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 2020

SIGNIFICANT EVENTS

- Operating profit of R304.5 million, up from R178.2 million in the comparative period
- Brimstone's shareholding in Oceana increased to 25.01%
- R496.7 million raised from the disposal of a portion of Equites and Phuthuma Nathi stakes
- Settlement of bridge funding facility of R528.1 million

COMMENTARY

The global COVID-19 pandemic has created a challenging and unprecedented time for all of us. While the full extent of the damage to the South African economy caused by the virus and the lockdown is uncertain, it has become clear that we will see a sharp decline in incomes, rising unemployment and widespread business closures.

Whilst the outcome of COVID-19 remains unpredictable, management has and will continue to implement measures to minimise its impact at the Company, its subsidiaries and investee companies. Our priority is to preserve the health and well-being of our employees, customers and communities in which we operate.

Since operating subsidiaries were operational during the national lockdown, albeit at lower levels, the Group has observed strict health protocols and incurred COVID-19 related expenditure of approximately R18.0 million during the period.

In the context of the above and a further weakening economy, Brimstone deemed it prudent to implement its de-gearing strategy and utilised R496.7 million from the disposal of a portion of its investments in Equites and Phuthuma Nathi to settle its bridge funding facility of R528.1 million during the period.

The Group reported a loss for the period under review of R129.6 million compared to a loss of R84.3 million in the comparative period. The current period loss is mainly due to the downward revaluation of listed investments, in particular Equites, Multichoice Group and STADIO, which offset the R82.8 million profit of subsidiary, Lion of Africa Insurance Company.

Intrinsic net asset value increased to R3.5 billion from R3.3 billion at 31 December 2019.

UNDERLYING INVESTMENTS

BRIMSTONE PORTFOLIO

SUBSIDIARIES

Sea Harvest (54.2%)[1]

Sea Harvest delivered a credible set of results with headline earnings for the period ended 30 June 2020 of R170.0 million, in line with the prior year R169.4 million. Headline earnings per share also remained constant at 61.0 cents per share (2019: 61.1 cents per share). Revenue for the period increased 7% to R2.0 billion (2019: R1.9 billion), benefiting from good performances from the South African Fishing segment, the Cape Harvest Foods (which includes Ladismith Cheese) segment and the Australian operations, offset by continued challenges in the Aquaculture segment which was severely affected by COVID-19. While local and international retail markets have benefited as a result of an increase in in-home consumption, foodservice markets locally and internationally have seen a slowdown as a result of various levels of lockdown being implemented worldwide. This required a change in product mix, including diverting more product from food service to retail markets, impacting margins negatively. Good cost containment was offset by supply chain disruptions, lower levels of productivity, hedging losses due to export and fuel hedges being out of the money and R11.2 million of net direct COVID-19 related costs.

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

Lion of Africa was placed in run-off on 13 November 2018. The run-off process is progressing according to plan with a commensurate reduction in policy count, claims and personnel. Lion of Africa reported a net profit of R82.8 million for the period under review, compared to a loss of R55.2 million in the prior comparative period. The profit for the period arose primarily due to claim recoveries and reserve releases.

House of Monatic (Monatic) (100%)

COVID-19 and the resultant national lockdown has had a severe impact on trading conditions for Monatic, as well as its customers. The demand for formal wear declined significantly in the absence of events, weddings and a formal office environment. Revenue decreased by 58% to R28.3 million for the first half of the year, compared to the comparative period. Uncertainty regarding the course of the pandemic for the immediate future also meant that orders for the upcoming summer season were heavily impacted. On the positive side, the pandemic has led large South African retailers to indicate that they will look to increase the amount of local sourcing they do and Monatic is optimistic that this will have a positive impact on the 2021 winter season.

