BRIMSTONE
INVESTMENT CORPORATION LIMITED

Profitability. Empowerment. Positive Social Impact.

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

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2019

SIGNIFICANT EVENTS

- Profit before net finance costs increased by R378 million
- Acquisition of an additional 8 million shares in Oceana for R581 million increasing shareholding to 22.9%
- R1.2 billion raised in a share-backed Zero-Cost-Collar funding arrangement over Life Healthcare shares
- Clover transaction exited
- Sea Harvest acquired 100% of Ladismith Cheese

COMMENTARY

The Group reported a reduced loss for the period under review of R84.3 million compared to a loss of R227.1 million in the comparative period. The current period loss is mainly due to the cost of exiting the Clover transaction, increased finance costs, increase in valuation provisions in Lion of Africa and an increase in the tax charge partially offset by the increase in profitability of Sea Harvest and fair value gains.

Intrinsic gross asset value increased to R8.9 billion, from R7.4 billion at 31 December 2018. Intrinsic net asset value decreased to R3.7 billion from R3.9 billion at 31 December 2018.

UNDERLYING INVESTMENTS

BRIMSTONE PORTFOLIO

SUBSIDIARIES

Sea Harvest (54.2%)[1]

During January 2019, Brimstone acquired a further 21.4 million Sea Harverst shares for R300 million increasing its stake from 50.6% at 31 December 2018 to 54.2%. The Sea Harvest Group has delivered headline earnings for the six months ended 30 June 2019 of R169 million, an increase of 52% compared to the same period last year (2018: R111 million). Headline earnings per share increased 32% to 61.1 cents per share (2018: 46.4 cents) after a 15% increase in the weighted average number of shares in issue during the period. Revenue for the period increased 86% to R1.87 billion (2018: R1.0 billion), benefiting from the acquisition of Viking Fishing, Viking Aquaculture and Ladismith Cheese, as well as a 10% increase in the Hake total allowable catch. Gross profit for the period increased 66% to R611 million (2018: R368 million) and gross profit margin contracted to 32.6% (2018: 36.6%) as a result of the inclusion of Ladismith Cheese. The gross profit margin of the South African Fishing operation expanded marginally to 36.3% (2018: 36.1%). The group delivered operating profit before net finance costs and taxation of R281 million for the period, 69% higher than last year (2018: R166 million), with an operating profit margin of 15%. Profit after tax increased 44% to R161 million (2018: R111 million). Sea Harvest concluded the acquisition of 100% of the issued share capital of Ladismith Cheese and in May 2019 concluded the acquisition of the remaining 43.6% of shares of Mareterram Limited (renamed Sea Harvest (Pty) Ltd).

Lion of Africa Insurance Company (Lion of Africa) (100%)

Lion of Africa was placed in run-off by Brimstone on 13 November 2018. Lion of Africa reported a net loss of R55.2 million for the period under review compared to a loss of R7.7 million in the prior period. The run-off process is progressing according to plan with a commensurate reduction in policy count, claims and personnel. The loss for the period arose primarily from the raising of valuation provisions.

House of Monatic (100%)

Extremely tough trading conditions and a retrenchment process at the end of February 2019 made for a very challenging first half of the year. Revenue decreased by 13% to R67.5 million compared to R78 million for the same period last year, as the economy continued to put extreme pressure on independent retailers. It is however encouraging to see the right-sizing of the business starting to bear some fruit in an increased gross profit margin.

ASSOCIATES AND JOINT VENTURES[2]

Oceana (22.9%)[1]

On 20 March 2019, Brimstone acquired 8 million Oceana shares for R581.4 million (R72.68 per share) increasing its shareholding from 17% to 22.9%. Brimstone held 31 million shares in Oceana with a market value of R2.1 billion at period end. Oceana's share price closed at R69.00 per share, down from R73.88 per share at 31 December 2018. Brimstone received cash dividends of R108.1 million from Oceana during the period under review and recognised R53 million as its share of profits of the associate based on Oceana's reported six months earnings to 31 March 2019. Subsequent to 30 June 2019, Brimstone acquired a further 1.5 million Oceana shares for R104.9 million (R69.93 per share) increasing its shareholding in Oceana to 24%.

Aon Re Africa (18%)

Aon Re Africa is a leading reinsurance broker licensed and operating in South Africa and the rest of Africa. Brimstone received a cash dividend of R9.7 million from Aon Re Africa and recognised R8.3 million as its share of profits of the associate during the period under review.

[1] The percentage shareholding is calculated on the gross number of shares in issue.

[2] The accounting standard in terms of which Brimstone's associates and joint ventures are accounted for, IAS 28 *Investments in Associates and Joint Ventures*, requires that dividends received from these investments are credited to the carrying amount of the investments in the statement of financial position and that Brimstone's share of profits of the associates and joint ventures are credited to the statement of profit or loss and debited to the carrying amount of the investments in the statement of financial position. Therefore, the dividends received from these investments referred to in the commentary below are not included in the statement of profit or loss.

ASSOCIATES AND JOINT VENTURES (CONTINUED)[2]

South African Enterprise Development (SAED) (25%)

SAED is an investment vehicle providing equity growth capital to high potential small and medium sized enterprises. Its interests include stakes in High Duty Castings (45%), Tombake Holdings (32.6%), Decision Inc. Holdings (32.8%), ASG Holdings (35.3%), ZAR X (28.7%) and Specialised Food Holdings (46.4%). SAED contributed R1.1 million to share of profits of associates of Brimstone for the period. Brimstone accounted for a dividend receivable of R0.6 million from SAED during the period under review.

