lion board of directors through its appointed Run-Off Committee. The arrangement effectively amounts to a third-party cell captive arrangement and Brimstone will subscribe for 100% of a new class of shares relating to the run-off business only. Although Brimstone is the "cell owner" of the run-off business, it does not control the business, nor does the cell satisfy the deemed separate entity condition in paragraph B77 of IFRS 10 *Consolidated Financial Statements* and thus may not be consolidated.

The sale agreement includes a contingent consideration which requires Brimstone to fund the run-off business to settle outstanding claims and other creditors until the completion of the run-off should the need arise, up to a currently envisaged maximum amount of R99.9 million (the "Instrument") which was the net liability value of the run-off business on the date of effective disposal, being 30 December 2021. The Instrument comprises mainly of "long-tail" liability claims which are at varying stages of the litigation process. The settlement amount may vary depending on the outcome of the litigation. The Instrument does not meet the definition of a financial guarantee in terms of IFRS 9 *Financial Instruments* due to its general nature. However, as it is a contractual obligation to deliver cash, the Instrument does satisfy the definition of a financial liability in terms of IAS 32 *Financial Instruments: Presentation* and has been recognised as a financial liability at fair value through profit or loss subsequent to initial recognition (refer to note 24). As the litigation could be finalised immediately and thus the Instrument could require immediate settlement, it has been measured at the full amount of the conditional obligation of R99.9 million at the time of sale (initial recognition) and called Financial Liability with Contingent Settlement Provisions.

R'000	2021	2020

26. Notes to the cash flow statement

26.1 Finance costs paid

Finance costs recognised in profit or loss	**9 029**	95 312
Adjustment for non-cash items	**(199)**	—
Finance costs paid	**8 830**	95 312

26.2 Changes in liabilities arising from financing activities

R'000	BORROWINGS	OTHER FINANCIAL LIABILITIES	LOANS OWING TO SUBSIDIARIES	TOTAL
Balance as at 1 January 2020	1 245 899	17 043	2 034 994	3 297 936
Cash flows	(347 221)	—	68 118	(279 103)
Other changes	—	7 471	(1 880 882)[1]	(1 873 411)
Balance as at 31 December 2020	898 678	24 514	222 230	1 145 422
Cash flows	(898 678)	(28 215)	61 684	(865 209)
Other changes	—	105 918[2]	(1 383)	104 535
Balance at 31 December 2021	**—**	**102 217**	**282 531**	**384 748**

1 Non-cash dividends received from subsidiaries.

2 Includes financial liability with contingent settlement provisions.

27. Financial guarantee

Accounting policy

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of:

- the amount determined in accordance with the expected credit loss model under IFRS 9; and
- the amount initially recognised.

The fair value is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

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 fair value of the financial guarantee contract is measured at the higher of the amount determined in accordance with the expected credit loss model under IFRS 9 and the fair value initially recognised. The amount determined in accordance with the expected credit loss model was not material due to the low probability of default by Newshelf 1063 (RF) (Pty) Ltd. The value of the financial guarantee contracts is therefore equal to the initial recognition fair value, which is Rnil (2020: Rnil).

The maximum possible exposure of the Company has been disclosed in note 30.7.

NOTES (CONTINUED)

for the year ended 31 December 2021

28. Share-based payments

Accounting policy

The Company has equity-settled compensation plans.

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 Company's estimate of the shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions.

The Company recognised total expenses of R9.8 million (2020: R9.2 million).

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	2021	2020
"N" Ordinary shares		
Outstanding at beginning of year	**4 377 029**	3 528 532
Awarded during the year	**2 085 520**	1 974 550
Forfeited	**(269 864)**	(1 126 053)
Vested during the year	**(732 767)**	–
Outstanding at end of year	**5 459 918**	4 377 029

GRANT DATE	NUMBER OF SHARES	GRANT DATE FAIR VALUE R'000	EXPECTED LIFE (YEARS)
4 March 2019	1 399 848	9 645	3
24 February 2020	1 974 550	10 514	3
25 February 2021	2 085 520	10 024	3
	5 459 918		

29. Retirement benefits

The Company's pension fund is administered by the Old Mutual Superfund Provident Fund. Contributions payable to the fund and charged against income during the year, amounted to R1.91 million (2020: R1.99 million).

