



BRIMSTONE

INVESTMENT CORPORATION LIMITED

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

ISIN Number: ZAE000015277 Share Code: BRT, ISIN Number: ZAE000015285 Share Code: BRN

UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2003

GROUP INCOME STATEMENTS

	Unaudited 6 Months ended 30 June 2003	Unaudited 6 Months ended 30 June 2002	Audited 12 Months ended 31 Dec 2002
R'000			
Revenue	109 447	111 888	226 151
Cost of sales	(81 244)	(78 811)	(157 736)
Gross profit	28 203	33 077	68 415
Selling and administration expenses	(23 136)	(23 268)	(45 976)
Goodwill amortisation	(889)	(889)	(1 779)
Exceptional items	6 266	(200)	617
Profit from operations	10 444	8 720	21 277
Income from investments	1 623	1 535	2 329
Finance costs	(3 265)	(3 484)	(8 390)
Equity accounted retained income of associates	2 396	4 950	16 428
Net profit before taxation	11 198	11 721	31 644
Taxation	700	(1 430)	(3 107)
Net attributable profit	11 898	10 291	28 537
Earnings per share (cents)			
Headline	8.6	5.7	14.8
Basic	7.4	5.3	14.6
Comparable headline earnings	8.6	7.3	16.4
Number of shares used in calculation ('000)	160 155	195 628	195 628
Headline earnings calculation			
Net attributable profit	11 898	10 291	28 537
Disposal/(revaluation) of investment property	1 043	—	(1 435)
Goodwill amortisation	889	889	1 779
Headline earnings	13 830	11 180	28 881
Comparable headline earnings calculation			
Headline earnings	13 830	11 180	28 881
Incentive fee on investment disposals	—	3 100	3 230
Comparable headline earnings	13 830	14 280	32 111

GROUP BALANCE SHEETS

	Unaudited 30 June 2003	Unaudited 30 June 2002	Audited 31 Dec 2002
R'000			
ASSETS			
Non-current assets	104 705	145 507	146 269
Property, plant, equipment and vehicles	19 011	26 344	16 926
Goodwill on investment in associate	4 447	6 226	5 336
Investments in associate companies	67 030	104 861	115 931
Available for sale investments	11 167	—	—
Other investments and loans	3 050	8 076	8 076
Current assets	110 948	99 586	121 369
Land and buildings	—	—	21 958
Inventory	39 393	33 953	42 472
Trade receivables	35 537	42 241	31 655
Other receivables	11 426	11 531	14 645
Cash and cash equivalents	24 592	11 861	10 639
TOTAL ASSETS	215 653	245 093	267 638
EQUITY AND LIABILITIES			
Capital and reserves	149 787	168 107	186 353
Share capital and premium	105 675	152 371	152 371
Non-distributable reserves	2 586	45	45
Distributable reserves	41 526	15 691	33 937
Long-term liabilities	9 119	14 201	11 311
Non-current interest bearing borrowings	8 463	13 966	10 655
Deferred taxation	656	235	656
Current liabilities	56 747	62 785	69 974
Short-term interest bearing borrowings	25 092	28 942	36 909
Bank overdraft	9 180	653	10 161
Trade and other payables	21 233	30 308	18 766
Taxation	1 242	2 882	4 138
TOTAL EQUITY AND LIABILITIES	215 653	245 093	267 638
NAV per share (cents)	124.7	85.9	95.3
Shares in issue at end of period ('000)	120 091	195 628	195 628

GROUP CASH FLOW STATEMENTS

	Unaudited 6 Months ended 30 June 2003	Unaudited 6 Months ended 30 June 2002	Audited 12 Months ended 31 Dec 2002
R'000			
Cash generated from trading	6 808	11 349	25 788
Movement in working capital	4 882	2 307	(10 931)
Cash generated from operating activities	11 690	13 656	14 857
Investment income	1 623	1 535	2 329
Finance costs	(3 265)	(3 484)	(8 390)
Dividend paid	(7 859)	—	—
Taxation paid	(2 196)	—	—
Cash (utilised in)/retained from operating activities	(7)	11 707	8 796
Cash flows from investing activities	75 646	(307)	(12 782)
Net investments disposed of	58 557	2 023	2 463
Net disposals/(additions) to property, plant, equipment and vehicles	17 089	(2 330)	(15 245)
Net cash inflow/(outflow)	75 639	11 400	(3 986)
Cash effects of financing activities	(60 705)	618	5 274
Repurchase of ordinary shares	(46 696)	—	—
Net (repayment)/raising of long-term loans	(2 192)	422	9 774
Net (repayment)/raising of short-term loans	(11 817)	196	(4 500)
Net increase in net cash resources	14 934	12 018	1 288
Net cash resources at beginning of period	478	(810)	(810)
Closing net cash resources	15 412	11 208	478

