



BRIMSTONE

INVESTMENT CORPORATION LIMITED

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

GROUP INCOME STATEMENTS

	Unaudited 6 Months ended 30 June 2004	Restated Unaudited 6 Months ended 30 June 2003	Restated Audited 12 Months ended 31 Dec 2003
R'000			
Revenue	83 909	109 447	206 904
Cost of sales	(62 322)	(81 244)	(152 235)
Gross profit	21 587	28 203	54 669
Selling and administration expenses	(22 197)	(23 136)	(45 734)
Goodwill amortisation	(4 534)	(889)	(1 779)
Exceptional items	6 136	6 266	21 034
Profit from operations	992	10 444	28 190
Income from investments	5 269	1 623	3 880
Finance costs	(7 979)	(3 265)	(6 731)
Equity accounted retained income of associates	10 842	2 396	5 463
Net profit before taxation	9 124	11 198	30 802
Taxation	(324)	700	(233)
Net attributable profit	8 800	11 898	30 569
Earnings per share (cents)			
Headline	11.2	8.7	14.9
Basic	7.4	7.5	22.0
Diluted earnings per share (cents)			
Headline	11.1	8.7	14.8
Basic	7.3	7.5	22.0
Weighted average number of shares on which earnings per share is based (000's)	118 748	158 945	138 699
Weighted average number of shares on which diluted earnings per share is based (000's)	120 379	158 945	139 069
Headline earnings calculation			
Net attributable profit	8 800	11 898	30 569
Profit on sale of associate	—	—	(13 191)
Disposal of investment property	—	1 043	1 493
Goodwill amortisation	4 534	889	1 779
Headline earnings	13 334	13 830	20 650

GROUP BALANCE SHEETS

	Unaudited 30 June 2004	Restated Unaudited 30 June 2003	Restated Audited 31 Dec 2003
R'000			
ASSETS			
Non-current assets	248 781	104 705	235 745
Property, plant, equipment and vehicles	18 361	19 011	18 025
Goodwill on investment in associates	35 632	4 447	40 082
Investments in associate companies	175 647	67 030	164 804
Available for sale investments	19 141	11 167	12 834
Other investments and loans	—	3 050	—
Current assets	118 156	110 956	128 939
Loan	—	—	3 205
Inventory	39 360	39 393	35 374
Trade receivables	35 084	35 537	28 095
Other receivables	9 937	11 434	8 992
Cash and cash equivalents	33 775	24 592	53 273
TOTAL ASSETS	366 937	215 661	364 684
EQUITY AND LIABILITIES			
Capital and reserves	168 210	150 218	168 877
Share capital and premium	106 000	106 046	106 000
Non-distributable reserves	3 280	2 586	3 280
Distributable reserves	58 930	41 586	59 597
Non-current liabilities	146 511	9 119	10 397
Long-term interest bearing borrowings	8 205	8 463	8 852
Preference shares	137 000	—	—
Deferred taxation	1 306	656	1 545
Current liabilities	52 216	56 324	185 410
Short-term interest bearing borrowings	23 977	25 092	20 289
Short-term loan convertible into preference shares	—	—	137 035
Bank overdraft	7 716	9 180	4 827
Trade payables	7 260	11 072	8 848
Other payables	12 900	9 738	13 124
Taxation	363	1 242	1 287
TOTAL EQUITY AND LIABILITIES	366 937	215 661	364 684
NAV per share (cents)	141.7	126.4	142.2
Shares in issue at end of period (000's)	118 748	118 823	118 748

GROUP CASH FLOW STATEMENTS

	Unaudited 6 Months ended 30 Jun 2004	Restated Unaudited 6 Months ended 30 Jun 2003	Restated Audited 12 Months ended 31 Dec 2003
R'000			
Cash generated from trading	1 362	6 808	11 963
Movement in working capital	(13 732)	4 854	16 049
Cash (utilised in)/generated from operations	(12 370)	11 662	28 012
Investment income	5 269	1 623	3 880
Finance costs	(7 979)	(3 265)	(6 731)
Dividend paid	(9 467)	(7 799)	(7 765)
Taxation paid	(1 487)	(2 196)	(2 196)
Cash (utilised in)/retained from operating activities	(26 034)	25	15 200
Cash flows from investing activities	641	75 646	(39 070)
Net investments disposed of/(acquired)	2 949	58 557	(55 408)
Net (additions)/disposals of property, plant, equipment and vehicles	(2 308)	17 089	16 338
Net cash (outflow)/inflow	(25 393)	75 671	(23 870)
Cash effects of financing activities	3 006	(60 737)	71 838
Repurchase of ordinary shares	—	(46 728)	(46 774)
Net repayment of long-term loans	(647)	(2 192)	(1 803)
Net raising/(repayment) of short-term loans	3 653	(11 817)	120 415
Net (decrease)/increase in net cash resources	(22 387)	14 934	47 968
Net cash resources at beginning of period	48 446	478	478
Closing net cash resources	26 059	15 412	48 446

UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2004 AND FURTHER CAUTIONARY ANNOUNCEMENT

COMMENTARY

Headline earnings per share for the six months to end June 2004 increased by 29% to 11.2 cents from 8.7 cents for the comparable period in 2003.

