



BRIMSTONE

INVESTMENT CORPORATION LIMITED

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

Profitable. Empowering. Making a difference.

Highlights

- Gross assets exceed R5.5 billion
- Dividends received of R161 million
- Headline earnings 130.9 cents per share
- Dividend of 32 cents per share

Reviewed results for the year ended 31 December 2009

COMMENTARY

BRIMSTONE posted a strong set of results for the year ended 31 December 2009. In a trading period that was impacted by the severe economic downturn, our subsidiaries, associates and investments made robust contributions to the Group's overall performance, aided by the successful conclusion of various transactions; a substantial increase in dividend income received; and the upward revaluation of most of our underlying investments.

Headline earnings for the Group have risen significantly to R311.9 million, from a loss of R77.8 million for the previous year. Headline earnings per share for the year ended 31 December 2009, is 130.9 cents, in comparison to the headline loss per share of 33.0 cents for the previous year.

As a result, we are pleased to declare a dividend of 32 cents payable to shareholders.

Total assets have increased from R3.8 billion in 2008 to R5.6 billion in 2009. The increase in the value of assets under the Group's stewardship is largely as a result of the effects of the Sea Harvest and Lion of Africa transactions. Overall net asset value of the Group is valued at R2.5 billion (31 December 2008: R2.2 billion), representing a net asset value per share of R10.30 at year-end. Intrinsic net asset value as at 31 December 2009 is estimated to be R2.7 billion or R11.37 per share.

The market capitalisation of Brimstone at 31 December 2009 was R2 106 million (31 December 2008: R965.2 million).

The results were positively impacted by the inflow of R161 million in dividends received from the various investments.

Whilst operational performances across the Group have been good, Brimstone's interests in House of Monatic were negatively impacted by a recorded loss of R30.2 million which included further write-offs resulting from the liquidation of the Fifth Element group and costs associated with the closure of its Atlantis manufacturing facility.

TRANSACTIONS

Brimstone continues to pursue opportunities that have the potential to unlock value and secure future earnings growth for the company and its shareholders. To this end, the transactions concluded during 2009 are summarised as follows:

- the acquisition by a Brimstone-led consortium of a controlling interest in Sea Harvest. Sea Harvest is now a subsidiary of Brimstone and is the company's second largest investment by value.
- the successful acquisition of a further 35% shareholding in Lion of Africa Holdings Company increasing Brimstone's interest from 39% to 74%.
- our selection as a preferential empowerment partner in the Tiger Brands Phase II BEE transaction, provided Brimstone with the option to subscribe for 1% of the issued ordinary share capital of Tiger Brands.

Auditors' review opinion

The results have been reviewed by the company's auditors whose unmodified review report is available for inspection at the company's registered office.

Results for the year

These results comply with IAS 34: Interim Financial Reporting. The accounting policies and methods of computation used in the preparation of this report are consistent with those used in the annual financial statements for the year ended 31 December 2008 which comply with the Companies Act of South Africa and International Financial Reporting Standards, with the exception of the adoption of IAS 1 Presentation of Financial Statements and IFRS 8 Operating Segments. The adoption of IAS 1 has resulted in certain terminology changes being made. The adoption of IFRS 8 has resulted in the Operating Segments being redefined in the current year.

Increase in interest-bearing borrowings

Newly-acquired subsidiaries, Sea Harvest and Lion of Africa, have combined interest-bearing borrowings of R397.2 million that were consolidated into Brimstone's results for the first time during the year under review.

Issue of shares

The following shares were issued during the year in terms of the share option scheme.

	Ordinary	"N" ordinary
13 May 2009	1 273 596	1 726 405

UNDERLYING INVESTMENTS

Life Healthcare Group (LHG)

Brimstone's primary investment, LHG continues to perform strongly and reliably as a generator of cash and a steady contributor to the Group's overall earnings. This investment, fair valued through profit or loss, was revalued upwards by R227 million.

LHG demonstrated its financial and operational resilience in an economic downturn and in an increasingly competitive environment. Business objectives were achieved through a continued focus on providing quality healthcare services, expansion of facilities to meet demand, increased utilisation of services and operational efficiencies. In the financial year ended 30 September 2009 LHG reported revenue of R7.9 billion. The continuing business operations increased operating EBITDA by 15% and achieved a margin of 23.9%.

Brimstone is confident that returns on this investment will remain positive as LHG expands its operations and facilities.

Sea Harvest

Following the completion of the transaction on 28 May 2009, Sea Harvest became a Brimstone subsidiary and has been consolidated into the Brimstone Group financial statements from that date.

