BRIMSTONE
INVESTMENT CORPORATION LIMITED

Profitability. Empowerment. Positive Social Impact.

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

REVIEWED PROVISIONAL CONDENSED CONSOLIDATED FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

SIGNIFICANT EVENTS

- Profit before net finance costs increased by R321 million to R659 million
- Acquisition of an additional 9.5 million shares in Oceana for R686 million increasing shareholding to 24%
- R1.2 billion raised in a share-backed Zero-Cost-Collar funding arrangement over Life Healthcare shares
- Capitalisation issue of 7 "N" Ordinary shares per 100 shares held

COMMENTARY

The Group reported a profit for the year under review of R75.3 million compared to a profit of R71.3 million in the prior year. The current year profit is mainly due to the increase in profitability of Sea Harvest and reduced fair value losses, which have been offset by the cost of participating in and exiting the Clover transaction of R68.7 million, the raising of valuation provisions of R76.0 million by Lion of Africa, increased finance costs and an increase in the tax charge.

UNDERLYING INVESTMENTS

BRIMSTONE PORTFOLIO

SUBSIDIARIES

Sea Harvest (54.2%)[1]

During January 2019, Brimstone acquired a further 21.4 million Sea Harvest shares for R300 million, increasing its stake to 54.2% from 50.6% at 31 December 2018. Brimstone held 159.5 million shares in Sea Harvest with a fair value of R2.3 billion at 31 December 2019 (R1.9 billion at 31 December 2018). Sea Harvest's share price closed at R14.55 per share, up from R13.75 per share at 31 December 2018.

Sea Harvest again delivered a strong set of results with attributable profit for the year ended 31 December 2019 increasing 47% to R412.5 million (2018: R281.2 million), benefiting from the annualised effect of the acquisition of Viking Fishing and Viking Aquaculture on 2 July 2018 and the acquisition of Ladismith Cheese on 2 January 2019.

On 2 March 2020, Sea Harvest declared a final cash dividend of 50 cents per share in respect of the year ended 31 December 2019. Brimstone expects to receive a dividend of R79.7 million on 14 April 2020.

Sea Harvest continues to strengthen its empowerment credentials and is c.83% black-owned with a Level 1 B-BBEE contributor status.

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

Lion of Africa is progressing well with the run-off plan announced on 13 November 2018. Lion of Africa reported a loss of R65.2 million for the year under review compared to a loss of R132.2 million in the prior year. The loss arose primarily from the raising of valuation provisions of R76.0 million in the current year.

House of Monatic (Monatic) (100%)

Revenue decreased by 13% to R137.3 million (2018: R157.9 million) and a loss of R32.6 million (2018: R44.2 million) after retrenchment costs of R5.3 million was reported. Trading conditions continued to be extremely tough in 2019 with poor economic growth putting pressure on all customers. Monatic embarked on right sizing the business during 2019 and the initial effects can be seen in a lower comparative loss, despite a decrease in revenue. The company is in the process of relocating its factory to new premises in Epping. It is expected that this move will result in a more efficient manufacturing process.

ASSOCIATES AND JOINT VENTURES

Oceana (24%)[1]

During the year, Brimstone acquired an additional 9.5 million shares in Oceana for a cash consideration of R686.3 million, increasing its shareholding from 17% to 24%. Brimstone held 32.5 million shares in Oceana with a fair value of R2.0 billion at 31 December 2019. Oceana's share price closed at R61.55 per share, down from R73.88 per share at 31 December 2018. Brimstone received dividends of R186.1 million (2018: R25.8 million) from Oceana during the year under review. Brimstone recognised R141.3 million (2018: R140.8 million) as its share of profits of the associate based on Oceana's reported full year earnings to 30 September 2019.

Aon Re Africa (18%)

Aon Re Africa is a leading reinsurance broker licensed and operating in South Africa and the rest of Africa. Brimstone recorded R0.5 million in equity accounted losses (2018: R10.7 million equity accounted earnings) and received a dividend of R16.2 million (2018: R8.5 million) from Aon Re Africa during the year under review.

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

ASSOCIATES AND JOINT VENTURES (CONTINUED)

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 Investment Holdings (46.4%). SAED contributed R1.4 million (2018: R15.4 million) in equity accounted earnings to Brimstone during the year. Brimstone received a dividend of R0.9 million (2018: R1.5 million) from SAED during the year under review.

Vuna Fishing Company (Vuna) (49.8%)

Vuna is a fully integrated fishing business based in Mossel Bay, fishing for Cape hake, sole, monkfish, kingklip and other by-catch species and the processing and packing thereof in order to provide value-added chilled and frozen food products to foodservice customers throughout South Africa and abroad. Vuna contributed R0.6 million (2018: R0.6 million) in equity accounted earnings during the year under review.

