



BRIMSTONE
INVESTMENT CORPORATION LIMITED
A N N U A L R E P O R T



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SALIENT FINANCIAL HIGHLIGHTS

(R'000)	Year ended 31 Dec 2002	15 months ended 31 Dec 2001	Annualised percentage change
Revenue	226 151	213 903	32
Operating Profit	21 277	12 071	120
Headline Earnings	28 881	11 613	211
Performance per share (cents)			
Headline Earnings	14.8	5.9	214
Net Asset Value	95.3	80.7	18
Total Assets	267 638	230 062	
Shares in Issue	195 627 830	195 627 830	

UNDERLYING INVESTMENTS



CORPORATE INFORMATION

Directors

Prof GJ Gerwel (56) (Chairman)
FJ Robertson (48) (Deputy Chairman)
MA Brey (49) (Chief Executive Officer)
Dr P Gorralla (72)
M Hewu (39)
N Khan (47)
Y Pahad (53)
LA Parker (49)
AA Roberts (50)



- ◆ Member: Empowerment & Transformation Committee
- ▶ Member: Audit Committee
- ✱ Member: Investment Committee
- Member: Remuneration Committee
- Executive
- Non-Executive Independent

Company Secretary

M O'Dea
1st Floor, Slade House
Boundary Terraces
1 Mariendahl Lane
Newlands 7700

Sponsor

Nedbank Corporate
(A division of Nedbank Limited)
1 Newtown Avenue
Killarney 2193
PO Box 582, Johannesburg 2000
27 11 480 1000

Company Registration Number

1995/010442/06

Registered Office

Boundary Terraces
1 Mariendahl Lane, Newlands 7700
PO Box 44580, Claremont 7735

Telephone Number

27 21 670 4500

Email

Info@brimstone.co.za

Fax Number

27 21 683 1285

Website

www.brimstone.co.za

Bankers

Nedbank Limited
BoE Bank Limited
First National Bank of Southern Africa Limited

Auditors

Deloitte & Touche

Attorneys

Hofmeyr Herbstein & Gihwala Inc.
Edward Nathan & Friedland (Proprietary) Limited

Transfer Secretaries

Computershare Investor Services
70 Marshall Street, Johannesburg 2001
PO Box 61051, Marshalltown 2107
27 11 370 7700



CHAIRMAN'S REVIEW

While the last two years have been difficult and testing ones for black empowerment enterprises, Brimstone is in the fortunate position of being able to report on a year of very good performance.

A number of companies founded on the principles of empowerment have run into serious problems during the past two years. The reasons for this unfortunate trend are many and varied. The general business environment has become highly competitive, and particularly so for small cap listed companies. This harshly competitive and increasingly global environment made imperative the rigorous application of consistent business practice and sound corporate governance. Failure or inability to do so often contributed significantly to the problems of companies.

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For Brimstone, the year was a coming of age. Just as the prior two years saw a concentration on the establishment of systems and processes of good corporate governance and on the realignment of the company into a two pillared structure, consolidation was the boardroom focus of 2002. Significant management time was devoted to improving operational efficiencies, ensuring a clean balance sheet and enhancing and consolidating best practice as regards management processes and corporate governance.

The markets in which Brimstone operate have remained difficult trading realms. However, despite demanding conditions across all business sectors, our 2002 financial results were most gratifying. The core yardstick of performance, headline earnings, showed a significant 211% increase on an annualised basis to R28.9 million from R11.6 million in the previous period, on the back of a 32.2% improvement in annualised revenues to R226.2 million from R213.9 million. It is worth noting that the reporting period for the 2001 financial year, against which this performance is to be measured, covered a 15 month period.

Headline earnings per share moved to 14.8 cents, up from 5.9 cents per share. Significantly, this has motivated the Board of Directors to declare a dividend of 4 cents per share, representing the first dividend out of profits in Brimstone's almost five-year history as a listed entity.

Brimstone has again improved its net asset value – to 95.3 cents from 80.7 cents per share – and continues to boast a strong balance sheet with little in the way of gearing. Return on equity in the meantime has climbed to a healthy 18%. These extremely positive results reflect a company that has built a firm foundation for the future.

CORPORATE SOCIAL INVESTMENT

Brimstone was founded on principles that had as much to do with fundamental business ambitions as with the economic prosperity of the community. The founders believed, and still do, that it has a firm responsibility to

the community. Over the years, socially responsible investment has taken the form of furthering staff education and training through the establishment of an in-house bursary trust, as well as a strong focus on healthcare and HIV/Aids awareness.

Corporate social investment initiatives have expanded to include investment in the Yabonga Project, which is a programme designed to provide training for community Aids consultants in the Western Cape, the Business Trust of which Brimstone is a funding partner, and the Cape Flats Development Association, which is committed to uplifting the social and economic conditions of the poor.

During the course of 2002 further monies were also committed to the Community Upliftment Foundation, the Sea Rescue Institute, Wola Nani, and Beit-ul-Aman home for the aged.

SPECIFIC REPURCHASE OF SHARES

Subsequent to the year end the company disposed of its investment in Nando's Group Holdings Limited and utilised the funds to repurchase both ordinary and "N" ordinary shares. The specific repurchase will significantly enhance the company's black empowerment status in terms of economic interest and voting rights, to above the 50% level. It will furthermore substantially improve the ratio of Brimstone "N" ordinary shares to Brimstone ordinary shares in issue, moving Brimstone closer to its long-term objective of enfranchising the Brimstone "N" ordinary shares.

PROSPECTS

Brimstone's success has been and will continue to be based on the foundations of its empowerment credentials and sound business practice. Its partnership approach and management's ability to attract deal flow while managing the company's underlying investments continue to open the door to new and exciting opportunities.

There is consensus that the fundamentals of the SA economy are sound and that government has taken the correct steps in addressing fiscal priorities. This is nowhere better reflected than in Minister Trevor Manuel's imaginative budget for 2003.

There is agreement also that opportunity will be presented by the envisaged Financial Services Charter as well as from within the mining and energy sectors, particularly for well placed, broadly owned and well run empowerment companies such as Brimstone.

These will provide some of the opportunities for growth into the new year and they will be evaluated against the underlying philosophies that mark all of Brimstone's investment decisions. They need to be business ventures that make financial sense, are empowering and ultimately add social value on a broader scale.

Not only have our investments yielded good financial results; they, moreover, contribute concretely and demonstrably to broader social and economic development through, amongst other things, being prime job providers in their geographic areas; or strong participants in the important growth of the country's



Prof GJ Gerwel

export capacity; or groundbreaking and substantive black economic empowerment transactions and ventures in their respective sectors.

Management play a directive but non-intrusive role in the operations, policy and strategy development of these underlying investments. The careful nurturing of our partnership relationships remains one of Brimstone's strong points.

Members of the leadership of the company sit on the boards of a number of important JSE listed and other companies, serving in the key governance and strategy structures of those entities. They bring that experience to the boardroom of Brimstone and ensure that the company remains conversant with the mainstream of the South African economy.

On this basis, we believe the company is positioned for real and sustainable growth for its shareholders well into the future.

Finally, I extend my appreciation and sincere thanks to our valued shareholders, members of the board for helpful advice and guidance, management and staff for all their hard work and unstinting commitment, and to key partners and advisors for their invaluable counsel and support to Brimstone.

Thanks in particular to Dr NA Moosa who resigned as a director during the year.

A handwritten signature in black ink, appearing to read 'GJ Gerwel', written over a series of horizontal lines.

Prof GJ Gerwel

Non-executive chairman

Brimstone Investment Corporation Limited



EXECUTIVE MANAGEMENT REPORT

for the year ended 31 December 2002

Management will continue to look for business opportunities that have strong potential for profits, are empowering and have a positive social impact. To this end we have invested in established, well run businesses, turnarounds and start up or greenfield businesses. Investments must enhance our balance sheet and provide a positive cashflow. As a medium to long-term investor, Brimstone actively involves itself in the management of underlying assets through a partnership approach with management of underlying investee companies.

Highlights of the year were:

- i) The announcement of a maiden dividend;
- ii) Positive results from the Scientific Group;
- iii) Continued good performances from Sea Harvest, Spitz and the House of Monatic during a volatile year for the rand/dollar exchange rate.
- iv) The positive turnaround achieved at the Lion of Africa Insurance Company Ltd;
- v) Growth in net asset value to 95.3 cents per share

INDUSTRIAL INVESTMENTS

Sea Harvest

Sea Harvest was again a significant contributor to the bottom line, as the benefits of expanded international markets, more value added products and greater production and marketing efficiencies take root. Prospects continue to be good for this company.

The Scientific Group

The holding in the Scientific Group was acquired in November 1999 from the liquidators of MacMed in the belief that the company represented good solid value in the medical equipment sector. That belief has not been misplaced and the company has turned in a gratifying performance for the year under review, contributing some R2.9 million to earnings compared with a reported loss in the previous period.

Spitz

We continue to be impressed by the excellent management team of Spitz, a team that continues to adapt to the challenges of this niche market. Their hard work has seen the company turn in a sparkling performance, much of which was influenced by an excellent sales environment for its products during the high season.

House of Monatic

Increased export activity into the US market as a result of the opportunities afforded by AGOA, as well as into Africa and the UK, have contributed significantly to excellent results from this company. It is unusual in this market to have a clothing company operating at full capacity, and we are truly proud of this achievement. House of Monatic has also now established a presence in the US market, and is having notable success with its own brands.

Nando's Group Holdings Limited

As stated in the recent circular to shareholders Brimstone has disposed of its investment in Nando's Group Holdings subsequent to the financial year end.

FINANCIAL SERVICES

Lion of Africa Insurance Limited

The Lion of Africa can easily be singled out as the best performer of the year, having delivered a net attributable profit of R19.4 million with positive results in both the underwriting and investment areas. Premium income increased by 22.9% to R331 million during the year. We look forward to continued positive returns from the company, which continues to build on its impressive portfolio of corporate clients in the private and public sectors.

NECorp Holdings

The investment in African Harvest, held through the group's 25% investment in NECorp Holdings (Pty) Ltd, has provided the major disappointment within the group's investment portfolio. During the period NECorp sold its holding in African Harvest at a loss. Brimstone's equity accounted portion of this loss was R1.5 million and, in addition, the investment was written down by a further R3.1 million. The investment has therefore been fully written off and, it is anticipated, will have little influence on results in future.

Sea Harvest was again a significant contributor to the bottom line, as the benefits of expanded international markets, more value added products and greater production and marketing efficiencies take root.

Peoples Bank

As stated at the interim results stage, the risk free funding structure of the Peoples Bank transaction will see earnings flow through in the medium to long-term. As such no earnings have been brought to account for the period under review. Peoples Bank is the 6th largest bank in South Africa, and it continues to do well.

INVESTMENTS IN TRANSITION

Effective 22 January 2003, Keerom Street Chambers was successfully disposed of for a consideration of R21 750 000. Management continues to work on disposing of the remaining investments that are not in concert with the intended two pillar approach that has characterised Brimstone's growth.

PROSPECTS

Brimstone Investment Corporation will continue with the process of improving its balance sheet and disposing of its remaining non core investments, releasing management to focus on businesses where they can add substantial value. Management will continue to look for deals that will improve cash flow and quality of earnings.



MA Brey and FJ Robertson

The bedrock of Brimstone's success has been its impeccable empowerment credentials, its partnership approach and management's active participation in attracting deal flow and managing the company's underlying investments.

Management is investigating the potential of raising

third party funds to co-invest with Brimstone. The company is set to benefit from the Financial Services Charter and is also looking specifically at the mining and energy sectors with a view to accessing opportunities which it is believed will be afforded in these sectors in the near future.