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

30. Financial instruments

30.1 Capital risk management

The Company manages its capital to ensure it 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 Company consists of debt, which includes the borrowings disclosed in notes 21 and 23, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves as disclosed in notes 18 to 20 and retained earnings. The Company'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 Company 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 Company's overall strategy remains unchanged from the previous year.

R'000	2021	2020
30.2 Categories of financial instruments		
Financial assets		
Investments classified as at FVTPL	**348 658**	569 441
Derivative financial assets carried at FVTPL	**3 739**	346 499
Amortised cost	**1 205 577**	1 421 747
Other receivables	**1 871**	1 137
Loans and receivables	**3 860**	12 657
Cash and cash equivalents	**65 442**	26 318
Loans to associate companies	**60 231**	58 735
Loans owing by subsidiaries	**1 074 173**	1 322 900
Financial liabilities		
Derivative financial liabilities carried at FVTPL	**2 283**	24 515
Financial liability with contingent settlement provisions	**99 934**	—
Amortised cost	**285 763**	1 126 798
Borrowings	**—**	898 678
Trade payables	**3 232**	5 890
Loans owing to subsidiaries	**282 531**	222 230

30.3 Financial risk management objectives

A committee consisting of executives of the Company monitors and manages the Company's financial risks relating to the operations of the Company. 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 Company does not enter into or trade in financial instruments, including derivative instruments, for speculative purposes.

30.4 Market risk

The Company's activities expose it primarily to the financial risks of changes in interest rates (see below) and equity price risk (see below). There has been no change to the Company's exposure to market risks or the manner in which it manages and measures the risk. The Company is not exposed to the financial risks of changes in foreign exchange.

30.5 Interest rate risk management

The Company is exposed to interest rate risk as entities in the Company borrow funds at both fixed and floating interest rates. The Company's exposure to interest rate risk on financial liabilities are detailed in the liquidity risk management section. 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 reporting 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 Company's profit for the year would decrease/increase by R0.24 million (2020: decrease/increase by R0.95 million) in the Company as a result of their exposure to interest rates on their variable rate borrowings.

NOTES (CONTINUED)

for the year ended 31 December 2021

30. Financial instruments (continued)

30.6 Credit risk management and measurement of expected credit losses

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company, prior to advancing funds to subsidiaries and associates, reviews through its Investment Committee the entity's ability to repay the funds. The maximum exposure to credit risk, excluding the value of any collateral or other security at the reporting date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. Financial assets which potentially subject the Company to concentrations of credit risk consist of cash at bank and loans to subsidiaries. The Company's cash is placed with recognised financial institutions and therefore presents an insignificant credit risk.

The Company applies the general approach in calculating expected credit losses (ECLs) for loans and advances. ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (12-month ECL). For credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (lifetime ECL). In assessing whether an increase in credit risk relative to the position at initial recognition is indicated, management is of the view that the availability of liquid assets at the reporting date together with forward looking information is most relevant. Therefore, management relies on a review of the subsidiary's financial statements or management accounts and cash flow forecasts when assessing credit risk. Management judges that a forecast net outflow of cash and a requirement to provide further financial assistance, for operating purposes, to the subsidiary in any of the next 2 years as an indication that credit risk has increased significantly.

As loans to subsidiaries have no stated terms of repayment and are therefore assumed to be repayable on demand, the maximum period to consider when measuring expected credit losses is one day. If at the reporting date, the subsidiary has the capacity to repay the loan if demanded by the Company (i.e. the subsidiary has sufficient cash resources without restrictions to repay with one day's notice), the expected credit loss allowance will be negligible. In other words, the probability of default would be close to nil and the expected credit loss would be immaterial. However, if at the reporting date, the subsidiary would be incapable of repaying the loan in full if demanded by the Company with one day's notice, the probability of default is considered to be very high. In other words, the probability of default would be close to 100%.