Milpark Education (Milpark) (12.8%)

Milpark is a private provider of higher management education. Milpark contributed R0.5 million in equity accounted losses (2018: R3.2 million equity accounted earnings) during the year under review. Brimstone received a dividend of R11.3 million from Milpark during the year under review.

Obsidian Health (Obsidian) (25.07%)

Obsidian is a leading supplier of innovative healthcare solutions to both the private and public healthcare sectors within Sub-Saharan Africa. The product portfolio includes capital equipment and medical devices within the key focus areas of Cardiology, Cardiovascular, Theatre, ICU and High Care, Orthopaedics as well as Point of Care diagnostic testing. Obsidian has long term partnerships with a number of gold standard multinational healthcare companies within Sub-Saharan Africa. Brimstone recorded R2.0 million in equity accounted earnings from Obsidian during the year under review. Subsequent to year end, Brimstone acquired a further 55% of Obsidian for a cash consideration of R35.7 million.

INVESTMENTS

Equites (6.3%)

Equites' share price closed at R20.00 per share at 31 December 2019, up from R19.36 per share at 31 December 2018. The investment was revalued upwards by R22.3 million to R697.9 million at year end. Brimstone received dividends of R50.5 million (2018: R45.7 million) from Equites during the year under review.

FPG Property Fund (10%)

FPG Property Fund is a Cape-based black-owned and managed unlisted property fund valued in excess of R4 billion. It owns a portfolio of properties catering to the retail, industrial and office sectors in South Africa and the United Kingdom. The investment was revalued upwards by R26.0 million to R174.1 million at year end. Brimstone received a dividend of R2.0 million from FPG Property Fund during the year under review.

Life Healthcare (3.4%)

Life Healthcare's share price closed at R24.65 per share at 31 December 2019, down from R26.40 per share at 31 December 2018. The investment was revalued downwards by R86.6 million to R1.2 billion at year end. The investment has been given as security in a share-backed Zero-Cost-Collar funding arrangement with the derivative being fair valued by an independent expert at R121 million at 31 December 2019. Brimstone received dividends of R10.5 million from Life Healthcare during the year under review.

Refer to note 11 for further details of the Zero-Cost-Collar.

MTN Zakhele Futhi (1.5%)

During November 2019, MTN Zakhele Futhi listed on the empowerment arm of the JSE and the share closed at R13.20 per share at 31 December 2019 (R20.56 per share at 31 December 2018, using an option valuation method based on the MTN Group share price). The investment was revalued downwards by R13.4 million to R24.0 million.

INVESTMENTS (CONTINUED)

Phuthuma Nathi (5.6%) and MultiChoice Group (0.2%)

During the year, Phuthuma Nathi Investments (RF) Limited and Phuthuma Nathi Investments 2 (RF) Limited were combined into one EESE listed entity, Phuthuma Nathi Investments (RF) Limited ("PN"). PN shareholders were offered the opportunity to exchange 20% of their PN shares for JSE listed MultiChoice Group ("MCG") shares in a post transaction fee exchange ratio of 0.957 MCG shares for each PN share. Brimstone elected to exchange the full 20% allocation for 906 958 MCG shares in order to hold a more liquid investment. Brimstone disposed of 36 894 MCG shares and at 31 December 2019 the remaining investment was valued at R101.4 million at a closing share price of R116.50 per share.

The fair value of the PN investment decreased from R641.4 million at 31 December 2018 to R407.1 million at 31 December 2019. This was due to exchanging 947 711 PN shares as discussed above and a decrease in the closing share price from R135.36 at 31 December 2018 to R107.40 at 31 December 2019.

STADIO (5.3%)

STADIO's share price closed at R2.00 per share, down from R3.49 per share at 31 December 2018. The investment was revalued downwards by R64.9 million to R87.1 million.

INTRINSIC NET ASSET VALUE (INAV)

INAV at 31 December 2019 calculated on a line-by-line basis, totalled R3.35 billion, or R14.19 per share (31 December 2018: R3.90 billion or R16.15 per share), representing a decrease of 14.11% from 2018 (a decrease of 12.12% on a per share basis). As at 31 December 2019, Brimstone Ordinary shares were trading at a discount of 46.1% to INAV (31 December 2018: 35.0%) and "N" Ordinary shares traded at a discount of 45.4% 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, except for the valuation of MTN Zakhele Futhi which is now valued at its quoted share price as opposed to the option valuation method used previously.

CAPITALISATION ISSUE

1. Details of the Capitalisation Issue

Brimstone's board has resolved to allot and issue "N" Ordinary shares, ("Capitalisation Shares"), as a capitalisation issue ("Capitalisation Issue") to Brimstone Ordinary and "N" Ordinary shareholders (collectively, "Brimstone Shareholders") pro rata to their current holdings.