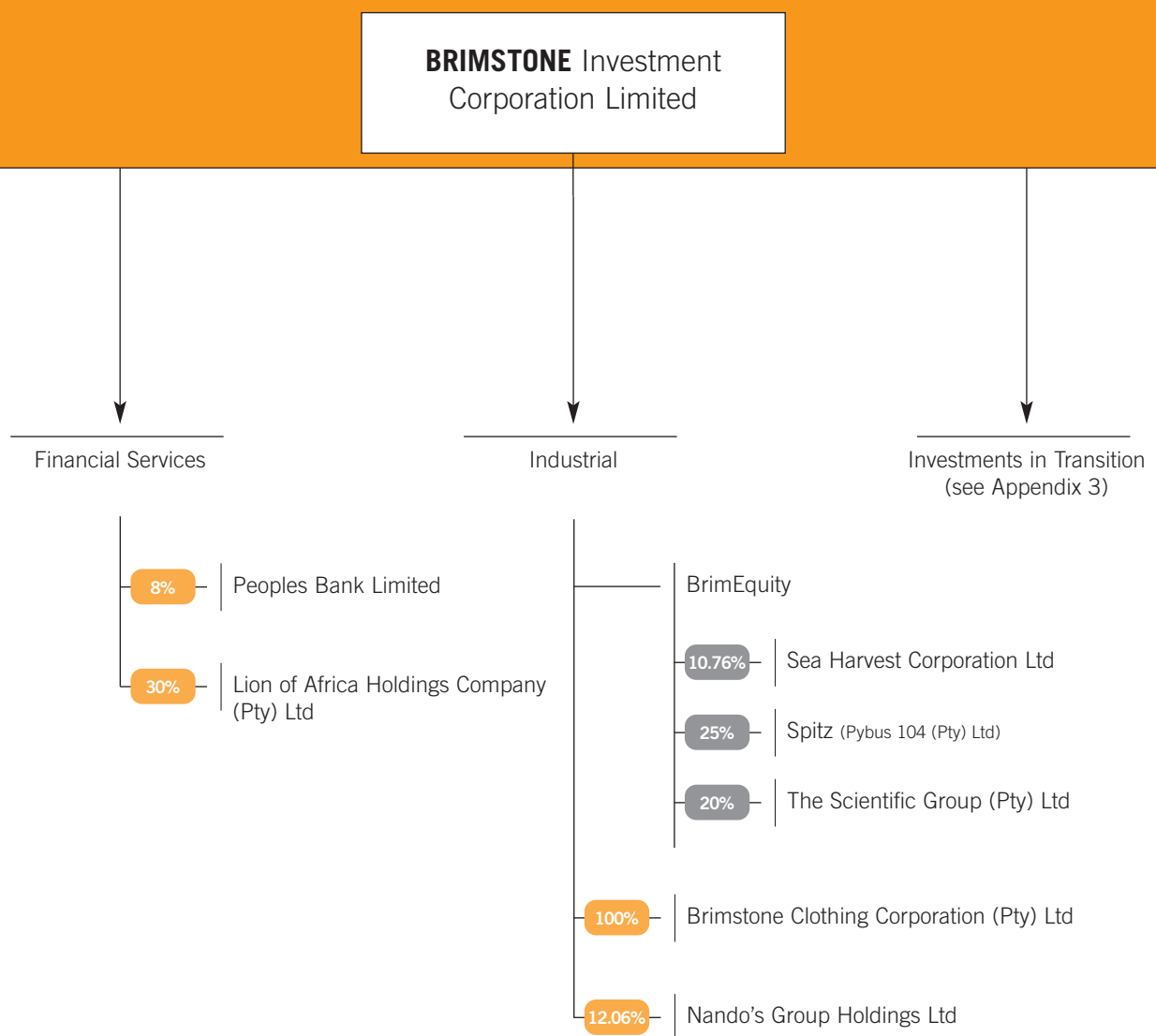
In evaluating these opportunities, it is important to note that Brimstone remains committed to its fundamental underlying philosophy. The group will seek to involve itself in business ventures that are profitable, empowering and where it believes it can add significant value.

The directors and management of Brimstone believe that, having secured a firm financial footing for the company, it is positioned for real and sustainable growth for its shareholders and other stakeholders into the future.

DIVIDEND

In view of the positive results the board of Brimstone has proposed that a dividend of 4.0 cents per share be paid to shareholders. This marks a milestone for the company as it is the first time an annual dividend has been proposed. The dividend is covered 3.7 times by headline earnings. The dividend was paid on Wednesday 16 April 2003.

GROUP STRUCTURE



CORPORATE GOVERNANCE



Statement on Corporate Governance

The board remains fully committed to the principles of integrity, transparency and accountability in its dealings with its shareholders and other stakeholders. It endorses and ensures that the company is substantially compliant with the Code of Corporate Practices and Conduct contained in the King Report on Corporate Governance. A review of existing compliance practice is being undertaken by an independent expert at present. Any shortcomings identified will be corrected.

Financial Statements

The directors are responsible for the timely preparation and integrity and objectivity of the annual financial statements and apply suitable accounting policies in accordance with South African Statements of Generally Accepted Accounting Practice. The going concern basis has been adopted in preparing the annual financial statements and the directors have no reason to believe that the group will not continue to be a going concern into the foreseeable future.

Internal Controls and Internal Audit

The directors are also responsible for ensuring that a sound system of internal control exists to safeguard our shareholders' investment and the assets of the group. The group's internal controls, systems and procedures are designed to provide reasonable, but not absolute, assurance as to the integrity and reliability of the annual financial statements, that assets are adequately safe-

guarded against material loss and that transactions are properly authorised and recorded.

During the accounting period nothing came to the directors' attention to indicate any material breakdowns in the controls, systems or procedures. The group is currently in the process of reviewing and upgrading its internal control procedures and also reviewing the possibility of re-establishing the internal audit function. The audit committee will also consider whether the ongoing review of the effectiveness of the system of internal control should be outsourced.

Risk Management

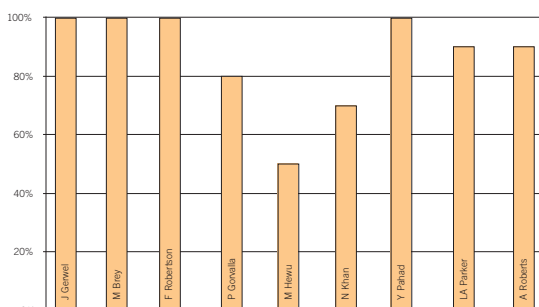
The company has adopted a continuous, systematic, risk management process which aims to ensure that all material risks of the group are identified, evaluated and addressed.

Board of Directors

The board comprises 2 executive and 7 non-executive directors, who collectively determine major policies and strategies. The number and calibre of non-executive directors sufficiently balance the board in its deliberations and resolutions. Non-executive directors are independent of management and free from any relationship that could materially interfere with the execution of their independent judgement.

The board meets at least four times a year and maintains full and effective control over the company and its subsidiaries.

DIRECTORS' ATTENDANCE



Should circumstances arise, where a non-executive director needs to obtain independent professional advice in order to act in the best interests of the company, this is encouraged and reasonable costs will be paid for by the company. Such director would also have unhindered access to the deputy chairman, chief executive officer and the company secretary.

Directors have to notify the company secretary of any intention to buy or sell shares in the company whether directly or indirectly. Directors and any employees who become aware of sensitive financial information cannot directly or indirectly deal in the company's shares until the information is in the public arena. A register of all directors' shareholdings is maintained by the company secretary.

To assist the board in discharging their collective responsibility for corporate governance, the following committees have been established:

Audit Committee

The audit committee reviews the accounting policies, financial statements, the effectiveness of internal controls and the internal and external audit responsibilities. The committee comprises non-executive directors N Khan (Chairman), Prof GJ Gerwel, LA Parker and Y Pahad. Other executive directors and management make themselves available to attend meetings and answer queries. The committee meets at least twice a year with the group's external auditors and with management to review accounting, internal and external auditing, internal control and financial reporting issues. The external auditors have unrestricted access to the audit committee.

Investment Committee

Executive management makes recommendations to the investment committee comprising non-executive directors Y Pahad (Chairman), AA Roberts, LA Parker, M Hewu and N Khan who then submit investment decisions to the board for approval. The committee meets twice a year and when opportunities demand.

Remuneration Committee

The remuneration committee, comprising non-executive directors M Hewu (Chairman), AA Roberts, N Khan and Y Pahad approves the remuneration and terms of employment of all directors and senior management, and approves any offers of shares to management and

staff in terms of the share trust. The committee meets at least twice a year.

Empowerment and Transformation Committee

This committee, comprising Y Pahad (Chairman), AA Roberts and Dr P Gorralla, non-executive directors, advises the board on how best the company should fulfill its important role of empowerment and truly making a difference both within the group companies and in the broader community. Meetings are held when necessary and are attended by members of the executive.

Code of Ethics

Directors and employees are required to maintain the highest ethical standards ensuring that business practices are conducted in a manner which in all reasonable circumstances is beyond reproach.

Employment Equity and Employee Development

This is one of the major areas in which the empowerment and transformation committee assists and advises. The group is committed to empowering its workers, particularly those from previously disadvantaged backgrounds. The Employment Equity and Skills Development Acts provide a useful framework for formalising our approach. Advancement is achieved by training, exposing workers to standards existing in other parts of the world and actively nurturing those who show promise and enable them to realise their full potential.

All companies in the group have complied with requirements for submission of employment equity plans. We are also committed to empowering workers at all levels to acquire share ownership in the group and to share in the superior performance of their own entities by receiving incentive bonuses.

Employment Equity Status

In terms of the Employment Equity Act, 1998, designated groups constitute the following percentages of the total work force:

	Actual 31 Dec 2002	Target 2005
Management, senior		
management, executives	52%	55%
Supervisory	97%	97%
Clerical and other employees	98%	98%

HIV/AIDS

The group has recognised the threat of HIV/AIDS to its employees, the community and itself. A programme which focuses on education, counselling and free voluntary and confidential HIV testing has been implemented.

Communication

The company acknowledges that it operates within a greater community and values a good working relationship with its stakeholders. The company consistently strives to strengthen links through regular communication with all stakeholders which conforms with the criterion of timeous, objective, relevant and transparent communication.



DIRECTORS' APPROVAL OF ANNUAL FINANCIAL STATEMENTS AND CERTIFICATE BY SECRETARY

for the year ended 31 December 2002

DIRECTORS' APPROVAL OF ANNUAL FINANCIAL STATEMENTS

The directors of the company are responsible for the preparation, integrity and objectivity of the annual financial statements as well as for all other information contained in this annual report. To fulfill this responsibility, the group maintains controls that provide reasonable assurance that assets are safe-guarded and that records accurately reflect the transactions of the group.

The annual financial statements are prepared in terms of South African Statements of Generally Accepted Accounting Practice and examined by our auditors in conformity with Generally Accepted Auditing Standards. The annual financial statements for the year ended 31 December 2002 which appear on pages 14 to 46 were approved by the board on 5 May 2003, and are signed on its behalf by:



Prof GJ Gerwel
Non-executive Chairman



MA Brey
Chief Executive Officer

CERTIFICATE BY SECRETARY

In terms of section 268 G(d) of the Companies Act, 1973, as amended, I certify that the company has lodged or is in the process of lodging with the Registrar of Companies all such returns as are required of a public company in terms of the Act.



M O'Dea
Company Secretary
5 May 2003

REPORT OF THE **INDEPENDENT AUDITORS**

for the year ended 31 December 2002

To the members of Brimstone Investment Corporation Limited

We have audited the annual financial statements and group annual financial statements of Brimstone Investment Corporation Limited set out on pages 14 to 46 for the year ended 31 December 2002. These financial statements are the responsibility of the company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

Scope

We conducted our audit in accordance with Statements of South African Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement.

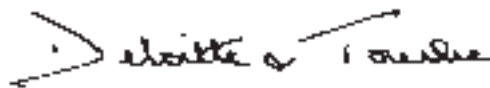
An audit includes:

- Examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements
- Assessing the accounting principles used and significant estimates made by management, and
- Evaluating the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion.

Audit Opinion

In our opinion, the financial statements fairly present, in all material respects, the financial position of the company and the group at 31 December 2002 and the results of their operations and cash flows for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice, and in the manner required by the Companies Act South Africa.



Deloitte & Touche

*Registered Accountants and Auditors
Chartered Accountants (SA)
12 May 2003*



DIRECTORS' REPORT

for the year ended 31 December 2002

The directors have pleasure in presenting the fifth report since the 1998 listing of the group.

Principal Activities of the Group

Brimstone remains an investment holding company with primary investments in two defined areas, those of financial services and industrial. The overriding theme throughout all facets of the group's business is active partnership with well established players in the industry in which Brimstone wishes to do business.

FINANCIAL SERVICES HOLDINGS:

- An effective 8% of Peoples Bank Limited. The transaction became effective on 1 January 2002.
- An effective 30% of Lion of Africa Insurance Company Limited. Brimstone's partners in the control of this short-term insurance company are Santam Limited and Commlife Holdings (Pty) Ltd, a company controlled by Brimstone executive director, FJ Robertson. Santam and Commlife Holdings hold 50% and 20% respectively.

- The investment in African Harvest was held through the group's 25% investment in NECorp Holdings (Pty) Ltd. During the year NECorp sold its holding in African Harvest. The investment has been fully written off and will have little influence on results in the future.

INDUSTRIAL HOLDINGS:

Held via private equity fund BrimEquity:

- 10.76% of Sea Harvest Corporation Ltd in alliance with listed branded consumer group, Tiger Brands Limited.
- 25% of Pybus 104 (Pty) Ltd trading as Spitz. Management own the 50% of this fashion retailer not owned by the BrimEquity partners.
- 20% of The Scientific Group (Pty) Ltd. Management are partners in this venture, which supplies medical equipment to private and state hospitals and clinics, universities and doctors.

The overriding theme throughout all facets of the group's business is active partnership with well established players in the industry in which Brimstone wishes to do business

Held directly:

- 12.06% of Nando's Group Holdings Limited
- 100% of Brimstone Clothing Corporation (Pty) Ltd trading as House of Monatic. Brimstone's only 100% owned core investment is a manufacturer and distributor of men's formal and casual clothing to South and Southern Africa, East Africa, the USA and the United Kingdom.
- 30% of Faizyme Laboratories (Pty) Ltd. This company is a niche producer of enzymes used in

Under the financial services banner, insurer Lion of Africa had a major turnaround in its results, with positive results reported in both underwriting and investments. No earnings have been brought to account for Peoples Bank as earnings are expected to flow through in the medium to long term. The only major disappointment was provided by NECorp Holdings (Pty) Ltd which held the investment in African Harvest. Brimstone equity accounted for losses of R1.5 million and also wrote down the investment by a further R3.1 million.

Brimstone's net attributable profit of R28.5 million was well ahead of the R8.2 million for the 15 months in 2001. Net asset value rose from 80.7 cents at December 2001 to 95.3 cents at December 2002.

the pharmaceutical industry for the manufacture of test kits for various medical conditions. Over 90% of sales are to foreign based pharmaceutical manufacturers. Management operating the business own the other 70%.

Certain other non-core investments are held under the "in transition" category. Management continue to work towards the disposal of these investments.