Even though the probability of default may be close to 100%, in establishing the loss given default, management considers what actions the subsidiary could undertake to meet the contractual demanded amount and so mitigate the credit losses suffered by the Company. In other words, management considers the expected manner of recovery of the cash flows due under the loan if called. Any cash shortfall is recognised at the nominal amount as an expected credit loss, due to the loans having no stated repayment terms and the effective interest rate for discounting cash flows to present values being nil %.

At the reporting date, the Company did not consider there to be any significant concentration of credit risk in respect of which an allowance for expected credit losses has not been recognised. Refer to note 12.

30.7 Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has developed an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included below is a listing of additional undrawn facilities to further reduce liquidity risk.

R'000	2021	2020
Unutilised banking facilities		
Total banking and loan facilities	**60 000**	958 678
Facilities utilised	**—**	(898 678)
Cash and cash equivalents	**65 442**	26 318
Unutilised banking facilities and cash and cash equivalents	**125 442**	86 318

Liquidity and interest rate risk tables

The following tables detail the Company's remaining contractual maturity for non-derivative financial liabilities and assets. 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 and in the case when contractual maturities cannot be determined, using management best view of the period when the amounts will be recovered. 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 Company's exposure to liquidity and interest rate risk and the effective rates of interest at reporting date are as follows:

2021	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	Interest free	–	–	348 658	348 658
Participating preference shares held in investment in associate	3.6	–	–	48 177	48 177
Loans to associate companies and joint ventures	Interest free	–	–	12 054	12 054
Loans to subsidiary	Prime	–	13 012	–	13 012
Loans to subsidiary	9,25	–	20 348	–	20 348
Loans to subsidiary	8.10	–	541 212	–	541 212
Loans to subsidiaries	Interest free	–	499 601	–	499 601
Loans and receivables	18	1 514	1 235	–	2 749
Other financial assets	Interest free	3 739	–	–	3 739
Other receivables	Interest free	1 871	–	–	1 871
Cash and cash equivalents	Bank deposit rates	65 442	–	–	65 442
		72 566	1 075 408	408 889	1 556 863
Liabilities					
Loans from subsidiaries	Interest free	282 531	–	–	282 531
Other financial liabilities	Interest free	2 283	–		2 283
Financial liability with contingent settlement provisions	Interest free	99 934	–	–	99 934
Trade payables	Interest free	3 232	–	–	3 232
		387 980	–	–	387 980
Financial guarantee					
Preference shares[1] (Newshelf 1063 (RF) (Pty) Ltd) (refer note 27)	6.1	131 431	2 285 217	–	2 416 648

[1] Certain listed shares owned by the Brimstone Group are held as security by the funders for the preference share funding. The fair value of the shares at 31 December 2021 was R4.3 billion.

NOTES (CONTINUED)

for the year ended 31 December 2021

30. Financial instruments (continued)

30.7 Liquidity risk management (continued)

Liquidity and interest rate risk tables (continued)

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	Interest free	555 035	–	14 406	569 441
Participating preference shares held in investment in associate	3.6	–	–	46 681	46 681
Loan to associate companies	Interest free	–	–	12 054	12 054
Loan to subsidiary	Prime	–	94 478	–	94 478
Loan to subsidiary	9.25	–	480 823	–	480 823
Loan to subsidiary	8.10	–	499 238	–	499 238
Loans to subsidiaries	Interest free	–	248 361	–	248 361
Loans and receivables	18	8 793	3 106	–	11 899
Other financial assets	Interest free	346 499	–	–	346 499
Other receivables	Interest free	1 137	–	–	1 137
Cash and cash equivalents	Bank deposit rates	26 318	–	–	26 318
		937 782	1 326 006	73 141	2 336 929
Liabilities					
Loans from subsidiaries	Interest free	222 230	–	–	222 230
Funded equity option (Zero Cost Collar) – fixed rate	8.10	906 975	–	–	906 975
Other financial liabilities	Interest free	24 515	–		24 515
Trade payables	Interest free	5 890	–	–	5 890
Other payables	Interest free	17 740	–	–	17 740
		1 177 350	–	–	1 177 350
Financial guarantee[1]					
Preference shares[2] (Newshelf 1063 (RF) (Pty) Ltd)	5.8	20 350	2 425 313	–	2 445 663

[1] The financial guarantee was disclosed as a contingent liability in the prior year and was reclassified as a financial liability in the current year.