Obsidian Health (Obsidian) (80%)

Brimstone acquired an additional 55% interest in Obsidian on 3 February 2020 for a cash consideration of R36.0 million, increasing its total shareholding to 80%. Trading conditions for the six months to 30 June 2020 were challenging. Two weeks prior to the national lockdown the Department of Health issued an instruction for all hospitals to ensure only critical surgeries are undertaken in order to preserve ICU beds for COVID-19 patients. This resulted in a material reduction in revenue from the theatre focussed product portfolio. Sales representatives were also restricted from entering the hospitals and theatres which meant that they were no longer able to actively market products in the traditional manner.

Obsidian is positive about the long term opportunities which exist in the healthcare market in South Africa and the rest of Africa given the large percentage of the population which still needs access to affordable and suitable levels of healthcare. Obsidian contributed R0.8 million (2019: R1.8 million) in equity accounted earnings as an associate and R2.8 million net profit as a subsidiary, to the Group's results.

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

ASSOCIATES

Oceana (25.01%)

During the period, Brimstone acquired 120 000 Oceana shares for R7.1million increasing its shareholding to 25.01%. Brimstone held 32.6 million shares in Oceana with a market value of R2.3 billion at period end. Oceana's share price closed at R71.31 per share, up from R61.55 per share at 31 December 2019. Brimstone recognised R63.5 million as its share of profits of the associate based on Oceana's reported six months earnings to 31 March 2020. Subsequent to 30 June 2020, Brimstone received dividends from Oceana in the amount of R32.6 million.

Aon Re Africa (18%)

Aon Re Africa is a leading reinsurance broker licensed and operating in South Africa and the rest of Africa. Brimstone recognised R13.0 million as its share of profits of the associate during the period under review. Subsequent to 30 June 2020, Brimstone received dividends from Aon Re Africa in the amount of R4.1 million. [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 (24.8%) and Specialised Food Holdings (46.4%). Brimstone recognised R17.8 million as its share of losses of SAED during the period under review. The losses arose primarily from fair value adjustments on investments.

Milpark Education (Milpark) (12.8%)

Milpark is a private provider of higher management education. Brimstone recognised R25.6 million as its share of losses of Milpark during the period under review. The losses arose primarily from the fair value adjustment on contingent purchase consideration, due to the outperformance of the company acquired. Subsequent to 30 June 2020, Brimstone received dividends from Milpark in the amount of R11.3 million. [2]

INVESTMENTS

Equites (2.3%)

Equites' share price closed at R16.71 per share, down from R20.00 per share at 31 December 2019. Brimstone disposed of 20.9 million Equites shares during the period for a cash consideration of R321.4 million decreasing its shareholding from 6.3% to 2.3%. The investment was revalued downwards by R143.3 million to R233.2 million at period end. Brimstone received a dividend of R26.9 million from Equites during the period under review.

FPG Property Fund (10%)

FPG Property Fund is a Cape-based black-owned and managed unlisted property fund with a portfolio of properties catering mainly for the retail convenience and neighbourhood sectors. This investment was revalued upwards by R9.0 million to R183.1 million at period end.

Life Healthcare (3.4%)

Life Healthcare's share price closed at R16.87 per share, down from R24.65 per share at 31 December 2019. The investment was revalued downwards by R385.0 million to R835.0 million at period end. The investment has been provided as security in a share-backed Zero-Cost-Collar funding arrangement. The structure ensures that at expiration date, the value of the funding raised is at least matched by the value of the shares and the derivative. The downward revaluation of the Life Healthcare shares was offset by the upward revaluation of the Life Healthcare Zero-Cost-Collar option of R388.2 million. The option is valued by an independent expert at each reporting date.

MTN Zakhele Futhi (1.5%)

The MTN Zakhele Futhi share price closed at R10.10 per share, down from R13.20 per share at 31 December 2019. The investment was revalued downwards by R5.6 million to R18.4 million.

Phuthuma Nathi (2.8%)

During the year, Brimstone disposed of 1.9 million shares in Phuthuma Nathi for a cash consideration of R175.3 million, decreasing its shareholding from 5.6% to 2.8%. Brimstone held 1.9 million shares in Phuthuma Nathi with a fair value of R224.6 million at 30 June 2020. The Phuthuma Nathi share price closed at R118.50 per share, up from R107.40 per share at 31 December 2019.