Details on all the group's investments are included under appendices 1, 2 and 3 to the financial statements.

Change in auditors

The board decided during the course of the year that the company only required the services of a single auditor, and has retained the services of Deloitte & Touche.

Review of Operations

Brimstone's net attributable profit of R28.5 million was well ahead of the R8.2 million for the 15 months in 2001. Net asset value rose from 80.7 cents at December 2001 to 95.3 cents at December 2002.

All the industrial operations in the industrial pillar made positive contributions to the results for the year. Sea Harvest performed extremely well while Nando's, House of Monatic, Spitz and Scientific contributed strongly to headline earnings. Scientific turned around its losses in the previous period to contribute R2.9 million to earnings.

Dividend

A maiden dividend of 4 cents per share from profits has been declared and paid to shareholders subsequent to the year end.

Review of the Group's Financial Position

Details of the fixed property are dealt with in note 11 to the financial statements. On 28 December 2001, shareholders approved an agreement to sell the property, subject to fulfilment of certain conditions. (See Post Balance Sheet Events)

There have also been adjustments to certain of the investments in associates and other investments and loans as reflected in exceptional items.

Post Balance Sheet Events

Effective 22 January 2003, Keerom Street Chambers was successfully disposed of for a consideration of R21 750 000.

At a general meeting held on 17 March 2003, the shareholders approved the disposal of 77 688 700 shares at 70 cents per share in Nando's Group Holdings and approved the specific repurchase by Brimstone of 3 599 400 Brimstone ordinary shares and up to 71 937 034 Brimstone "N" ordinary shares at a price of 63 cents per share. The transactions were effected on 6 April 2003.

DIRECTORS' REPORT CONTINUED

The effects of the specific repurchase on the issued share capital is set out below:

Number	GROUP		Total
	Ordinary shares	"N" Ordinary shares	
Prior to specific repurchase	39 799 947	155 827 883	195 627 830
Shares cancelled 6 April 2003	—	(62 192 957)	(62 192 957)
	39 799 947	93 634 926	133 434 873
Held as treasury shares by subsidiary	(3 599 400)	(9 744 077)	(13 343 477)
After specific repurchase	36 200 547	83 890 849	120 091 396

Share Capital

Change

There were no changes in the company's authorised or issued share capital during the year. The unissued shares are the subject of a general authority granted to the directors in terms of the Companies Act, which authority remains valid only until the forthcoming annual general meeting.

Voting rights

Ordinary shares carry 100 votes per share, while "N" ordinary shares carry one vote per share. "N" ordinary shares rank pari passu with ordinary shares in all other respects, including receipt of dividends and proceeds on the winding up of the company.

General Authority

The board is proposing that the general authority granted at the last annual general meeting on 5 June 2002, to permit the company or a subsidiary to acquire the company's own shares and to permit the company to issue shares for cash, be renewed at the forthcoming annual general meeting. Full details are set out in the notice to members on page 49.

The overriding theme throughout all facets of the group's business is active partnership with well established players in the industry in which Brimstone wishes to do business

Interest in and Earnings of Subsidiaries

Details of the company's interests in and share of aggregate profits and losses of its subsidiaries are set out in appendix 1 on page 43.

Interests of Directors in the Shares of the Company

The details of directors' interests in the shares of the company are set out on page 46.

Directors' Interest in Contracts/ Management by third party

Until its cancellation by mutual agreement effective 31 July 2002, the affairs of the group were managed under contract by Brimstone Management Company (Pty) Ltd, ("Manco") a company in which MA Brey and FJ Robertson together have a controlling interest. Following the cancellation of the agreement, all staff and contracts of Manco were taken over by Brimstone. See note 29 to the financial statements for details of fees paid to Manco during the year.

FJ Robertson is also the majority shareholder in three companies acting as short-term insurance brokers, employee benefit consultants and property managing agents respectively to the company and two of its subsidiaries. Details of fees paid during the year are included in note 29 to the financial statements.

Messrs Brey and Robertson together with an executive of the group, LZ Brozin, are all non executive directors of Nando's Group Holdings Limited.

Insurance, Interest Rate and Currency Risk Management

The board utilises appropriate expertise in controlling and managing material identified risks in asset holdings, borrowings, and foreign currency exposure both in the holding company and in advising and assisting subsidiaries and associates.

Share Incentive Scheme

The company's share incentive scheme is governed by a share incentive trust, as constituted in terms of the share incentive trust deed. No shares were issued or options granted during the year in terms of the share incentive trust deed.

Special Resolutions

At the annual general meeting held on 5 June 2002, special resolutions were passed to:

- enable the company to acquire its own issued shares from time to time on such terms and conditions and in such amounts as the directors from time to time decide, subject to certain statutory provisions and the listing requirements from time to time of the JSE Securities Exchange.
- enable the subsidiaries of the company (Brimstone) to acquire issued shares in the company from time to time on such terms and conditions and in amounts as the directors from time to time decide, subject to certain statutory provisions and the listing requirements from time to time of the JSE Securities Exchange.

- amend the company's main objects clause of its Memorandum of Association from property investment by principal to that of carrying on business as an investment holding company.

No special resolutions were passed by any of the subsidiaries during the year.

Directors and Secretary

The names of the directors in office at the date of this report appear on page 3.

Dr NA Moosa resigned as a director on 5 June 2002.

FJ Robertson and LA Parker are due to retire by rotation in terms of the company's articles of association and, being eligible, offer themselves for re-election.

The company secretary's name and his business and postal address appear on page 3 of this report.

The unissued shares are the subject of a general authority granted to the directors in terms of the Companies Act, which authority remains valid only until the forthcoming annual general meeting.

INCOME STATEMENTS

for the year ended 31 December 2002

R'000	Notes	GROUP		COMPANY	
		12 Months ended 2002	15 Months ended 2001	12 Months ended 2002	15 Months ended 2001
Revenue	2	226 151	213 903	9 635	436
Cost of sales	3	(157 736)	(152 333)	—	—
Gross profit		68 415	61 570	9 635	436
Administration expenses		(19 706)	(19 238)	(12 780)	(7 031)
Selling and distribution expenses		(26 270)	(29 591)	—	—
Goodwill amortisation		(1 779)	(1 779)	—	—
Exceptional items	4	617	1 109	(168)	(14 360)
Profit/(loss) from operations	5	21 277	12 071	(3 313)	(20 955)
Income from investments	7	2 329	2 379	2 050	1 317
Finance costs	8	(8 390)	(11 747)	(275)	(1 706)
Equity accounted retained income of associates		16 428	5 690	—	—
Net profit/(loss) before taxation		31 644	8 393	(1 538)	(21 344)
Taxation	9	(3 107)	(235)	—	—
Net attributable profit/(loss)		28 537	8 158	(1 538)	(21 344)
Earnings per share (cents)					
Headline	10	14.8	5.9		
Basic	10	14.6	4.2		
Comparable headline earnings	10	16.4	7.2		

BALANCE SHEETS

as at 31 December 2002

R'000	Notes	GROUP		COMPANY	
		2002	2001	2002	2001
ASSETS					
Non-current assets		146 269	142 879	103 691	107 156
Property, plant, equipment and vehicles	11	16 926	25 554	197	—
Goodwill on investment in associate	12	5 336	7 115	—	—
Interest in subsidiaries	13	—	—	31 509	32 540
Investments in associate companies	14	115 931	101 934	64 716	67 147
Other investments and loans	15	8 076	8 276	7 269	7 469
Current assets		121 369	87 183	10 241	7 639
Land and buildings	11	21 958	—	—	—
Inventory	16	42 472	35 071	—	—
Trade receivables	21	31 655	35 245	—	—
Other receivables		14 645	10 876	64	2 212
Cash and cash equivalents		10 639	5 991	10 177	5 427
TOTAL ASSETS		267 638	230 062	113 932	114 795
EQUITY AND LIABILITIES					
Capital and reserves		186 353	157 816	110 108	110 290
Share capital and premium	17	152 371	152 371	152 371	152 371
Non-distributable reserves	18	45	45	2 489	1 133
Distributable reserves		33 937	5 400	(44 752)	(43 214)
Non-current liabilities		11 311	13 779	—	—
Long-term interest bearing borrowings	19	10 655	13 544	—	—
Deferred taxation	20	656	235	—	—
Current liabilities		69 974	58 467	3 824	4 505
Short-term interest bearing borrowings	21	36 909	28 746	—	—
Bank overdraft	13	10 161	6 801	—	501
Trade and other payables		18 766	21 468	2 372	2 552
Taxation		4 138	1 452	1 452	1 452
TOTAL EQUITY AND LIABILITIES		267 638	230 062	113 932	114 795
NAV per share (cents)		95.3	80.7		

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 December 2002

	Share Capital	Share Premium	Non-distributable Reserves	Distributable Reserves	Total
GROUP					
Balance at 30 September 2000	42	152 329	—	(2 713)	149 658
Attributable profit for the fifteen months ended 31 December 2001	—	—	—	8 158	8 158
Transfer to capital redemption reserve in respect of preference share redemption in subsidiary	—	—	45	(45)	—
Balance at 31 December 2001	42	152 329	45	5 400	157 816
Attributable profit for the year ended 31 December 2002	—	—	—	28 537	28 537
Balance at 31 December 2002	42	152 329	45	33 937	186 353
COMPANY					
Balance at 30 September 2000	42	152 329	900	(21 870)	131 401
Attributable loss for the fifteen months ended 31 December 2001	—	—	—	(21 344)	(21 344)
Increase in value of right to acquire shares in subsidiary	—	—	233	—	233
Balance at 31 December 2001	42	152 329	1 133	(43 214)	110 290
Attributable loss for the year ended 31 December 2002	—	—	—	(1 538)	(1 538)
Increase in value of right to acquire shares in subsidiary	—	—	1 356	—	1 356
Balance at 31 December 2002	42	152 329	2 489	(44 752)	110 108



CASH FLOW STATEMENTS

for the year ended 31 December 2002

R'000	Notes	GROUP		COMPANY	
		12 Months ended 2002	15 Months ended 2001	12 Months ended 2002	15 Months ended 2001
Cash generated from trading	22.1	25 788	15 680	(3 104)	(6 493)
Movement in working capital	22.2	(10 931)	(4 873)	1 968	13 758
Cash generated from/(utilised in) operations		14 857	10 807	(1 136)	7 265
Investment income	22.3	2 329	1 365	2 050	303
Finance costs		(8 390)	(11 747)	(275)	(1 706)
Taxation paid	22.4	—	—	—	—
Cash retained from operating activities		8 796	425	639	5 862
Cash flows from investing activities		(12 782)	10 238	4 612	11 487
Investments acquired		—	(11 249)	—	(310)
Proceeds on investments disposed of		2 463	26 092	2 463	1 493
Net reduction in investment in subsidiaries	22.6	—	—	2 387	10 304
Additions to property, plant and equipment		(15 365)	(4 671)	(238)	—
Proceeds on disposal of property, plant and equipment		120	66	—	—
Net cash (outflow)/inflow		(3 986)	10 663	5 251	17 349
Cash effects of financing activities		5 274	(9 409)	—	(12 022)
Long-term loan advances		11 441	282	—	—
Repayment of long-term loans		(1 667)	(1 508)	—	—
Short-term loan advances		—	8 420	—	—
Repayment of short-term loans		(4 500)	(16 603)	—	(12 022)
Net increase in net cash resources		1 288	1 254	5 251	5 327
Net overdraft in subsidiary re-consolidated		—	(1 645)	—	—
Net cash resources at beginning of year		(810)	(419)	4 926	(401)
Closing net cash resources	22.7	478	(810)	10 177	4 926





NOTES TO ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2002

1. Accounting Policies and Basis of Preparation

The financial statements are prepared in accordance with South African Statements of Generally Accepted Accounting Practice (GAAP), on the historical cost basis with the exception of investments detailed below. The principle accounting policies, unless otherwise stated, have been consistently applied and are as follows:

1.1 Basis of consolidation

The group financial statements include those of the company and all its subsidiaries. The results of subsidiaries are included from the effective dates of acquisition. All significant inter-company transactions and balances have been eliminated.

1.2 Subsidiary companies

Subsidiary companies are valued at cost less amounts written off when the directors believe that there has been a permanent diminution in value. On consolidation any write off is apportioned and deducted from the underlying assets of the subsidiary.

1.3 Investments in associates

An associate is an entity over which the group has the ability to exercise significant influence, but which it does not control. Investments in associates are accounted for on the equity method.

The group's interest in associates is carried in the balance sheet at an amount that reflects its share of the net assets and the unamortised

portion of goodwill on acquisition. Goodwill on the acquisition of associates is treated in accordance with the group's accounting policy for goodwill. Where the group's share of losses of an associate exceeds the carrying amount of the associate, the associate is carried at a nominal amount. Additional losses are only recognised to the extent that the group has incurred obligations in respect of the associate.

1.4 Interests in joint ventures

A joint venture is an entity controlled jointly by the group and one or more venturers in terms of a contractual arrangement. The entity may take the form of a corporation or partnership, as is the case in respect of the joint venture in which the group is currently involved. The assets of the venture comprise the group's investments in three associate companies, matched by its venture partners interests in the same three companies. The group's investment in the joint venture is shown under investments in associates on the balance sheet but detailed separately in the notes. Revenue and costs of the joint venture are accounted for on a line by line basis. The retained earnings of the joint venture investments are equity accounted together with those of other associates.