Sea Harvest's operating profit declined marginally by 3% in 2009. This can be viewed as a satisfactory performance given the global economic crisis which impacted both local and export markets significantly, as well as the negative impact of the strong Rand against all export currencies. Whilst prices came under pressure Sea Harvest managed to retain pricing and volume in most markets. In the local retail market, Sea Harvest further increased its share and is now the leading frozen white fish brand.

Generally, fishing conditions improved materially and excellent catches were achieved when compared to the previous three years. Actions taken to improve the management of South Africa's hake resources appear to be bearing fruit which bodes well for the resource and potential quota increases over the medium term.

House of Monatic

In a challenging market environment, House of Monatic has done well in curtailing overheads from its manufacturing operations. As part of this review process further steps and interventions have been taken to minimise losses on the manufacturing front with the recent closure and sale of its manufacturing operation in Atlantis. This has had an immediate and favourable impact on the company's overall cash flow position. House of Monatic posted a consolidated loss of R30.2 million for the period under review – a figure which includes write-offs and expenses relating to the liquidation of the Fifth Element group and the closure and sale of the Atlantis facility.

Lion of Africa Holdings Company (Lion of Africa)

On the back of a difficult 2008, Lion of Africa had an excellent year in 2009, recording an after tax profit of R27.8 million. In May 2009, Brimstone received a dividend of R10.7 million.

On 17 December 2009 Brimstone acquired a further 35% equity interest in the company bringing its total holdings to 74%.

Brimstone is confident that Lion of Africa will grow its revenue base and underwriting profitability, as it expands its business operations and market share within the local insurance sector.

Oceana

Oceana's performance in the last financial year was very pleasing, with headline earnings per share 18% ahead of those of the previous year. The major contributors to increased profitability were the higher volumes in horse mackerel and canned fish. Demand for fish in the domestic and other African markets

remained firm whilst European and Far Eastern markets were significantly weaker following the global economic crisis.

Equity accounted earnings from this investment were R8.0 million for the 2009 period with dividends received totalling R21.3 million.

Oceana's diversification strategy of investing in a range of fishing industry sectors together with its cold storage business proved its worth in producing respectable financial results during what has been a difficult period for most businesses.

Rex Trueform and African & Overseas Enterprises (Queenspark)

Events and developments within the clothing industry and specifically within Brimstone's clothing cluster have given cause for Brimstone to review its strategy. This investment is no longer considered strategic and Brimstone is actively pursuing opportunities to extract maximum value for the company's shareholders from this investment.

Aon South Africa

Brimstone currently holds an effective 18% shareholding in one of the largest insurance brokers and risk managers in South Africa. The company experienced losses during the 2009 financial year.

Aon Re Africa

2009 was a very successful year for Aon Re despite the global economic downturn. The Benfield merger was completed on 2 January 2010 and the results were not incorporated in Aon Re's figures.

Scientific Group

The Scientific Group supplies medical equipment to hospitals, clinics, universities and doctors and recorded a profit of R10.2 million. Equity accounted earnings amounted to R2.7 million.

Nedbank Group Limited

The mark-to-market value of Brimstone's rights to Nedbank shares, accounted for as options has been upwardly revalued at year end. The independently-calculated option valuation was based on a closing share price of R124.05 per share.

Old Mutual plc

The mark-to-market value of Brimstone's rights to Old Mutual plc shares, accounted for as options, has been upwardly revalued based on the closing share price of R13.08 per share.

Tiger Brands Limited

Oceana's performance in the last financial year was very pleasing, with headline earnings per share 18% ahead of those of the previous year. The major contributors to increased profitability were the higher volumes in horse mackerel and canned fish. Demand for fish in the domestic and other African markets

Cleardata

During the period under review, Brimstone sold its interests in data and paper shredding entity Cleardata, as it had fulfilled its original intention of providing start-up support to the business. A profit was realised.

EARNINGS PER SHARE

	Reviewed Year ended 31 Dec 09	Audited Year ended 31 Dec 08
Headline earnings/(loss) per share (cents)		
From continuing and discontinued operations		
Basic	130.9	(33.0)
Diluted	129.9	(32.4)
Diluted headline earnings/(loss) per share (cents)		
From continuing operations		
Basic	130.9	(54.7)
Diluted	129.9	(53.8)
Headline earnings calculation		
Net profit/(loss) attributable to equity holders of the parent	325 710	(110 043)
(Profit)/loss on disposal of property, plant, equipment and vehicles	(3 614)	492
Impairment of property, plant, equipment and vehicles	618	5 448
Loss on disposal of associates	14 146	—
Gain on bargain purchase	(23 300)	—
Impairment of trademark	—	26 742
Impairment of investment in associate	—	2 212
Adjustments relating to results of associates	(1 838)	(2 690)
Total tax effects of adjustments	194	—
Headline earnings/(loss)	311 916	(77 839)
Weighted average number of shares on which earnings per share is based (000's)	238 238	236 122
Weighted average number of shares on which diluted earnings per share is based (000's)	240 166	240 369

PROSPECTS

As we begin to see favourable signs of a steady recovery in the overall economy and markets, the underlying investments within Brimstone's diversified portfolio are in good order. We are optimistic that favourable earnings can be sustained as we move forward and engage in transactions and pursue prospects that will improve earnings potential and unlock greater value for our shareholders.

