



BRIMSTONE

INVESTMENT CORPORATION LIMITED

PROFITABLE. EMPOWERING. MAKING A DIFFERENCE.

Condensed Group Income Statements

| | Unaudited 6 months ended 30 June 2008 | Unaudited 6 months ended 30 June 2007 | Audited 12 months ended 31 Dec 2007 |
|----------------------------------------------------------------------------------------|---------------------------------------|---------------------------------------|-------------------------------------|
| R'000 | | | |
| Revenue | 282 769 | 265 363 | 623 723 |
| Cost of sales | (203 447) | (203 635) | (454 327) |
| Gross profit | 79 322 | 61 728 | 169 396 |
| Selling and administration expenses | (92 015) | (63 434) | (144 834) |
| Fair value (losses)/gains | (74 089) | 363 878 | 1 100 897 |
| Exceptional items | — | (181) | 102 796 |
| (Loss)/profit from operations | (86 782) | 361 991 | 1 228 255 |
| Income from investments | 2 607 | 10 931 | 19 173 |
| Finance costs | (64 658) | (63 267) | (176 804) |
| Share of profit/(loss) of associates | 41 250 | (3 406) | 7 314 |
| Net (loss)/profit before taxation | (107 583) | 306 249 | 1 077 938 |
| Taxation | 11 622 | (71 207) | (232 627) |
| Net attributable (loss)/profit | (95 961) | 235 042 | 845 311 |
| Attributable to: | | | |
| Equity holders of the parent | (99 224) | 237 068 | 842 050 |
| Minority interest | 3 263 | (2 026) | 3 261 |
| | (95 961) | 235 042 | 845 311 |
| Earnings per share (cents) | | | |
| Basic | (42.1) | 101.1 | 359.8 |
| Headline | (42.1) | 101.1 | 321.5 |
| Diluted earnings per share (cents) | | | |
| Basic | (41.3) | 97.4 | 349.2 |
| Headline | (41.3) | 97.4 | 312.0 |
| Weighted average number of shares on which earnings per share is based (000's) | 235 709 | 234 409 | 234 005 |
| Weighted average number of shares on which diluted earnings per share is based (000's) | 240 170 | 243 474 | 241 157 |

Segmental information

| R'000 | Revenue | Operating (loss)/profit | Headline earnings | Assets | Liabilities |
|------------------------|---------|-------------------------|-------------------|-----------|-------------|
| Financial services | 10 360 | (181 277) | (138 909) | 318 249 | 43 482 |
| Industrial | 272 186 | (16 779) | (24 106) | 755 299 | 625 490 |
| Healthcare | 185 | 122 695 | 86 376 | 2 720 179 | 943 998 |
| Enterprise development | — | — | 211 | 13 782 | — |
| Corporate | 38 | (11 421) | (22 770) | 85 075 | 73 125 |
| Total | 282 769 | (86 782) | (99 198) | 3 892 584 | 1 686 095 |
| Unaudited | 282 769 | (86 782) | (99 198) | 3 892 584 | 1 686 095 |