1.5 Intangible assets

Goodwill represents the excess of the cost of acquisition of shares in an associate or joint venture over the net asset value at the date of acquisition. Goodwill is recognised as an asset and amortised on a systematic basis over its

estimated useful life, subject to a maximum of 20 years.

All previous goodwill and trademark balances were written off against share premium and non-distributable reserves in terms of a special resolution dated 5 May 1999.

1.6 Borrowing costs

Interest costs incurred in the period prior to acquiring legal title to investments are capitalised to the cost of the investments. Other interest costs are charged against income in the period in which incurred. Dividends on preference shares, classified as liabilities, are recognised as finance costs.

1.7 Revenue recognition

Included in revenue are net invoiced sales, excluding VAT, to customers for goods delivered. Rentals from leasing fixed property, management fees and royalties are recognised on an accrual basis in accordance with the substance of the relevant agreements. Cash dividends and the full cash equivalent of capitalisation share awards are recognised when the right to receive payment or transfer is established. Interest is recognised on a time proportion basis, taking account of the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the group.

1.8 Fixed assets and depreciation

Fixed property classified as investment property is stated at the fair value to the group based on its anticipated selling price. Fixed property utilised for manufacturing and administration, plant, equipment and vehicles are stated in the financial statements of the company and of the subsidiaries, at cost to the group less accumulated depreciation. Depreciation is calculated on the straight line method to write assets down to estimated net residual values at the end of their useful lives at the following rates: Fixed property 10%, plant and machinery and computers 20% – 33,3%, office furniture and equipment 10% – 17% motor vehicles 20%.

1.9 Assets acquired under suspensive sale agreements

Finance costs are accrued and expensed annually, based on the effective rate of interest applied consistently to the remaining balance of the liability.

1.10 Investments

Unlisted investments are carried at the lower of cost and directors' valuation.

Listed investments, including those held for

trading purposes, are carried in the balance sheet at market value determined using stock exchange prices at the end of the year.

Directors' valuations on unlisted investments are performed on a six-monthly basis using the method considered most appropriate to the investment concerned. Adjustments to the carrying value of investments are charged or credited to the income statement as appropriate.

1.11 Impairment of assets

The carrying amounts of the group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount is estimated as the higher of net selling price and value in use.

In assessing value in use, the expected future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognised whenever the carrying amount of the cash-generating unit exceeds its recoverable amount.

A previously recognised impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount, however not to an amount higher than the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior years. For goodwill a recognised impairment loss is not reversed, unless the impairment loss was caused by a specific external event of an exceptional nature that is not expected to recur and the increase relates clearly to the reversal of the effect of that specific event.

1.12 Inventories

Inventories are stated at the lower of cost and estimated net realisable value. Cost is determined on the first-in, first-out basis. Finished goods and work-in-progress include labour costs and an appropriate portion of related fixed and variable overhead expenses based on the normal level of activity. The comments in 1.2 above relating to write-downs in value of investments in subsidiaries, apply here as well.

1.13 Cash and cash equivalents

Actual bank balances are reflected. Outstanding cheques and deposits are included in accounts payable and accounts receivable respectively. For the purpose of the cash flow statement, cash and cash equivalents includes cash on hand and deposits held with banks.

NOTES CONTINUED

1.14 Deferred taxation

Deferred taxation is provided for at the current tax rate on the balance sheet liability method. Full provision is made for all temporary differences between the tax base of an asset or liability and its balance sheet carrying amount. Where the tax effects of temporary differences arising from computed tax losses, give rise to a deferred tax asset, the asset is recognised only to the extent that it is probable that future taxable income will be sufficient to realise the tax benefit of the losses.

1.15 Retirement benefit costs

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to industry-managed retirement benefit schemes are dealt with as defined contribution plans where the group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit plan.

1.16 Government grants

Government grants are recognised as income over the periods necessary to match them with the related costs and are deducted in reporting the related expenses. The grants are not recognised until there is reasonable assurance that they will be received.

1.17 Financial instruments and derivatives

Financial instruments carried on the balance sheet include cash and cash equivalents, investments, receivables, payables and long and short-term borrowings. These instruments are initially measured at cost, which includes transaction costs. Subsequent to initial recognition these instruments are measured at balance sheet date, as set out below.

Investments

Listed investments are carried at market value. Other investments are shown at fair value.

Trade and other receivables

Receivables are stated at cost less provision for doubtful debts and, where appropriate, discounted over normal collection periods.

Cash and cash equivalents

Cash and cash equivalents are measured at fair value, based on the relevant exchange rates where applicable.

Financial liabilities

Non-derivative financial liabilities are recognised at original debt less principal payments.

Derivative instruments

Derivative instruments, principally forward exchange contracts, are measured at fair value, based on the relevant exchange rates.

Gains and losses on subsequent measurement

Gains and losses arising from a change in the carrying value of financial instruments are included in net profit or loss in the period in which the change arises.

1.18 Earnings per share

Basic – is based on net attributable profit

Headline – is based on basic earnings adjusted for capital items specified in Circular 7/2002 – Headline Earnings issued by the South African Institute of Chartered Accountants.

Comparable – is based on headline earnings adjusted further for extraneous and erratic items not considered capital in nature

All above earnings are calculated on the weighted average number of shares in issue during the year.

1.19 Foreign currencies

Transactions denominated in foreign currencies are translated at the rate of exchange ruling at the transaction date. Balances denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Gains or losses arising on translation are credited to or charged against income.

1.20 Segment reporting

The primary business segments of the group are financial services and industrial, the latter being mainly consumer related. The basis of segment reporting is representative of the internal structure used for management reporting.

1.21 Post balance sheet events

The group adjusts amounts recognised in its financial statements, for events both favourable and unfavourable, which have a material effect on the financial statements and which occur between the accounting date and the date of issue of the financial statements.

1.22 Comparative figures

When an accounting policy is changed, comparative figures are restated in accordance with the new policy where material to the comparison.

R'000	GROUP		COMPANY	
	2002	2001	2002	2001

2. Revenue

The group's revenue comprises sales of men's formal and casual clothing, rentals, dividends and management fees received, as well as profits on trading investments:

Sales	209 656	206 072	—	—
Rentals received	3 416	4 126	—	—
Dividends received:				
– associate companies	12 512	—	—	—
– joint venture	—	1 970	—	—
– unlisted investments	273	1 381	114	94
– subsidiary	—	—	8 000	—
Management fees received	294	342	1 521	342
Profit on disposal of trading investments	—	12	—	—
	226 151	213 903	9 635	436

Business and geographic segments:

The clothing products mentioned above are manufactured in the group's factories in the Western Cape and sold throughout South Africa, as well as the United States of America, Great Britain, the SADC countries, other parts of Africa and in a small way, to Australia and Germany. All other revenue is sourced from within South Africa. The table below shows the geographical breakdown of the clothing sales.

Sales revenue by geographical market:

South Africa	126 905	148 506	—	—
Other SADC countries	10 630	9 867	—	—
Elsewhere in Africa	2 895	2 951	—	—
United States of America	65 367	33 805	—	—
Great Britain	2 084	10 791	—	—
Other	1 775	152	—	—
	209 656	206 072	—	—

3. Cost of sales

Raw materials and consumables used	110 607	97 373	—	—
Changes in inventories of finished goods and work in progress	(1 561)	1 305	—	—
Staff costs	35 678	41 065	—	—
Depreciation and amortisation	3 191	2 812	—	—
Other overheads	9 821	9 778	—	—
	157 736	152 333	—	—

4. Exceptional items

Retrenchment costs	(650)	—	—	—
Realised gains				
– on disposal of unlisted investments	—	17 553	—	308
– partial recovery of prior year loss on disposal of subsidiary	—	101	—	101
– on disposal of listed investment	—	117	—	117
Total realised	—	17 771	—	526
Unrealised gains/(losses)				
– revaluation/(impairment in value) of investment property	1 435	(1 777)	—	—
– mark-to-market revaluation of listed investments	3 127	13 531	3 127	13 531
– impairment of unlisted investments	(3 295)	(28 416)	(3 295)	(28 417)
Total unrealised	1 267	(16 662)	(168)	(14 886)
Net exceptional items	617	1 109	(168)	(14 360)

NOTES CONTINUED

R'000	GROUP		COMPANY	
	2002	2001	2002	2001
5. Profit/(loss) from operations				
Profit/(loss) from operations includes the following items of revenue and expenditure not shown separately in the income statement:				
5.1 Revenue:				
Profit on disposal of equipment and vehicles	110	33	—	—
Royalties received for use of trade marks	53	124	—	—
Net foreign exchange gains	1 315	1 250	—	—
Government grants:				
– Duty credit certificates	8 308	6 000	—	—
– Training refunds	244	80	—	—
5.2 Expenditure:				
Auditors' remuneration				
Fees – current year	501	434	194	169
– (over)/under provided previous year	(56)	72	(15)	16
Other services	219	116	97	61
	664	622	276	246
Depreciation				
Plant, vehicles and equipment (which includes R3 191 347 (2001 – R2 812 232) as per note 3)	3 459	3 122	40	—
Rentals under operating leases				
Land and buildings	3 828	6 233	—	—
Staff costs	51 864	57 413	1 399	—
Retirement benefit plan contributions				
Defined contribution plans	1 269	1 465	87	—
Royalties paid for use of trademarks	1 465	1 860	—	—
Joint venture costs	—	105	—	105
Fees for services:				
– managerial	1 888	3 328	1 888	3 111
– incentive fee on surplus on disposal of investment	3 230	2 513	3 230	2 513
– secretarial	156	145	156	145
– other professional	819	1 888	516	1 474
Write down of inventory to net realisable value	888	413	—	—
6. Directors' emoluments				
– Paid by holding company				
Fees for services				
Executive directors				
M A Brey			22	19
F J Robertson			22	19
Total			44	38
Non-executive directors				
G J Gerwel			33	22
P Gorralla			25	19
M Hewu			32	21
N Khan			41	25
N A Moosa			12	19
Y Pahad			48	25
L A Parker			38	25
L J Ramages			—	18
A A Roberts			31	21
Total			260	195
Total paid by holding company			304	233

R'000

Other services		2002			
– Paid by holding company					
Executive directors	Basic salary	Bonus	Expense allowance	Other benefits	Total
M A Brey	325	411	—	41	777
F J Robertson	250	411	—	32	693
	575	822	—	73	1 470
Non-executive director					
G J Gerwel	125	—	—	—	125
Total paid by holding company	700	822	—	73	1 595

– Paid by related party management company from management fees paid by holding company:

		2002			
Executive directors	Basic salary	Bonus	Expense allowance	Other benefits	Total
M A Brey	280	—	—	35	315
F J Robertson	175	—	—	32	207
Total	455	—	—	67	522
Non-executive director					
G J Gerwel	140	—	—	—	140
Total paid by related party	595	—	—	67	662

		2001			
Executive directors	Basic salary	Bonus	Expense allowance	Other benefits	Total
M A Brey	450	—	150	87	687
F J Robertson	281	—	94	49	424
Total	731	—	244	136	1 111
Non-executive director					
G J Gerwel	225	—	75	—	300
Total paid by related party	956	—	319	136	1 411

GROUP		COMPANY	
2002	2001	2002	2001

7. Income from investments

Interest received from joint venture	—	126	—	126
Interest received on bank deposits and loan to associate	2 329	2 253	2 050	1 191
	2 329	2 379	2 050	1 317

8. Finance costs

Interest on borrowings	(7 516)	(11 231)	(275)	(1 706)
Preference dividends paid to outside shareholders	—	(516)	—	—
Interest on obligations under finance leases	(874)	—	—	—
	(8 390)	(11 747)	(275)	(1 706)

NOTES CONTINUED

R'000	GROUP		COMPANY	
	2002	2001	2002	2001
9. Taxation				
9.1 Taxation charge				
Current	2 686	—	—	—
Deferred (note 20)	421	235	—	—
	3 107	235	—	—
Unutilised computed tax losses carried forward	(17 969)	(24 029)	(16 003)	(10 640)
Less: reduction in deferred taxation liability	—	4 076	—	—
Net computed tax losses carried forward	(17 969)	(19 953)	(16 003)	(10 640)
Saving in taxation attributable thereto at current rate	5 391	5 986	4 801	3 192
9.2 Reconciliation of tax				
Profit/(loss) before taxation	31 644	8 393	(1 538)	(21 344)
Tax at 30%	9 493	2 518	(462)	(6 403)
Tax effect of non-deductible expenses	3 407	5 710	2 854	4 732
Tax effect of non-taxable income	(9 195)	(7 473)	(2 434)	(63)
Tax effect of utilization of prior year losses	(275)	(260)	—	—
Tax effect of temporary differences	(323)	(260)	42	1 734
Tax expense at effective tax rate	3 107	235	—	—

10. Earnings per share calculations

The following is a reconciliation of the profit figures used in the earnings per share calculations:

Basic earnings:

Net attributable profit for the year	28 537	8 158
Headline earnings:		
Net attributable profit for the year	28 537	8 158
Goodwill amortisation	1 779	1 779
(Revaluation)/impairment in value of investment property	(1 435)	1 676
Headline earnings	28 881	11 613
Comparable headline earnings:		
Headline earnings	28 881	11 613
Incentive fee on investment disposals	3 230	2 513
Comparable headline earnings	32 111	14 126

All the earnings per share figures are calculated using the weighted average shares in issue during the year being 195 627 830 (2001 – 195 627 830).

