BRIKOR LIMITED
Incorporated in the Republic of South Africa
Registration number: 1998/013247/06
JSE code: BIK
ISIN: ZAE000101945
("Brikor" or "the Group" or "the Company")

ABRIDGED AUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE YEAR ENDED 28 FEBRUARY 2019

PREPARED BY

The summarised abridged audited consolidated financial results ("abridged financial results" or "results") for the year ended 28 February 2019 were prepared by Laura Craig CA(SA), Group Financial Director.

FINANCIAL HIGHLIGHTS*

Revenue increased by 4,3% to R285 million
Total equity increased by 14,2% to R67 million
Total debt decreased by 25,7% to R143 million
Net asset value per share increased by 12,8% to 10,6 cents per share
Net tangible asset value per share increased by 90,0% to 5,7 cents per share
*continuing operations

AUDITOR'S REPORT

for the year ended 28 February 2019

The abridged financial results are extracted from audited information but is not itself audited. The directors take full responsibility for the preparation of the abridged financial results and the correct extraction of the financial information included herein from the underlying annual financial statements.

The financial statements were audited by KPMG Inc., and the audit report thereon is available for inspection at the company's registered office. The auditor's report contained the following paragraph with respect to reportable irregularities:

"In accordance with our responsibilities in terms of section 44(2) and 44(3) of the Auditing Profession Act, we report that we have identified reportable irregularities in terms of the Auditing Profession Act. We have reported these matters to the Independent Regulatory Board for Auditors." The matters pertaining to the reportable irregularities have been described in note 6 to the abridged financial results.

ABRIDGED CONSOLIDATED RESULTS COMMENTARY

1. OVERVIEW

   The Group's overall financial indicators mirror the constraints experienced in the current economic climate. Challenging market conditions in the building and construction sector continued to put strain on selling prices in the Bricks segment, with the segment also experiencing a change in demand of product range, mixed with lower gross profit yielding product prevailing. The combination of limited capacity in the production of bricks, brought about by the limited power supply available to the brick plants during power outages, led to operational challenges with the concomitant financial implications. The increased supply of the Coal segment’s product range yielded higher prices, resulting in improved revenue for the Group. The Coal segment showed an increase in revenue of 30,4%, with the Bricks segment decreasing revenue by 9,5%, partly attributable to the Group terminating the buying-in of bricks to focus on its own product range.

The competitive operating environment continued to drive selling prices downward, placing pressure on gross profit margins. Gross profit reduced as a result of the mobile equipment rentals, necessitated by the need to improve production efficiencies, which was commissioned for the Group and took several weeks to be fully operational, resulting in increased cost of production per tonne due to the lack of volumes in March 2018 and April 2018, with fixed costs remaining unchanged.

Spend on Broad-Based Black Economic Empowerment targets set by the Group amounted to R5,4 million (F2018: R1,8 million), an increase of 190,4%, further impacting the bottom line. The spend related primarily to supplier and enterprise development and socio-economic development initiatives. The Group’s overall financial indicators evidenced the continued endeavours by management to cement a sustainable operating platform for the Group through ongoing settlement of liabilities pertaining to Past compliance matters, which management is diligently and consistently working to resolve.

2. FINANCIAL OVERVIEW

The Group reports positive financial performance in a year challenged by a stressed economic environment. Revenue increased by 4,3% to R284,9 million (F2018: R273,1 million), driven by revenue increases in coal extraction. Gross profit decreased by 21,9% to R58,0 million (F2018: R74,3 million), driven primarily by the Bricks segment sales mix changes and the increase in rentals of mobile equipment in the Coal segment. Operating profit before interest and taxation decreased by 62,5% to R12,5 million (F2018: R33,5 million). This decrease is a result of change of sales mixes with low profit margin products prevailing and the increase of rentals of mobile equipment which reduced the gross profit overall. The increase in operating expenses was primarily due to the increased BBBEE spend to increase the Group’s empowerment credentials.