Condensed Group Statements of Changes in Equity

| R'000 | Share capital | Capital reserves | Revaluation reserves | Retained earnings | Attributable to equity holders of the parent | Minority interest | Total |
|-----------------------------------------------------------------------|---------------|------------------|----------------------|-------------------|----------------------------------------------|-------------------|-----------|
| Balance at 1 January 2007 – Audited | 40 | 271 325 | 3 977 | 1 297 049 | 1 572 391 | (1 700) | 1 570 691 |
| Attributable profit for the year ended 31 December 2007 | — | — | — | 842 050 | 842 050 | 3 261 | 845 311 |
| Gain on available-for-sale investment | — | — | 50 | — | 50 | — | 50 |
| Total recognised income and expense for the year | — | — | 50 | 842 050 | 842 100 | 3 261 | 845 361 |
| Recognition of share-based payments | — | 2 281 | — | — | 2 281 | — | 2 281 |
| Dividend paid | — | — | — | (37 633) | (37 633) | — | (37 633) |
| Issue of share capital | 1 | 3 073 | — | — | 3 074 | — | 3 074 |
| Treasury shares acquired | — | (3 512) | — | — | (3 512) | — | (3 512) |
| Increase in treasury shares held by share trust | — | (5 237) | — | — | (5 237) | — | (5 237) |
| Transfer to capital redemption reserve fund | — | 138 | — | (138) | — | — | — |
| Transfer current year share of non-distributable reserve of associate | — | (650) | — | 650 | — | — | — |
| Minority interest written off | — | — | — | — | — | 1 871 | 1 871 |
| Balance at 31 December 2007 – Audited | 41 | 267 418 | 4 027 | 2 101 978 | 2 373 464 | 3 432 | 2 376 896 |
| Attributable loss for the six months ended 30 June 2008 | — | — | — | (99 224) | (99 224) | 3 263 | (95 961) |
| Recognition of share-based payments | — | 1 254 | — | — | 1 254 | — | 1 254 |
| Dividend paid | — | — | — | (75 774) | (75 774) | — | (75 774) |
| Issue of share capital | 1 | 3 356 | — | — | 3 357 | — | 3 357 |
| Treasury shares acquired | — | (2 748) | — | — | (2 748) | — | (2 748) |
| Increase in treasury shares held by share trust | — | (535) | — | — | (535) | — | (535) |
| Transfer current year share of non-distributable reserve of associate | — | (4 786) | — | 4 786 | — | — | — |
| Balance at 30 June 2008 – Unaudited | 42 | 263 959 | 4 027 | 1 931 766 | 2 199 794 | 6 695 | 2 206 489 |
| 1 January 2007 to 30 June 2007 | | | | | | | |
| Balance at 1 January 2007 – Audited | 40 | 271 325 | 3 977 | 1 297 049 | 1 572 391 | (1 700) | 1 570 691 |
| Attributable profit for the six months ended 30 June 2007 | — | — | — | 237 068 | 237 068 | (2 026) | 235 042 |
| Recognition of share-based payments | — | 1 104 | — | — | 1 104 | — | 1 104 |
| Dividend paid | — | — | — | (37 632) | (37 632) | — | (37 632) |
| Issue of share capital | 1 | 3 073 | — | — | 3 074 | — | 3 074 |
| Increase in treasury shares held by share trust | — | (975) | — | — | (975) | — | (975) |
| Transfer current year share of non-distributable reserve of associate | — | 3 693 | — | (3 693) | — | — | — |
| Balance at 30 June 2007 – Unaudited | 41 | 278 220 | 3 977 | 1 492 792 | 1 775 030 | (3 726) | 1 771 304 |

COMMENTARY

Results for the six months to 30 June 2008 show a headline loss of 42.1 cents per share (30 June 2007: earnings of 101.1 cents). All Brimstone's associate companies delivered strong earnings growth. However, the decrease in the price of both Old Mutual plc and Nedbank Group Ltd shares, to which Brimstone holds acquisition rights, resulted in the decline in headline earnings for the period. The results were also negatively impacted by Brimstone's clothing subsidiaries which produced disappointing results. For the same reasons, net asset value per share decreased from 1012.9 cents at 31 December 2007, to 928.9 cents at 30 June 2008. Intrinsic net asset value per share decreased from 1065.6 cents per share at 31 December 2007 to 972.1 cents at 30 June 2008.

RESULTS FOR THE PERIOD

This report has been prepared in compliance with International Financial Reporting Standards and complies with IAS 34 Interim Financial Reporting. The accounting policies used in the preparation of this report are consistent with those used in the annual financial statements for the year ended 31 December 2007.

Issue of shares

The following shares were issued to directors and employees during the period in terms of the share option scheme.

| | Ordinary "N" | ordinary |
|---------------|--------------|-----------|
| 25 March 2008 | 1 273 600 | 1 831 201 |

