



BRIMSTONE

INVESTMENT CORPORATION LIMITED

"To be profitable, empowering and to have a positive social impact."

REVIEWED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2004

GROUP INCOME STATEMENTS

R'000	Reviewed year ended 31 December 2004	Restated audited year ended 31 December 2003
REVENUE	187 626	206 904
Cost of sales	(141 939)	(152 235)
GROSS PROFIT	45 687	54 669
Selling and administration expenses	(44 133)	(45 741)
Goodwill amortisation	(8 921)	(1 779)
Exceptional items	11 073	21 034
PROFIT FROM OPERATIONS	3 706	28 183
Income from investments	10 033	3 880
Finance costs	(17 306)	(6 731)
Equity accounted retained income of associates	19 752	5 548
NET PROFIT BEFORE TAXATION	16 185	30 880
Taxation	(344)	(233)
NET ATTRIBUTABLE PROFIT	15 841	30 647
EARNINGS PER SHARE (CENTS)		
Headline	20.8	14.9
Basic	13.3	22.1
DILUTED EARNINGS PER SHARE (CENTS)		
Headline	20.1	14.9
Basic	12.9	22.0
DIVIDENDS PER SHARE (CENTS)		
Declared after reporting date	10.0	8.0
Weighted average number of shares on which earnings per share is based (000's)	118 799	138 727
Weighted average number of shares on which diluted earnings per share is based (000's)	123 170	139 097
HEADLINE EARNINGS CALCULATION		
Net attributable profit	15 841	30 647
Profit on sale of associates	—	(13 191)
Goodwill amortisation	8 921	1 779
Disposal of investment property	—	1 493
HEADLINE EARNINGS	24 762	20 728

GROUP BALANCE SHEETS

R'000	Reviewed 31 December 2004	Restated audited 31 December 2003
ASSETS		
Non-current assets	275 181	234 386
Property, plant, equipment and vehicles	16 475	18 025
Goodwill on investment in associates	33 310	40 082
Investments in associate companies	204 765	163 445
Available for sale investments	20 631	12 834
Current assets	106 259	128 980
Loan	—	3 205
Inventory	31 347	35 374
Trade receivables	34 049	28 095
Other receivables	17 184	9 033
Cash and cash equivalents	23 679	53 273
TOTAL ASSETS	381 440	363 366
EQUITY AND LIABILITIES		
Capital and reserves	173 816	167 530
Share capital and premium	105 979	106 041
Non-distributable reserve	7 858	3 280
Distributable reserves	59 979	58 209
Non-current liabilities	156 153	10 397
Long-term interest bearing borrowings	17 514	8 852
Preference shares	137 000	—
Deferred taxation	1 639	1 545
Current liabilities	51 471	185 439
Short-term interest bearing borrowings	25 304	20 289
Short-term loan convertible into preference shares	—	137 035
Bank overdraft	7 449	4 827
Trade payables	10 895	8 883
Other payables	7 774	13 118
Taxation	49	1 287
TOTAL EQUITY AND LIABILITIES	381 440	363 366
NAV per share (cents)	146.4	141.0
Shares in issue at end of period ('000)	118 718	118 783

GROUP CASH FLOW STATEMENTS

R'000	Reviewed year ended 31 December 2004	Restated audited year ended 31 December 2003
Cash generated from trading	5 423	11 956
Movement in working capital	(13 410)	16 035
Cash (utilised in)/generated from operating activities	(7 987)	27 991
Investment income	10 033	3 880
Finance costs	(17 341)	(6 731)
Dividend paid	(9 493)	(7 771)
Taxation paid	(1 488)	(2 196)
Cash (utilised in)/retained from operations	(26 276)	15 173
Cash flows from investing activities	(19 555)	(39 070)
Investments acquired	(29 495)	(137 293)
Proceeds on investments disposed of	12 259	81 885
Additions to property, plant and equipment	(2 503)	(5 042)
Proceeds on disposal of property, plant and equipment	184	21 380
Net cash outflow	(45 831)	(23 897)
Cash effects of financing activities	13 615	71 865
Repurchase of ordinary shares	(62)	(46 747)
Long-term loan advances	11 584	—
Repayment of long-term loans	—	(1 803)
Short-term loan advances	3 931	137 035
Repayment of short-term loans	(1 838)	(16 620)
Net (decrease)/increase in net cash resources	(32 216)	47 968
Net cash resources at beginning of year	48 446	478
Closing net cash resources	16 230	48 446