DIVIDENDS

Capitalisation award with a cash dividend alternative

Notice is hereby given that the directors of the company have resolved to issue fully paid "N" ordinary shares in the company as a capitalisation award to all shareholders. Shareholders will be entitled, in respect of all or part of their shareholding, to elect to receive new fully paid "N" ordinary shares, which will be issued only to those shareholders who elect in respect of all or part of their shareholding, on or before 12:00 on Friday 21 May 2010, to receive the capitalisation award shares. Shareholders not electing to receive new fully paid "N" ordinary shares in respect of all or part of their shareholding will be entitled to receive a cash dividend alternative of 32 cents per share ("the cash dividend alternative").

In accordance with the provisions of Strate, the electronic settlement and custody system used by JSE Limited, the relevant dates for the capitalisation award election and the cash dividend alternative are as follows:

	2010
Last day to trade to be eligible to participate in the capitalisation award or the cash dividend alternative	Friday, 14 May
Shares commence trading ex the capitalisation award election and the cash dividend alternative on	Monday, 17 May
Listing of the maximum number of new "N" ordinary shares that could be taken up in terms of the capitalisation award on	Monday, 17 May
Last day to elect to receive capitalisation award shares by 12:00, failing which the cash dividend alternative will be received	Friday, 21 May
Record date to participate in the capitalisation award or to receive the cash dividend alternative	Friday, 21 May
Payment of the cash dividend alternative to shareholders who have not elected to participate in the capitalisation award or have participated in the capitalisation award in respect of only part of their shareholding on	Monday, 24 May
New "N" ordinary shares issued and posted or participant or broker accounts credited regarding the "N" ordinary shares to be issued to shareholders participating in the capitalisation award in respect of all or part of their shareholding on	Monday, 24 May
The maximum number of new "N" ordinary shares listed in terms of the capitalisation award, adjusted to reflect the actual number of "N" ordinary shares issued in terms of the capitalisation award, on or about	Friday, 28 May

Shares may not be dematerialised or rematerialised between Monday, 17 May 2010 and Friday, 21 May 2010, both days inclusive. The above dates and times are subject to change. Any changes will be released on the Securities Exchange News Service (SENS) and published in the press.

The number of capitalisation shares to which shareholders are entitled will be determined in the ratio that 32 cents per "N" ordinary share bears to the 30-day volume-weighted average price for the company's "N" ordinary share, to be determined no later than Tuesday, 4 May 2010. Details of the ratio will be published on SENS no later than Wednesday, 5 May 2010, by 11:00 and in the financial press the following business day. Trading in the Strate environment does not permit fractions and fractional entitlements. Accordingly, where a shareholder's entitlement to new "N" ordinary shares calculated in accordance with the above formula gives rise to a fraction of a new "N" ordinary share, such fraction will be rounded up to the nearest whole number, where the fraction is greater than or equal to 0.5, and rounded down to the nearest whole number, where the fraction is smaller than 0.5.

A circular relating to the capitalisation award and the cash dividend alternative will be posted to shareholders on or about Monday, 26 April 2010.

- Notes:
- Dematerialised shareholders are required to notify their duly appointed participant or broker of their election in terms of the capitalisation award in the manner and at the time stipulated in the agreement governing the relationship between shareholders and their participant or broker.
 - The right to elect capitalisation award shares in jurisdictions other than the Republic of South Africa may be restricted by law and a failure to comply with any of these restrictions may constitute a violation of the securities laws of any such jurisdictions.

Board of Directors

There were no changes to the Board of Directors in the past year.