[2] Certain listed shares owned by the Brimstone Group are held as security by the funders for the preference share funding. The fair value of the shares at 31 December 2020 was R4.6 billion.

30.8 Interest rate management

The factors which would be considered in the decision on fixed versus floating interest rates in respect of the Company'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.

30.9 Equity Price Risk

The portfolio of listed equities 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 Company'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 Company'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:

	2021	2020
Investments		
Directly held equities	**320 909**	555 035

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 the equity prices had been 1% higher/lower, the profit would increase/decrease by R2.5 million (2020: R4.3 million) as a result of their exposure to movements in equity prices.

30.10 Fair value of financial instruments

The estimated net fair values at 31 December 2021 have been determined using available market information and appropriate valuation methodologies and are not necessarily indicative of the amounts that the Company could realise in the ordinary course of business. The fair values of financial instruments in 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 statement of financial position approximate fair values.

Other receivables

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

Interest bearing borrowings

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

Trade and other payables

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

NOTES (CONTINUED)

for the year ended 31 December 2021

30. Financial instruments (continued)

30.11 Fair value measurements

This note provides information about how the Company determines fair values of various financial assets and financial liabilities.

Fair value of the Company's financial assets and financial liabilities that are measured on a fair value basis on a recurring basis

Some of the Company's 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 and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

The directors consider that the carrying amounts of financial assets and financial liabilities not measured at fair value on a recurring basis (but fair value disclosures are required) recognised in the financial statements approximate their fair values.

R'000	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
2021				
Financial assets at FVTPL				
Derivative financial assets	**—**	**3 739[1]**	**—**	**3 739**
Listed shares	**320 909**	**—**	**—**	**320 909**
Unlisted shares	**—**	**—**	**27 749[2]**	**27 749**
Total	**320 909**	**3 739**	**27 749**	**352 397**
Financial liabilities at FVTPL				
Derivative financial liabilities	**—**	**2 283[1]**	**—**	**2 283**
Financial liability with contingent settlement provisions	**—**	**—**	**99 934[3]**	**99 934**
2020				
Financial assets at FVTPL				
Derivative financial assets	—	346 499[1]	—	346 499
Listed shares	555 035	—	—	555 035
Unlisted shares	—	—	14 406[2]	14 406
Total	555 035	346 499	14 406	915 940
Financial liabilities at FVTPL				
Derivative financial liabilities	—	24 515[1]	—	24 515

The table provided an analysis of financial instruments and non-financial assets 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 and non-financial assets and liabilities.

[1] The following methods and inputs are used in valuing level 2 financial assets and liabilities:
– 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 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. The assets are valued using capitalisation of net income method or open market values for existing use. 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, profit for the year would increase/decrease by R2.0 million (2020: R1.1 million).

[3] The fair value of the financial liability with contingent settlement provisions is measured as the undiscounted amount that the Company could be required to repay immediately, and is represented by the net liabilities of Lion at the date of disposal. Refer to note 25 for further information.

Reconciliation of level 3 fair value measurements

R'000	2021	2020
Opening balance	**14 406**	18 659
Total gains or losses – in profit or loss	**13 343**	(4 253)
Closing balance	**27 749**	14 406

31. Related party transactions and directors' interests

	2021	2020
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	**32 903**	32 526
Post-employment benefits	**1 660**	1 749
Share-based payments	**9 449**	8 855
	44 012	43 130

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 R0.1 million (2020: R0.2 million).

The balances owing to/by subsidiaries are disclosed in Appendix 1.

The balances owing by associates are disclosed in Appendix 2.

The balances with subsidiaries and associates will be settled by the transfer of funds.

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 Rnil (2020: R0.3 million).

Transactions between the Company, its subsidiaries and associates:

	2021	2020
Subsidiaries		
Dividends received	**140 329**	1 934 502
Interest received	**59 389**	88 982
Management fees received	**4 312**	5 283
Associates		
Dividends received	**1 496**	1 317

NOTES (CONTINUED)

for the year ended 31 December 2021

32. Directors' remuneration

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.