COMMENTARY

Headline earnings per share for the year ended 31 December 2004 improved by 39% to 20.8c from 14.9c the prior year. On the balance sheet, net asset value showed an increase to 146.4c (2003:141c) per share. Results are considered gratifying in light of a decline in revenue to R187.6m (2003: R206.9m) resulting from difficult trading conditions in certain of the company's core underlying investments.

Afrox Healthcare

Shareholders are referred to last week's press reports noting that the R4bn acquisition of Aprox Healthcare by the Bidco consortium led by Brimstone, Mvelaphanda and financial institutions, has been approved by the Competition Tribunal.

Valuation of put option

In the course of preparing the circular to shareholders regarding the acquisition by Brimstone of an effective 20.3% in Aprox Healthcare Limited dated 7 March 2005, merchant bankers assessed the net asset value of Brimstone. The directors noted that no value was assigned to Brimstone's put option to Tiger Brands relating to its investment in Sea Harvest Corporation Limited.

A decision was taken to approach two independent experts to reassess the value of the option with a view to determining whether any fair value for the option should be included in the 2004 annual financial statements. These valuations confirmed that the option could not be reliably measured because the range of acceptable values was wide and the directors have accordingly decided not to assign a separate value to the option which is consistent with the approach adopted in previous years. This complies with the requirements of AC133.

RESULTS FOR THE YEAR

These results for the year ended 31 December 2004 have been reviewed by Deloitte and Touche and their review opinion is available for inspection at the company's registered office.

Accounting policies

This report has been prepared in compliance with South African Statements of Generally Accepted Accounting Practice and in accordance with the principles applied in the most recently published annual financial statements. An exception is the change in accounting policy relating to the consolidation of the share trust, details of which are set out below.

Change in accounting policy and prior year adjustment

The company has changed its accounting policy relating to the Brimstone Investment Corporation Limited Share Trust, which has now been consolidated. Prior period financial statements have been restated accordingly. The effects of this change are set out below:

	R'000
Share premium at 1 January 2003 as previously reported	152 329
Capital reduction net of treasury shares held by share trust	417
As restated	152 746

Dividends paid as previously reported	7 825
Dividends paid to share trust	(54)
As restated	7 771

Shares repurchased and debited to share premium as previously reported	46 692
Adjustments to include share trust	51
As restated	46 743

Prior year number of shares issued, other receivables and other payables have been restated to take account of the change in accounting policy.

Prior year adjustment

In addition to the change in accounting policy set out above, the results attributable to an associate as reported in previous years have changed as a result of that associate changing its accounting policy to consolidate its share trust.

The following previously reported figures have been impacted by both the change in accounting policy and the prior year adjustment.

Distributable reserves at 1 January 2003 as previously reported	37 487
Change in accounting policy – distributable reserves of share trust	(16)
Prior year adjustment – effects of restatement of results of associate	(1 444)
As restated	36 027

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2004

R'000	Share Capital	Share Premium	Non-distributable Reserves	Distributable Reserves	Total
Restated balance at 1 January 2003 as previously reported	42	152 329	45	37 487	189 903
Change in accounting policy for share trust	—	417	—	(16)	401
Change in accounting policy for share trust of associate	—	—	—	(1 444)	(1 444)
Restated balance	42	152 746	45	36 027	188 860
Attributable profit for the year ended 31 December 2003	—	—	—	30 647	30 647
Dividend paid	—	—	—	(7 771)	(7 771)
Shares repurchased	(4)	(46 743)	—	—	(46 747)
Share of non-distributable reserve of associate	—	—	2 541	—	2 541
Transfer share of non-distributable reserve of associate	—	—	694	(694)	—
Balance at 31 December 2003	38	106 003	3 280	58 209	167 530
Attributable profit for the year ended 31 December 2004	—	—	—	15 841	15 841
Dividend paid	—	—	—	(9 493)	(9 493)
Increase in treasury shares held by share trust	—	(62)	—	—	(62)
Transfer current year share of non-distributable reserve of associate	—	—	4 578	(4 578)	—
Balance at 31 December 2004	38	105 941	7 858	59 979	173 816