On behalf of the board

Prof GJ Gerwel
Non-Executive Chairman

MA Brey
Chief Executive Officer

23 February 2010

Condensed Group Statement of Comprehensive Income

	Reviewed Year ended 31 Dec 09	Audited Year ended 31 Dec 08
R'000		
Continuing operations		
Revenue	865 131	260 566
Sales and fee income	704 096	227 774
Dividends received	161 035	32 792
Operating expenses	(696 012)	(231 759)
Operating profit	169 119	28 807
Fair value gains/(losses)	380 679	(66 965)
Exceptional items	(32 952)	(52 711)
Share of profits of associates	10 587	42 546
Profit before net finance costs	527 433	(48 323)
Income from investments	10 615	9 836
Finance costs	(137 677)	(98 765)
Net profit/(loss) before taxation	400 371	(137 252)
Taxation	(67 670)	12 123
Profit/(loss) for the year from continuing operations	332 701	(125 129)
Discontinued operations		
Profit from discontinued operations	—	18 682
Profit/(loss) for the year	332 701	(106 447)
Other comprehensive income		
Net value gain on available-for-sale financial asset	4 786	—
Total comprehensive income for the year	337 487	(106 447)
Profit/(loss) attributable to:		
Equity holders of the parent	325 710	(110 043)
Non-controlling interests	6 991	3 596
	332 701	(106 447)
Total comprehensive income/(loss) attributable to:		
Equity holders of the parent	328 436	(110 043)
Non-controlling interests	9 051	3 596
	337 487	(106 447)
Earnings/(loss) per share (cents)		
From continuing and discontinued operations		
Basic	136.7	(46.6)
Diluted	135.6	(45.8)
From continuing operations		
Basic	136.7	(54.5)
Diluted	135.6	(53.6)
Dividends per share (cents)		
Declared after reporting date	32.0	24.0

Condensed Group Statement of Financial Position

	Reviewed 31 Dec 09	Audited 31 Dec 08
R'000		
ASSETS		
Non-current assets	4 181 395	3 443 199
Property, plant, equipment and vehicles	324 132	58 604
Goodwill	12 140	—
Intangible assets	208 532	—
Deferred acquisition costs	36 236	—
Investments in associate companies	261 978	502 845
Investments	3 336 153	2 875 685
Deferred taxation	2 224	6 065
Current assets	1 417 601	331 356
Inventories	191 259	123 647
Trade and other receivables	396 135	154 311
Reinsurance contracts	491 654	—
Taxation	4 486	21
Cash and cash equivalents	334 067	53 377
TOTAL ASSETS	5 598 996	3 774 555
EQUITY AND LIABILITIES		
Capital and reserves	2 568 462	2 198 189
Share capital	43	42
Capital reserves	262 506	268 345
Revaluation reserves	6 753	4 027
Retained earnings	2 196 566	1 918 747
Attributable to equity holders of the parent	2 465 868	2 191 161
Non-controlling interests	102 594	7 028
Non-current liabilities	1 878 660	1 365 506
Long-term interest bearing borrowings	1 291 891	967 477
Long-term provisions	19 245	—
Deferred taxation	567 524	398 029
Current liabilities	1 151 874	210 860
Short-term interest bearing borrowings	200 510	86 389
Bank overdrafts	17 874	30 717
Trade payables	214 026	51 984
Other payables	77 331	37 829
Insurance contracts	628 129	—
Short-term provisions	13 585	—
Taxation	419	3 941
TOTAL EQUITY AND LIABILITIES	5 598 996	3 774 555
NAV per share (cents)	1,030.3	927.3
Shares in issue at end of year (000's)	239 324	236 302

Condensed Group Statement of Cash Flows

	Reviewed Year ended 31 Dec 09	Audited Year ended 31 Dec 08
R'000		
Operating activities		
Net attributable profit/(loss)	332 701	(106 447)
Adjustments for:		
Share of profits of associates	(47 282)	(72 531)
Income from investments	(134 955)	(12 643)
(Increase)/decrease in fair value of investments	(380 679)	66 965
Impairment of investment in associate	—	2 212
Impairment of intangible asset	—	26 742
Impairment of property, plant, equipment and vehicles	394	5 448
Amortisation of intangible asset	10 482	—
Gain on bargain purchase	(40 921)	—
Finance costs	137 677	128 759
Taxation	67 670	(11 670)
Depreciation of property, plant, equipment and vehicles	36 081	6 068
Share-based payment expense	2 533	2 479
Loss on disposal of associates	14 146	—
Decrease in long-term provisions	(219)	—
(Profit)/loss on disposal of property, plant, equipment and vehicles	(3 506)	492
Operating cash flows before movements in working capital	(5 878)	35 874
(Increase)/decrease in inventories	(3 760)	2 536
Decrease/(increase) in trade and other receivables	78 050	(39 837)
Decrease in trade and other payables	(33 438)	(61 182)
Cash generated from/(used in) operations	34 974	(62 609)
Income taxes paid	(15 954)	(32 009)
Finance costs	(86 889)	(80 178)
Net cash utilised in operating activities	(67 869)	(174 796)
Investing activities		
Interest received	10 615	9 836
Dividends received from associates	36 695	29 985
Dividends received from other equity investments	124 340	2 807
Loan repayments and recoveries from associate and investments	39 280	154 166
Proceeds on disposal of investments	178 105	—
Proceeds on		