Milpark Education (Milpark) (12.8%)

Milpark is a private provider of higher management education. Brimstone recognised R3.6 million as its share of losses of Milpark during the period under review.

Obsidian Health (Obsidian) (25.1%)

Obsidian is a distributor of medical equipment, medical consumables and pharmaceutical products. Brimstone recognised R1.8 million as its share of profits of Obsidian during the period under review.

INVESTMENTS

Equites (7.7%)

Equites' share price closed at R21.45 per share, up from R19.36 per share at 31 December 2018. The investment was revalued upwards by R73 million to R748.5 million at period end. Brimstone received a dividend of R24.5 million from Equites during the period under review.

FPG Property Fund (9.9%)

FPG Property Fund is a Cape-based black-owned and managed unlisted property fund with a portfolio of properties catering for the retail, industrial and office sectors. This investment was revalued upwards by R14.4 million to R162.6 million at period end.

Life Healthcare (3.4%)

Life Healthcare's share price closed at R22.44 per share, down from R26.40 per share at 31 December 2018. The investment was revalued downwards by R196 million to R1.1 billion at period end. Brimstone received dividends of R4.1 million from Life Healthcare during the period under review. The investment has been given as security in a share-backed Zero-Cost-Collar funding arrangement. Refer to note 7 for further details of the Zero-Cost-Collar.

MTN Zakhele Futhi (1.5%)

Brimstone holds rights to 1.8 million MTN Zakhele Futhi shares which are accounted for as options. The independently calculated option valuation was based on a MTN Group closing share price of R106.75 per share, up from R89.00 per share at 31 December 2018. The investment was revalued upwards by R10.3 million to R47.7 million.

Phuthuma Nathi (7%)

The Phuthuma Nathi 1 shares and Phuthuma Nathi 2 shares closed at R126.00 and R130.00 per share respectively (R135.00 and R136.00 per share at 31 December 2018). The investment was revalued downwards by R37.5 million to R603.9 million. Brimstone expects to receive a dividend of R105 million in September 2019.

STADIO (5.3%)

STADIO's share price closed at R3.34 per share, down from R3.49 per share at 31 December 2018. The investment was revalued downwards by R6.5 million to R145.5 million.

INTRINSIC NET ASSET VALUE (INAV)

INAV at 30 June 2019 calculated on a line-by-line basis, totalled R3.71 billion, or R15.34 per share (31 December 2018: R3.90 billion, or R16.15 per share), representing a decrease of 5% from 2018 (a decrease of 5% on a per share basis). As at 30 June 2019, Brimstone Ordinary shares were trading at a discount of 44.6% to INAV (31 December 2018: 35.0%) and "N" Ordinary shares traded at a discount of 40.3% to INAV (31 December 2018: 41.2%). The analysis of INAV is available on the Company's website at www.brimstone.co.za.

The INAV information presented in this report has been prepared on a basis consistent with that used in the integrated report for the year ended 31 December 2018.

DIVIDEND

In line with previous years, no interim dividend is declared for the half year.

PROSPECTS

The Group maintains its positive long-term view of its investments and will continue to strive to enhance value for its shareholders.

F Robertson	**MA Brey**
Executive Chairman	*Chief Executive Officer*

2 September 2019

DIRECTORATE AND ADMINISTRATION

Registered office: Boundary Terraces, 1 Mariendahl Lane, Newlands, 7700, Cape Town
Transfer Secretaries: Computershare Investor Services (Pty) Ltd, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196
Sponsor: Nedbank CIB, 135 Rivonia Road, Sandton, 2196
Directorate: F Robertson (Executive Chairman)*, MA Brey (Chief Executive Officer)*, GG Fortuin (Financial)*,
MI Khan (Chief Operating Officer)*, T Moodley*, PL Campher (Lead Independent), M Hewu, N Khan, KR Moloko, MK Ndebele, LA Parker, FD Roman **Executive*
Company Secretary: T Moodley
Website: www.brimstone.co.za
E-mail: info@brimstone.co.za

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the 6 months ended 30 June 2019

R'000	**Unaudited 6 months ended 30 June 2019**	Unaudited 6 months ended 30 June 2018	Audited Year ended 31 December 2018
Revenue	**2 078 872**	1 369 620	3 376 655
Sales and fee income	**2 047 402**	1 284 489	3 137 288
Dividends received	**31 470**	85 131	239 367
Operating expenses	**(1 900 712)**	(1 185 963)	(2 988 096)
Operating profit	**178 160**	183 657	388 559
Fair value gains/(losses)	**58 798**	(403 659)	(177 599)
Other investment losses	**(68 700)**	–	(43 440)
Share of profits of associates and joint ventures	**66 151**	76 901	170 479
Profit/(loss) before net finance costs	**234 409**	(143 101)	337 999
Income from investments	**22 266**	28 932	79 297
Finance costs	**(268 048)**	(158 890)	(378 146)
(Loss)/profit before taxation	**(11 373)**	(273 059)	39 150
Taxation	**(72 896)**	45 915	32 173
(Loss)/profit for the period	**(84 269)**	(227 144)	71 323
(Loss)/profit attributable to:			
Equity holders of the parent	**(155 455)**	(282 120)	(78 505)
Non-controlling interests	**71 186**	54 976	149 828
	(84 269)	(227 144)	71 323
Loss per share (cents)			
Basic	**(64.4)**	(117.7)	(32.4)
Diluted	**(64.4)**	(117.7)	(32.4)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the 6 months ended 30 June 2019