The rationale for the Capitalisation Issue is to conserve Brimstone's current cash resources during the present operating environment. Such cash resources will be deployed towards reducing debt and to take advantage of value enhancing investment opportunities.

The number of Capitalisation Shares to which Brimstone Shareholders are entitled in terms of the Capitalisation Issue will be 7 "N" Ordinary shares for every 100 "N" Ordinary and/or Ordinary shares held.

Where a Brimstone Shareholder's entitlement to Capitalisation Shares in relation to the Capitalisation Issue gives rise to a fraction of a new Capitalisation Share, such fraction will be rounded down to the nearest whole number and the cash balance will be paid to the Brimstone Shareholder ("Cash Payment"). The Cash Payment will be determined based on the volume weighted average price of an "N" Ordinary share, on Wednesday, 6 May 2020, discounted by 10%. An announcement will be released on SENS on Thursday, 7 May 2020 advising Brimstone Shareholders of the Cash Payment amount.

CAPITALISATION ISSUE (CONTINUED)

2. Salient dates and times of the Capitalisation Issue

	2020
Declaration date of Capitalisation Issue	Tuesday, 10 March
Finalisation date of Capitalisation Issue	Friday, 24 April
Last day to trade cum the Capitalisation Issue	Tuesday, 5 May
Capitalisation Shares listed	Wednesday, 6 May
Ordinary Shares and "N" Ordinary Shares commence trading ex-entitlement to the Capitalisation Issue	Wednesday, 6 May
Announcement on SENS of Cash Payment applicable to fractional entitlements before 11:00	Thursday, 7 May
Record date to receive the Capitalisation Shares	Friday, 8 May
Accounts with CSDP or broker credited with the Capitalisation Shares or share certificates issued evidencing the Capitalisation Shares	Monday, 11 May
Adjustment of number of new shares listed on or about	Wednesday, 13 May

Shares may not be rematerialised or dematerialised from Wednesday, 6 May 2020 to Friday, 8 May 2020, both days inclusive.

3. Tax implications

3.1 The Capitalisation Issue is not a dividend as defined by the Income Tax Act and therefore will not attract Dividends Withholding Tax ("DWT"). The Capitalisation Issue may have tax implications and Brimstone Shareholders are advised to obtain appropriate advice from their professional advisors in this regard.

3.2 The Cash Payment in respect of fractions arising from the Capitalisation Issue will be deemed to be a dividend from an income tax perspective and DWT will be deducted at a rate of 20%.

4. Foreign shareholders

The right to receive the Capitalisation Shares in jurisdictions other than the Republic of South Africa may be restricted by law and failure to comply with any of these restrictions may constitute a violation of the securities laws of any such jurisdictions. Accordingly, shareholders will not be entitled to receive the Capitalisation Shares, directly or indirectly, in those jurisdictions. More specifically, the Capitalisation Shares have not been and will not be registered for the purposes of the Capitalisation Issue under the securities laws of the United Kingdom, European Economic Area or EEA, Canada, United States of America, Japan or Australia and accordingly are not being offered, sold, taken up, re-sold or delivered directly or indirectly to recipients with registered addresses in such jurisdictions.

5. Exchange Control

The Capitalisation Issue is subject to Exchange Control approval and an announcement will be released on SENS once this has been obtained.

In terms of the Exchange Control Regulations of South Africa:

5.1 In the case of certificated shareholders:

- any new share certificate that might be issued to non-resident shareholders will be endorsed "non-resident"; and
- any new share certificates based on emigrants' Brimstone shares controlled in terms of the Exchange Control Regulations will be forwarded to the authorised dealer in foreign exchange controlling their blocked assets. Such new share certificates will be endorsed "non-resident".

5.2 In the case of dematerialised shareholders:

- any Capitalisation Shares issued to emigrants from the common monetary area and all other non-residents of the common monetary area, will be credited to their Central Securities Depository Participant ("CSDP") or broker's account and a "non-resident" annotation will appear in the CSDP or broker's register;

Non-resident and emigrant dematerialised shareholders will have all aspects relating to exchange control managed by their CSDP or broker.

CAPITALISATION ISSUE (CONTINUED)

6. Additional information

- The Capitalisation Shares will be distributed from Brimstone's share premium, resulting in a decrease in share premium of R173.
- As at the date of this declaration announcement, the number of Ordinary shares and "N" Ordinary shares eligible to receive Capitalisation Shares are 39 874 146 and 207 650 175, respectively (this excludes treasury shares of 3 664 000 "N" Ordinary Shares which are not eligible to receive the Capitalisation Shares).
- Brimstone's tax reference number is 9397002719.

Shareholders are advised that the Company has not declared a dividend for the year ended 31 December 2019.