Revenue

Revenue decreased by 9,5% in the Bricks segment to R161,8 million (F2018: R178,7 million) and increased by 30,4% in the Coal segment to R123,1 million (F2018: R94,4 million). Early heavy rains in the first quarter of the 2019 year resulted in a change in the brick manufacturing production cycle, which in turn hindered the Group's ability to translate revenue from early tender processes. Sales mix changes were experienced due to a change in market demand with lower revenue yielding products prevailing. The Group also ceased buying in bricks from third parties in the second half of the reporting period and took the decision to focus on its own core operations. The Coal segment also experienced drawbacks in the first quarter due to the rains, however, the commissioning of fixed plant at the end of the first quarter and the decision to rent productive mobile equipment in lieu of replacing existing capital equipment, resulted in improved efficiencies as well as an overall increase in revenue.

Gross Profit

Gross profit decreased by 21,9% to R58,0 million (F2018: R74,3 million). The decrease was due to the reduction of sales experienced in the Bricks segment, combined with limited power supply available to the brick plants due to power outages, and the rental of mobile equipment in the Coal segment, which was necessary due to the loss of productive capacity as a result of ageing mobile equipment. The prior reporting period had a change of estimate on environmental restoration provision for Vlakfontein, which positively affected the gross profit by R8,9 million due to the change of methodology to the pit void approach. This change in methodology was a once-off.

Operating profit before interest and taxation

Operating profit before interest and taxation decreased by 62,5% to R12,5 million (F2018: R33,5 million). This change is a result of the decreased gross profit mentioned earlier and an increase of R3,6 million in BBBEE spend in order to increase the Group's empowerment credentials.

Earnings per share and headline earnings per share

Earnings per share increased by 8,3% to 1,3 cents per share (2018: 1,2 cents per share), mainly due to the disposal of the discontinued operation (refer to note 4). Headline earnings per share decreased by 41,7% to 0,7 cents per share (2018: 1,2 cents per share), mainly due to the decreases in revenue and gross profit and the positive change in estimate experienced in the prior year of R8,9 million, which was a once-off adjustment not experienced again.

Net asset per share and tangible asset per share values

The Group continued to generate profits and invest in property, plant and equipment. This has resulted in an increase in net asset value per share of 12,8% to 10,6 cents per share (F2018: 9,4 cents per share), and net tangible asset value per share of

90,0% to 5,7 cents per share (F2018: 3,0 cents per share).

Capital expenditure
Major capital investments made by the Group during the year under review comprise R1,6 million on major repairs for mobile plant in the Coal segment due to expiration of their useful lives; R0,9 million on mobile equipment in the Bricks segment to improve efficiencies; R0,8 million on new motor vehicles in the Bricks segment due to motor vehicles reaching the end of their useful lives; and R0,8 million on major repairs and replacements on fixed plant for the Bricks segment.

Disposal of the discontinued operation
The Group successfully disposed of the aggregates segment in the current reporting period. The final purchase consideration amounted to R44,8 million, of which R20,4 million was received for the disposal of plant and equipment, R10,0 million in terms of the disposal of property, R 7,2 million in terms of the disposal of inventory and R7,2 million in terms of the disposal of the shares. Disposal costs amounted to R1,2 million. Shareholders are referred to note 4 of the annual financial statements in terms of the discontinued operation.

3. GOING CONCERN
The directors have prepared their budgets and cash flow forecast for the 2020 financial year based on reasonable and supportable assumptions.

The cash flow forecast and current management results indicate that the Group will operate as a going concern for the foreseeable future.

4. SUBSEQUENT EVENTS
As announced on SENS on 6 June 2019, two separate transactions occurred on 4 June 2019 relating to the off-market transfer of 107 084 630 and 20 265 024 shares, respectively, to Garnett Parkin, CEO of Brikor, at a price of 9 cents per share.

The above transactions were a transfer of shares from the Estate of Late G v N Parkin to Garnett Parkin and a family trust as part of the settlement of the Estate of Late G v N Parkin. There was no option to settle these shares in cash.

Other than as disclosed above and in the notes to the financial statements, management is not aware of any material events which occurred subsequent to the year ended 28 February 2019 and which need adjustment or disclosure.

5. DIVIDEND
No dividend has been declared or paid during the year under review.

6. CHANGES TO THE BOARD OF DIRECTORS

Laura Craig was appointed as Financial Director on 14 September 2018. Laura has been a key part of the finance team for the last several years. The Board wishes her well in this new chapter and the team will continue to support her in her new role.