Circular 7/2002 issued by the South African Institute of Chartered Accountants requires a reconciliation between headline earnings previously reported in terms of AC 306 and the restated comparative headline earnings reported in the current year:

Headline earnings reported 2001	8 828
Exceptional items	
Realised gains	
– on disposal of listed investment	117
– on disposal of unlisted investment	17 553
Unrealised gains/(losses)	
– Mark-to-market revaluation on listed investments	13 531
– Impairment of unlisted investments	(28 416)
Restated headline earnings for 2001	11 613

R'000	GROUP		COMPANY	
	2002	2001	2002	2001
11. Property, plant, equipment and vehicles				
11.1 Land and buildings				
Carrying value 1 January 2002:	20 523	22 300	—	—
Cost	23 726	23 726	—	—
Accumulated impairment losses	3 203	1 426	—	—
Additions	11 276	—	—	—
Transfer to current assets (cost)	(23 726)	—	—	—
Impairment gains/(losses) during the year	1 435	(1 777)	—	—
Transfer to current assets (accumulated impairment losses)	1 768	—	—	—
Carrying value 31 December 2002	11 276	20 523	—	—
Cost	11 276	23 726	—	—
Accumulated impairment losses	—	3 203	—	—
Depreciation rates: 10%				
11.2 Plant and machinery				
Carrying value 1 January 2002:	3 026	1 254	—	—
Cost	9 040	5 015	—	—
Accumulated depreciation	6 014	3 761	—	—
Additions	3 266	4 025	—	—
Depreciation for the year	2 661	2 253	—	—
Carrying value 31 December 2002	3 631	3 026	—	—
Cost	12 306	9 040	—	—
Accumulated depreciation	8 675	6 014	—	—
Depreciation rates: 20 – 33.33%				
11.3 Computers				
Carrying value 1 January 2002:	778	861	—	—
Cost	1 801	1 498	—	—
Accumulated depreciation	1 023	637	—	—
Additions	380	304	187	—
Disposals	6	1	—	—
Depreciation for the year	372	387	30	—
Accumulated depreciation on disposals	6	1	—	—
Carrying value 31 December 2002	786	778	157	—
Cost	2 175	1 801	187	—
Accumulated depreciation	1 389	1 023	30	—
Depreciation rates: 20 – 33.33%				
11.4 Office furniture and equipment				
Carrying value 1 January 2002:	962	966	—	—
Cost	1 826	1 551	—	—
Accumulated depreciation	864	585	—	—
Additions	251	342	51	—
Disposals	15	67	—	—
Depreciation for the year	268	314	11	—
Accumulated depreciation on disposals	9	35	—	—
Carrying value 31 December 2002	939	962	40	—
Cost	2 062	1 826	51	—
Accumulated depreciation	1 123	864	11	—
Depreciation rates: 10 – 17%				

NOTES CONTINUED

R'000	GROUP		COMPANY	
	2002	2001	2002	2001
11.5 Motor vehicles				
Carrying value 1 January 2002:	265	433	—	—
Cost	709	709	—	—
Accumulated depreciation	444	276	—	—
Additions	192	—	—	—
Disposals	41	—	—	—
Depreciation for the year	158	168	—	—
Accumulated depreciation on disposals	36	—	—	—
Carrying value 31 December 2002	294	265	—	—
Cost	860	709	—	—
Accumulated depreciation	566	444	—	—
Depreciation rates: 20%				
11.6 Leased motor vehicles				
Carrying value 1 January 2002 and 31 December 2002	—	—	—	—
Cost	126	126	—	—
Accumulated depreciation	126	126	—	—
Total property, plant, equipment and vehicles				
Carrying value 1 January 2002:	25 554	25 814	—	—
Cost	37 228	32 625	—	—
Accumulated depreciation	11 674	6 811	—	—
Additions	15 365	4 671	238	—
Disposals	62	68	—	—
Transfer to current assets (cost)	23 726	—	—	—
Impairment gains/(losses) for the year	1 435	(1 777)	—	—
Depreciation for the year	3 459	3 122	41	—
Accumulated depreciation on disposals	51	36	—	—
Transfer to current assets (accumulated impairment losses)	1 768	—	—	—
Carrying value 31 December 2002	16 926	25 554	197	—
Cost	28 805	37 228	238	—
Accumulated depreciation	11 879	11 674	41	—

Description of land and buildings

- Erf 8430 Cape Town with improvements thereon, being the commercial buildings situated at 56 Keerom Street, Cape Town which is secured in terms of a first mortgage bond in favour of a financial institution for a loan granted in respect of which R13 261 390 (2001 – R14 616 735) remained outstanding at the end of the year. The property was disposed of on 22 January 2003. The net book value of R21 958 795 has been disclosed as a current asset.
- Erven 27377 and 27616 Cape Town with improvements thereon, being factory and office buildings situated at 360 and 364 Victoria Road, Salt River, Cape Town which is secured in terms of a first mortgage bond in favour of a financial institution for a loan granted in respect of which R8 738 945 (2001 – R nil) remained outstanding at the end of the year. The property was acquired on 17 May 2002

Assets with a net book value of R3 143 444 (2001 – R1 021 083) are secured in terms of hire purchase/suspensive sale agreements on which R3 384 276 (2001 – R993 082) remains outstanding.

R'000	GROUP		COMPANY	
	2002	2001	2002	2001
12. Goodwill on investment in associate				
Carrying value 1 January 2002:	7 115	8 894	—	—
Less: amounts written off during the year	(1 779)	(1 779)	—	—
	5 336	7 115	—	—
13. Interest in subsidiaries				
Shares at cost less amounts written off	—	—	—	—
Loans owing by subsidiaries less amounts written off	—	—	42 888	45 125
Right to acquire shares in subsidiary at valuation	—	—	6 739	5 383
	—	—	49 627	50 508
Loans owing to subsidiaries	—	—	(18 118)	(17 968)
	—	—	31 509	32 540

Refer to Appendix 1 for details of subsidiary companies

The company has guaranteed the overdraft facility of a wholly-owned subsidiary to the extent of R7 000 000 (2001 – R7 000 000) and has also ceded its loan to the subsidiary to the bank concerned as security for the overdraft.

The company has subordinated its right to claim payment on loan account from the subsidiaries listed below until the assets of the subsidiaries, fairly valued, exceed their liabilities. The shortfalls in the subsidiaries' net assets at their financial year end, being 31 December 2002, are also shown below:

Subsidiary	Loan balance	Shortfall in net assets
Brimstone Properties (Pty) Ltd	5 561	(3 546)
Brimstone Securities Trading (Pty) Ltd	7 343	(7 345)
Brimstone Commodities Trading (Pty) Ltd	214	(216)
Brimbrands (Pty) Ltd	7	(134)

NOTES CONTINUED

R'000	GROUP		COMPANY	
	2002	2001	2002	2001
14. Investments in associate companies				
Held directly:				
Listed:				
Shares at market value net of retained profits since acquisition	38 410	35 283	38 410	35 283
Loans to associate companies less amounts written off	6 225	7 889	6 225	7 889
Share of retained profits since acquisition	8 203	3 561	—	—
Total carrying value	52 838	46 733	44 635	43 172
Unlisted:				
Shares at cost less amounts written off	12 959	16 053	12 958	16 053
Loans to associate companies less amounts written off	11	60	11	60
Share of losses since acquisition	(10 184)	(11 128)	—	—
Total carrying value	2 786	4 985	12 969	16 113
Held via joint venture:				
Unlisted:				
Shares at cost less amounts written off	27 477	27 477	—	—
Loans to associate companies less amounts written off	7 112	7 863	7 112	7 862
Share of retained profits since acquisition	25 718	14 876	—	—
Total carrying value	60 307	50 216	7 112	7 862
Total investments in associate companies	115 931	101 934	64 716	67 147
Directors' valuation of total investments in associate companies	141 320	126 124	66 230	58 046

Refer to Appendix 2 for full details of associate companies

The aggregate assets, liabilities and results of operations of associate companies are summarised below:

	HELD DIRECTLY		HELD VIA JOINT VENTURE	
	2002	2001	2002	2001
Non-current assets	420 674	705 576	262 113	292 817
Current assets	274 363	1 156 994	495 391	327 750
Total assets	695 037	1 862 570	757 504	620 567
Deferred taxation	(15 953)	15 983	15 543	7 728
Long-term liabilities	315 573	112 226	13 246	25 474
Current liabilities	238 124	796 666	227 434	228 030
Total liabilities	537 744	924 875	256 223	261 232
Revenue	463 188	782 168	1 056 197	886 917
Operating profit before taxation	49 187	11 497	265 954	160 123
Taxation	(3 946)	19 139	80 144	67 985
Net attributable profit	55 494	(9 199)	196 896	92 137

The financial year-ends of the companies are shown in Appendix 2

R'000	GROUP		COMPANY	
	2002	2001	2002	2001
15. Other investments and loans				
Unlisted investments:				
Shares at cost less amounts written off	4 266	4 466	3 459	3 659
Loans made less amounts written off	3 810	3 810	3 810	3 810
Total unlisted investments	8 076	8 276	7 269	7 469
Directors' valuations of investments and loans	11 626	11 925	8 387	8 909

Refer to Appendix 3 for full details of the investments.

16. Inventory

Raw materials	17 260	14 917	—	—
Work in progress	5 864	3 581	—	—
Finished goods	18 646	15 955	—	—
Consumable stores	702	618	—	—
	42 472	35 071	—	—

Inventories have been stated at the lower of cost and net realisable value by the group's wholly-owned clothing subsidiary with a total amount in their books of R1 116 113 (2001 – R1 161 000) being shown at net realisable value.

In addition to this, Brimstone has written down its investment in the clothing subsidiary to what it considers to be net realisable value. This write-down has been applied proportionately to the subsidiary's assets, inventory being written down by a further R17 982 152 (2001 – R17 982 152).

17. Share capital and premium

Share capital

Authorised

500 000 000 ordinary shares of 0.1 cents each	500	500	500	500
1 000 000 000 "N" ordinary shares of 0.001 cents each	10	10	10	10
	510	510	510	510

Issued

39 799 947 (2001 – 39 799 947) ordinary shares of 0.1 cents each	40	40	40	40
155 827 883 (2001 – 155 827 883) "N" ordinary shares of 0.001 cents each	2	2	2	2
	42	42	42	42

Share premium

Ordinary shares	—	—	—	—
"N" ordinary shares	152 329	152 329	152 329	152 329
	152 329	152 329	152 329	152 329
Total share capital and premium	152 371	152 371	152 371	152 371

The directors are authorised, by resolution of the shareholders and until the forthcoming annual general meeting, to dispose of the unissued shares for any purpose and upon such terms and conditions as they see fit.

NOTES CONTINUED

R'000	GROUP		COMPANY	
	2002	2001	2002	2001
18. Non-distributable reserves				
Arising on revaluation of right to acquire shares in subsidiary:				
Balance at the beginning of the year	—	—	1 133	900
Revaluation during the year	—	—	1 356	233
Balance at the end of the year	—	—	2 489	1 133
Capital redemption reserve:				
Balance at the beginning of the year	45	—	—	—
Arising on the redemption of preference shares in subsidiary company held by outside shareholder	—	45	—	—
Balance at the end of the year	45	45	—	—
Total non-distributable reserves at the end of the year	45	45	2 489	1 133
19. Long-term interest bearing borrowings				
Liabilities under suspensive sale agreements secured over plant, machinery and equipment with a book value of R3 143 444 (2001 – R1 021 083) bearing interest at rates linked to prime overdraft rates				
	3 384	993	—	—
Loan from financial institution to property owning subsidiary secured by first mortgage bond over the property as well as holding company guarantee. The loan bears interest at a fixed rate of 15.5% per annum. The loan was repaid on 22 January 2003				
	13 261	14 617	—	—
Loan from financial institution to property owning subsidiary secured by first mortgage bond over the property. The loan bears interest at a fixed rate of 15.38% per annum. The loan is repayable in annually escalating monthly instalments over 84 months of which 76 remained outstanding at the financial year end. At the year end, monthly instalments were R148 177.				
	8 739	—	—	—
Total	25 384	15 610	—	—
Less: amount payable before 31 December 2003 (note 21)	14 729	2 066	—	—
	10 655	13 544	—	—

R'000	GROUP		COMPANY	
	2002	2001	2002	2001

20. Deferred taxation

The major components of the deferred tax provision together with movements during the year were as follows:

Difference between tax wear and tear allowances and depreciation charges on assets	169	123	—	—
Difference between doubtful debt provision and amount allowable for tax purposes	(855)	(650)	—	—
Accrual of benefits due under Duty Credit Certificates	1 452	1 800	—	—
Prepayments	—	23	—	—
Provisions	(308)	—	—	—
25% doubtful debt allowance	198	162	—	—
Assessable losses	—	(1 223)	—	—
Deferred tax liability – 31 December 2002	656	235	—	—
Reconciliation between deferred taxation opening and closing balance:				
Deferred tax liability – 1 January 2002	235	—	—	—
Over-provided previous year	(357)	—	—	—
Income statement effect of temporary differences in value of plant and machinery	—	123	—	—
Income statement effect of temporary differences in doubtful debt provision	(9)	(650)	—	—
Accrual of benefits due under Duty Credit Certificates	605	1 800	—	—
Provisions	(57)	—	—	—
Prepayments deducted for normal tax	(23)	23	—	—
25% doubtful debt allowance deducted for normal tax	(13)	162	—	—
Assessable tax losses	275	(1 223)	—	—
Deferred tax liability – 31 December 2002	656	235	—	—

21. Short-term interest bearing borrowings

Current portion of long-term borrowings (note 19)	14 729	2 066	—	—
Amount owing to bank resulting from the discounting of a subsidiary company's sales invoices to its customers, secured by a cession of its debtors book and limited guarantee by the holding company and bearing interest at the bank's prime overdraft rate.	22 180	23 680	—	—
Loan from bank to a subsidiary company secured by pledge of certain listed shares owned by the holding company as well as a limited guarantee by it. Interest is payable at the bank's prime overdraft rate.	—	3 000	—	—
Total	36 909	28 746	—	—

The directors consider that the carrying amounts of the borrowings reasonably approximate their fair value.