PROSPECTS

We are confident that the Group's empowerment credentials will continue to benefit its investee companies. Despite the challenging macroeconomic environment in South Africa and the expected impact of the coronavirus on the global economy, Brimstone's investments have over the years, in the main, produced resilient results in such conditions. 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*

10 March 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, MK Ndebele, LA Parker, FD Roman **Executive*
Company Secretary: T Moodley
Website: www.brimstone.co.za
E-mail: info@brimstone.co.za

INDEPENDENT AUDITOR'S REVIEW REPORT ON CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

TO THE SHAREHOLDERS OF BRIMSTONE INVESTMENT CORPORATION LIMITED

We have reviewed the condensed consolidated financial statements of Brimstone Investment Corporation Limited, contained in the accompanying provisional report, which comprise the condensed consolidated statement of financial position as at 31 December 2019 and the condensed consolidated statements of profit or loss, other comprehensive income, changes in equity and cash flows for the year then ended, and selected explanatory notes.

Directors' Responsibility for the Condensed Consolidated Financial Statements

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

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

Auditor's Responsibility

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

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

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements of Brimstone Investment Corporation Limited for the year ended 31 December 2019 are not prepared, in all material respects, in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports, as set out in note 1 to the financial statements, and the requirements of the Companies Act of South Africa.

Deloitte & Touche
Registered Auditor

Per: Michael van Wyk
Partner

10 March 2019

Unit 11,
Ground Floor,
97 Dorp Street
Stellenbosch
7600

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended 31 December 2019

R'000	**Reviewed Year ended 31 December 2019**	Audited Year ended 31 December 2018
Revenue	**4 440 085**	3 376 655
Sales and fee income	**4 264 822**	3 137 288
Dividends received	**175 263**	239 367
Operating expenses	**(3 783 976)**	(2 988 096)
Operating profit	**656 109**	388 559
Fair value losses	**(71 672)**	(177 599)
Other investment losses	**(69 680)**	(43 440)
Share of profits of associates and joint ventures	**144 136**	170 479
Profit before net finance costs	**658 893**	337 999
Income from investments	**53 163**	79 297
Finance costs	**(530 507)**	(378 146)
Net profit before taxation	**181 549**	39 150
Taxation	**(106 220)**	32 173
Profit for the year	**75 329**	71 323
(Loss)/profit attributable to:		
Equity holders of the parent	**(85 774)**	(78 505)
Non-controlling interests	**161 103**	149 828
	75 329	71 323
Loss per share (cents)		
Basic	**(35.8)**	(32.4)
Diluted	**(35.8)**	(32.4)

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2019

R'000	**Reviewed Year ended 31 December 2019**	Audited Year ended 31 December 2018
Profit for the year	**75 329**	71 323
Other comprehensive income/(loss), net of tax	**161 793**	45 917
Items that may be reclassified subsequently to profit or loss		
Cash flow hedges		
Profit/(loss) arising during the year	**137 641**	(23 955)
Recycled to operating expenses	**19 608**	20 614
Cost of hedging reserve		
Loss arising during the year	**(59 199)**	(27 194)
Foreign currency translation		
(Loss)/profit arising during the year	**(14 045)**	22 275
Share of non-distributable reserves of associates	**72 981**	52 222
Items that will not be reclassified subsequently to profit or loss		
Measurement of defined benefit plans	**3 645**	2 149
Share of non-distributable reserves of associates	**1 162**	(194)
Total comprehensive income for the year	**237 122**	117 240
Total comprehensive income/(loss) attributable to:		
Equity holders of the parent	**37 949**	(31 826)
Non-controlling interests	**199 173**	149 066
	237 122	117 240

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2019

R'000	**Reviewed Year ended 31 December 2019**	Audited Year ended 31 December 2018
ASSETS		
Non-current assets	**8 177 991**	7 949 448
Property, plant, equipment and vehicles	**1 978 887**	1 693 151
Right-of-use assets	**151 029**	—
Biological assets	**61 448**	107 646
Goodwill	**849 614**	621 549
Intangible assets	**640 035**	618 356
Investments in associate companies and joint ventures	**2 241 545**	1 526 126
Investments	**2 044 305**	3 050 590
Loans and receivables	**17 132**	8 130
Loans to supplier partners	**78 464**	72 182
Deferred taxation	**30 994**	169 173
Insurance assets	**—**	49 783
Other financial assets	**84 538**	32 762
Current assets	**3 089 154**	2 874 877
Inventories	**664 719**	488 359
Biological assets	**77 891**	—
Trade and other receivables	**911 962**	897 506
Loans and receivables	**1 609**	—
Insurance assets	**205 538**	441 139
Other financial assets	**185 514**	994
Taxation	**11 326**	21 416
Investments	**711 423**	—
Cash and cash equivalents	**319 172**	1 025 463
Assets classified as held for sale	**—**	72 226
TOTAL ASSETS	**11 267 145**	10 896 551

