



BRIMSTONE

INVESTMENT CORPORATION LIMITED

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

UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2005

GROUP INCOME STATEMENTS

| | Unaudited 6 Months ended 30 June 2005 | Restated Unaudited 6 Months ended 30 June 2004 | Restated Unaudited 12 Months ended 31 December 2004 |
|--|---|---|--|
| R'000 | | | |
| REVENUE | 86 300 | 83 909 | 187 626 |
| Cost of sales | (63 785) | (62 322) | (141 939) |
| GROSS PROFIT | 22 515 | 21 587 | 45 687 |
| Selling and administration expenses | (22 038) | (22 263) | (44 265) |
| Negative goodwill released to income | 989 | — | 444 |
| Exceptional items | 2 612 | 6 136 | 11 073 |
| PROFIT FROM OPERATIONS | 4 078 | 5 460 | 12 939 |
| Income from investments | 3 773 | 5 269 | 10 033 |
| Finance costs | (14 727) | (7 979) | (17 306) |
| Share of profit of associates | 23 246 | 10 842 | 19 752 |
| NET PROFIT BEFORE TAXATION | 16 370 | 13 592 | 25 418 |
| Taxation | 83 | (324) | (344) |
| NET ATTRIBUTABLE PROFIT | 16 453 | 13 268 | 25 074 |
| Attributable to: | | | |
| Equity holders of the parent | 16 349 | 13 268 | 25 074 |
| Minority interest | 104 | — | — |
| | 16 453 | 13 268 | 25 074 |
| EARNINGS PER SHARE (CENTS) | | | |
| Headline | 12.5 | 11.2 | 20.7 |
| Basic | 13.3 | 11.2 | 21.1 |
| DILUTED EARNINGS PER SHARE (CENTS) | | | |
| Headline | 12.3 | 11.1 | 20.5 |
| Basic | 13.1 | 11.1 | 20.8 |
| Weighted average number of shares on which earnings per share is based (000's) | 124 093 | 118 748 | 118 799 |
| Weighted average number of shares on which diluted earnings per share is based (000's) | 126 013 | 119 713 | 120 385 |
| HEADLINE EARNINGS CALCULATION | | | |
| Net attributable profit | 16 453 | 13 268 | 25 074 |
| Negative goodwill released to income | (989) | — | (444) |
| HEADLINE EARNINGS | 15 464 | 13 268 | 24 630 |

GROUP BALANCE SHEETS

| | Unaudited 30 June 2005 | Restated Unaudited 30 June 2004 | Restated Unaudited 31 December 2004 |
|--|------------------------------|--|--|
| R'000 | | | |
| ASSETS | | | |
| Non-current assets | 551 427 | 255 192 | 287 782 |
| Property, plant, equipment and vehicles | 18 526 | 21 597 | 19 711 |
| Investments in associate companies | 508 273 | 214 454 | 247 440 |
| Available for sale investments | 24 628 | 19 141 | 20 631 |
| Current assets | 90 947 | 118 197 | 106 259 |
| Inventory | 30 360 | 39 360 | 31 347 |
| Trade receivables | 29 523 | 35 084 | 34 049 |
| Other receivables | 10 471 | 9 978 | 17 184 |
| Taxation | 707 | — | — |
| Cash and cash equivalents | 19 886 | 33 775 | 23 679 |
| TOTAL ASSETS | 642 374 | 373 389 | 394 041 |
| EQUITY AND LIABILITIES | | | |
| Capital and reserves | 289 072 | 173 662 | 185 446 |
| Share capital | 38 | 37 | 37 |
| Capital reserves | 215 109 | 109 405 | 113 987 |
| Revaluation reserves | 3 977 | 2 265 | 2 265 |
| Distributable reserves | 69 948 | 61 955 | 69 157 |
| Minority interest | 104 | — | — |
| Non-current liabilities | 308 346 | 147 482 | 156 924 |
| Long-term interest bearing borrowings | 305 768 | 145 205 | 154 314 |
| Deferred taxation | 2 578 | 2 277 | 2 610 |
| Current liabilities | 44 852 | 52 245 | 51 671 |
| Short-term interest bearing borrowings | 20 535 | 23 977 | 25 504 |
| Bank overdraft | 1 316 | 7 716 | 7 449 |
| Trade payables | 6 783 | 7 295 | 10 895 |
| Other payables | 16 218 | 12 894 | 7 774 |
| Taxation | — | 363 | 49 |
| TOTAL EQUITY AND LIABILITIES | 642 374 | 373 389 | 394 041 |
| NAV per share (cents) | 139.6 | 146.2 | 156.2 |
| Shares in issue at end of period ('000) | 207 081 | 118 748 | 118 718 |