Condensed Group Balance Sheets

| R'000 | Unaudited 30 June 2008 | Unaudited 30 June 2007 | Audited 31 Dec 2007 |
|-----------------------------------------------|------------------------|------------------------|---------------------|
| ASSETS | | | |
| Non-current assets | 3 557 491 | 2 866 700 | 3 632 945 |
| Property, plant, equipment and vehicles | 63 565 | 42 035 | 64 499 |
| Goodwill | — | 17 862 | — |
| Other intangible assets | 26 742 | — | 26 742 |
| Investments in associate companies | 500 452 | 436 583 | 456 202 |
| Investments | 2 966 732 | 2 370 220 | 3 085 502 |
| Current assets | 335 093 | 372 770 | 316 621 |
| Inventories | 159 454 | 134 529 | 126 183 |
| Trade receivables | 100 269 | 112 198 | 58 669 |
| Other receivables | 20 015 | 19 928 | 55 805 |
| Taxation | 208 | — | 436 |
| Cash and cash equivalents | 55 147 | 17 710 | 75 528 |
| | 335 093 | 284 365 | 316 621 |
| Non-current asset classified as held for sale | — | 88 405 | — |
| TOTAL ASSETS | 3 892 584 | 3 239 470 | 3 949 566 |
| EQUITY AND LIABILITIES | | | |
| Capital and reserves | 2 206 489 | 1 771 304 | 2 376 896 |
| Share capital | 42 | 41 | 41 |
| Capital reserves | 263 959 | 278 220 | 267 418 |
| Revaluation reserves | 4 027 | 3 977 | 4 027 |
| Retained earnings | 1 931 766 | 1 492 792 | 2 101 978 |
| Minority interest | 6 695 | (3 726) | 3 432 |
| Non-current liabilities | 1 261 020 | 1 092 787 | 1 182 388 |
| Long-term interest bearing borrowings | 867 471 | 814 843 | 766 239 |
| Deferred taxation | 393 549 | 277 944 | 416 149 |
| Current liabilities | 425 075 | 375 379 | 390 282 |
| Short-term interest bearing borrowings | 66 776 | 71 507 | 60 204 |
| Preference shares for redemption | 137 000 | — | 137 000 |
| Bank overdraft | 35 941 | 112 387 | 18 233 |
| Trade payables | 143 975 | 128 598 | 105 775 |
| Other payables | 36 435 | 61 673 | 45 220 |
| Taxation | 4 948 | 1 214 | 23 850 |
| TOTAL EQUITY AND LIABILITIES | 3 892 584 | 3 239 470 | 3 949 566 |
| NAV per share (cents) | 928.9 | 754.0 | 1 012.9 |
| Shares in issue at end of period | | | |
| net of treasury shares (000's) | 236 820 | 235 420 | 234 315 |

Condensed Group Cash Flow Statements

| R'000 | Unaudited 6 months ended 30 June 2008 | Unaudited 6 months ended 30 June 2007 | Audited 12 months ended 31 Dec 2007 |
|-------------------------------------------------------------------|---------------------------------------|---------------------------------------|-------------------------------------|
| Operating activities | | | |
| Net attributable (loss)/profit | (95 961) | 235 042 | 845 311 |
| Adjustments for non-cash items | 79 435 | (237 594) | (841 587) |
| Operating cash flows before movements in working capital | (16 526) | (2 552) | 3 724 |
| Increase in inventories | (33 271) | (32 276) | (35 954) |
| (Increase)/decrease in receivables | (5 810) | (4 457) | 1 831 |
| Increase/(decrease) in payables | 29 415 | 34 061 | (1 496) |
| Cash utilised in operations | (26 192) | (5 224) | (31 895) |
| Taxation paid | (29 652) | (5 485) | (6 502) |
| Finance costs | (21 772) | (20 423) | (76 863) |
| Net cash used in operating activities | (77 616) | (31 132) | (115 260) |
| Investing activities | | | |
| Interest received | 2 607 | 10 931 | 19 173 |
| Dividends received from associates | 8 316 | 4 485 | 26 586 |
| Dividends received from other equity investments | 423 | 328 | 1 970 |
| Loan repayments and recoveries from associates and investments | 49 220 | 427 | 73 921 |
| Proceeds on disposal of investments | — | — | 205 978 |
| Proceeds on disposal of property, plant, equipment and vehicles | — | — | 285 |
| Replacement of property, plant, equipment and vehicles | (2 719) | (2 939) | (31 265) |
| Acquisition of subsidiaries | — | (3 557) | (6 442) |
| – shares acquired | — | (3 557) | (8 865) |
| – loans advanced | — | — | 2 423 |
| Acquisition of associates and investments | (7 538) | (16 674) | (78 956) |
| Net cash from/(used in) investing activities | 50 309 | (6 999) | 211 250 |
| Financing activities | | | |
| Dividends paid | (75 774) | (37 632) | (37 633) |
| Repayments of borrowings | (13 877) | (11 088) | (36 498) |
| Loans raised | 78 795 | 18 915 | 69 481 |
| Shares repurchased | (3 283) | (975) | (8 749) |
| Proceeds on issue of shares | 3 357 | 3 074 | 3 074 |
| Increase/(decrease) in bank overdrafts | 17 708 | 65 889 | (27 670) |
| Net cash from/(used in) financing activities | 6 926 | 38 183 | (37 995) |
| Net (decrease)/increase in cash and cash equivalents | (20 381) | 52 | 57 995 |
| Cash and cash equivalents at beginning of period | 75 528 | 17 069 | 17 069 |
| Cash and cash equivalents acquired on acquisition of subsidiaries | — | 589 | 464 |
| Cash and cash equivalents at end of period | 55 147 | 17 710 | 75 528 |

UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2008

– HOUSE OF MONATIC GROUP BRANDS



DIRECTORATE

| | | |
|------------------------------|------------|--------------|
| Prof. GJ Gerwel (Chairman) | PL Campher | TMF Phaswana |
| F Robertson | M Hewu | AA Roberts |
| (Executive Deputy Chairman)* | N Khan | FD Roman |
| MA Brey | MK Ndebele | Dr O Shisana |
| (Chief Executive Officer)* | Y Pahad | |
| LZ Brozin* | LA Parker | * Executive |

Scientific Group

The Scientific Group delivered strong earnings for the period following the conclusion of a number of lucrative contracts. We are confident that this niche sector of the healthcare industry will continue to expand.

INDUSTRIAL

House of Monatic

House of Monatic's performance was disappointing and was impacted by the economic slowdown and tougher trading conditions in the local textile industry. In particular, Fifth Element Marketing (Pty) Ltd performed poorly mainly due to unprofitable retail chain store business. Corrective action has been taken to return the company to profitability.

In July 2008, Brimstone, through House of Monatic, acquired the remaining 49% of the shares in clothing companies, Fifth Element Marketing (Pty) Ltd – which owns Canterbury International South Africa (Pty) Ltd – and O'Neill South Africa (Pty) Ltd. Brimstone now owns 100% of Fifth Element Marketing and O'Neill South Africa. This acquisition is consistent with Brimstone's strategy of strengthening House of Monatic Group's marketing, design and manufacturing portfolio through the acquisition and development of premium brands.

Rex Trueform/Queenspark

The long term prospects for Queenspark remain attractive for Brimstone, notwithstanding the current retail downturn. Results for the year ended 30 June 2008 are expected to be announced soon.

Oceana

Oceana Group Ltd recorded increased turnover and earnings compared to the previous year. Pilchard landings have been disappointing, but local production was supplemented by substantial imports resulting in Lucky Star achieving increased market share. Fishmeal profitability was adversely affected by higher production costs, including higher fuel and energy costs. Profitability of lobster, squid, horse mackerel and hake exports benefited from higher selling prices in international markets and a weaker rand. The cold storage division increased profits mainly as a result of higher occupancies in most stores.

Sea Harvest

Sea Harvest remains ahead of prior year and budgeted operating profit and growth market share despite spiralling fuel costs and a global economic slowdown. Improved winter catch rates and higher export realisations mitigated the full impact of increased fuel costs.

FINANCIAL SERVICES

Aon South Africa

Insurance broker, Aon South Africa, continued to produce satisfying results in a challenging and competitive environment. Aon South Africa has been appointed broker to the Organising Committee of the 2010 FIFA World Cup.

Aon Re Africa

Aon Re Africa is an established reinsurance broker operating throughout sub-Saharan Africa. Since Brimstone's acquisition of an effective 18% stake in Aon Re in March 2007, it has displayed a solid performance and good growth. Brimstone is well satisfied with the results achieved to date and future prospects look promising.

Lion of Africa Insurance Company

The first half of this year has seen Lion of Africa's "A" rating for claims paying ability reaffirmed by Global Credit Ratings and has shown a return to profitability.

This comes at a time when most other insurance companies have reported significant declines in earnings as weather, fire and motor related claim ratios increased following a number of years of abnormally low claims ratios.

The action taken by Lion of Africa last year to apply stricter underwriting standards, adjust premium rates and control claims and management expenses more closely all resulted in an improved operating performance. The new IT platform implemented in 2007 also helped to improve efficiency levels and service.

For the remainder of 2008, Lion of Africa will continue to improve its back office and service and broaden its product range to provide a firm platform for growth in 2009.

Nedbank

Brimstone's rights to Nedbank Group Ltd shares, accounted for as options, were significantly down, in line with the overall performance of the share markets and the reduction of Nedbank's underlying share price to R91.95 (31 December 2007: R136.00).

Old Mutual