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

at 31 December 2019

R'000	**Reviewed Year ended 31 December 2019**	Audited Year ended 31 December 2018
EQUITY AND LIABILITIES		
Capital and reserves	**3 676 688**	3 867 250
Share capital	**39**	42
Capital reserves	**389 774**	364 189
Revaluation reserves	**17 293**	18 926
Cash flow hedging reserve	**82 531**	10 558
Cost of hedging reserve	**(33 242)**	(14 596)
Foreign currency translation reserve	**(18 141)**	(10 280)
Changes in ownership	**574 755**	660 945
Retained earnings	**1 503 229**	1 683 660
Attributable to equity holders of the parent	**2 516 238**	2 713 444
Non-controlling interests	**1 160 450**	1 153 806
Non-current liabilities	**4 902 810**	4 660 904
Long-term borrowings	**3 910 280**	3 616 233
Lease liabilities	**161 272**	–
Long-term provisions	**22 509**	25 229
Contingent consideration	**90 862**	121 910
Deferred grant income	**32 236**	20 026
Other financial liabilities	**26 358**	44 768
Insurance liabilities	**–**	92 667
Share-based payment liability	**27 509**	27 626
Deferred taxation	**631 784**	712 445
Current liabilities	**2 687 647**	2 368 397
Short-term borrowings	**1 436 772**	722 270
Bank overdrafts	**65 206**	82 642
Trade payables	**478 724**	536 222
Other payables	**167 473**	134 828
Share-based payment liability	**15 909**	–
Lease liabilities	**13 670**	–
Deferred grant income	**3 317**	–
Insurance liabilities	**442 574**	812 084
Other financial liabilities	**32 455**	37 027
Short-term provisions	**28 178**	42 155
Taxation	**3 369**	1 169
TOTAL EQUITY AND LIABILITIES	**11 267 145**	10 896 551
NAV per share (cents)	**1 066.3**	1 123.8
Shares in issue at end of year (000's)	**235 979**	241 446

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2019

R'000	**Reviewed Year ended 31 December 2019**	Audited Year ended 31 December 2018
Operating activities		
Profit for the year	**75 329**	71 323
Adjustments for non-cash items	**457 259**	206 259
Operating cash flows before movements in working capital	**532 588**	277 582
Decrease in inventories	**39 990**	15 485
Decrease/(increase) in trade and other receivables	**75 122**	(166 256)
(Decrease)/increase in trade and other payables	**(111 951)**	61 503
Net decrease/(increase) in insurance assets	**285 384**	(87 634)
Net (decrease)/increase in insurance liabilities	**(462 177)**	243 155
Cash generated from operations	**358 956**	343 835
Interest received	**46 367**	72 748
Dividends received from associates and joint ventures	**215 440**	41 221
Dividends received from other equity investments	**175 263**	198 146
Proceeds from receipt of a government grant	**17 181**	–
Income taxes paid	**(122 074)**	(123 872)
Finance costs	**(270 844)**	(376 380)
Net cash generated from operating activities	**420 289**	155 698
Investing activities		
Loans and receivables advanced	**(577)**	(4 823)
Loans and receivables repaid	**645**	–
Proceeds on disposal of investments	**64 189**	1 013 492
Proceeds on disposal of property, plant, equipment and vehicles	**26 147**	76 134
Proceeds on disposal of assets classified as held for sale	**148 512**	–
Biological assets acquired	**(69 007)**	(37 149)
Acquisition of property, plant, equipment and vehicles	**(292 480)**	(323 989)
Acquisition of subsidiary/business	**(558 137)**	(181 338)
Acquisition of intangible assets	**(30)**	(38 926)
Acquisition of investments	**(700 933)**	(273 299)
Net cash (used in)/generated from investing activities	**(1 381 671)**	230 102
Financing activities		
Dividends paid by company and subsidiaries	**(177 499)**	(108 876)
Repayments of borrowings	**(1 901 789)**	(1 301 721)
Loans raised	**2 616 885**	1 478 439
Loans made to supplier partners	**(6 032)**	(68 001)
Repayment of loans made to supplier partners	**5 687**	–
Shares repurchased	**(44 065)**	(21 575)
Repurchase of shares by subsidiaries	**(28 258)**	(127)
Units/shares repurchased	**–**	(6 584)
Repayment of other financial liabilities	**(21 401)**	(78 468)
Share of distribution made by special purpose entities	**(2 268)**	(11 593)
Further investment in subsidiary	**(168 890)**	–
Decrease in bank overdrafts	**(17 436)**	(22 089)
Net cash generated from/(used in) financing activities	**254 934**	(140 595)
Net (decrease)/increase in cash and cash equivalents	**(706 448)**	245 205
Cash and cash equivalents at beginning of year	**1 025 463**	780 217
Foreign exchange differences	**157**	41
Cash and cash equivalents at end of year		
Bank balances and cash	**319 172**	1 025 463

