



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")

HIGHLIGHTS

HEPS 81,2 cents per share

NAV 718,3 cents per share

UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2011

COMMENTARY

Brimstone reported a satisfactory set of results for the six months ended 30 June 2011, following the unlocking of significant value through the unbundling and realisation of a portion of its investment in Life Healthcare (LHC) in the previous financial year.

Headline earnings of R198 million was down 44% on the previous period's R356 million, partially due to the LHC transactions. Consequently, headline earnings per share decreased to 81.2 cents from 149 cents.

Revenue of R874 million was reported for the period compared with R892 million for the six months ended 30 June 2010. Sales and fee income from operating divisions increased by 19% from R707 million for the six months ended 30 June 2010 to R840 million for the six months ended 30 June 2011. Dividend income contracted to R35 million (2010: R185 million primarily as a result of the LHC

transactions). The Company managed to significantly reduce debt following the LHC transactions, which reflects in a reduction in finance costs for the period to R46 million (2010: R113 million).

Operating expenses increased in line with increased sales, with the operating margin remaining consistent. Exceptional items relate to the finalisation of the sale of the Company's interest in Aon South Africa.

Significant fair value gains of R228 million (2010: fair value losses of R110 million) mainly from LHC and Nedbank contributed to a pre-tax profit of R280 million. A R52 million tax charge resulted in a profit for the period of R229 million, compared to a tax credit of R353 million in the previous period relating to the LHC transactions, which included a reversal of a provision for capital gains tax and recognition of secondary tax credits, relating to the LHC transactions.

Total assets decreased to R3.87 billion (2010: R4.97 billion) due to the LHC unbundling, consequently the overall net asset value (NAV) of the Company, was lower at R1.75 billion (2010: R2.74 billion) at the reporting date.

A more appropriate comparison of the Company's total assets and NAV would be with the figures at 31 December 2010, as these reflect the effects of the LHC transactions. Total assets for the review period of R3.87 billion and NAV of R1.75 billion compare well with the R3.62 billion and R1.57 billion respectively reported at 31 December 2010.

RESULTS FOR THE PERIOD

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 2010 which comply with the Companies Act of South Africa and International Financial Reporting Standards; and are compliant with the Listings Requirements of the JSE Limited.

Restated results

The results for the six months ended 30 June 2010 were restated as a result of:

- A change in the Company's policy for accounting for jointly controlled entities from the proportionate consolidation method to the equity accounting method.
- Finalisation of the initial accounting for the acquisition of Lion of Africa Holdings, which was only provisionally determined at 31 December 2009, subsequent to publishing the results at 30 June 2010.

There was no effect on the net asset value of the Company or basic earnings per share and headline earnings per share for both adjustments.

BRIMSTONE PORTFOLIO

Subsidiaries

Sea Harvest

Good fishing conditions were experienced throughout the first half of 2011. A Total Allowable Catch increase of 10% for the industry was applied at the start of this financial year. With the additional volumes revenue increased despite the negative effect of the strong Rand against the Euro in particular. Volumes through both the local and export markets grew and Sea Harvest maintained its status as the leading frozen white fish supplier in South Africa. Margins fell due to pressure on pricing and cost increases in respect of fuel and labour. Good fishing conditions are expected to continue over the second half however the volatility of the Rand and local cost inflation continue to place pressure on the business.

House of Monatic

The industry remains under pressure due to competition from manufacturers in the East and continued uncertainty surrounding global economic recovery. The company's refocus on core manufacturing is however proving successful which, together with, current Production Incentives offered by government have resulted in better production efficiencies and lower operational costs, which ultimately aided the achievement of profitability.

Lion of Africa Insurance

Lion of Africa is the country's largest black-owned short-term insurer and has an A-rating from the GCR rating agency for claims paying ability. It is also the first insurance company to achieve a Level 1 Broad Based Black Economic Empowerment rating in terms of the BBBEE Act of 2003.

During the review period, gross written premiums grew strongly by 21.3% to R371.7 million. Net written premiums showed similar growth by 30.2% to R233.9 million.

Net underwriting profit improved from R4 million for the first half of 2010 to R11.2 million in the current review period. The company's after tax earnings improved to R14.6 million from R8.1 million in the comparative period.

CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME

R'000	Unaudited 6 Months ended 30 June 2011	Restated Unaudited 6 Months ended 30 June 2010	Audited Year ended 31 Dec 2010
Revenue	874 253	891 854	1 796 904
Sales and fee income	839 642	706 684	1 510 815
Dividends received	34 611	185 170	286 089
Operating expenses	(830 795)	(691 840)	(1 482 667)
Operating profit	43 455	200 014	314 237
Fair value gains/(losses)	228 383	(109 628)	(61 943)
Exceptional items	36 956	(4 273)	2 466
Share of profits of associates and joint venture	6 681	16 215	(4 786)
Profit before net finance costs	315 475	102 328	249 974
Income from investments	11 434	10 227	24 090
Finance costs	(46 155)	(113 020)	(159 674)
Outside unit holders' interest	(168)	—	(784)
Net profit before taxation	280 586	(465)	113 606
Taxation	(51 596)	353 104	297 659
Profit for the period	228 990	352 639	411 265
Other comprehensive income			
Net value gain on available-for-sale financial asset	—	—	3 202
Total comprehensive income for the period	228 990	352 639	414 467
Profit attributable to:			
Equity holders of the parent	216 621	349 684	411 457
Non-controlling interests	12 369	2 955	(192)
	228 990	352 639	411 265
Total comprehensive income attributable to:			
Equity holders of the parent	216 621	349 684	413 280
Non-controlling interests	12 369	2 955	1 187
	228 990	352 639	414 467
Earnings per share (cents)			
Basic	88,5	146,3	171,1
Diluted	76,1	146,3	146,9

SEGMENTAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2011

R'000	Revenue	Profit from operations	Headline (loss)/profit	Assets	Liabilities
Fishing	451 723	23 556	(8 408)	883 340	587 304
Insurance	302 534	11 638	14 759	932 862	738 370
Clothing	81 649	3 169	1 384	144 255	55 936
Investment management	38 347	5 092	190 178	1 906 998	615 702
Total	874 253	43 455	197 913	3 867 455	1 997 312

CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY

R'000	Share capital	Capital reserves	Revaluation reserves	Changes in ownership	Retained earnings	Attributable to equity holders of the parent	Non-controlling interests	Total
Balance at 1 January 2010 - audited	43	262 506	6 753	—	2 196 566	2 465 868	102 594	2 568 462
Attributable profit for the year ended 31 December 2010	—	—	—	—	411 457	411 457	(192)	411 265
Other comprehensive income	—	—	1 823	—	1 823	1 823	1 379	3 202
Total comprehensive income	—	—	1 823	—	411 457	413 280	1 187	414 467
Recognition of share-based payments	—	6 531	—	—	6 531	6 531	—	6 531
Dividend paid	—	—	—	—	(1 323 339)	(1 323 339)	—	(1 323 339)
Non-controlling interest acquired	—	—	—	(11 839)	(11 839)	(11 839)	(18 195)	(30 034)
Issue by subsidiary of ordinary and preference share capital and accrued preference dividends	—	—	—	—	—	—	17 090	17 090
Issue of share capital	2	29 137	—	—	—	29 139	—	29 139
Treasury shares acquired	—	(9 722)	—	—	—	(9 722)	—	(9 722)
Transfer to capital redemption reserve fund	—	1 808	—	—	(1 808)	—	—	—
Transfer to statutory contingency reserve	—	13 534	—	—	(13 534)	—	—	—
Share of non-distributable reserves of associate transferred directly to equity	—	528	—	—	—	528	—	528
Balance at 31 December 2010 - audited	45	304 322	8 576	(11 839)	1 269 342	1 570 446	102 676	1 673 122
Attributable profit for the six months ended 30 June 2011	—	—	—	—	216 621	216 621	12 369	228 990
Dividend paid	—	—	—	—	(36 553)	(36 553)	—	(36 553)
Issue by subsidiary of ordinary and preference share capital and accrued preference dividends	—	—	—	—	—	—	3 392	3 392
Treasury shares acquired	—	(100)	—	—	—	(100)	—	(100)
Transfer to statutory contingency reserve	—	6 297	—	—	(6 297)	—	—	—
Share of non-distributable reserves of associate transferred directly to equity	—	1 292	—	—	—	1 292	—	1 292
Balance at 30 June 2011 - unaudited	45	311 811	8 576	(11 839)	1 443 113	1 751 706	118 437	1 870 143
1 January 2010 to 30 June 2010								
Balance at 1 January 2010 - audited	43	262 506	6 753	—	2 196 566	2 465 868	102 594	2 568 462
Attributable profit for the six months ended 30 June 2010	—	—	—	—	349 684	349 684	2 955	352 639
Recognition of share-based payments	—	316	—	—	—	316	—	316
Dividend paid	—	—	—	—	(80 008)	(80 008)	—	(80 008)
Issue of share capital	2	33 181	—	—	—	33 183	—	33 183
Treasury shares acquired	—	(26 702)	—	—	—	(26 702)	—	(26 702)
Transfer current year share of non-distributable reserve of associate	—	2 020	—	—	(2 020)	—	—	—
Share of non-distributable reserves of associate transferred directly to equity	—	684	—	—	—	684	—	684
Balance at 30 June 2010 - unaudited	45	272 005	6 753	—	2 464 222	2 743 025	105 549	2 848 574