Paid by the Company

2021 NAME (R'000)	BASIC SALARY	FEES PAID BY SUBSIDIARY	OTHER BENEFITS[1]	STI	LTI AWARD VALUE	TOTAL
MA Brey	3 124	—	448	3 180	2 104	8 856
F Robertson	3 200	773	372	3 180	2 104	9 629
GG Fortuin	2 217	—	266	1 739	981	5 203
MI Khan	2 611	—	280	2 073	1 140	6 104
T Moodley	1 417	—	179	875	634	3 105
Total	12 569	773	1 545	11 047	6 963	32 897

2020 NAME (R'000)	BASIC SALARY	FEES PAID BY SUBSIDIARY	OTHER BENEFITS[1]	STI[2]	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

[1] Company contributions to retirement fund and medical aid

[2] As reported in the Remuneration Report, in the 2020 Integrated Report, one third of the achieved award was deferred on a non-obligatory basis, for reassessment in 2021. During 2021, an amount of R2.7 million was paid in respect of the deferred amount.

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.

2021 NAME (R'000)	BOARD FEES	BOARD FEES PAID BY SUBSIDIARIES	COMMITTEE FEES	TOTAL
PL Campher	**438**	**31**	**478**	**947**
MJT Hewu	**238**	**—**	**196**	**434**
N Khan	**238**	**31**	**405**	**674**
K Moloko	**238**	**—**	**95**	**333**
LA Parker	**238**	**—**	**171**	**409**
FD Roman	**238**	**275**	**95**	**608**
Total	**1 628**	**337**	**1 440**	**3 405**

New appointments

LAD Wort was appointed on 11 November 2021.

M Ndlovu was appointed on 2 December 2021.

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.

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.

NOTES (CONTINUED)

for the year ended 31 December 2021

33. Events after the reporting period

Change in tax rate

During the budget speech held on 23 February 2022, the Minister of Finance announced a decrease in the corporate tax rate from 28% to 27% with effect from 1 April 2022. If the legislation had been effective as at year end, this would have resulted in an estimated decrease in the deferred tax asset at 31 December 2021 of R0.9 million.

34. Going Concern

The Company's statement of financial position indicates that at 31 December 2021 its current liabilities exceeded its current assets by R0.3 billion (2020: R0.4 billion).

The Company has assessed its cash flow requirements for a period of at least twelve months from the reporting date and management is satisfied that the Company has access to the necessary resources to settle liabilities as and when they fall due in the ordinary course of business. The Company forms part of the investment group, Brimstone, which manages investments across a diverse range of industries. Cash flow projections are presented to the Board on a quarterly basis for the Group as a whole and these projections indicate that there is adequate cash resources, borrowing facilities or other mechanisms that can be initiated to meet all cash/liability demands of the Group, as and when they are required to be settled. The Company's cash requirements are considered as part of this process. In addition, amounts owing to wholly-owned subsidiaries classified as current liabilities as required by IFRS, are by intent of a long-term nature and will not be recalled by these entities in the foreseeable future.

The financial statements have therefore been prepared on the basis of accounting policies applicable to a going concern.