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 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 2017	–	–	–	–	–	–	–	(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 – reviewed	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

STATEMENT OF CHANGES IN EQUITY (CONTINUED)

for the year ended 31 December 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 – reviewed	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 share trusts and share repurchase	–	–	–	–	–	–	–	(2 268)	(2 268)	(1 699)	(3 967)
Transfer on sale of properties	–	–	(2 297)	–	–	–	–	2 297	–	–	–
Acquisition of non-controlling interest and repurchase of shares by subsidiary	–	(5 958)	664	(36)	(969)	(723)	(86 190)	14 746	(78 466)	(118 682)	(197 148)
Treasury shares acquired	(3)	(44 062)	–	–	–	–	–	–	(44 065)	–	(44 065)
Balance at 31 December 2019 – reviewed	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

HEADLINE LOSS PER SHARE

R'000	**Reviewed Year ended 31 December 2019**	Audited Year ended 31 December 2018
Headline loss per share (cents)		
Basic	**(58.1)**	(21.1)
Diluted	**(58.1)**	(21.1)
Headline loss calculation (R'000)		
Net loss attributable to equity holders of the parent	**(85 774)**	(78 505)
Profit on disposal of property, plant, equipment and vehicles	**(75 717)**	(2 451)
Loss on remeasurement of investment property	**–**	22 945
Gain on bargain purchase	**(513)**	–
Impairment of intangible asset and goodwill	**–**	13 172
Adjustments relating to results of associates	**4 441**	(2 276)
Total tax effects of adjustments	**18 337**	(3 900)
Headline loss	**(139 226)**	(51 015)
Weighted average number of shares on which basic loss and basic headline loss per share is based (000's)	**239 837**	241 946
Weighted average number of shares on which diluted loss and diluted headline loss per share is based (000's)	**239 837**	241 946

FURTHER INFORMATION

1. Basis of preparation

The condensed consolidated financial statements for the year ended 31 December 2019 are prepared in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports and the requirements of the Companies Act of South Africa. The Listings Requirements require provisional reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 *Interim Financial Reporting*. These condensed consolidated financial statements for the year ended 31 December 2019 have been reviewed by Deloitte & Touche, who expressed an unmodified review conclusion. The directors take full responsibility for the preparation of this report.

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

2. Accounting policies 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").

FURTHER INFORMATION (CONTINUED)

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

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

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)

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).

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 (continued)

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**

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)

	R'000	**Reviewed Year ended 31 December 2019**	Audited Year ended 31 December 2018
3.	**Income from investments**		
	Interest received on bank deposits and loans to associates	**53 163**	79 297
4.	**Finance costs**		
	Interest on borrowings	**294 251**	164 468
	Interest rate swap	**26 758**	2 041
	Preference dividends	**187 018**	205 411
	Interest expense on lease liabilities	**15 074**	–
	Other	**7 406**	6 226
		530 507	378 146
5.	**Taxation**		
	Current normal and deferred tax	**106 209**	(32 183)
	Dividends tax	**11**	10
		106 220	(32 173)
6.	**Capital commitments**		
	Commitments for the acquisition of property, plant, equipment and vehicles:		
	Contracted for	**15 632**	19 632
	Authorised by directors but not contracted for	**275 035**	122 891
		290 667	142 523

FURTHER INFORMATION (CONTINUED)

7. 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 fishing, insurance, clothing and investments.

Investments include investments in associates and joint ventures, investments at fair value through other comprehensive income, investments at fair value through profit or loss and the Group's property portfolio.

R'000	**Reviewed Year ended 31 December 2019**	Audited Year ended 31 December 2018
Segment revenues and results		
Segment revenue		
Food*	**3 970 452**	2 588 144
Insurance	**159 116**	388 801
Clothing	**137 249**	157 861
Investments	**173 268**	241 849
Total revenue	**4 440 085**	3 376 655
Segment profit/(loss) from operations		
Food*	**605 451**	422 586
Insurance	**(71 435)**	(152 615)
Clothing	**(26 530)**	(22 653)
Investments	**148 623**	141 241
Total profit from operations	**656 109**	388 559
Fair value losses	**(71 672)**	(177 599)
Other investment losses	**(69 680)**	(43 440)
Share of profits of associates and joint ventures	**144 136**	170 479
Income from investments	**53 163**	79 297
Finance costs	**(530 507)**	(378 146)
Taxation	**(106 220)**	32 173
Profit for the year	**75 329**	71 323
Segment assets and liabilities*		
Segment assets		
Food*	**5 500 693**	4 803 721
Insurance	**383 270**	1 097 628
Clothing	**135 824**	142 413
	6 019 787	6 043 762
Investments	**5 247 358**	4 852 789
Total segment assets	**11 267 145**	10 896 551
Segment liabilities		
Food*	**3 002 479**	2 781 918
Insurance	**490 239**	1 139 291
Clothing	**69 349**	71 143
	3 562 067	3 992 352
Investments	**4 028 390**	3 036 946
Total segment liabilities	**7 590 457**	7 029 298