STADIO (5.3%)

STADIO's share price closed at R1.28 per share, down from R2.00 per share at 31 December 2019. The investment was revalued downwards by R31.4 million to R55.8 million.

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

INTRINSIC NET ASSET VALUE (INAV)

INAV at 30 June 2020 calculated on a line-by-line basis, totalled R3.5 billion, or R13.69 per share (31 December 2019: R3.3 billion, or R14.19 per share), representing an increase of 3.4% from 2019 (a decrease of 3.5% on a per share basis). As at 30 June 2020, Brimstone Ordinary shares were trading at a discount of 63.5% to INAV (31 December 2019: 46.1%) and "N" Ordinary shares traded at a discount of 59.8% to INAV (31 December 2019: 45.4%). The analysis of INAV is available on the Company's website at www.brimstone.co.za.

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

CAPITALISATION ISSUE

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

DIVIDEND

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

CHANGES TO THE BOARD OF DIRECTORS

Ms Mpho Ndebele, an independent non-executive director of Brimstone, retired from the board of Brimstone on 24 June 2020. The Group thanks her for her service to the board and extends good wishes to Ms Ndebele for the future.

PROSPECTS

We are confident that the Group's empowerment credentials and involvement will continue to benefit its investee companies. Despite the devastating impact of the coronavirus on the South African population and economy, Brimstone's major investments have produced resilient results and are expected to continue to do so. The Group will thus continue to maintain its positive long-term view on its investments and pursue value accreting opportunities.

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

31 August 2020

DIRECTORATE AND ADMINISTRATION

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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the 6 months ended 30 June 2020

R'000	**Unaudited 6 months ended 30 June 2020**	Unaudited 6 months ended 30 June 2019	Audited Year ended 31 December 2019
Revenue	**2 116 473**	2 078 872	4 440 085
Sales and fee income	**2 089 618**	2 047 402	4 264 822
Dividends received	**26 855**	31 470	175 263
Operating expenses	**(1 811 971)**	(1 900 712)	(3 783 976)
Operating profit	**304 502**	178 160	656 109
Fair value (losses)/gains	**(189 998)**	58 798	(71 672)
Other investment gains/(losses)	**7 030**	(68 700)	(69 680)
Share of profits of associates and joint ventures	**33 354**	66 151	144 136
Profit before net finance costs	**154 888**	234 409	658 893
Income from investments	**9 265**	22 266	53 163
Finance costs	**(261 960)**	(268 048)	(530 507)
(Loss)/profit before taxation	**(97 807)**	(11 373)	181 549
Taxation	**(31 784)**	(72 896)	(106 220)
(Loss)/profit for the period	**(129 591)**	(84 269)	75 329
(Loss)/profit attributable to:			
Equity holders of the parent	**(188 140)**	(155 455)	(85 774)
Non-controlling interests	**58 549**	71 186	161 103
	(129 591)	(84 269)	75 329
Loss per share (cents)			
Basic	**(74.4)**	(60.2)	(33.4)
Diluted	**(74.4)**	(60.2)	(33.4)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the 6 months ended 30 June 2020