GROUP CASH FLOW STATEMENTS

| | Unaudited 6 Months ended 30 June 2005 | Restated Unaudited 6 Months ended 30 June 2004 | Restated Unaudited 12 Months ended 31 December 2004 |
|---|---|---|--|
| R'000 | | | |
| Operating activities | | | |
| Profit for the year | 16 453 | 13 268 | 25 074 |
| Adjustments for: | | | |
| Share of profit of associates | (25 100) | (13 854) | (26 008) |
| Income from investments | (4 190) | (5 552) | (10 399) |
| Increase in fair value of available for sale investments | (2 612) | (6 136) | (11 073) |
| Finance costs | 14 727 | 7 979 | 17 306 |
| Taxation | (83) | 324 | 344 |
| Depreciation of property, plant, equipment and vehicles | 1 402 | 1 972 | 3 880 |
| Negative goodwill released to income | (989) | — | (444) |
| Share based payment expense | 982 | 66 | 132 |
| Loss on disposal of property, plant, equipment and vehicles | — | — | 11 |
| Operating cash flows before movements in working capital | 590 | (1 933) | (1 177) |
| Decrease/(increase) in inventories | 987 | (3 986) | 4 027 |
| Decrease/(increase) in receivables | 11 239 | (7 934) | (14 105) |
| Increase/(decrease) in payables | 4 332 | (1 734) | (3 354) |
| Cash generated from operations | 17 148 | (15 587) | (14 609) |
| Income taxes paid | (673) | (1 487) | (1 488) |
| Interest paid | (14 727) | (7 979) | (17 341) |
| Net cash from/(used in) operating activities | 1 748 | (25 053) | (33 438) |
| Investing activities | | | |
| Interest received | 3 773 | 5 269 | 10 033 |
| Dividends received from associates | 1 854 | 3 012 | 6 256 |
| Dividends received from other equity investments | 417 | 283 | 366 |
| Proceeds on disposal of available for sale investments | 1 165 | 2 949 | 12 260 |
| Proceeds on disposal of property, plant, equipment and vehicles | 69 | — | 184 |
| Purchase of property, plant, equipment and vehicles | (286) | (2 308) | (2 503) |
| Acquisition of investments in associates | (237 468) | — | (29 496) |
| Net cash (used in)/from investing activities | (230 468) | 9 205 | (2 900) |
| Financing activities | | | |
| Dividends paid | (11 869) | (9 467) | (9 493) |
| Repayments of borrowings | (9 904) | (647) | (1 838) |
| Loan advances | 156 389 | 3 653 | 15 515 |
| Shares repurchased | — | (78) | (62) |
| Proceeds on issue of shares | 96 452 | — | — |
| (Decrease)/increase in bank overdrafts | (6 133) | 2 889 | 2 622 |
| Net cash from/(used in) financing activities | 224 935 | (3 650) | 6 744 |
| Net decrease in cash and cash equivalents | (3 793) | (19 498) | (29 594) |
| Cash and cash equivalents at beginning of period | 23 679 | 53 273 | 53 273 |
| Cash and cash equivalents at end of period | 19 886 | 33 775 | 23 679 |