R'000	**Unaudited 6 months ended 30 June 2019**	Unaudited 6 months ended 30 June 2018	Audited Year ended 31 December 2018
(Loss)/profit for the period	**(84 269)**	(227 144)	71 323
Other comprehensive income/(loss), net of tax	**71 480**	(99 376)	45 917
Items that may be reclassified subsequently to profit or loss			
Cash flow hedges			
Loss arising during the period	**113 691**	(27 985)	(23 955)
Recycled to operating expenses	**(7 586)**	–	20 614
Cost of hedging reserve			
(Loss)/profit arising during the period	**(81 311)**	24 037	(27 194)
Recycled to operating expenses	**37 770**	–	–
Foreign currency translation			
(Loss)/profit arising during the period	**(13 162)**	–	22 275
Share of non-distributable reserves of associates	**21 883**	(95 809)	52 222
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit plans	**–**	–	2 149
Share of non-distributable reserves of associates	**195**	381	(194)
Total comprehensive (loss)/income for the period	**(12 789)**	(326 520)	117 240
Total comprehensive (loss)/income attributable to:			
Equity holders of the parent	**(106 435)**	(383 370)	(31 826)
Non-controlling interests	**93 646**	56 850	149 066
	(12 789)	(326 520)	117 240

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2019

R'000	**Unaudited 30 June 2019**	Unaudited 30 June 2018	Audited 31 December 2018
ASSETS			
Non-current assets	**8 940 246**	6 175 534	7 949 448
Property, plant, equipment and vehicles	**1 896 697**	971 796	1 693 151
Right-of-use-assets	**153 774**	–	–
Investment properties	**–**	80 884	–
Biological assets	**128 647**	–	107 646
Goodwill and intangible assets	**1 484 154**	652 883	1 239 905
Investments in associate companies and joint ventures	**2 091 071**	1 270 485	1 526 126
Investments	**2 864 609**	3 010 633	3 050 590
Long-term loan receivable	**2 500**	–	–
Loans and receivables	**9 926**	10 134	8 130
Loans to supplier partners	**70 869**	980	72 182
Deferred taxation	**17 304**	114 845	169 173
Insurance assets	**–**	36 814	49 783
Other financial assets	**220 695**	26 080	32 762
Current assets	**3 038 405**	2 159 085	2 874 877
Inventories	**701 911**	485 046	488 359
Trade and other receivables	**846 818**	719 138	897 506
Short-term loan receivable	**3 996**	–	–
Insurance assets	**376 323**	311 401	441 139
Other financial assets	**69 743**	2 991	994
Taxation	**21 808**	3 957	21 416
Cash and cash equivalents	**1 017 806**	636 552	1 025 463
Non-current assets classified as held for sale	**76 226**	–	72 226
TOTAL ASSETS	**12 054 877**	8 334 619	10 896 551
EQUITY AND LIABILITIES			
Capital and reserves	**3 476 613**	3 174 136	3 867 250
Share capital	**42**	42	42
Capital reserves	**370 398**	254 958	364 189
Revaluation reserves	**19 591**	19 600	18 926
Cash flow hedging reserve	**70 077**	(4 336)	10 558
Cost of hedging reserve	**(40 464)**	–	(14 596)
Foreign currency translation reserve	**(16 583)**	(10 476)	(10 280)
Changes in ownership	**574 616**	578 872	660 945
Retained earnings	**1 433 259**	1 499 765	1 683 660
Attributable to equity holders of the parent	**2 410 936**	2 338 425	2 713 444
Non-controlling interests	**1 065 677**	835 711	1 153 806
Non-current liabilities	**6 623 172**	3 244 220	4 660 904
Long-term borrowings	**5 591 476**	2 537 685	3 616 233
Long-term provisions	**25 240**	26 373	25 229
Lease liabilities	**152 514**	–	–
Contingent consideration	**128 578**	–	121 910
Deferred grant income	**33 846**	11 498	20 026
Other financial liabilities	**28 141**	46 257	44 768
Insurance liabilities	**–**	67 948	92 667
Share-based payment liability	**24 654**	25 373	27 626
Deferred taxation	**638 723**	529 086	712 445
Current liabilities	**1 955 092**	1 916 263	2 368 397
Short-term borrowings	**332 658**	610 251	722 270
Bank overdrafts	**89 643**	76 654	82 642
Trade payables	**483 252**	450 301	536 222
Other payables	**245 916**	123 871	134 828
Deferred grant income	**3 510**	–	–
Lease liabilities	**23 765**	–	–
Insurance liabilities	**705 593**	547 605	812 084
Other financial liabilities	**25 078**	38 748	37 027
Short-term provisions	**45 443**	20 727	42 155
Taxation	**234**	48 106	1 169
TOTAL EQUITY AND LIABILITIES	**12 054 877**	8 334 619	10 896 551
NAV per share (cents)	**998.5**	961.8	1 123.8
Shares in issue at end of period (000's)	**241 446**	243 129	241 446

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the 6 months ended 30 June 2019