R'000	**Unaudited 6 months ended 30 June 2020**	Unaudited 6 months ended 30 June 2019	Audited Year ended 31 December 2019
(Loss)/profit for the period	**(129 591)**	(84 269)	75 329
Other comprehensive income/(loss), net of tax	**124 156**	71 480	161 793
Items that may be reclassified subsequently to profit or loss			
Cash flow hedges			
(Loss)/profit arising during the period	**(215 256)**	113 691	137 641
Recycled to operating expenses	**40 000**	(7 586)	19 608
Cost of hedging reserve			
Loss arising during the period	**(30 246)**	(81 311)	(59 199)
Recycled to operating expenses	**–**	37 770	–
Foreign currency translation			
Profit/(loss) arising during the period	**106 814**	(13 162)	(14 045)
Share of non-distributable reserves of associates	**222 844**	21 883	72 981
Items that will not be reclassified subsequently to profit or loss			
Measurement of defined benefit plans	**–**	–	3 645
Share of non-distributable reserves of associates	**–**	195	1 162
Total comprehensive (loss)/income for the period	**(5 435)**	(12 789)	237 122
Total comprehensive (loss)/income attributable to:			
Equity holders of the parent	**(18 633)**	(106 435)	37 949
Non-controlling interests	**13 198**	93 646	199 173
	(5 435)	(12 789)	237 122

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2020

R'000	**Unaudited 30 June 2020**	Unaudited 30 June 2019	Audited 31 December 2019
ASSETS			
Non-current assets	**7 389 331**	8 940 246	8 177 991
Property, plant, equipment and vehicles	**2 097 079**	1 896 697	1 978 887
Right-of-use assets	**157 031**	153 774	151 029
Biological assets	**81 313**	128 647	61 448
Goodwill and intangible assets	**1 616 148**	1 484 154	1 489 649
Investments in associate companies and joint ventures	**2 534 754**	2 091 071	2 241 545
Investments	**759 018**	2 864 609	2 044 305
Loans and receivables	**16 783**	12 426	17 132
Loans to supplier partners	**80 550**	70 869	78 464
Deferred taxation	**21 584**	17 304	30 994
Other financial assets	**25 071**	220 695	84 538
Current assets	**3 483 025**	3 038 405	3 089 154
Inventories	**780 868**	701 911	664 719
Biological assets	**82 130**	–	77 891
Investments	**835 028**	–	711 423
Trade and other receivables	**971 703**	846 818	911 962
Short term loan receivable	**–**	3 996	1 609
Insurance assets	**90 627**	376 323	205 538
Other financial assets	**509 370**	69 743	185 514
Taxation	**12 786**	21 808	11 326
Cash and cash equivalents	**200 513**	1 017 806	319 172
Assets classified as held for sale	**–**	76 226	–
TOTAL ASSETS	**10 872 356**	12 054 877	11 267 145

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

as at 30 June 2020

R'000	**Unaudited 30 June 2020**	Unaudited 30 June 2019	Audited 31 December 2019
EQUITY AND LIABILITIES			
Capital and reserves	**3 631 250**	3 476 613	3 676 688
Share capital	**39**	42	39
Capital reserves	**621 045**	370 398	389 774
Revaluation reserves	**17 204**	19 591	17 293
Cash flow hedging reserve	**(14 717)**	70 077	82 531
Cost of hedging reserve	**(50 134)**	(40 464)	(33 242)
Foreign currency translation reserve	**42 914**	(16 583)	(18 141)
Changes in ownership	**564 859**	574 616	574 755
Retained earnings	**1 315 089**	1 433 259	1 503 229
Attributable to equity holders of the parent	**2 496 299**	2 410 936	2 516 238
Non-controlling interests	**1 134 951**	1 065 677	1 160 450
Non-current liabilities	**4 517 512**	6 623 172	4 902 810
Long-term borrowings	**3 573 473**	5 591 476	3 910 280
Long-term provisions	**22 697**	25 240	22 509
Lease liabilities	**171 782**	152 514	161 272
Contingent consideration	**95 418**	128 578	90 862
Deferred grant income	**31 596**	33 846	32 236
Other financial liabilities	**66 525**	28 141	26 358
Share-based payment liability	**29 065**	24 654	27 509
Deferred taxation	**526 956**	638 723	631 784
Current liabilities	**2 723 594**	1 955 092	2 687 647
Short-term borrowings	**1 449 231**	332 658	1 436 772
Short-term provisions	**26 325**	45 443	28 178
Bank overdrafts	**68 032**	89 643	65 206
Trade payables	**512 522**	483 252	478 724
Other payables	**186 694**	245 916	167 473
Deferred grant income	**3 169**	3 510	3 317
Share-based payment liability	**—**	—	15 909
Lease liabilities	**14 804**	23 765	13 670
Insurance liabilities	**238 706**	705 593	442 574
Other financial liabilities	**210 890**	25 078	32 455
Taxation	**13 221**	234	3 369
TOTAL EQUITY AND LIABILITIES	**10 872 356**	12 054 877	11 267 145
NAV per share (cents)	**987**	999	1 066
Shares in issue at end of period (000's)	**252 803**	241 446	235 979