SEGMENTAL INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2004

R'000	Revenue	Operating Profit	Headline Earnings	Impairment Losses	Assets	Liabilities
Financial services	500	8 931	17 785	—	50 016	11 587
Industrial	186 759	3 289	12 305	8 921	290 185	190 374
Investments in transition	367	2 936	2 940	—	12 035	60
Corporate	—	(11 450)	(8 268)	—	29 204	5 603
Total	187 626	3 706	24 762	8 921	381 440	207 624

Profit attributable to shareholders as previously reported	30 569
Change in accounting policy – adjustments to include share trust	(7)
Prior year adjustment – effects of restatement of results of associate	85
As restated	30 647

INDUSTRIAL

House of Monatic

Results for this high-end men's clothing manufacturer represent a minimal contribution to headline earnings and continue to be impacted by cheap imports and the reduced Rand value of exports into the US and European markets. Looking forward into 2005 the order book is healthy due to support from local retailers but the industry as a whole remains vulnerable to imports and Rand strength.

Lenco

Lenco's two main divisions, Versapak and Xactics, enjoyed brisk trade during the final quarter of the 2004 year, contributing positively to equity accounted earnings.

Sea Harvest

The results of the company continued to be affected by competitive markets and the strong Rand exchange rate. High landings of small hake in SA waters resulted in reduced prices for fish products. We remain concerned about the state of the resource and the industry as a whole.

Scientific Group

Scientific Group is a supplier of medical equipment to the healthcare sector. During the year Brimstone increased its stake from 20% to 26.042%, and its contribution to profits improved.

FINANCIAL

Lion of Africa

Lion benefited from a positive underwriting cycle and lower crime levels to contribute strongly to earnings for the period. During the year Brimstone reached agreement with Santam to increase its stake in Lion of Africa from 30% to 39%, subject to Competition Commission approval. This will enhance Lion's empowerment credentials creating further business opportunities.

Aon South Africa

The acquisition of an effective 18% in Aon South Africa was finalised in December 2004. No income from this investment accrued to the group during the 2004 year.

PROSPECTS

The Group continues to seek ways of unlocking shareholder value, and will continue to evaluate opportunities for growth both through acquisition and organic growth. In addition we are committed to improving operational efficiencies in the coming year. We look forward to enhanced earnings across all of our business interests in 2005.

Shareholders are referred to the renewal of cautionary announcement dated 7 March 2005 and are reminded to continue to exercise caution when dealing in the company's securities until further announcements are made.

DIVIDEND

The board of Brimstone has declared a dividend (number 4) of 10 cents per share payable to shareholders. In compliance with the requirements of STRATE, the company has determined the following salient dates for the payment of the dividend. The last day to trade cum dividend is Friday 1 April 2005. The dividend is payable to all shareholders of Brimstone recorded in the books of the company at the close of business on Friday 8 April 2005. Shares will commence trading ex dividend from Monday 4 April 2005. The dividend is payable on Monday 11 April 2005. Shares may not be rematerialised or dematerialised from Monday 4 April to Friday 8 April 2005, both days inclusive.

On behalf of the board.

Prof GJ Gerwel
Non-Executive Chairman

MA Bray
Chief Executive Officer

10 March 2005

Registered Office: Boundary Terraces,
1 Mariendahl Lane, Newlands 7700

Postal Address: PO Box 44580, Claremont 7735

Results are available at www.brimstone.co.za

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