SUPPLEMENTARY REPORTS ON INVESTMENTS

as at 31 December 2021

Appendix 1
Interest in subsidiaries

	ISSUED SHARE CAPITAL		EFFECTIVE PERCENTAGE HOLDING		SHARES AT COST/VALUATION		NET INDEBTEDNESS	
	2021 R	2020 R	2021 %	2020 %	2021 R	2020 R	2021 R	2020 R
Held directly								
Investment holding								
Brimco (Pty) Ltd	1	1	100	100	—	—	(250 351)	(188 329)
Firefly Investments 306 (Pty) Ltd	11 600 000	5 000 000	70	80	37 228	37 228	2 865	—
Brimsure (Pty) Ltd	100	100	60	60	—	—	17	(1)
Oceana SPV (Pty) Ltd	100	100	100	100	39 000	39 000	12 428	51 412
Newshelf 1063 (RF) (Pty) Ltd	167 163 234	167 163 234	100	100	167 163	167 163	867 263	938 606
Newshelf 1331 (Pty) Ltd	1	1	100	100	—	—	(160)	169 361
Newshelf 1404 (Pty) Ltd	1	1	100	100	—	—	198 837	192 082
Allowance for ECLs					—	—	(35 062)	(35 062)
Dormant								
H Investments No 219 (Pty) Ltd	100	100	100	100	18 646	18 646	(2 644)	(4 526)
Impairment					(10 834)	(10 834)	—	—
Newshelf 1354 (Pty) Ltd	1	1	100	100	—	—	34	34
Allowance for ECLs							(34)	(34)
Newshelf 831 (RF) (Pty) Ltd	15 335	15 335	98	98	258 283	258 283	(4 375)	(4 375)
Impairment					(258 283)	(258 283)	—	—
BrimTiger (Pty) Ltd	100	100	100	100	334 483	334 483	—	—
Impairment					(334 483)	(334 483)	—	—
Manufacturer and distributor of clothing								
House of Monatic (Pty) Ltd	30 572 408	30 572 408	100	100	30 000	30 000	192 105	155 338
Impairment/allowance for ECLs					(30 000)	(30 000)	(187 637)	(148 969)
Held indirectly								
Investment holding								
Friedshelf 1535 (RF) (Pty) Ltd							(25 000)	(25 000)
Septen Investments (Pty) Ltd	1	1	100	100	—	—	23 325	133
Controlled special purpose entities								
Brimstone Investment Corporation Limited Share Trust	—	—	—	—	—	—	31	—
					251 203	251 203	791 642	1 100 670

All subsidiaries are incorporated in the Republic of South Africa.

SUPPLEMENTARY REPORTS ON INVESTMENTS

as at 31 December 2021

Appendix 2

Investments in Associate Companies

UNLISTED	REPORTING DATE	EFFECTIVE PERCENTAGE HOLDING 2021 %	2020 %	SHARES AT COST/VALUATION 2021 R'000	2020 R'000	INDEBTEDNESS 2021 R'000	2020 R'000
South African Enterprise Development (Pty) Ltd (Entrepreneurial investments)	31 Mar.	**25.00**	25.00	**–**	–	**60 231**	58 735
Hot Platinum (Pty) Ltd (Manufacturer of machinery for jewellery industry)	28 Feb.	**20.66**	20.66	**288**	288	**–**	–
Total				**288**	288	**60 231**	58 735

All associate companies are incorporated and operate in South Africa.

All amounts owing by associates have no fixed terms of repayment and are interest free, except for the following:

	INTEREST RATE	2021	2020
South African Enterprise Development (Pty) Ltd	3.60%	**48 177**	46 681

The Company has not recorded any impairment in respect of amounts owed by the associates (2020: 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.

Appendix 3
Investments

	NUMBER OF SHARES		VALUATION OF SHARES	
	2021	2020	2021 R'000	2020 R'000
Investments at FVTPL				
Listed				
Life Healthcare Group Holdings Limited	**—**	32 998 530	**—**	555 035
Equites Property Fund (Pty) Ltd[1]	**13 958 621**	—	**320 909**	—
Unlisted				
Decision Inc Co-Investment Partnership[2]	**n/a**	—	**1 625**	—
Welkom Yizani Investments (Pty) Ltd	**—**	430	**—**	5
African Legend Investment (Pty) Ltd	**3 075 844**	3 075 844	**26 124**	14 401
Total			**348 658**	569 441

A register of investments is available for inspection at the registered office of the Company.

1 Brimstone acquired the shares in Equites Property Fund (Pty) Ltd from Newshelf 1331 (Pty) Ltd. The loan owing to Brimstone by Newshelf 1331 (Pty) Ltd was fully settled, and the balance of the value of the shares was recognised as a dividend in specie.

2 Brimstone has a 25% interest in the partnership.

CORPORATE INFORMATION

Brimstone Investment Corporation Limited
(Incorporated in the Republic of South Africa)

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
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DLA Piper South Africa (Pty) Ltd

Auditors
Ernst & Young Inc.

Bankers
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Sponsor
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