R'000	**Unaudited 6 months ended 30 June 2019**	Unaudited 6 months ended 30 June 2018	Audited Year ended 31 December 2018
Operating activities			
(Loss)/profit for the period	**(84 269)**	(227 144)	71 323
Adjustments for non-cash items	**315 384**	375 513	206 259
Operating cash flows before movements in working capital	**231 115**	148 369	277 582
(Increase)/decrease in inventories	**(11 227)**	(73 726)	15 485
Decrease/(increase) in trade and other receivables	**138 110**	(98 528)	(166 256)
(Decrease)/increase in trade and other payables	**(100 617)**	16 992	61 503
Net decrease/(increase) in insurance assets	**114 599**	55 073	(87 634)
Net (decrease)/increase in insurance liabilities	**(199 158)**	(46 043)	243 155
Cash generated from operations	**172 822**	2 137	343 835
Interest received	**20 020**	28 932	72 748
Proceeds from receipt of a government grant	**17 181**	–	–
Dividends received from associates and joint ventures	**124 839**	34 642	41 221
Dividends received from other equity investments	**31 470**	50 489	198 146
Income taxes paid	**(54 274)**	(82 929)	(123 872)
Finance costs	**(110 817)**	(120 514)	(376 380)
Net cash generated from/(used in) operating activities	**201 241**	(87 243)	155 698
Investing activities			
Loans and receivables advanced	**(2 000)**	(4 024)	(4 823)
Loans and receivables repaid	**204**	–	–
Proceeds on disposal of investments	**50 712**	848 738	1 013 492
Proceeds on disposal of property, plant, equipment and vehicles	**191**	59 392	76 134
Biological assets acquired	**(34 639)**	–	(37 149)
Acquisition of property, plant, equipment and vehicles	**(107 246)**	(154 125)	(323 989)
Acquisition of subsidiary/business	**(558 147)**	–	(181 338)
Acquisition of intangible assets	**(30)**	(36 565)	(38 926)
Cash movement in other long and short-term loans	**7 018**	–	–
Acquisition of investments	**(591 730)**	(263 362)	(273 299)
Net cash (used in)/generated from investing activities	**(1 235 667)**	450 054	230 102
Financing activities			
Dividends paid by Company and subsidiaries	**(163 797)**	(104 652)	(108 876)
Repayments of borrowings	**(1 025 621)**	(414 925)	(1 301 721)
Loans raised	**2 422 308**	66 813	1 478 439
Loans made to supplier partners	**(300)**	–	(68 001)
Repayment of loans made to supplier partners	**3 000**	–	–
Issue/(repurchase) of shares by subsidiaries	**–**	38 400	(127)
Repayment of other financial liabilities	**(21 403)**	(61 269)	(78 468)
Share of distribution made by special purpose entities	**–**	–	(11 593)
Units/shares repurchased	**(25 570)**	(2 881)	(28 286)
Further investment in subsidiary	**(168 890)**	–	–
Increase/(decrease) in bank overdrafts	**7 001**	(28 077)	(22 089)
Net cash generated from/(used in) financing activities	**1 026 728**	(506 591)	(140 595)
Net (decrease)/increase in cash and cash equivalents	**(7 698)**	(143 780)	245 205
Cash and cash equivalents at beginning of period	**1 025 463**	780 217	780 217
Foreign exchange differences	**41**	115	41
Cash and cash equivalents at end of period			
Bank balances and cash	**1 017 806**	636 552	1 025 463

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the 6 months ended 30 June 2019

R'000	Share capital	Capital reserves	Revaluation reserves	Cash flow hedging reserve	Cost of hedging reserve	Foreign currency translation reserve	Changes in ownership	Retained earnings	Attributable to equity holders of the parent	Non-controlling interests	Total
Balance at 1 January 2018 – Audited	41	307 630	19 592	11 987	–	(21 315)	579 857	1 884 210	2 782 002	779 720	3 561 722
Attributable (loss)/profit for the year ended 31 December 2018	–	–	–	–	–	–	–	(78 505)	(78 505)	149 828	71 323
Other comprehensive income/(loss)	–	53 399	–	(2 469)	(14 596)	10 345	–	–	46 679	(762)	45 917
Total comprehensive income/(loss)	–	53 399	–	(2 469)	(14 596)	10 345	–	(78 505)	(31 826)	149 066	117 240
Recognition of share-based payments	–	36 672	–	–	–	–	–	–	36 672	(9 360)	27 312
Dividend paid	1	36 855	–	–	–	–	–	(102 415)	(65 559)	(40 035)	(105 594)
Recognition of forfeitable share plan reserves (treasury shares)	–	(32 412)	–	–	–	–	–	–	(32 412)	–	(32 412)
Transfer to share-based payment liability subsequent to modification date	–	(11 618)	–	–	–	–	–	–	(11 618)	–	(11 618)
Non-controlling interest at acquisition of a subsidiary	–	–	–	–	–	–	–	–	–	71 348	71 348
Distributions made to participants of share trusts and share repurchase	–	–	–	–	–	–	–	(11 593)	(11 593)	(3 282)	(14 875)
Shares issued by subsidiaries	–	1 822	(666)	1 040	–	690	81 088	(8 037)	75 937	206 349	282 286
Repurchase of trust units	–	(6 584)	–	–	–	–	–	–	(6 584)	–	(6 584)
Treasury shares acquired	–	(21 575)	–	–	–	–	–	–	(21 575)	–	(21 575)
Balance at 31 December 2018 – Audited	42	364 189	18 926	10 558	(14 596)	(10 280)	660 945	1 683 660	2 713 444	1 153 806	3 867 250
IFRS 16 *Leases* transition adjustment	–	–	–	–	–	–	–	998	998	(1 345)	(347)
Group companies	–	–	–	–	–	–	–	(5 992)	(5 992)	(6 005)	(11 997)
Associate and joint venture companies	–	–	–	–	–	–	–	6 990	6 990	4 660	11 650
Adjusted balance at 1 January 2019 – Unaudited	**42**	**364 189**	**18 926**	**10 558**	**(14 596)**	**(10 280)**	**660 945**	**1 684 658**	**2 714 442**	**1 152 461**	**3 866 903**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