7. PROSPECTS AND OPPORTUNITIES
   The Board of Directors remains positive about the potential which can be unlocked from the Group, given the consistent improvement of the statement of financial position, with the last major debts outstanding being those amounts owing to related parties and the South African Revenue Service.

   A priority during the year ahead will be the strengthening of Brikor's broad-based black economic empowerment status. The Board will be exploring opportunities to expand its black ownership base.

   With a lower risk profile going forward, the Group is well positioned to explore growth opportunities.

   Any forward-looking statements have neither been reviewed nor reported on by the Group's auditors, KPMG Inc.

8. OTHER MATTERS
   During the current and prior year(s) reportable irregularities had been identified and reported by the independent external auditors under the Auditing Profession Act to the Independent Regulatory Board of Auditors with regard to transactions relating to:
   - Non-compliance with the Income Tax Act, no 58 of 1962, in that:
     - annual income tax returns had not all been submitted.

   - Non-compliance with the Companies Act, no 71 of 2008, in that:
     - Statutory individual company annual financial statements had not been audited, signed and approved within six months of the respective financial year-ends.

9. MINERAL RESOURCES AND RESERVES
   The Competent Person's Report was approved by the Johannesburg Stock Exchange on 12 June 2019. The full report is available on the Company's website www.brikor.co.za.

NOTICE OF ANNUAL GENERAL MEETING
Notice is hereby given that the annual general meeting of shareholder of Brikor will be held at Brikor, 1 Marievale Road, Vorsterskroon, Nigel at 10:00 on Wednesday, 1 October 2019 to deal with the business as set out in the notice of annual general meeting in the integrated annual report 2019.

Record date for the purpose of determining

which shareholders are entitled to receive the notice of annual general meeting	Friday, 14 June 2019
Mailing of integrated annual report	Thursday, 20 June 2019
Last day to trade for the purposes of being entitled to attend, participate in and vote at the annual general meeting	Tuesday, 1 October 2019
Record date on which members must be recorded as such in the register maintained by the transfer secretaries of the Company for the purpose of being entitled to attend, participate in and vote at the annual general meeting	Friday, 4 October 2019
Proxy forms to be lodged with transfer secretaries by 10:00 on	Monday, 7 October 2019*

*Any form of proxy not delivered to the transfer secretaries by this time may be handed to the chairman of the annual general meeting prior to the commencement of the annual general meeting.

For and on behalf of the Board of Directors

Allan Pellow
Independent Non-Executive Chairperson

Garnett Parkin
Chief Executive Officer

Laura Craig CA(SA)
Financial Director

Nigel
14 June 2019

ABRIDGED AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 28 February

	Note	2019 R'000	2018 R'000
ASSETS			
Non-current assets		123 357	128 610
Property, plant and equipment		70 402	73 591
Intangible assets		4 176	4 784
Restricted financial assets		21 942	20 316
Deferred tax asset		26 837	29 919
Current assets		82 382	77 732
Inventories		44 098	36 607
Trade and other receivables		27 176	29 877
Cash and cash equivalents		7 306	11 248
Taxation		3 802	-

Assets held-for-sale	4	4 222	44 711
Total assets		209 961	251 053
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company		66 998	58 659
Stated capital		228 242	228 242
Accumulated loss		(161 244)	(169 583)
Total liabilities		142 963	192 394
Non-current liabilities		77 711	100 796
Shareholders' loans		16 296	43 544
Provision for environmental restoration	3	55 382	52 262
Deferred tax liability		6 033	4 990
Current liabilities		61 786	83 181
Borrowings		–	6 565
Shareholders’ loans		6 372	–
Trade and other payables		49 758	70 561
Taxation		5 656	6 055
Liabilities directly associated with the assets held-for-sale	4	3 466	8 417
Total equity and liabilities		209 961	251 053

ABRIDGED AUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the year ended 28 February