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the 6 months ended 30 June 2020

R'000	**Unaudited 6 months ended 30 June 2020**	Unaudited 6 months ended 30 June 2019	Audited Year ended 31 December 2019
Operating activities			
Net attributable (loss)/profit	**(129 591)**	(84 269)	75 329
Adjustments for non-cash items	**502 254**	315 384	457 259
Operating cash flows before movements in working capital	**372 663**	231 115	532 588
(Increase)/decrease in inventories	**(46 525)**	(11 227)	39 990
(Increase)/decrease in trade and other receivables	**(25 412)**	138 110	75 122
Increase/(decrease) in trade and other payables	**25 757**	(100 617)	(111 951)
Net decrease in insurance assets	**114 912**	114 599	285 384
Net decrease in insurance liabilities	**(203 867)**	(199 158)	(462 177)
Cash generated from operations	**237 528**	172 822	358 956
Interest received	**7 029**	20 020	46 367
Proceeds from receipt of a government grant	**1 088**	17 181	17 181
Dividends received from associates and joint ventures	**–**	124 839	215 440
Dividends received from other equity investments	**26 855**	31 470	175 263
Income taxes paid	**(53 904)**	(54 274)	(122 074)
Finance costs	**(96 021)**	(110 817)	(270 844)
Net cash generated from operating activities	**122 575**	201 241	420 289
Investing activities			
Loans and receivables advanced	**(52 878)**	(2 000)	(577)
Loans and receivables repaid	**3 000**	204	645
Proceeds on disposal of investments	**575 489**	50 712	64 189
Proceeds on disposal of assets classified as held for sale	**–**	–	148 512
Proceeds on disposal of property, plant, equipment and vehicles	**836**	191	26 147
Acquisition of property, plant, equipment and vehicles	**(173 940)**	(107 246)	(292 480)
Acquisition of biological assets	**(33 700)**	(34 639)	(69 007)
Acquisition of subsidiary	**(22 514)**	(558 147)	(558 137)
Acquisition of intangible assets	**(1 787)**	(30)	(30)
Cash movement in other long and short-term loans	**–**	7 018	–
Acquisition of investments	**(7 059)**	(591 730)	(700 933)
Net cash generated from/(used in) investing activities	**287 447**	(1 235 667)	(1 381 671)
Financing activities			
Dividends paid by Company and subsidiaries	**(67 380)**	(163 797)	(177 499)
Repayments of borrowings	**(879 542)**	(1 025 621)	(1 901 789)
Loans raised	**426 322**	2 422 308	2 616 885
Loans made to supplier partners	**–**	(300)	(6 032)
Repayment of loans made to supplier partners	**150**	3 000	5 687
Units/shares repurchased	**–**	(10 739)	(44 065)
Net repurchase of shares by subsidiaries	**(500)**	(183 721)	(28 258)
Repayment of other financial liabilities	**(11 145)**	(21 403)	(21 401)
Share of distribution made by special purpose entities	**–**	–	(2 268)
Further investment in subsidiary	**(343)**	–	(168 890)
Increase/(decrease) in bank overdrafts	**2 826**	7 001	(17 436)
Net cash (used in)/generated from financing activities	**(529 612)**	1 026 728	254 934
Net (decrease)/increase in cash and cash equivalents	**(119 590)**	(7 698)	(706 448)
Cash and cash equivalents at beginning of period	**319 172**	1 025 463	1 025 463
Foreign exchange differences	**931**	41	157
Cash and cash equivalents at end of period			
Bank balances and cash	**200 513**	1 017 806	319 172