HIGHLIGHTS

- ▶ HEADLINE EARNINGS UP 24%
- ▶ NET CASH POSITION IMPROVED
- ▶ NAV PER SHARE FROM DECEMBER UP 30.8% TO 124.7 CENTS
- ▶ EMPOWERMENT SHAREHOLDING AT 57%

COMMENTS ON RESULTS

Brimstone Investment Corporation enjoyed an excellent six months largely attributable to profits earned on the disposal of its interest in Nando's Group Holdings in April 2003.

Headline earnings for the period were up 23.7% to R13.8 million (2002: R11.2 million), translating to comparable headline earnings of 8.6 cents per share (2002: 7.3 cents per share).

Net asset value has increased to 124.7 cents from 95.3 cents a share at the previous year end. The group also boasts a healthy bank balance, with R15.4 million group cash resources on hand.

During the period, the company repurchased and cancelled 62 192 957 "N" ordinary shares and purchased as treasury shares 3 599 400 ordinary and 9 744 077 "N" ordinary shares. These transactions considerably enhanced the black economic empowerment of the company, to the extent that we are proud to advise that the black economic shareholding now stands at 57% of issued capital.

Results for the period

Accounting Policies

This report has been prepared in compliance with South African Standards of Generally Accepted Accounting Practice applicable to Interim Financial Reporting and in accordance with the principles applied in the most recently published annual financial statements. An exception is the implementation of accounting standard AC133, which establishes the principles for recognising, measuring and disclosing information about financial instruments.

Accounting standard AC133 requires all financial instruments to be classified according to definitions contained in the statement. Brimstone's financial instruments were analysed and it was found that certain investments needed to be reclassified in terms of AC133 and these have accordingly been reclassified as "available for sale" assets.

Available for Sale Assets

These are assets which are not part of a portfolio of assets for which there is a pattern of trading for the purposes of generating profits from short-term price fluctuations. Brimstone has elected to recognise fair value gains or losses on these assets directly in the income statement. The fair values of these assets have been determined at the previous period end and the financial effects have been disclosed in the "Statement of changes in equity" as an adjustment to opening retained income. Any movements thereafter have been taken directly to the income statement. No other adjustments were required following the adoption of this standard.

Headline earnings have been determined in terms of the requirements of the South African Institute of Chartered Accountants' Circular 7/2002 which has necessitated the restatement of comparative information for the six months ended 30 June 2002.

(R'000)

Headline earnings reported 30 June 2002	11 380
Impairment of unlisted investment	(200)
Restated headline earnings 30 June 2002	11 180

STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2003

R'000	Share Capital	Share Premium	Non-distributable Reserves	Distributable Reserves	Total
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 as previously reported	42	152 329	45	33 937	186 353
Effect of change in accounting policy					
AC 133 transitional adjustment	—	—	—	3 550	3 550
Balance at 31 December 2002 as restated	42	152 329	45	37 487	189 903
Attributable profit for the six months ended 30 June 2003	—	—	—	11 898	11 898
Dividend paid	—	—	—	(7 859)	(7 859)
Shares repurchased	(4)	(46 692)	—	—	(46 696)
Share of non-distributable reserve of associate	—	—	2 541	—	2 541
Balance at 30 June 2003	38	105 637	2 586	41 526	149 787

SEGMENTAL INFORMATION FOR THE 6 MONTHS ENDED 30 JUNE 2003

R'000	Revenue	Operating Profit	Headline Earnings	Assets	Liabilities
Financial services	—	—	(111)	4 634	—
Industrial	106 396	11 839	12 599	170 431	64 082
Investments in transition	306	(1 663)	(979)	14 217	—
Corporate	2 745	268	2 321	26 371	1 784
Total	109 447	10 444	13 830	215 653	65 866

Results are available at www.brimstone.co.za