	Note	2019 R’000	2018 R’000
Continuing operations			
Revenue		284 894	273 128
Cost of sales		(226 858)	(198 846)
Gross profit		58 036	74 282
Other income		6 076	7 805
Administrative expenses		(37 215)	(39 524)
Distribution expenses		(6 751)	(6 197)
Other expenses		(7 601)	(2 878)
– Expenses		(7 789)	(2 068)
– Impairment reversals/(impairments)		188	(809)
Operating profit before interest and taxation		12 545	33 488
Finance income		777	901
Finance costs		(6 955)	(12 133)
Profit before taxation		6 367	22 256
Taxation		(2 735)	(7 724)
Profit after taxation from continuing operations		3 632	14 532
Discontinued operations			
Profit/(loss) from discontinued operations net of tax	4	450	(6 946)
Profit from disposal of discontinued operations net of tax	4	4 257	–
Profit for the year		8 339	7 586
Other comprehensive income for the year net of taxation		–	–
Total comprehensive income for the year			

attributable to owners of the Company		8 339	7 586

		2019	2018
Earnings per share	2	cents	cents
Basic			
Continuing operations		0,6	2,3
Discontinued operations		0,7	(1,1)
Total		1,3	1,2
Diluted			
Continuing operations		0,6	2,3
Discontinued operations		0,7	(1,1)
Total		1,3	1,2

ABRIDGED AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 28 February

	Stated capital R'000	Treasury shares R'000	Accu-mulated loss R'000	Total equity R'000
Balance at 28 February 2017	244 142	(15 900)	(177 169)	51 073
Total comprehensive income for the year	-	-	7 586	7 586
Balance at 28 February 2018	244 142	(15 900)	(169 583)	58 659
Total comprehensive income for the year	-	-	8 339	8 339
Balance at 28 February 2019	244 142	(15 900)	(161 244)	66 998

ABRIDGED AUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 28 February

	Note	2019 R'000	2018 R'000
Cash flows (to)/from operating activities		(15 408)	22 960
Cash (utilised by)/generated from operations		(5 951)	30 170
Finance income		1 226	867
Finance costs		(2 891)	(4 239)
Tax paid		(7 792)	(3 838)
Cash flows from/(to) investing activities		16 931	(16 916)
Additions to property, plant and equipment		(5 229)	(15 940)
Proceeds on disposal of plant and equipment		1 299	1 966
Proceeds on disposal of discontinued operation	4	23 640	-
Payments/contributions to rehabilitation trust funds		(2 779)	(2 942)
Cash flows to financing activities		(5 465)	(9 021)
Borrowings raised		-	33
Shareholders' loans and borrowings repaid		(5 465)	(9 054)
Net decrease in cash and cash			

equivalents	(3 942)	(2 977)
Cash and cash equivalents at beginning of year	11 248	14 225
Cash and cash equivalents at end of year	7 306	11 248

ABRIDGED AUDITED CONSOLIDATED SEGMENTAL ANALYSIS
for the year ended 28 February
Segment revenues and results
Factors used to identify segments are based on geographical location and divisional structuring, this is also how the Group reports financial results to management on a monthly basis.

Reportable segment revenue relates to external customers only. Revenue is derived solely from the South African customers.

Other matters
For the purposes of monitoring segment performance and allocating resources between segments:
- all assets are allocated to reportable segments other than assets held-for-sale, tax assets and cash and cash equivalents.
- all liabilities are allocated to reportable segments other than general borrowings, shareholders' loans, deferred taxations, taxation, bank overdraft and liabilities held-for-sale.

The following is an analysis of the Group's revenue and results from operations by reportable segments.

	Bricks R'000	Coal R'000	Other* R'000	Total R'000
Segment profit reconciliation				
2019				
Total revenue	161 785	141 249	-	303 034
Intersegment revenue	-	(18 140)	-	(18 140)
Reportable segment revenue	161 785	123 109	-	284 894
- Clay products	140 997	2 684	-	143 681
- Coal	-	116 232	-	116 232
- Transportation services and ancillary products	20 788	4 193	-	24 981
Gross profit	23 168	34 868	-	58 036
Other income	1 980	4 096	-	6 076
Operating profit before interest and taxation	(365)	12 910	-	12 545
Segment assets and liabilities				
Segment assets	90 718	75 552	43 691	209 961
Segment liabilities	(52 285)	(52 500)	(38 178)	(142 963)
Other segment information				
Depreciation and amortisation included in cost of sales and operating expenditure	(4 936)	(8 379)	-	(13 315)
Additions to non-current assets	2 760	2 469	-	5 229

* Other segment relates to non-segment-specific assets and liabilities which include the Aggregates segment classified as held-for-sale.