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the 6 months ended 30 June 2020

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 1 January 2019 – audited	42	364 189	18 926	10 558	(14 596)	(10 280)	660 945	1 684 658	2 714 442	1 152 461	3 866 903
Attributable (loss)/profit for the year ended 31 December 2019	–	–	–	–	–	–	–	(85 774)	(85 774)	161 103	75 329
Other comprehensive income/(loss)	–	76 529	–	72 009	(17 677)	(7 138)	–	–	123 723	38 070	161 793
Total comprehensive income/(loss)	–	76 529	–	72 009	(17 677)	(7 138)	–	(85 774)	37 949	199 173	237 122
Recognition of share-based payments	–	40 999	–	–	–	–	–	–	40 999	(5 433)	35 566
Dividend paid	–	–	–	–	–	–	–	(110 430)	(110 430)	(65 370)	(175 800)
Transfer to share-based payment liability subsequent to modification	–	(41 923)	–	–	–	–	–	–	(41 923)	–	(41 923)
Distributions made to participants of shares trusts and share repurchase	–	–	–	–	–	–	–	(2 268)	(2 268)	(1 699)	(3 967)
Transfer on sale of properties	–	–	(2 297)	–	–	–	–	2 297	–	–	–
Shares issued by subsidiaries	–	(5 958)	664	(36)	(969)	(723)	(86 190)	14 746	(78 466)	(118 682)	(197 148)
Treasury shares acquired	(3)	(44 062)	–	–	–	–	–	–	(44 065)	–	(44 065)
Balance 31 December 2019 – audited	39	389 774	17 293	82 531	(33 242)	(18 141)	574 755	1 503 229	2 516 238	1 160 450	3 676 688

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

for the 6 months ended 30 June 2020

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 2020 – audited	39	389 774	17 293	82 531	(33 242)	(18 141)	574 755	1 503 229	2 516 238	1 160 450	3 676 688
Attributable (loss)/profit for the six months ended 30 June 2020	–	–	–	–	–	–	–	(188 140)	(188 140)	58 549	(129 591)
Other comprehensive income/(loss)	–	222 388	–	(96 583)	(17 191)	60 893	–	–	169 507	(45 351)	124 156
Total comprehensive income/(loss)	–	222 388	–	(96 583)	(17 191)	60 893	–	(188 140)	(18 633)	13 198	(5 435)
Acquisition of subsidiary	–	–	–	–	–	–	–	–	–	15 897	15 897
Recognition of share-based payments	–	13 797	–	–	–	–	–	–	13 797	3 917	17 714
Transfer to share-based payment liability subsequent to modification	–	(1 431)	–	–	–	–	–	–	(1 431)	–	(1 431)
Dividend paid	–	–	–	–	–	–	–	–	–	(67 380)	(67 380)
Shares issued by subsidiaries	–	(3 483)	(89)	(665)	299	162	(9 896)	–	(13 672)	8 869	(4 803)
Balance at 30 June 2020 – unaudited	**39**	**621 045**	**17 204**	**(14 717)**	**(50 134)**	**42 914**	**564 859**	**1 315 089**	**2 496 299**	**1 134 951**	**3 631 250**
Balance at 1 January 2019 – audited	42	364 189	18 926	10 558	(14 596)	(10 280)	660 945	1 684 658	2 714 442	1 152 461	3 866 903
Attributable (loss)/profit for the 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