* In the current and prior year, the segment assets and liabilities are presented on a net basis only.

FURTHER INFORMATION (CONTINUED)

7. Segmental information (continued)

R'000 **Other segmental information** **Depreciation and amortisation**	**Reviewed Year ended 31 December 2019**	Audited Year ended 31 December 2018
Food*	**183 484**	116 750
Insurance	**3 058**	3 150
Clothing	**12 154**	6 819
Investments	**1 276**	1 317
Total segment depreciation and amortisation	**199 972**	128 036
Additions to non-current assets		
Food*	**336 916**	395 349
Insurance	**—**	1 859
Clothing	**5 179**	1 127
Investments	**19 422**	1 729
Total segment additions to non-current assets	**361 517**	400 064

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

8. Fair value measurements

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

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

Some of the Group's financial assets, non-financial assets and financial liabilities are measured at fair value at the end of each financial reporting period. The following table gives information about how the fair values of these financial assets, non-financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

The directors consider that the carrying values 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 financial statements approximate their fair values.

R'000 **2019 (Reviewed)**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at FVTPL*				
Derivative financial assets	**—**	**270 052**[3]	**—**	**270 052**
Listed shares	**2 537 690**	**—**	**—**	**2 537 690**
Unlisted shares	**—**	**—**	**192 773**[4]	**192 773**
Non-financial assets at fair value				
Biological assets	**—**	**—**	**139 339**[1]	**139 339**
Financial assets at FVTOCI**				
Unlisted shares	**—**	**—**	**25 265**[2]	**25 265**
Total	**2 537 690**	**270 052**	**357 377**	**3 165 119**
Financial liabilities at FVTPL*				
Contingent consideration	**—**	**—**	**90 862**[5]	**90 862**
Derivative financial liabilities	**—**	**58 813**[3]	**—**	**58 813**
Total	**—**	**58 813**	**90 862**	**149 675**

FURTHER INFORMATION (CONTINUED)

8. Fair value measurements (continued)

R'000 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[1]	107 646
Investment properties (included in assets classified as 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 an analyses 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, except for the transfer of the investment in MTN Zakhele Futhi valued at R37.4 million at 31 December 2018 from level 2 to level 1 during the current 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.

FURTHER INFORMATION (CONTINUED)

8. Fair value measurements (continued)

Notes

1. Biological assets are measured at fair value less costs to sell. The fair value of fish, mussels, oysters and abalone are determined based on the market price of biological assets of a similar age, breed and genetic merit.
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.
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 rate, 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

Reconciliation of level 3 fair value measurements

R'000	**Reviewed 31 December 2019**	Audited 31 December 2018
Opening balance	**235 735**	124 808
Total gains or losses		
– in profit or loss	**74 581**	(6 490)
(Disposals)/acquisitions	**(43 801)**	117 417
Closing balance	**266 515**	235 735

FURTHER INFORMATION (CONTINUED)

9. Share Capital (number)

	Reviewed 31 December 2019	Audited 31 December 2018
In issue (number)		
Ordinary shares	**39 874 146**	39 874 146
Held as treasury shares	**(3 011 028)**	(157 030)
	36 863 118	39 717 116
"N" ordinary shares	**211 314 175**	219 558 175
Held as treasury shares	**(12 197 852)**	(17 829 453)
	199 116 323	201 728 722
Total net of treasury shares	**235 979 441**	241 445 838
Weighted average number of shares on which basic loss and basic headline loss per share is based:	**239 837 133**	241 946 011
Weighted average number of shares on which diluted loss and diluted headline loss per share is based:	**239 837 133**	241 946 011
Reconciliation of weighted average number of shares between basic and diluted loss per share and basic headline loss and diluted headline loss per share.		
Basic	**239 837 133**	241 946 011
Dilutive instruments	**—**	—
Diluted	**239 837 133**	241 946 011
Number of instruments treated as anti-dilutive	**3 476 473**	2 949 037
Closing share price (cents)		
Ordinary shares	**765**	**1 050**
"N" ordinary shares	**775**	**949**

The following share movements occurred during the year under review:	**Ordinary**	**"N" ordinary**
Shares repurchased and cancelled		
12 December 2019	**—**	**8 244 000**
Treasury shares acquired during the year	**2 853 998**	**2 724 529**

FURTHER INFORMATION (CONTINUED)

10 Business combination and other acquisition

10.1 Ladismith Cheese

With effect from 2 January 2019, 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 Group'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 the Group 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 now been finalised.