GROUP STATEMENTS OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2005

| R'000 | Share capital | Capital reserves | Revaluation reserves | Retained earnings | Attributable to equity holders of the parent | Minority interest | Total |
|---|---------------|------------------|----------------------|-------------------|--|-------------------|----------|
| Balance at 1 January 2004 as previously reported | 37 | 109 284 | — | 58 209 | 167 530 | — | 167 530 |
| Effect of change in accounting policies | — | — | 3 236 | — | 3 236 | — | 3 236 |
| Gain on revaluation of property | — | — | (971) | — | (971) | — | (971) |
| Deferred tax arising on revaluation of land and buildings | — | 55 | — | (55) | — | — | — |
| Recognition of share-based payments | — | — | — | — | — | — | — |
| As restated | 37 | 109 339 | 2 265 | 58 154 | 169 795 | — | 169 795 |
| Attributable profit for the year ended 31 December 2004 | — | — | — | 25 074 | 25 074 | — | 25 074 |
| Recognition of share-based payments | — | 132 | — | — | 132 | — | 132 |
| Dividend paid | — | — | — | (9 493) | (9 493) | — | (9 493) |
| Increase in treasury shares held by share trust | — | (62) | — | — | (62) | — | (62) |
| Transfer current year share of non-distributable reserve of associate | — | 4 578 | — | (4 578) | — | — | — |
| Balance at 31 December 2004 | 37 | 113 987 | 2 265 | 69 157 | 185 446 | — | 185 446 |
| Attributable profit for the six months ended 30 June 2005 | — | — | — | 16 349 | 16 349 | 104 | 16 453 |
| Deferred tax rate change | — | — | 32 | — | 32 | — | 32 |
| Recognition of share-based payments | — | 982 | — | — | 982 | — | 982 |
| Gain on available for sale investment | — | — | 1 680 | — | 1 680 | — | 1 680 |
| Dividend paid | — | — | — | (11 869) | (11 869) | — | (11 869) |
| Issue of share capital | 1 | 96 451 | — | — | 96 451 | — | 96 451 |
| Transfer current year share of non-distributable reserve of associate | — | 3 689 | — | (3 689) | — | — | — |
| Balance at 30 June 2005 | 38 | 215 109 | 3 977 | 69 948 | 289 072 | 104 | 289 176 |
| 1 January 2004 to 30 June 2004 (restated) | | | | | | | |
| Balance at 1 January 2004 as previously reported | 37 | 109 284 | — | 58 209 | 167 530 | — | 167 530 |
| Effect of change in accounting policies | — | — | 3 236 | — | 3 236 | — | 3 236 |
| Gain on revaluation of property | — | — | (971) | — | (971) | — | (971) |
| Deferred tax arising on revaluation of land and buildings | — | 55 | — | (55) | — | — | — |
| Recognition of share-based payments | — | — | — | — | — | — | — |
| As restated | 37 | 109 339 | 2 265 | 58 154 | 169 795 | — | 169 795 |
| Attributable profit for the six months ended 30 June 2004 | — | — | — | 13 268 | 13 268 | — | 13 268 |
| Recognition of share-based payments | — | 66 | — | — | 66 | — | 66 |
| Dividend paid | — | — | — | (9 467) | (9 467) | — | (9 467) |
| Balance at 30 June 2004 | 37 | 109 405 | 2 265 | 61 955 | 173 662 | — | 173 662 |

SEGMENTAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2005

| R'000 | Revenue | Operating Profit | Headline Earnings | Assets | Liabilities |
|--------------------------------|---------|------------------|-------------------|---------|-------------|
| Financial services | 402 | (3) | 4 734 | 66 214 | 11 212 |
| Industrial | 85 615 | 7 420 | 15 833 | 541 077 | 305 362 |
| Available for sale investments | 283 | 3 248 | 3 171 | 14 749 | 221 |
| Corporate | — | (6 587) | (8 274) | 20 334 | 36 403 |
| Total | 86 300 | 4 078 | 15 464 | 642 374 | 353 198 |

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COMMENTARY

The results for the six month period are considered to be positive in light of the impact of non-recurring costs relating to the acquisition of investments which had a direct and significant effect on headline earnings.

Headline earnings for the six months to end June 2005 increased by 16.5% to R15.5 million from R13.3 million for the comparable period in 2004, translating to headline earnings per share of 12.5 cents (2004: 11.2 cents).

Revenue for the half year amounted to R86.3 million (2004: R83.9 million). The results were bolstered by the inclusion of equity accounted earnings of Life Healthcare (formerly Afrox Healthcare) for the first time which contributed significantly to profits after accounting for financing costs and deal expenses.

With more shares in issue net asset value moved to 139.6 cents per share (2004: 156.2 cents). Net asset value was impacted during the six months by the claw-back offer to shareholders and a dividend of 10 cents per share.