HEADLINE LOSS PER SHARE

for the 6 months ended 30 June 2020

R'000	**Unaudited 6 months ended 30 June 2020**	Unaudited 6 months ended 30 June 2019	Audited Year ended 31 December 2019
Headline loss per share (cents)			
Basic	**(77.3)**	(59.9)	(54.2)
Diluted	**(77.3)**	(59.9)	(54.2)
Headline loss calculation (R'000)			
Net loss attributable to equity holders of the parent	**(188 140)**	(155 455)	(85 774)
Loss/(profit) on disposal of property, plant, equipment and vehicles	**743**	41	(75 717)
Gain on bargain purchase	**(7 686)**	–	(513)
Adjustments relating to results of associates	**(244)**	116	4 441
Total tax effects of adjustments	**(149)**	619	18 337
Headline loss	**(195 476)**	(154 679)	(139 226)
Weighted average number of shares on which basic loss and basic headline loss per share is based (000's)*	**252 803**	258 270	256 661
Weighted average number of shares on which diluted loss and diluted headline loss per share is based (000's)*	**252 803**	258 270	256 661

* weighted average number of shares has been adjusted for each period presented in respect of the capitalisation issue on 11 May 2020, as required by IAS 33 *Earnings per Share*.

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 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

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 2019.

3. Segmental information

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

R'000 **Segment revenues and results** **Segment revenue**	**Unaudited 6 months ended 30 June 2020**	Unaudited 6 months ended 30 June 2019	Audited year ended 31 December 2019
Food	**1 999 648**	1 870 122	3 970 452
Insurance	**279**	108 735	159 116
Clothing	**28 332**	67 527	137 249
Investments	**88 214**	32 488	173 268
Total revenue	**2 116 473**	2 078 872	4 440 085
Segment profit/(loss) from operations			
Food	**257 647**	281 341	605 451
Insurance	**81 626**	(60 341)	(71 435)
Clothing	**(29 278)**	(17 308)	(26 530)
Investments	**(5 493)**	(25 532)	148 623
Total profit from operations	**304 502**	178 160	656 109
Fair value (losses)/gains	**(189 998)**	58 798	(71 672)
Other investment gains/(losses)	**7 030**	(68 700)	(69 680)
Share of profits of associates and joint ventures	**33 354**	66 151	144 136
Income from investments	**9 265**	22 266	53 163
Finance costs	**(261 960)**	(268 048)	(530 507)
Taxation	**(31 784)**	(72 896)	(106 220)
(Loss)/profit after taxation	**(129 591)**	(84 269)	75 329

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 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 2020 – unaudited	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL*				
Derivative financial assets	–	534 441[1]	–	534 441
Listed shares	1 367 018	–	–	1 367 018
Unlisted shares	–	–	201 764[2]	201 764
Non-financial assets at fair value				
Biological assets	–	–	163 443[5]	163 443
Financial assets at FVTOCI**				
Unlisted shares	–	–	25 265[3]	25 265
Total	**1 367 018**	**534 441**	**390 472**	**2 291 931**
Financial liabilities at FVTPL*				
Contingent consideration	–	–	95 418[4]	95 418
Derivative financial liabilities	–	277 415[3]	–	277 415
Total	**–**	**277 415**	**95 418**	**372 833**

R'000

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

FURTHER INFORMATION (CONTINUED)

4. Fair value measurements (continued)

R'000

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

* 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. The following methods and inputs are used in valuing level 2 financial assets and liabilities:
   - Options are independently valued using the Monte Carlo method, taking into account the number of option shares, the spot price per share, the risk free rate, dividend yield, volatility and outstanding debt of the relevant share.
   - The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
   - The fair value of forward exchange contracts is determined using forward exchange spot and forward rates at the reporting date.
   - The fair value of the Zero-Cost-Collar is calculated by an independent valuer using the Monte Carlo method, taking into account the spot price per share, the risk free rates, dividend and volatility.
2. Value is based on the effective interest held in the net assets of the underlying entity.

FURTHER INFORMATION (CONTINUED)

4. Fair value measurements (continued)

Notes (continued)

3. Value determined by an independent valuer:
   - financial assets represented by unlisted shares in a vessel owning company are valued based on the cash flows related to the vessel.
   - 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.
4. 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. Biological assets are measured at fair value less costs to sell. The fair value of fish, mussels, oysters and abalone, are determined on the market price of biological assets of a similar age, breed, and genetic merit.