R'000 **Assets acquired and liabilities assumed**	Provisional fair value at acquisition date previously reported	Measurement period adjustments	Reviewed Restated closing balance
Property, plant and equipment	188 794	–	188 794
Intangible assets	–	45 813	45 813
Loan receivable	13 514	–	13 514
Inventory	185 965	–	185 965
Trade and other receivables	89 502	–	89 502
Tax receivable	2 396	–	2 396
Cash and bank balances	14 407	–	14 407
Long-term interest bearing borrowings	(15 218)	–	(15 218)
Short-term interest bearing borrowings	(32 451)	–	(32 451)
Trade and other payables	(101 071)	–	(101 071)
Deferred tax liabilities	(35 983)	(13 695)	(49 678)
Total identifiable assets and liabilities	309 855	32 118	341 973
Total consideration transferred			
Cash	572 554	–	572 554
Net cash flow on acquisition of subsidiary			
Consideration paid in cash	572 554	–	572 554
Less: Cash and cash equivalent balances acquired	(14 407)	–	(14 407)
	558 147	–	558 147
Goodwill on acquisition			
Consideration	572 554	–	572 554
Less: Fair value of identifiable assets acquired and liabilities assumed	(309 855)	(32 118)	(341 973)
	262 699	(32 118)	230 581

FURTHER INFORMATION (CONTINUED)

10 Business combination and other acquisition (continued)

10.1 Ladismith Cheese (continued)

Property, plant and equipment with a carrying amount of R151 million was revalued to its fair value of R189 million at acquisition date. The fair value adjustment of R38 million relates to land and buildings. The valuations for land and buildings were performed by an independent valuations expert.

The fair value of trade and other receivables is R89 million and includes 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. In addition, subsumed into goodwill are the assembled workforce with specialised knowledge and non-contractual customer relationships which do not qualify for separate recognition.

Goodwill is not expected to be deductible for tax purposes.

R'000 **Impact of the acquisition on the results of the Group**	**Reviewed Year ended 31 December 2019**
Amounts included in the Group's results relating to the Ladismith Cheese since the date of acquisition:	
Revenue	**904 677**
Profit for the year	**66 524**

Acquisition related costs

Acquisition costs of R0.3 million were recognised in profit or loss in the 2019 year.

10.2 Change in ownership interest in Sea Harvest Australia

In May 2019, the Group acquired the shares held by non-controlling shareholders of its subsidiary Sea Harvest Australia Limited for a cash consideration of R169 million. Following the acquisition, the Group holds a 100% effective interest in Sea Harvest Australia. The company is a vertically integrated wild-caught prawn operation with a national trading division which sells Cape hake from the Sea Harvest freezer trawlers in South Africa.

11. Zero-Cost-Collar

During the year 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 R400 million in debt relating to Brimstone's investment in Equites Property Fund Limited.

As the Clover transaction was not completed, R729.9 million was utilised to settle debt and transaction-related costs. The Zero-Cost-Collar (a derivative instrument) with a put strike price of R26.75 and a call strike price of R31.16 was valued by an independent expert at R121 million at year end.

FURTHER INFORMATION (CONTINUED)

12. 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 26 July 2019, Brimstone announced that it had secured a Replacement B-BBEE 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.

The total cost of the Clover transaction, including deal costs amounted to R68.7 million which has been expensed in the statement of profit or loss and included in the line item "Other investment losses".

13. Material related party transactions

In terms of a supply agreement between joint venture group, Vuna Fishing Company Proprietary Limited ("Vuna") and SeaVuna Fishing Company Proprietary Limited ("SeaVuna"), and Sea Harvest Group Limited's subsidiary, Sea Harvest Corporation Proprietary Limited ("Sea Harvest Corporation"), fish caught by Vuna and SeaVuna is marketed by Sea Harvest Corporation. Purchases from SeaVuna during the year amounted to R214.2 million compared to R193.2 million for the year ended 31 December 2018. Sales to and other recoveries from SeaVuna during the year amounted to R61.8 million compared to R90.0 million for the year ended 31 December 2018.

14. Event after the reporting period

On 3 February 2020, Brimstone acquired a further 55% equity interest in associate Obsidian Health Proprietary Limited ("Obsidian") for a cash consideration of R35.7 million. As Obsidian is now an 80% held subsidiary, it will be 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 *Business Combinations* purposes.