for the 6 months ended 30 June 2019

R'000	Share capital	Capital reserves	Revaluation reserves	Cash flow hedging reserve	Cost of hedging reserve	Foreign currency translation reserve	Changes in ownership	Retained earnings	Attributable to equity holders of the parent	Non-controlling interests	Total
Adjusted balance at 1 January 2019 – Unaudited	**42**	**364 189**	**18 926**	**10 558**	**(14 596)**	**(10 280)**	**660 945**	**1 684 658**	**2 714 442**	**1 152 461**	**3 866 903**
Attributable (loss)/profit for the six months ended 30 June 2019	—	—	—	—	—	—	—	(155 455)	(155 455)	71 186	(84 269)
Other comprehensive income/(loss)	—	19 944	—	59 555	(24 899)	(5 580)	—	—	49 020	22 460	71 480
Total comprehensive income/(loss)	—	19 944	—	59 555	(24 899)	(5 580)	—	(155 455)	(106 435)	93 646	(12 789)
Recognition of share-based payments	—	(10 461)	—	—	—	—	—	—	(10 461)	(8 783)	(19 244)
Dividend paid	—	—	—	—	—	—	—	(110 430)	(110 430)	(53 367)	(163 797)
Shares issued by subsidiaries	—	(3 274)	665	(36)	(969)	(723)	(86 329)	14 486	(76 180)	(107 541)	(183 721)
Shares repurchased	—	—	—	—	—	—	—	—	—	(10 739)	(10 739)
Balance at 30 June 2019 – Unaudited	**42**	**370 398**	**19 591**	**70 077**	**(40 464)**	**(16 583)**	**574 616**	**1 433 259**	**2 410 936**	**1 065 677**	**3 476 613**
1 January 2018 to 30 June 2018 – Unaudited											
Balance at 1 January 2018 – Audited	41	307 630	19 592	11 987	—	(21 315)	579 857	1 884210	2 782 002	779 720	3 561 722
Attributable loss for the six months ended 30 June 2018	—	—	—	—	—	—	—	(282 120)	(282 120)	54 976	(227 144)
Other comprehensive income/(loss)	—	(95 784)	—	(16 324)	—	10 858	—	—	(101 250)	1 874	(99 376)
Total comprehensive income/(loss)	—	(95 784)	—	(16 324)	—	10 858	—	(282 120)	(383 370)	56 850	(326 520)
Dividend paid	1	36 855	—	—	—	—	—	(102 415)	(65 559)	(39 093)	(104 652)
Recognition of change in value of share option liability directly in equity	—	6 282	—	—	—	—	—	—	6 282	1 785	8 067
Repurchase of shares by subsidiary	—	(25)	8	1	—	(19)	(985)	90	(930)	(1 951)	(2 881)
Shares issued by subsidiary	—	—	—	—	—	—	—	—	—	38 400	38 400
Balance at 30 June 2018 – Unaudited	42	254 958	19 600	(4 336)	—	(10 476)	578 872	1 499 765	2 338 425	835 711	3 174 136

HEADLINE LOSS PER SHARE

R'000	**Unaudited 6 months ended 30 June 2019**	Unaudited 6 months ended 30 June 2018	Audited Year ended 31 December 2018
Headline loss per share (cents)			
Basic	**(64.1)**	(118.6)	(21.1)
Diluted	**(64.1)**	(118.6)	(21.1)
Headline loss calculation (R'000)			
Net loss attributable to equity holders of the parent	**(155 455)**	(282 120)	(78 505)
Loss/(profit) on disposal of property, plant, equipment and vehicles	**41**	(2 466)	(2 451)
Loss on remeasurement of investment property	**—**	—	22 945
Impairment of intangible asset and goodwill	**—**	—	13 172
Adjustments relating to results of associates	**116**	(684)	(2 276)
Total tax effects of adjustments	**619**	882	(3 900)
Headline loss	**(154 679)**	(284 388)	(51 015)
Weighted average number of shares on which basic loss and basic headline loss per share is based (000's)	**241 446**	239 770	241 946
Weighted average number of shares on which diluted loss and diluted headline loss per share is based (000's)	**241 446**	239 770	241 946

FURTHER INFORMATION

1. Basis of preparation

The condensed consolidated interim financial statements have been prepared in accordance with and containing the information required by IAS 34 *Interim Financial Reporting* as well as the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the JSE Listings Requirements and Companies Act of South Africa. The condensed consolidated interim financial information was prepared under the supervision of the Group Financial Director, Geoffrey George Fortuin CA(SA).

The information has not been audited or reviewed by the Group's auditors, Deloitte & Touche.

2. Accounting policies and changes in accounting policies

The accounting policies and methods of computation applied in the preparation of these condensed consolidated interim financial statements are in terms of International Financial Reporting Standards and are consistent with those applied in the financial statements for the year ended 31 December 2018, except as set out below.

2.1 New standards, interpretations and amendments adopted by the Group

A number of new standards, interpretations and amendments became applicable for the current reporting period, except for the standard set out below, no other standard, interpretation or amendment had an impact on the Group's accounting policies and did not require retrospective adjustments.

IFRS 16 *Leases*

IFRS 16 supersedes IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases-Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application being 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application as an adjustment to the opening balance of retained earnings, with no restatement of comparatives. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ("short-term leases"), and lease contracts for which the underlying asset is of low value ("low-value assets").