IMPACT OF CHANGES IN ACCOUNTING POLICIES

| Reconciliation of previous SA GAAP to IFRS | 30 June 2004 | 31 December 2004 | 1 January 2004 |
|---|-----------------|---------------------|-------------------|
| R'000 | | | |
| Equity as previously reported | 168 210 | 173 816 | 167 530 |
| Non IFRS adjustment | (1 347) | — | — |
| Adjustment on adoption of IFRS | 6 799 | 11 630 | 2 265 |
| Equity as reported under IFRS | 173 662 | 185 446 | 169 795 |
| Equity adjustments | | | |
| Gain on revaluation of property | 3 236 | 3 236 | 3 236 |
| Deferred tax arising on revaluation of land and buildings | (971) | (971) | (971) |
| Goodwill amortisation reversed | 4 534 | 9 365 | — |
| | 6 799 | 11 630 | 2 265 |
| Assets and liabilities adjustments | | | |
| Property, plant, equipment and vehicles | 3 236 | 3 236 | 3 236 |
| Investments in associates | 4 534 | 9 365 | — |
| Deferred taxation | (971) | (971) | (971) |
| | 6 799 | 11 630 | 2 265 |

RESULTS FOR THE PERIOD

Adoption of new and revised International Financial Reporting Standards (IFRS)

The Group has adopted all of the new and revised standards and interpretations issued by the International Accounting Standards Board (the IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for accounting periods beginning on 1 January 2005. The adoption of these new and revised standards and interpretations has resulted in changes to the Group's accounting policies in the following areas that have affected the amounts reported for the current or prior years:

- Share-based payments (IFRS 2)
- Goodwill (IFRS 3)
- Presentation of borrowings (IAS 1)
- Accounting for associate's Zimbabwe subsidiary (IAS 27)
- Available for sale investments (IAS 39)

The interim results presented may differ from IFRS actually in effect at 31 December 2005 as a result of ongoing review and possible amendments by interpretive guidance from the IASB and IFRIC.

Claw-back offer

During the period under review Brimstone undertook a claw-back offer of 100 076 155 Brimstone "N" ordinary shares to shareholders at R1.10 per share in the ratio of 75 offer shares for every 100 Brimstone shares held. The offer was extremely well received with 94% of shareholders taking up their options. The balance of the offer was taken up by the underwriter, Rand Merchant Bank.

INDUSTRIAL

Life Healthcare (formerly Afrox Healthcare)

On 22 March, Brimstone acquired an effective 18.156% share in Life Healthcare. While financing and deal costs related to the transaction were substantial, Life Healthcare still

contributed positively to equity accounted earnings. It is expected that Life Healthcare will be a substantial contributor to earnings in future.

Sea Harvest

Results continued to be adversely impacted by the Rand exchange rate, poor fishing stock levels and the results of its Namibian associate, Namfish. Sea Harvest's results were also affected by a R16 million impairment in value of a fishing vessel. The advent of winter weather in the Cape has had a positive effect on fishing conditions.

Scientific Group

Adcock Ingram has acquired 74% of Scientific Group. The Criticare Division of Adcock Ingram will be acquired by Scientific Group. These transactions are subject to Competition Commission approval. Brimstone will continue to hold 26.042% of the enlarged company.

Lenco

Lenco achieved a satisfactory performance for the six month period. In line with the seasonal nature of the packaging industry, particularly within the food and beverage sectors, the bulk of earnings should be achieved during the latter half of the financial year. The accounting for the Zimbabwe subsidiary of Lenco increased Brimstone's share of profit of associates by R1.1 million.

House of Monatic

While production and sales volumes of men's clothing remained strong, trading has continued to be negatively affected by the reduced Rand value of exports into core US and UK markets. Positive indicators for the remainder of the financial year include a strong forward order book. House of Monatic has recently entered into an agreement for the lease of Rex Trueform's Salt River clothing manufacturing facilities. The agreement, which is subject to Competition Commission approval, becomes effective on 1 January 2006.

FINANCIAL

Lion of Africa Insurance Company

Brimstone has successfully concluded the acquisition of an additional 9% of Lion of Africa Insurance Company