NOTES CONTINUED

R'000	GROUP		COMPANY	
	2002	2001	2002	2001
22 Notes to the cash flow statement				
22.1 Reconciliation of profit/(loss) from operations to cash flows from trading				
Profit/(loss) from operations	21 277	12 071	(3 313)	(20 955)
Non-cash revenue items	(110)	(45)	—	—
Non-cash expenditure items	5 238	4 901	41	—
Cash exceptional items	—	(17 909)	—	(424)
Non-cash exceptional items	(617)	16 662	168	14 886
	25 788	15 680	(3 104)	(6 493)
22.2 Movement in working capital				
Increase in inventory	(7 401)	(8 855)	—	—
(Increase)/decrease in trade and other receivables	(178)	8 305	2 148	15 348
Decrease in trade and other payables	(3 352)	(4 323)	(180)	(1 590)
	(10 931)	(4 873)	1 968	13 758
22.3 Investment income				
Per income statement	2 329	2 379	2 050	1 317
Not yet realised	—	(1 014)	—	(1 014)
	2 329	1 365	2 050	303
22.4 Taxation paid				
Provision at the beginning of the year	1 452	1 452	1 452	1 452
Normal tax provided during year	2 686	—	—	—
Provision at the end of the year	(4 138)	1 452	1 452	1 452
Taxation paid during period	—	—	—	—
22.5 Movement in reserves in respect of subsidiary re-consolidated				
Loan account 30 September 2000	—	23 017		
Net assets 1 October 2000:				
Property, plant and equipment	—	(3 514)		
Inventory	—	(26 216)		
Trade and other receivables	—	(36 585)		
Cash and cash equivalents	—	(1 312)		
Trade and other payables	—	21 327		
Short-term interest-bearing borrowings	—	20 326		
Bank overdrafts	—	2 957		
Movement in reserves	—	—		
22.6 Net reduction in investment in subsidiaries				
Net reduction in investment			1 032	10 071
Non-cash write-up of investment			1 355	233
Net loan repayments by subsidiaries			2 387	10 304
22.7 Closing net cash resources				
Cash and cash equivalents	10 639	5 991	10 177	5 427
Bank overdraft	(10 161)	(6 801)	—	(501)
	478	(810)	10 177	4 926

R'000

GROUP

COMPANY

2002

2001

2002

2001

23. Segmental information

Business and geographic segments

(a) Geographic

Brimstone is essentially an investment holding company. All the companies in which it is invested have their principal areas of operation in South Africa. A wholly-owned subsidiary and two associate companies export extensively to the USA, Europe and the Far East. One of the aforementioned associates has franchise as well as owned operations in the United Kingdom, Australia, Canada, India and the Middle East.

(b) Business

Brimstone has two focussed areas of activity, the one being financial services and the other industrial. It follows largely a partnership approach in its investments with strategic partners who bring either experience in the businesses concerned, capital or both.

Brimstone's industrial investments currently consist of three held directly and three held via its joint venture private equity fund with Coronation Capital Ltd, known as BrimEquity. Certain other investments classified as non-core investments which are being disposed of are described as investments in transition.

Corporate consists of running the group's head office and corporate function and the costs of maintaining the JSE Securities Exchange listing.

	2002				
	Financial services	Industrial	Investments in Transition	Corporate	Total
Revenue	—	222 168	3 983	—	226 151
Operating profit	—	30 442	3 168	(11 171)	22 439
Headline earnings	(2 414)	40 028	662	(9 395)	28 881
Impairment (losses)/gains	(3 095)	3 127	1 235	—	1 267
Assets	2 205	224 752	30 242	10 439	267 638
Liabilities	—	64 033	13 413	3 839	81 285
			2001		
Revenue	—	208 383	5 414	106	213 903
Operating profit	—	16 617	5 175	(9 051)	12 741
Headline earnings	(25 440)	58 994	(11 501)	(10 440)	11 613
Impairment (losses)/gains	(19 639)	13 291	7 175	282	1 109
Assets	4 618	188 802	28 851	7 791	230 062
Liabilities	—	52 988	14 617	4 641	72 246

NOTES CONTINUED

R'000	GROUP		COMPANY	
	2002	2001	2002	2001

24. Contingent liabilities

The company has guaranteed the banking facilities of two associate companies limited to a total amount of R3 000 000 (2001 – R3 000 000)

The company has also guaranteed the invoice discounting facility operating in wholly-owned subsidiary, Brimstone Clothing Corporation (Pty) Ltd, to a maximum amount of R35 000 000 but limited to any shortfall in collection of the debtors ceded in terms of the facility. The amount owing on the facility at 31 December 2002 was R22 180 172 (2001 – R23 680 632).

25. Capital commitments

Commitments for the acquisition of property, plant, and equipment:

Contracted for but not provided in the financial statements:

	—	164 237	—	—
	—	164 237	—	—

26. Lease commitments

At the balance sheet date a subsidiary company had outstanding commitments under non-cancellable operating leases with a term of more than one year, which fall due as follows:

Within one year	4 523	2 700	—	—
In the second to fifth year inclusive	8 090	3 784	—	—
Thereafter	—	—	—	—
	12 613	6 484	—	—

27. Retirement benefit plans

The company contributes to the Twilight Group Provident Fund, a defined contribution fund. The fund is underwritten by Old Mutual Employee Benefits and administered by First Light Administration Services (Pty) Ltd, in terms of the Pension Funds Act, 1956. Contributions payable to the fund and charged against income amounted during the year to R87 272.

Wholly-owned subsidiary, Brimstone Clothing Corporation (Pty) Ltd, is a member of the Clothing Industry National Bargaining Council and as such, it is compulsory for all qualifying employees to be members of the Clothing Industry Bargaining Council Provident Fund. Employees of Brimstone Clothing Corporation (Pty) Ltd who do not qualify for membership of the Provident Fund are members of the House of Monatic Pension Fund. The fund is administered by Commlife Retirement Fund Administrators (Pty) Ltd, in terms of the Pension Funds Act, 1956. The assets of the fund are held separately from those of the company under the control of the fund's trustees. The contributions payable to the funds by the employer in terms of the rules of the funds are charged against income and amounted during the year to R1 181 922 (2001 – R1 465 125). The contributions vest immediately upon payment in the members of the funds. At 31 December 2002 all permanent staff of Brimstone Investment Corporation Limited and its subsidiaries were members of a retirement fund.

28. Financial risk management

28.1 Foreign currency management

A committee consisting of executives of the holding company and of the group's wholly-owned clothing subsidiary, meet regularly to discuss the latter's foreign currency exposures. The company imports fabrics and exports manufactured clothing. The majority of imports and exports are \$US denominated and the natural hedge arising is utilised where applicable. Foreign currency exposure management in the group associates is not under the direct control or influence of Brimstone, but their policy documents are reviewed as part of ongoing risk management.

There were no open forward exchange contracts in the company or its subsidiaries at the financial year end.

The group trade receivables and payables at 31 December 2002 include net receivables of R3 014 000 (2001 – R7 625 000) in respect of sales and purchases in foreign currencies, none of which had been hedged by forward exchange contracts.

28.2 Interest rate management

The factors which would be considered in the decision on fixed versus floating interest rates in respect of the group's borrowings are:

- the perceived stage in the interest rate cycle;
- the nature and characteristics of the borrowings concerned
- the nature of the assets financed by the borrowings in question

Interest rate swap contracts would be entered into should conditions be such that it would be advantageous to switch from a fixed to a variable rate or vice versa.

Such contracts would not be entered into for speculative reasons.

The group's exposure to interest rate risk and the effective interest rates at balance sheet date were:

		2002			
	Weighted average effective interest rate %	Floating interest rate R'000	Fixed interest rate R'000	Non-interest bearing R'000	Total R'000
Assets					
Loans to associate companies	15.00	6 225	—	7 123	13 348
Loans to unlisted investments	0.00	—	—	3 810	3 810
Cash and cash equivalents	11.97	10 639	—	—	10 639
		16 864	—	10 933	27 797
Liabilities					
Long-term interest-bearing borrowings	15.44	2 470	8 185	—	10 655
Short-term interest-bearing borrowings	16.40	23 095	13 814	—	36 909
Bank overdrafts	17.00	10 161	—	—	10 161
		35 726	21 999	—	57 725
Assets					
			2001		
Loans to associate companies	12.00	7 949	—	60	8 009
Loans to unlisted investments	0.00	—	—	3 810	3 810
Cash and cash equivalents	7.50	5 991	—	—	5 991
		13 940	—	3 870	17 810
Liabilities					
Long-term interest-bearing borrowings	15.46	283	13 261	—	13 544
Short-term interest-bearing borrowings	13.96	27 391	1 355	—	28 746
Bank overdrafts	14.00	6 801	—	—	6 801
		34 475	14 616	—	49 091

NOTES CONTINUED

R'000	GROUP		COMPANY	
	2002	2001	2002	2001

28.3 Credit risk management

The principal areas of credit risk are:

- trade receivables in the group's wholly-owned clothing subsidiary
- loans or advances to, or guarantees in respect of the liabilities of, associate companies or other investments

The granting of credit to trade customers is controlled by insisting on completion of detailed credit applications, followed by appropriate research involving, where appropriate, the assistance of credit agencies and, where considered necessary, the taking of security and/or insurance cover. Trade receivables comprise a large, widely spread customer base, avoiding an excessive concentration of risk with a small number of customers. Management routinely performs evaluations on the financial conditions of its customers. At 31 December 2002 the company did not consider there to be any material area of credit risk which had not been insured or adequately provided for.

Loans or advances made or guarantees given follow full or at least limited due diligence on the investee company concerned and are subject to approval by the board's investment sub-committee.

28.4 Liquidity risk

The company's banking facilities are considered to be sufficient for its needs.

Unutilised banking facilities

Total banking and loan facilities	76 878	73 117	1 000	1 000
Actual interest-bearing borrowings	(57 725)	(49 091)	—	(501)
Cash and cash equivalents	10 639	5 991	10 177	5 427
Unutilised banking facilities	29 792	30 017	11 177	5 926

Sustainable liabilities

The unutilised liability capacity is based on the estimated capacity of each asset to sustain liabilities

Plant, equipment and vehicles	75%	29 164	19 166	149	—
Investments in associates	60%	69 559	61 160	38 830	40 288
Investments and loans	60%	4 846	4 966	4 361	4 481
Inventory	65%	27 607	22 796	—	—
Trade receivables	65%	20 575	22 909	—	—
Other receivables	70%	10 251	7 613	44	1 548
		162 002	138 610	43 384	46 317
Interest free liabilities		22 904	22 920	3 824	4 004
Permissible year end interest bearing debt		139 098	115 690	39 560	42 313
Actual interest bearing debt		57 725	49 091	—	501
Unutilised liability capacity		81 373	66 599	39 560	41 812

28.5 Fair value of financial instruments

The estimated net fair values at 31 December 2002 have been determined using available market information and appropriate valuation methodologies and are not necessarily indicative of the amounts that the group could realise in the ordinary course of business.

R'000	2002 Carrying	2002 Fair values	2001 Carrying	2001 Fair values
Assets				
Investments in associates	115 931	141 320	101 934	126 124
Investments and loans – other	8 076	11 626	8 276	11 925
Cash and cash equivalents	10 639	10 639	5 991	5 991
Trade receivables	31 655	49 829	35 245	53 555
Other receivables	14 645	14 377	10 876	9 654
Liabilities				
Long-term interest bearing borrowings	10 655	7 272	13 544	14 478
Short-term interest bearing borrowings	36 909	36 909	28 746	28 746
Bank overdrafts	10 161	10 161	6 801	6 801
Trade and other payables	18 766	18 766	21 468	21 468

The following methods and assumptions were used by the company in establishing fair values:

Investments in associates and others

These investments are valued each 6 months on the basis considered most appropriate to the investment concerned.

Cash and cash equivalents

The carrying amounts reported in the balance sheet approximate fair values.

Trade receivables

The carrying value of trade receivables in the group clothing subsidiary, after provision for doubtful debts, is R51 039 000 (2001 – R54 547 815). Because the investment in the subsidiary has been written down, the group carrying value is as reflected above. The fair value of the trade receivables is calculated by applying a discount factor over the normal collection period.

Other receivables

A major portion consists of accrual of duty credit certificate (DCC) benefits due on exports by the clothing subsidiary. This portion has been discounted over the expected realisation period. The carrying value of the remaining items is considered to approximate fair value.

Long-term interest-bearing borrowings

The fair value of long-term interest-bearing borrowings is presently lower than book value, given that the bulk of the borrowings are at a fixed rate of 15.5%.

Short-term interest bearing borrowings

The carrying amounts reported in the balance sheet approximate fair values.

Trade and other payables

The carrying amounts reported in the balance sheet approximate fair values.