The effect of adoption of IFRS 16 as at 1 January 2019 (increase/(decrease)) is as follows:

	R'000
Assets	
Right-of-use assets – Properties	140 088
Total assets	140 088
Liabilities	
Lease liabilities	158 796
Deferred tax liabilities	2 575
Other payables	(9 286)
Total liabilities	152 085
Total adjustment on equity:	
Retained earnings	(5 992)
Non-controlling interests	(6 005)
	(11 997)

FURTHER INFORMATION (CONTINUED)

2. Accounting policies and changes in accounting policies (continued)

2.1 New standards, interpretations and amendments adopted by the Group (continued)

a) Nature of the effect of adoption of IFRS 16

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases under IAS 17, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of the incremental borrowing rate at the date of initial application. In some leases, the right-of-use assets were recognised based on the amount equal to the lease liabilities. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as of 1 January 2019. There were no onerous lease contracts that required an adjustment to the right-of-use assets at the date of initial application.

The Group also applied the available practical expedients wherein it:

- Used a single discount rate to discount a portfolio of leases with reasonably similar characteristics.
- Relied on its assessment of whether leases are onerous immediately before the date of initial application.
- Applied the short-term leases exemptions to leases with a lease term that ends within 12 months at the date of initial application.
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

Based on the foregoing, as at 1 January 2019:

- Right-of-use assets of R140 088 000 were recognised and presented separately in the statement of financial position.
- Lease liabilities of R158 796 000 were recognised.
- Other payables (lease accrual) of R9 286 000 related to previous operating leases were derecognised.
- Deferred tax liabilities increased by R2 575 000 because of the deferred tax impact of the derecognition of the lease accrual.
- The net effect of these adjustments had been adjusted to retained earnings (R5 992 000) and non-controlling interests (R6 005 000).

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018 as follows:

	R'000
Operating lease commitments as at 31 December 2018	**254 068**
Weighted average incremental borrowing rate as at 1 January 2019	9.13%
Discounted operating lease commitments at 1 January 2019	162 440
Less: Commitments relating to short-term leases and leases of low-value assets	(3 644)
Lease liabilities as at 1 January 2019	**158 796**

FURTHER INFORMATION (CONTINUED)

2. Accounting policies and changes in accounting policies (continued)

2.1 New standards, interpretations and amendments adopted by the Group (continued)

b) Summary of new accounting policies

Set out below are the new accounting policies of the Group upon adoption of IFRS 16, which have been applied from the date of initial application:

Right-of-use assets

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

Lease liabilities

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

Short-term leases and leases of low-value assets

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

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

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

FURTHER INFORMATION (CONTINUED)

3. Segmental information

Information reported to the Group's chief operating decision makers for the purpose of resource allocation and assessment of segment performance is specifically focused on the individual entity in which Brimstone has invested. The Group's reportable segments under IFRS 8 *Operating Segments*, are therefore fishing, insurance, clothing and investments. Investments include investments in associates, joint ventures, investments at fair value through other comprehensive income ("FVTOCI"), investments at fair value through profit or loss (FVTPL) and the Group's property portfolio.

R'000 **Segment revenues and results** **Segment revenue**	**Unaudited 6 Months ended 30 June 2019**	Unaudited 6 Months ended 30 June 2018	Audited Year ended 31 December 2018
Food*	**1 870 122**	1 015 147	2 588 144
Insurance	**108 735**	187 599	388 801
Clothing	**67 527**	78 085	157 861
Investments	**32 488**	88 789	241 850
Total revenue	**2 078 872**	1 369 620	3 376 656
Segment profit/(loss) from operations			
Food*	**281 341**	165 027	422 586
Insurance	**(60 341)**	(17 988)	(152 615)
Clothing	**(17 308)**	(14 481)	(22 653)
Investments	**(25 532)**	51 099	141 242
Total profit from operations	**178 160**	183 657	388 560
Fair value gains/(losses)	**58 798**	(403 659)	(177 599)
Other investment losses	**(68 700)**	—	(43 440)
Share of profits of associates and joint ventures	**66 151**	76 901	170 479
Income from investments	**22 266**	28 932	79 297
Finance costs	**(268 048)**	(158 890)	(378 146)
Taxation	**(72 896)**	45 915	32 173
(Loss)/profit after taxation	**(84 269)**	(227 144)	71 324

* Following the acquisition of Ladismith Cheese, this segment was changed from "Fishing" to "Food".

FURTHER INFORMATION (CONTINUED)

4. Fair value measurements

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

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

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each financial reporting period. 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 condensed consolidated interim financial statements approximate their fair values.

R'000 30 June 2019 – Unaudited	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at FVTPL*				
Derivative financial assets	**–**	**338 162[3]**	**–**	**338 162**
Listed shares	**2 610 404**	**–**	**–**	**2 610 404**
Unlisted shares	**–**	**–**	**181 216[4]**	**181 216**
Non-financial assets at fair value				
Biological assets	**–**	**–**	**128 647**	**128 647**
Investment properties (included in non-current assets held for sale)	**–**	**–**	**57 939[2]**	**57 939**
Financial assets at FVTOCI**				
Unlisted shares	**–**	**–**	**25 265[2]**	**25 265**
Total	**2 610 404**	**338 162**	**393 067**	**3 341 633**
Financial liabilities at FVTPL*				
Contingent consideration	**–**	**–**	**128 578[5]**	**128 578**
Derivative financial liabilities	**–**	**53 219[3]**	**–**	**53 219**
Total	**–**	**53 219**	**128 578**	**181 797**