The results are considered gratifying in light of the decline in revenue to R83.9 million (2003: R109.4 million).

Goodwill amortisation of R4.5 million related to last year's R85.3 million acquisition of an additional 10.76% stake in Sea Harvest. The acquisition of Sea Harvest and Lenco had the effect of increasing finance costs to just under R8 million.

Exceptional items of R6.1 million relate mainly to the sale of Brimstone's stake in Peoples Bank.

In line with company policy no dividend has been declared at the interim stage.

Afrox Healthcare

Brimstone's involvement with an empowerment consortium Business Venture Investments No. 790 (Proprietary) Limited ("BIDCO") for the acquisition of the entire issued share capital of Aprox Healthcare Limited ("Ahealth") has to date not been concluded and is subject to approval by the Competition Tribunal. The Tribunal is currently adjourned and recommences on 15 September 2004. Your directors are confident of a positive outcome.

Results for the period

Accounting Policies

This report has been prepared in compliance with South African Statements 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 change in accounting policy relating to the consolidation of the Share Trust, details of which are set out below.

Change in accounting policy

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:

	30 June 03	31 Dec 03
Dividends paid as previously reported	7 859	7 825
Adjustments to include the Share Trust	(60)	(60)
As restated	7 799	7 765

Prior period share capital and premium, number of shares in issue, other receivables and other payables have been restated to take into account the treasury shares held by the Share Trust and to eliminate intergroup balances.

Industrial

Sea Harvest

The results of both the South African and Namibian operations were impacted by higher landings of small fish and the strong Rand. New technology and a change in trawling strategy have been introduced to improve realisations.

Scientific Group

Medical equipment supplier Scientific had a positive six months, selling more equipment for the period with improved margins despite slightly reduced turnover because of the stronger Rand. Brimstone is in the process of acquiring an additional 6% of the company.

STATEMENTS OF CHANGES IN EQUITY

R'000	Share Capital	Share Premium	Non-distributable Reserves	Distributable Reserves	Total
1 January 2003 to 31 December 2003 (restated)					
Restated balance at 1 January 2003 as previously reported	42	152 329	45	37 487	189 903
Change in accounting policy for Share Trust	—	403	—	—	403
Restated balance	42	152 732	45	37 487	190 306
Attributable profit for the year ended 31 Dec 2003	—	—	—	30 569	30 569
Dividend paid	—	—	—	(7 765)	(7 765)
Shares repurchased	(4)	(46 692)	—	—	(46 696)
Increase in treasury shares held by Share Trust	—	(78)	—	—	(78)
Share of non-distributable reserve of associate	—	—	2 541	—	2 541
Transfer current year share of non-distributable reserve of associate	—	—	694	(694)	—
Balance at 31 Dec 2003	38	105 962	3 280	59 597	168 877
1 January 2004 to 30 June 2004					
Attributable profit for the six months ended 30 June 2004	—	—	—	8 800	8 800
Dividend paid	—	—	—	(9 467)	(9 467)
Balance at 30 June 2004	38	105 962	3 280	58 930	168 210
1 January 2003 to 30 June 2003 (restated)					
Restated balance at 1 January 2003 as previously reported	42	152 329	45	37 487	189 903
Change in accounting policy for Share Trust	—	403	—	—	403
Restated balance	42	152 732	45	37 487	190 306
Attributable profit for the six months ended 30 June 2003	—	—	—	11 898	11 898
Dividend paid	—	—	—	(7 799)	(7 799)
Shares repurchased	(4)	(46 692)	—	—	(46 696)
Increase in treasury shares held by Share Trust	—	(32)	—	—	(32)
Share of non-distributable reserve of associate	—	—	2 541	—	2 541
Balance at 30 June 2003	38	106 008	2 586	41 586	150 218

SEGMENTAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2004

R'000	Revenue	Operating Profit	Headline Earnings	Assets	Liabilities
Financial services	250	250	3 562	8 835	—
Industrial	83 374	(115)	3 979	300 408	195 078
Investments in transition	285	6 387	6 213	19 206	197
Corporate	—	(5 530)	(420)	38 488	3 452
Total	83 909	992	13 334	366 937	198 727

Results are available at www.brimstone.co.za