NOTES CONTINUED

29. Related party transactions and directors' interests

The company was, until 31 July 2002, managed, in terms of a management agreement entered into in 1998, by Brimstone Management Company (Pty) Ltd, the shareholders of which are F J Robertson, M A Brey and L Z Brozin the former two being executive directors and the latter an executive of the company.

The total fees paid in terms of the agreement during the year including the incentive fee payable on termination of the management agreement effective 31 July 2002 were R5 118 029 (2001 – R5 623 562).

Investments held via the Brim Equity joint venture fall within the definition of related parties.

During the year the following transactions took place with the companies concerned:

R'000	2002	2001
Dividends received	12 512	1 970
Management fees received	294	342
Interest received	15	126

F J Robertson, an executive director of the company, is the majority shareholder in three companies, acting as short-term insurance brokers, employee benefits consultants and property managing agents respectively to the company and certain of its subsidiaries. The services are performed on a strictly market related arms' length basis and total fees paid for the services during the year amounted to R127 549 (2001 – R288 658)

F J Robertson, M A Brey and L Z Brozin are also non-executive directors of Nandos Group Holdings Ltd, an associate company.

During the year the following transactions took place:

Interest received	1 128	1 014
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F J Robertson is a 20% shareholder in Lion of Africa Insurance Company Limited via his indirect holding in Commlife Holdings (Pty) Ltd which together with Brimstone, forms the Brimsure Consortium. Mr Robertson is also the non-executive chairman of Lion of Africa Insurance Company Limited.

The balances owing by associate companies are disclosed in Appendix 2 on page 44.

30. Number of employees in the group

The number staff employed by Brimstone and its subsidiaries at the end of the year was 1 191 (2001 – 1 283)

SUPPLEMENTARY REPORT ON INVESTMENTS

for year ended 31 December 2002

Appendix 1

INTEREST IN SUBSIDIARIES

	ISSUED SHARE CAPITAL		% HOLDING		SHARES AT COST		NET INDEBTEDNESS		ACQUISITION OF RIGHT	
	2002	2001	2002 %	2001 %	2002 R'000	2001 R'000	2002 R'000	2001 R'000	2002 R'000	2001 R'000
Held directly										
Company										
Brimco (Pty) Ltd	1	1	100	100	—	—	4 881	9 384	—	—
Holds investments in Sea Harvest Corporation Limited										
Brimstone Clothing Corporation (Pty) Ltd	572 408	572 408	100	100	2 427	2 427	24 882	23 287	—	—
Manufacturer and distributor of clothing										
Septen Investments (Pty) Ltd	1	1	100	100	—	—	(18 118)	(17 968)	—	—
Holds investment in Ocfish Holding Co.Ltd										
Brimstone Properties (Pty) Ltd	100	100	100	100	—	—	5 561	4 907	6 739	5 383
Property owning										
Brimstone Commodities Trading (Pty) Ltd	100	100	100	100	—	—	214	209	—	—
Dormant										
Brimstone Securities Trading (Pty) Ltd	100	100	100	100	—	—	7 343	7 333	—	—
Share dealer										
Brimbrands (Pty) Ltd	—	—	—	—	—	—	7	5	—	—
Dormant										
					2 427	2 427	24 770	27 157	6 739	5 383
Less: Amounts written off					2 427	2 427	—	—	—	—
					—	—	24 770	27 157	6 739	5 383
Held indirectly										
H Investments No 219 (Pty) Ltd	100	—	100	—	—	—	—	—	—	—
Property owning										

The company's interest in the aggregate profits and losses after taxation of consolidated subsidiaries was as follows:

	2002 R'000	2001 R'000
Profits	27 612	40 699
Losses	(26)	(2 195)



SUPPLEMENTARY REPORT ON INVESTMENTS CONTINUED

Appendix 2

INVESTMENT IN ASSOCIATE COMPANIES	REPORTING DATE	% HOLDING		SHARES AT COST/ VALUATION		SHARE OF RETAINED INCOME SINCE ACQ.		INDEBTEDNESS	
		2002	2001	2002	2001	2002	2001	2002	2001
		%	%	R'000	R'000	R'000	R'000	R'000	R'000
HELD DIRECTLY:									
– by company:									
Listed									
Nando's Group Holdings Ltd (Food industry)	28 Feb.	12.06	12.06	38 410*	35 283*	8 203	3 561	6 225	7 889
Total Listed				38 410	35 283	8 203	3 561	6 225	7 889
Unlisted									
Faizyme Laboratories (Pty) Ltd (Enzymes industry)	28 Feb.	30	30	—	—	570	307	9	9
NE Corp Holdings (Pty) Ltd (Investment holding)	30 Sept.	25.05	25.05	288	3 382	(288)	1 236	—	—
Gili Greenworld Holdings (Pty) Ltd (Farming industry)	30 Sept.	29.6	29.6	5 171	5 171	(5 171)	(5 171)	2	51
Lion of Africa Holdings Company (Pty) Ltd (Short term insurer)	31 Dec.	30	30	7 500	7 500	(5 295)	(7 500)	—	—
Total Unlisted				12 959	16 053	(10 184)	(11 128)	11	60
HELD VIA JOINT VENTURE:									
– by company									
The Scientific Group (Pty) Ltd (Medical equipment distributors)	31 Aug.	20	20	—	—	43	(2 817)	6 000	6 000
Pybus 104 (Pty) Ltd T/A Spitz (Footwear retail)	30 Jun.	25	25	—	—	3 377	1 334	1 112	1 863
Total company holding in joint venture				—	—	3 420	(1 483)	7 112	7 863
Total company holding in associates				51 369	51 336	1 439	(9 050)	13 348	15 812
HELD VIA JOINT VENTURE:									
– by subsidiary company:									
Sea Harvest Corporation Ltd (Food industry)	30 Sept.	10.76	10.76	27 477	27 477	22 298	16 359	—	—
Total associates held via joint venture				27 477	27 477	25 718	14 876	7 112	7 863
TOTAL GROUP INVESTMENTS IN ASSOCIATES				78 846	78 813	23 737	7 309	13 348	15 812

Valuations, based on the lower of the net asset value and earnings methods, are carried out every six months.

* Valuation is stated net of retained income since acquisition.

Appendix 3

OTHER INVESTMENTS AND LOANS	NUMBER OF OF SHARES		COST/VALUATION OF SHARES		COST/VALUATION OF LOANS		TOTAL INVESTMENT	
	2002	2001	2002 R'000	2001 R'000	2002 R'000	2001 R'000	2002 R'000	2001 R'000
Unlisted								
Held by Company								
Ocfish Holding Company Ltd	199 750	199 750	1 199	1 199	—	—	1 199	1 199
Broad Road Medi-Centre Investments Ltd	170	170	1 150	1 150	—	—	1 150	1 150
Perbro Investments (Cape) Ltd	130	130	650	650	—	—	650	650
Broad Road Surgical Clinic Ltd	10	10	200	200	—	—	200	200
African Legends Ltd	268	268	10	10	60	60	70	70
Eerste River Medical Centre (Cape) Ltd	4 600	4 600	—	200	—	—	—	200
Capricorn Science & Manufacturing Parks (Pty) Ltd	854	854	250	250	3 750	3 750	4 000	4 000
Total Company			3 459	3 659	3 810	3 810	7 269	7 469
Held by Subsidiary								
Ocfish Holding Company Ltd	279 226	279 226	807	807	—	—	807	807
Total Group			4 266	4 466	3 810	3 810	8 076	8 276
Directors' valuation of unlisted investments								
– Company							8 387	8 909
– Group							11 626	11 925

DIRECTORS' INTERESTS IN SHARES

as at 31 December 2002

Appendix 4

31 December 2002

Directors	Direct	Indirect	Total	Beneficial	Non Beneficial
Ordinary shares					
Prof. GJ Gerwel	—	—	—	—	—
MA Brey	921 414	2 769 014	3 690 428	3 597 764	92 664
FJ Robertson	467 014	3 407 900	3 874 914	3 801 914	73 000
Dr. P Gorralla	120 800	—	120 800	120 800	—
M Hewu	103 000	—	103 000	103 000	—
N Khan	128 136	—	128 136	128 136	—
Y Pahad	210 529	599 100	809 629	559 629	250 000
LA Parker	—	300 000	300 000	—	300 000
AA Roberts	—	155 000	155 000	155 000	—
Total	1 950 893	7 231 014	9 181 907	8 466 243	715 664

"N" Ordinary Shares

Prof. GJ Gerwel	—	—	—	—	—
MA Brey	29 200	771 246	800 446	678 483	121 963
FJ Robertson	12 600	417 767	430 367	425 367	5 000
Dr. P Gorralla	—	—	—	—	—
M Hewu	10 000	5 000	15 000	10 000	5 000
N Khan	—	15 500	15 500	15 500	—
Y Pahad	10 000	232 400	242 400	242 400	—
LA Parker	—	15 000	15 000	—	15 000
AA Roberts	—	25 000	25 000	25 000	—
Total	61 800	1 481 913	1 543 713	1 396 750	146 963

31 December 2001

Directors	Direct	Indirect	Total	Beneficial	Non Beneficial
Ordinary shares					
Prof. GJ Gerwel	—	—	—	—	—
MA Brey	921 414	2 763 764	3 685 178	3 468 814	216 364
FJ Robertson	460 214	3 307 900	3 768 114	3 073 414	694 700
Dr. P Gorralla	120 800	—	120 800	120 800	—
M Hewu	103 000	—	103 000	103 000	—
N Khan	128 136	—	128 136	128 136	—
Dr NA Moosa	127 707	20 000	147 707	127 707	20 000
Y Pahad	210 529	599 100	809 629	559 629	250 000
LA Parker	—	290 000	290 000	—	290 000
AA Roberts	—	155 000	155 000	155 000	—
Total	2 071 800	7 135 764	9 207 564	7 736 500	1 471 064

"N" Ordinary Shares

Prof. GJ Gerwel	—	—	—	—	—
MA Brey	29 200	889 130	918 330	91 367	826 963
FJ Robertson	12 600	417 767	430 367	348 867	81 500
Dr. P Gorralla	—	—	—	—	—
M Hewu	10 000	5 000	15 000	10 000	5 000
N Khan	—	—	—	—	—
Dr NA Moosa	10 000	1 000	11 000	10 000	1 000
Y Pahad	10 000	232 400	242 400	242 400	—
LA Parker	—	15 000	15 000	—	15 000
AA Roberts	—	25 000	25 000	25 000	—
Total	71 800	1 585 297	1 657 097	727 634	929 463

Subsequent to the year end the following shares were acquired

Indirect/beneficial	Ordinary	"N" Ordinary
Prof. GJ Gerwel	167 675	6 289 750
MA Brey	167 675	6 289 750
FJ Robertson	167 675	6 289 750
	503 025	18 869 250

SHAREHOLDING INFORMATION

as at 31 December 2002

Shareholder spread

Ordinary shares	No. Shareholders in S.A.		No. Shareholders other than in S.A.		Total Shareholders	
	No	%	No	%	No	%
Public	1 289	98.10	1	100	1 290	98.10
Directors	8	0.61			8	0.61
Other	17	1.29			17	1.29
Total	1 314	100	1	100	1 315	100

"N" Ordinary shares

Shareholder type	No. Shareholders in S.A.		No. Shareholders other than in S.A.		Total Shareholders	
	No	%	No	%	No	%
Public	1 422	98.34	1	100	1 423	98.34
Directors	7	0.48			7	0.48
Other	17	1.18			17	1.18
Total	1 446	100	1	100	1 447	100

SHARE TRADING STATISTICS

	Ordinary Shares	"N" Ordinary Shares
Market price per share (cents)		
high	58	60
low	32	25
year-end	58	56
Volume of shares traded	4 545 872	50 730 729
Volume of shares traded as % of issued shares	11.42%	32.56%
Value of shares traded (R)	1 790 074	21 407 485
Number of transactions	83	120
Market capitalisation (R)	23 083 969	87 263 614

SHAREHOLDERS' DIARY

Financial year-end	December
Annual general meeting	June
Interim report	September
Profit announcement	March
Annual financial statements	May



SHAREHOLDING INFORMATION CONTINUED

ORDINARY SHARES IN ISSUE	Shareholders		Shares	
Size of holding	no	%	no	%
1 – 5000 shares	871	66.24	2 408 626	6.05
5001 – 10 000	189	14.37	1 599 076	4.02
10 001 – 100 000	207	15.74	7 142 561	17.95
100 001 – 1 000 000	42	3.19	10 298 384	25.87
over 1 000 000 shares	6	0.46	18 351 300	46.11
	1 315	100	39 799 947	100

ANALYSIS OF HOLDINGS	Shareholders		Shares	
Major shareholders:	no	%	no	%
African Harvest Limited	1	0.08	6 000 000	15.08
Hollard Insurance Company Limited	1	0.08	3 599 400*	9.04
The Mushaky Family Trust	1	0.08	2 648 700	6.66
African Peoples Organisation	1	0.08	2 500 000	6.28
Easy Nominees (Pty) Ltd	1	0.08	2 500 000	6.28
Nedbank Entrepreneur Fund	1	0.08	1 103 200	2.77
Other				
Individuals	1 208	91.86	11 862 281	29.8
Nominee companies or trusts	45	3.42	4 257 800	10.7
Public companies	23	1.74	1 810 900	4.55
Close corporations and private companies	33	2.50	3 517 666	8.84
	1 315	100	39 799 947	100