CONDENSED GROUP STATEMENT OF FINANCIAL POSITION

R'000	Unaudited 30 June 2011	Restated Unaudited 30 June 2010	Audited 31 Dec 2010
ASSETS			
Non-current assets	2 618 108	2 024 792	2 360 786
Property, plant, equipment and vehicles and intangible assets	296 354	313 058	306 401
Goodwill and other intangible assets	187 655	196 863	186 269
Deferred acquisition costs	34 571	30 103	39 468
Investments in associate and joint venture companies	292 236	297 401	284 233
Investments	1 793 845	1 185 039	1 541 021
Deferred taxation	13 447	2 328	3 394
Current assets	1 249 347	2 940 541	1 259 044
Inventories	192 235	205 328	193 412
Trade and other receivables	442 804	382 755	472 734
Reinsurance contracts	446 269	359 292	400 476
Taxation	5 352	3 388	8 085
Cash and cash equivalents	162 687	391 535	184 337
	1 249 347	1 342 298	1 259 044
Non-current asset classified as held for distribution to equity holders	—	1 485 705	—
Non-current asset classified as held for sale	—	112 538	—
TOTAL ASSETS	3 867 455	4 965 333	3 619 830
EQUITY AND LIABILITIES			
Capital and reserves	1 870 143	2 848 574	1 673 122
Share capital	45	45	45
Capital reserves	311 811	272 005	304 322
Revaluation reserves	8 576	6 753	8 576
Changes in ownership	(11 839)	—	(11 839)
Retained earnings	1 443 113	2 464 222	1 269 342
Attributable to equity holders of the parent	1 751 706	2 743 025	1 570 446
Non-controlling interests	118 437	105 549	102 676
Non-current liabilities	1 023 913	946 323	954 467
Long-term interest bearing borrowings	724 508	725 799	705 710
Long-term provisions	19 451	18 894	19 451
Deferred taxation	279 954	201 630	229 306
Current liabilities	973 399	1 170 436	992 241
Short-term interest bearing borrowings	82 598	364 498	99 288
Bank overdrafts	11 845	14 734	13 553
Trade payables	230 064	243 010	226 269
Other payables	38 218	68 516	57 228
Insurance contracts	576 512	465 434	563 649
Outside unit holders' interest	11 895	—	10 609
Short-term provisions	18 952	13 727	14 743
Taxation	3 315	517	6 902
TOTAL EQUITY AND LIABILITIES	3 867 455	4 965 333	3 619 830
NAV per share (cents)	718,3	1 133,5	643,9
Shares in issue at end of period (000's)	243 857	241 995	243 891

CONDENSED GROUP STATEMENT OF CASH FLOWS

R'000	Unaudited 6 Months ended 30 June 2011	Restated Unaudited 6 Months ended 30 June 2010	Audited Year ended 31 Dec 2010
Operating activities			
Net attributable profit	228 990	352 639	411 265
Adjustments for non-cash items	(137 838)	(302 663)	(299 032)
Operating cash flows before movements in working capital	91 152	49 976	112 233
Decrease/(increase) in inventories	1 177	(14 069)	(4 881)
Decrease/(increase) in trade and other receivables	29 930	20 868	(74 124)
Increase/(decrease) in outside unit holders' interest	1 286	—	(10 721)
(Increase)/decrease in trade and other payables	(15 215)	13 569	12 277
Net (increase)/decrease in reinsurance contracts	(45 793)	129 347	88 162
Net decrease/(increase) in deferred acquisition costs	4 897	6 133	(3 232)
Net decrease/(increase) in insurance contracts	12 863	(162 695)	(64 450)
Cash generated from operations	80 297	43 129	55 234
Income taxes paid	(11 855)	(9 905)	(36 704)
Finance costs	(22 698)	(95 345)	(128 824)
Net cash from/(used in) operating activities	45 744	(62 121)	(110 294)
Investing activities			
Interest received	11 434	10 410	24 090
Dividends received from associates and joint venture	13 782	3 826	38 767
Dividends received from other equity investments	20 829	181 344	246 314
Proceeds on disposal of property, plant, equipment and vehicles	22	588	1 062
Acquisition of property, plant, equipment and vehicles	(20 631)	(14 874)	(46 390)
Acquisition of businesses	(10 500)	—	(30 034)
Net (acquisition)/disposal of investments	(26 012)	554 622	611 776
Net cash (used in)/from investing activities	(11 076)	735 916	845 585
Financing activities			
Dividends paid	(36 553)	(63 654)	(80 401)
Repayments of borrowings	(67 632)	(489 826)	(913 116)
Loans raised	49 675	70 000	203 064
Shares repurchased	(100)	(26 702)	(9 722)
Proceeds on issue of shares	—	16 829	29 139
Issue of shares by subsidiary	—	—	10 170
Decrease in bank overdrafts	(1 708)	(3 140)	