R'000 30 June 2018 – Unaudited	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL*				
Derivative financial assets	–	75 605[3]	–	75 605
Listed shares	2 289 546	–	–	2 289 546
Unlisted shares	498 949	–	131 685[1]	630 634
Unlisted shares	–	–	18 654[4]	18 654
Non-financial assets at fair value				
Investment properties	–	–	80 884[2]	80 884
Financial assets at FVTOCI**				
Unlisted shares	–	–	25 265[2]	25 265
Total	2 788 495	75 605	256 488	3 120 588
Financial liabilities at FVTPL*				
Derivative financial liabilities	–	85 005[3]	–	85 005

FURTHER INFORMATION (CONTINUED)

4. Fair value measurements (continued)

R'000 31 December 2018 – Audited	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL*				
Derivative financial assets	–	71 142[3]	–	71 142
Listed shares	2 821 144	–	–	2 821 144
Unlisted shares	–	–	166 795[4]	166 795
Non-financial assets at fair value				
Biological assets	–	–	107 646	107 646
Investment properties (included in non-current assets held for sale)	–	–	57 939[2]	57 939
Financial assets at FVTOCI**				
Unlisted shares	–	–	25 265[2]	25 265
Total	2 821 144	71 142	357 645	3 249 931
Financial liabilities at FVTPL*				
Contingent consideration	–	–	121 910[5]	121 910
Derivative financial liabilities	–	18 282[3]	–	18 282
Total	–	18 282	121 910	140 192

* FVTPL = Fair value through profit or loss

** FVTOCI = Fair value through other comprehensive income

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

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

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

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

Notes

1. At cost or historical valuation.
2. Value determined by an independent valuer:
   - non-financial assets represented by investment properties are valued using the capitalisation of income method, other than where the acquisition price is current and thus more indicative of fair value.
   - financial assets represented by unlisted shares in a vessel owning company are valued based on the cash flows related to the vessel.

FURTHER INFORMATION (CONTINUED)

4. Fair value measurements (continued)

Notes (continued)

3. The following methods and inputs are used in valuing level 2 financial assets and liabilities:
   - Options are independently valued using the Monte Carlo method, taking into account the number of option shares, the spot price per share, the risk free rate, dividend yield, volatility and outstanding debt of the relevant share.
   - The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
   - The fair value of forward exchange contracts is determined using forward exchange spot and forward rates at the reporting date.
   - The fair value of the Zero-Cost-Collar is calculated by an independent valuer using the Monte Carlo method, taking into account the spot price per share, the risk free rates, dividends and volatility.
4. Value is based on the effective interest held in the net assets of the underlying entity.
5. The fair value of the contingent consideration arrangement is estimated by calculating the present value of the future expected cash flows. The estimates are based on a discount rate equal to the prime lending rate and the assumption that the earn-out targets will be met based on the best available forecast information.

5. Share Capital (number)

	Unaudited 30 June 2019	Unaudited 30 June 2018	Audited 31 December 2018
In issue (number)			
Ordinary shares	**39 874 146**	39 874 146	39 874 146
Held as treasury shares	**(157 030)**	(105 044)	(157 030)
	39 717 116	39 769 102	39 717 116
N ordinary shares	**219 558 175**	227 955 544	219 558 175
Held as treasury shares	**(17 829 453)**	(24 596 140)	(17 829 453)
	201 728 722	203 359 404	201 728 722
Total net of treasury shares	**241 445 838**	243 128 506	241 445 838
Weighted average number of shares on which loss and headline loss per share is based:	**241 445 838**	239 770 496	241 946 011
Weighted average number of shares on which diluted loss and diluted headline loss per share is based:	**241 445 838**	239 770 496	241 946 011
Reconciliation of weighted average number of shares between basic and diluted earnings per share and headline earnings and diluted headline earnings per share.			
Basic	**241 445 838**	239 770 496	241 946 011
Dilutive instruments	**—**	—	—
Diluted	**241 445 838**	239 770 496	241 946 011
Number of instruments treated as anti-dilutive	**2 664 605**	1 021 329	2 949 037
Closing share price (cents)			
Ordinary shares	**850**	1 000	1 050
N ordinary shares	**916**	1 000	949

FURTHER INFORMATION (CONTINUED)

6. Business Combination and Change in Ownership Interest

6.1 Ladismith Cheese

With effect from 2 January 2019, subsidiary, Sea Harvest Group Limited ("Sea Harvest") has, through its wholly-owned subsidiary Cape Harvest Food Group Proprietary Limited, acquired 100% of the issued share capital of Ladismith Cheese Company Proprietary Limited ("Ladismith Cheese").

Ladismith Cheese was established in 1999 and is a value-adding dairy processing company based in Ladismith in the Western Cape. Ladismith Cheese's primary business is the production, distribution, marketing and sale of cheese, butter and milk powders to the South African retail, wholesale and food service markets.

The acquisition is a further step in the execution of the Sea Harvest's stated investment strategy of growing through acquisitions in complementary sectors of the South African food and agricultural industry which exhibit strong fundamentals and growth, and where Sea Harvest is able to leverage its core competencies and strengths.

The Group has a 100% interest in Ladismith Cheese through this acquisition, with its results from 2 January 2019 being fully consolidated by the Group.