"N" ORDINARY SHARES IN ISSUE	Shareholders		Shares	
Size of holding	no	%	no	%
1 – 5 000	1 259	87.01	1 768 980	1.13
5001 – 10 000	64	4.42	508 649	0.33
10 001 – 100 000	84	5.80	2 580 570	1.66
100 001 – 1 000 000	24	1.66	7 156 647	4.59
over 1 000 000 shares	16	1.11	143 813 037	92.29
	1 447	100	155 827 883	100

ANALYSIS OF HOLDINGS	Shareholders		Shares	
Major shareholders	no	%	no	%
Hollard Insurance Company Ltd	1	0.07	71 937 034*	46.16
Old Mutual Life	1	0.07	17 765 787	11.4
Lion of Africa Insurance Company Limited	1	0.07	13 159 000	8.45
FNT Investec Emerging Companies	1	0.07	7 672 572	4.92
Capital Alliance Inspec	1	0.07	6 176 606	3.96
Ellerine Bros (Pty) Ltd	1	0.07	5 714 286	3.67
Partnership Investments (Pty) Ltd	1	0.07	3 249 500	2.09
Arbores Investments (Pty) Ltd	1	0.07	3 025 801	1.94
Other				
Individuals	1 362	94.12	7 203 464	4.62
Nominee companies or trusts	30	2.07	5 014 574	3.22
Public companies	11	0.76	1 739 909	1.12
Close corporations and private companies	36	2.49	13 169 350	8.45
	1 447	100	155 827 883	100

* Repurchased on 6 April 2003

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the seventh annual general meeting of the shareholders of Brimstone Investment Corporation Limited will be held at the River Club, Liesbeek Parkway, Observatory, Cape Town at 18h30, on 9 June 2003 to conduct the following business:

1. To receive, consider and adopt the company and group annual financial statements for the year ended 31 December 2002
2. To confirm annual dividend number 1, in the amount recommended by the directors of 4.0 cents (four cents) per share, paid to shareholders registered as such in the Company's books on Friday, 11 April 2003, on Wednesday 16 April 2003
3. In terms of the Company's Articles of Association, FJ Robertson and LA Parker retire by rotation, and, being eligible, offer themselves for re-election
4. To approve the directors' fees for the year
5. To re-appoint Deloitte & Touche as auditors for the ensuing year
6. To authorise the directors to determine the auditors' remuneration for the past audit

To consider and, if deemed fit, pass, with or without modification the following resolutions:

7. To place the unissued shares under the directors' control

ORDINARY RESOLUTION NUMBER 1

"RESOLVED THAT the entire authorised but unissued share capital of the company from time to time be placed under the control of the directors of the company until the next annual general meeting, with the authority to allot and issue all or part thereof in their discretion, subject to sections 221 and 222 of the Companies Act, 1973, as amended, and the Listings Requirements of the JSE Securities Exchange South Africa ("JSE")."

8. To authorise directors to issue shares for cash

ORDINARY RESOLUTION NUMBER 2

"RESOLVED THAT pursuant to the articles of association of the company, the directors of the company be and are hereby authorised until the forthcoming annual general meeting of the company (whereupon this authority shall lapse, unless it is renewed at the aforementioned annual general meeting, provided that it shall not extend beyond 15 months of the date of this meeting), to allot and issue ordinary shares and "N" ordinary shares for cash, subject to the Companies Act, 1973 (Act 61 of 1973) as amended, and the Listings Requirements of the JSE, on the following basis:

- A press announcement giving the full details, including the impact on the net asset value and earnings per share, will be published at the time of any issue representing, on a cumulative basis within 1 (one) financial year, 5% (five percent) or more of the number of shares in issue prior to the issue;
- Issues in the aggregate in any 1 (one) financial year

may not exceed 15% (fifteen percent) of the number of the shares in that class of the company's issued share capital;

- In determining the price at which an issue of shares may be made in terms of this authority, the maximum discount permitted will be 10% (ten percent) of the weighted average traded price on the JSE of those shares over the 30 (thirty) days prior to the date that the price of the issue is determined or agreed by the directors of the company; and
- Any such issue will only be made to "public shareholders" as defined by the Listings Requirements of the JSE, and not to related parties."

In terms of the listing requirements of the JSE, a 75% majority is required of votes cast by the shareholders present or represented by proxy at the AGM to approve the resolution regarding the waiver of pre-emptive rights.

9. To authorise the company to repurchase its own shares

At the AGM of the company's members held on 5 June 2002, a special resolution was passed and subsequently registered that had the effect of granting the company a general authority to repurchase up to 10% of the issued share capital of the company. Such authority is renewable annually.

The intention of the directors of the company is to utilise the authority if at some future date the cash resources of the company are in excess of its requirements. Should the directors utilise this authority they will ensure that:

- the company and its subsidiaries will be able to pay their debts as they become due in the ordinary course of business;
- the consolidated assets of the company and its subsidiaries, fairly valued in accordance with South African Statements of Generally Accepted Accounting Practice, will be in excess of the consolidated liabilities of the company and its subsidiaries;
- the issued share capital and reserves of the company and its subsidiaries will be adequate for the purposes of the business of the company; and
- the working capital available to the company and its subsidiaries will be sufficient for the group's requirements, for a period of 12 (twelve) months after the date of the acquisition
- the sponsor to the company has provided a letter on the adequacy of working capital in terms of Section 2.14 of the Listings Requirements of the JSE prior to any repurchases being implemented on the open markets of the JSE.

SPECIAL RESOLUTION NUMBER 1

"RESOLVED THAT the company hereby approves, as a general approval contemplated in sections 85(2) and 85(3) of the Companies Act, 61 of 1973, as amended

NOTICE OF ANNUAL GENERAL MEETING CONTINUED

("the Act"), the acquisition by the company of ordinary shares and/or "N" ordinary shares from time to time issued by the company, on such terms and conditions and in such amounts as the directors of the company may from time to time determine, but subject to the provisions of the Act and the Listings Requirements from time to time of the JSE, subject to the following limitations:

- the acquisition of shares is implemented on the open market of the JSE;
- the subsidiary of the company is authorised thereto by its articles;
- the acquisition of shares is limited to a maximum of 10% (ten percent) of the company's issued share capital of that class at the time the authority is granted;
- this general authority shall only be valid until the company's next AGM, provided that it shall not extend beyond 15 (fifteen) months from the date of passing of this special resolution;
- a press announcement will be published as soon as the company has acquired ordinary and/or "N" ordinary shares constituting, on a cumulative basis, 3% (three percent) of the number of issued ordinary shares and/or "N" ordinary shares prior to the acquisition pursuant to which the 3% (three percent) threshold is reached, which announcement shall contain full details of such acquisitions;
- acquisitions of ordinary shares and/or "N" ordinary shares is limited to a maximum of 20% (twenty percent) of the company's share capital of each class in any one financial year;
- the repurchases are not made at a price greater than 10% (ten percent) above the weighted average of the market value for the securities for the 5 (five) business days immediately preceding the date on which the transaction was agreed"

The reason for and effect of special resolution number 1 is to authorise the company, by way of general approval, to acquire its own issued shares on terms and conditions and in amounts to be determined from time to time by the directors of the company, subject to certain statutory provisions and the Listings Requirements from time to time of the JSE.

10. To authorise a subsidiary to purchase shares in the company

SPECIAL RESOLUTION NUMBER 2

"RESOLVED THAT the company hereby approves, as a general approval, as contemplated in Section 89 of the Companies Act 61 of 1973 as amended ("the Act") the acquisition by a subsidiary of the company from time to time of the issued ordinary shares and/or "N" ordinary shares of the company, on such terms and conditions and in such amounts as the directors of the company may from time to time determine, but subject to the provisions of the Act and the Listings Requirements from time to time of the JSE, subject to the following limitations:

- the acquisition of shares is implemented on the open market on the JSE;

- the subsidiary of the company is authorised thereto by its articles;
- this authorisation shall be valid only until the company's next AGM, provided that it shall not extend beyond 15 (fifteen) months from the date of passing of this special resolution;
- the acquisition of shares is limited to a maximum of 10% (ten percent) of the company's issued share capital of that class at the time the authority is granted;
- the acquisitions of shares are not made at a price greater than 10% (ten percent) above the weighted average of the market value of the securities for the 5 (five) business days immediately preceding the date on which the transaction was agreed"

The reason for and effect of special resolution number 2 is to authorise the subsidiaries of the company, by way of a general approval, to acquire issued shares in the company on terms and conditions and in amounts to be determined from time to time by the directors of the company, subject to certain statutory provisions and the Listings Requirements from time to time of the JSE.

11. To transact such other business as may be transacted at an annual general meeting.

Voting and proxies

A member entitled to attend and vote at the annual general meeting is entitled to appoint a proxy or proxies to attend, speak and vote in his/her stead. A proxy need not be a member of the company. For the convenience of registered members of the company, a form of proxy is enclosed herewith.

The attached form of proxy is only to be completed by those shareholders who are:

- holding shares in certified form; or
- recorded on sub-register electronic form in "own name."

All other beneficial owners who have dematerialised their shares through a Central Securities Depository Participant ("CSDP") or broker and wish to attend the annual general meeting, must instruct their CSDP or broker to provide them with a Letter of Representation, or they must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker.

Forms of proxy must be received by the Secretary of Brimstone Investment Corporation Limited, 1st Floor, Slade House, Boundary Terraces, 1 Mariendahl Lane, Newlands 7700 (P.O. Box 44580, Claremont 7735) by no later than 18h30 on 5 June 2002.

By order of the board

M O'Dea
Company Secretary
Newlands
5 May 2003

PROXY FORM

Brimstone Investment Corporation Limited – Reg. No. 1995 / 010442 / 06

I (name in full), being a member of the above-mentioned company, hereby appoint

.....
 or failing him, the chairman of the meeting as my proxy to vote for me and on my behalf at the annual general meeting of the company, to be held at the River Club, Liesbeek Parkway, Observatory, Cape Town at 18h30 on 9 June 2003 and at any adjournment thereof as follows:

In respect of.....Ordinary and/ or....."N" Ordinary shares

	FOR	AGAINST	ABSTAIN
1. To receive and adopt the company and group annual financial statements for the year ended 31 December 2002			
2. To confirm annual dividend number 1, in the amount recommended by the directors of 4.0 cents (four cents) per share, paid to shareholders registered as such in the Company's books on Friday 11 April 2003, on Wednesday 16 April 2003.			
3. To re-elect the following directors who retire from office by rotation but being eligible, offer themselves for re-election:			
3.1 FJ Robertson			
3.2 LA Parker			
4. To approve the directors' fees for the year			
5. To re-appoint Deloitte & Touche as auditors for the ensuing year.			
6. To authorise the directors to determine the auditors' remuneration for the past audit			
7. Ordinary resolution number 1 To renew the directors authority over the unissued shares subject to the requirements of the JSE Securities Exchange South Africa			
8. Ordinary resolution number 2 To give general authority to issue shares for cash			
9. Special resolution number 1 To renew the general authority for the company to repurchase its own shares.			
10. Special resolution number 2 To renew the general authority for subsidiaries to purchase shares in the company.			

Indicate direction of proxy by way of "X" in the space provided. Unless otherwise instructed, my proxy may vote as he/she thinks fit.

.....
SIGNATURE

.....
DATE

Note:

- 1 A Member entitled to attend and vote at the meeting, is entitled to appoint a proxy or proxies of his/her choice to attend and vote in his/her place. A proxy need not be a member of the company.
- 2 This proxy form must be completed and deposited at the company's office not less than 48 hours prior to the meeting.
- 3 The form of proxy is only to be completed by those shareholders who are:
 - 3.1 holding shares in certified form; or
 - 3.2 recorded on sub-register electronic form in "own name".
 - 3.3 All other beneficial owners who have dematerialised their shares through a CSDP or broker and wish to attend the AGM, must instruct their CSDP or broker to provide them with the required letter of representation.
 - 3.4 Beneficial owners who have dematerialised their shares through a CSDP or broker who do not wish to attend the AGM, must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker.

CURRICULUM VITAE OF EACH DIRECTOR RETIRING BY ROTATION AND OFFERING HIMSELF FOR RE-ELECTION IS AS FOLLOWS:

FJ Robertson (48)

He is currently Executive Deputy Chairman of Brimstone Investment Corporation Limited.

A leading figure in the Western Cape business community, he has gained experience on the national and international business stage. A former teacher, he moved into insurance broking in 1990, and his ties to the insurance industry remain strong through his chairmanship of Lion of Africa Insurance Company and Commlife Holdings. He is chairman of House of Monatic, and a director of Remgro, Sea Harvest, Lion of Africa Life Assurance Company Limited and Lobedu Leo Burnett Holdings.

He serves as a Trustee on the Business Trust, a business initiative on job creation and human capacity development. He is a Trustee on the South African Tourism Board, and was nominated as one of seven finalists for South Africa's Best Entrepreneur of the year Award in 2002.

LA Parker (49)

A founder member of the Foodworld Group of which he has been Chief Executive Officer from 1986 to date.

He is a director of Brimstone Investment Corporation Limited, Executive Committee member of the Western Cape Trader's Association, member of the Cape Chamber of Commerce, Director of Al Amien Foods and a Board member of the Red Cross Children's Hospital.

He was awarded the Cape Times Editor's Award for outstanding Achievement in 2000, the Sanlam/Business Partners Entrepreneur of the Month – South Region in July 2001 and the Sanlam/Business Partners Lifestyle Entrepreneur of the Year Award in 2001.