5. Share capital (number)

	Unaudited 6 months ended 30 June 2020	Unaudited 6 months ended 30 June 2019	Audited year ended 31 December 2019
In issue (number)			
Ordinary shares	**39 874 146**	39 874 146	39 874 146
Held as treasury shares	**(3 011 028)**	(157 030)	(3 011 028)
	36 863 118	39 717 116	36 863 118
"N" ordinary shares	**228 639 962**	219 558 175	211 314 175
Held as treasury shares	**(12 699 600)**	(17 829 453)	(12 197 852)
	215 940 362	201 728 722	199 116 323
Total net of treasury shares	**252 803 480**	241 445 838	235 979 441
Weighted average number of shares on which loss and headline loss per share is based*	**252 803 480**	258 269 877	256 661 171
Weighted average number of shares on which diluted loss and diluted headline loss per share is based*	**252 803 480**	258 269 877	256 661 171
Closing share price (cents)			
Ordinary shares	**500**	850	765
"N" ordinary shares	**550**	916	775

* weighted average number of shares has been adjusted for each period presented in respect of the capitalisation issue on 11 May 2020, as required by IAS 33 *Earnings per Share*.

FURTHER INFORMATION (CONTINUED)

6. Business combination

On 3 February 2020, Brimstone acquired a further 55% equity interest in associate Obsidian Health (Pty) Ltd ("Obsidian") for a cash consideration of R36.0 million. As Obsidian has become an 80% held subsidiary, it has been consolidated as from 3 February 2020. The Group is in the process of determining the fair value of the assets and liabilities of Obsidian for IFRS 3 purposes. Therefore, the initial accounting for the acquisition has only been provisionally determined at 30 June 2020. At the date of finalisation of the condensed consolidated interim financial statements, the valuations of certain intangible assets (mainly customer contracts) had not yet been finalised.

Obsidian is a leading supplier of innovative healthcare solutions to both the private and public healthcare sectors within Sub Saharan Africa. The product portfolio includes capital equipment and medical devices within the key focus areas of Cardiology, Cardiovascular, Theatre, ICU and High Care as well as Point of Care (POC) diagnostic testing.

7. Restatement of the financial results for the period ended 30 June 2019

The financial results for the period ended 30 June 2019 have been restated for the finalisation of the purchase price allocation of the Ladismith Cheese business combination. The relevant effects of this adjustment to the statement of financial position are summarised as follows:

	Provisional fair value reported at 30 June 2019 R'000	Measurement period adjustments R'000	Restated closing balance R'000
Assets acquired and liabilities assumed			
Intangible assets	–	45 813	45 813
Deferred tax liabilities	(35 983)	(13 695)	(49 678)
Total identifiable assets and liabilities	(35 983)	32 118	(3 865)
Goodwill	262 699	(32 118)	230 581

The intangible asset identified was the Ladismith Cheese brand. The fair value was determined by an external independent valuer with reference to the best estimate of a market participant's ability to generate economic benefits by using the asset in its highest and best use.

The Ladismith Cheese brand's useful life was assessed as indefinite as management has, based on an analysis of relevant factors, concluded that there is no foreseeable limit to the period over which the brand is expected to generate net cash inflows for the Group. As such, the restatement does not have any impact on prior period retained earnings and profit.

8. 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 R122.3 million compared to R113.5 million for the period ended 30 June 2019 and R214.8 million for the year ended 31 December 2019. Sales to SeaVuna during the period amounted to R23.2 million compared to R29.7 million for the period ended 30 June 2019 and R43.9 million for the year ended 31 December 2019.

9. Events occurring after the reporting period

There are no other events which have occurred between the reporting date and the date the condensed consolidated interim financial statements were authorised for issue which require adjustment or disclosure in the condensed consolidated interim financial statements.