The initial accounting for the acquisition of Ladismith Cheese has only been provisionally determined at the interim reporting date. At the date of finalisation of the condensed consolidated interim financial statements, the necessary valuations of certain intangible assets (mainly Brands) had not been finalised and they have therefore been subsumed into goodwill.

R'000	Provisional fair value at acquisition date
Assets acquired and liabilities assumed	
Property, plant and equipment	188 794
Loan receivable	13 514
Inventory	185 965
Trade and other receivables	89 502
Tax receivable	2 396
Cash and bank balances	14 407
Long-term interest-bearing borrowings	(15 218)
Short-term interest-bearing borrowings	(32 451)
Trade and other payables	(101 071)
Deferred tax liabilities	(35 983)
Total identifiable assets and liabilities	309 855
Total consideration transferred	
Cash	572 554
Net cash flow on acquisition of subsidiary	
Consideration paid in cash	572 554
Less: Cash and cash equivalent balances acquired	(14 407)
	558 147
Goodwill on acquisition	
Consideration	572 554
Less: Fair value of identifiable assets acquired and liabilities assumed	(309 855)
	262 699

FURTHER INFORMATION (CONTINUED)

6. Business Combination and Change in Ownership Interest (continued)

6.1 Ladismith Cheese (continued)

Property, plant and equipment with a carrying amount of R151 million was revalued to its fair value of R188 million at acquisition date. The fair value adjustment of R37 million relates to land and buildings. The valuations for land and buildings were performed by an independent valuation expert.

The fair value of trade and other receivables is R89 million and include trade receivables with a fair value of R88 million which approximates the gross contractual amount. Goodwill is attributable to a control premium as well as the benefit of expected synergies and revenue growth.

Goodwill is not deductible for tax purposes.

Subsumed into goodwill are the assembled workforce with specialised knowledge and other intangibles for which the valuation is still to be finalised.

Impact of the acquisition on the results of the Group	R'000
Amounts included in the Group's results relating to Ladismith Cheese since the date of acquisition:	
Revenue	400 543
Profit for the period	26 653

Acquisition related costs

Acquisition costs of R0.3 million were recognised in profit or loss for the period.

6.2 Change in ownership interest in Australian subsidiary

In May 2019, Sea Harvest acquired the share capital held by non-controlling shareholders of its subsidiary Mareterram Limited (renamed Sea Harvest (Pty) Ltd) for a cash consideration of R169 million. Following the acquisition, Sea Harvest holds a 100% effective interest in the subsidiary. The company is a vertically integrated wild-caught prawn operation with a national trading division which on-sells Cape Hake from the Sea Harvest freezer trawlers in South Africa.

7. Zero-Cost-Collar

During the period under review, Brimstone entered into a Zero-Cost-Collar arrangement with funders using its 49.5 million Life Healthcare shares to raise R1.2 billion. The purpose of the fund raise was to acquire an indirect investment in Clover Industries Limited ("Clover") and to repay debt relating to Brimstone's investment in Equites Property Fund Limited.

As the Clover transaction did not take place, at 30 June 2019 Brimstone included debt of R1.2 billion and a cash asset of R729.9 million on its statement of financial position.

Subsequent to 30 June 2019, the R729.9 million cash balance was utilised to settle debt and transaction-related costs.

The Zero-Cost-Collar (a derivative instrument) was revalued upwards by R196 million at 30 June 2019.

FURTHER INFORMATION (CONTINUED)

8. Exit of Clover transaction

On 4 February 2019, Brimstone announced its participation in the Clover transaction, in terms of which Brimstone intended to acquire a 15% indirect interest in Clover, through Milco SA Proprietary Limited ("Milco SA"). Following this announcement, the board of directors of Brimstone resolved to not proceed with the Clover transaction, and thus entered into an agreement with Milco SA and International Beer Breweries Limited, to facilitate Brimstone's exit from its participation in the Clover transaction, should Brimstone not conclude a transaction with a suitable replacement B-BBEE investor ("Replacement B-BBEE Shareholder") before 31 December 2019.

On 12 April 2019, Brimstone announced that it was in advanced negotiations with a potential Replacement B-BBEE Shareholder which, if successful, could result in Brimstone exiting its entire shareholding in Milco SA before 31 December 2019.

On 26 July 2019, Brimstone announced that it had secured a Replacement BEE Shareholder in respect of the Clover transaction and it would cost R55 million to dispose of its right to subscribe for Milco SA shares in terms of the Clover transaction.

In terms of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* a present obligation as a result of a past event existed at the reporting date, and consequently a provision of R55 million was recognised in the statement of financial position and expensed in profit or loss in the line item "Other investment losses".

9. Material related party transactions

In terms of a supply agreement between joint venture group, Vuna Fishing Company Proprietary Limited ("Vuna") and SeaVuna Fishing Company Proprietary Limited ("SeaVuna"), and Sea Harvest Group Limited's subsidiary, Sea Harvest Corporation Proprietary Limited ("Sea Harvest Corporation"), fish caught by Vuna and SeaVuna is marketed by Sea Harvest Corporation. Purchases from SeaVuna during the period amounted to R113.5 million compared to R103.2 million for the period ended 30 June 2018 and R193.2 million for the year ended 31 December 2018. Sales to SeaVuna during the period amounted to R29.7 million compared to R18.9 million for the period ended 30 June 2018 and R81.5 million for the year ended 31 December 2018.

10. Events occurring after the reporting period

Except for the matter disclosed in note 8 above, there are no other events which have occurred between the reporting date and the date the consolidated interim financial statements were authorised for issue which require adjustment or disclosure in the consolidated interim financial statements.