	Bricks R'000	Coal R'000	Other* R'000	Total R'000
Segment profit reconciliation				
2018				
Total revenue	178 685	111 971	–	290 656
Intersegment revenue	–	(17 528)	–	(17 528)
Reportable segment revenue	178 685	94 443	–	273 128
– Clay products	152 212	1 266	–	153 478
– Coal	–	87 310	–	87 310
– Transportation services and ancillary products	26 473	5 867	–	32 340
Gross profit	38 680	35 602	–	74 282
Other income	1 913	5 892	–	7 805
Impairments	809	–	–	809
Operating profit before interest and taxation	11 556	21 932	–	33 488
Segment assets and liabilities				
Segment assets	77 561	81 862	91 630	251 053
Segment liabilities	(50 795)	(74 451)	(67 148)	(192 394)
Other segment information				
Depreciation and amortisation included in cost of sales and operating expenditure	(4 784)	(9 165)	(1 076)	(15 025)
Additions to non-current assets	4 647	14 968	185	19 800

* Other segment relates to non-segment-specific assets and liabilities.

NOTES TO THE ABRIDGED AUDITED CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 28 February 2019

1. STATEMENT OF COMPLIANCE, BASIS OF PREPARATION AND AUDIT REPORT
   The abridged consolidated financial statements are prepared in accordance with the requirements of the JSE Listings Requirements for abridged reports, and the requirements of the Companies Act applicable to summary financial statements. The Listings Requirements require abridged reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34: Interim Financial Reporting. The accounting policies applied in the preparation of the consolidated financial statements from which the summary consolidated financial statements were derived are in terms of International Financial

Reporting Standards and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements, except for the adoption of new and revised standards and interpretations.

The abridged financial results are presented in South African rand and all financial information has been rounded to the nearest Rand thousands, except when otherwise indicated.

These abridged financial results were extracted from audited information but is not itself audited. The directors take full responsibility for the preparation of the abridged financial results and that the financial information has been correctly extracted from the underlying audited consolidated financial statements.

2. EARNINGS PER SHARE

	2019 cents	2018 cents
Basic		
Continuing operations	0,6	2,3
Discontinued operations	0,7	(1,1)
Total	1,3	1,2
Diluted		
Continuing operations	0,6	2,3
Discontinued operations	0,7	(1,1)
Total	1,3	1,2
Headline earnings		
Continuing operations	0,6	2,4
Discontinued operations	0,1	(1,2)
Total	0,7	1,2
Diluted headline earnings		
Continuing operations	0,6	2,4
Discontinued operations	0,1	(1,2)
Total	0,7	1,2

Reconciliation between basic earnings and headline earnings as well as diluted earnings

	Continuing operations R’000	Discontinued operations R’000	Total R’000
2019			
Basic and diluted profit	3 632	4 707	8 339
Profit on disposal of discontinued operation	-	(4 257)	(4 257)
Loss on disposal of property, plant and equipment	171	-	171
Loss on scrapping of property, plant and equipment	401	-	401
Impairment reversal of assets	(188)	-	(188)
Headline and diluted headline profit	4 016	450	4 466
2018			

Basic and diluted profit	14 532	(6 946)	7 586
Profit on disposal of property, plant and equipment	(290)	–	(290)
Loss on disposal of property, plant and equipment	2	153	155
Loss on scrapping of property, plant and equipment	5	–	5
Impairment of assets	810	(906)	(96)
Headline and diluted headline profit	15 059	(7 699)	7 360

Number of shares

	2019 '000	2018 '000
Weighted average number of shares	629 342	629 342
Diluted weighted average number of shares	629 342	629 342

3. PROVISIONS

	2019 R'000	2018 R'000
Environmental rehabilitation provision	55 382	52 262
Total	55 382	52 262
Provision: Environmental rehabilitation		
Opening balance	52 262	54 281
Unwinding of interest	3 318	4 718
Rehabilitation performed	(7 052)	(659)
Change in estimate	6 854	(416)
Recognised in profit or loss	694	(8 890)
Recognised in property, plant and equipment	6 160	8 474
Transfer to liabilities held-for-sale	–	(5 662)
Closing balance	55 382	52 262

The rehabilitation provision relates to the estimated costs of correcting any disturbance relating to mining and other operating activities and those incidental thereto. The level of provision is commensurate with work completed to date. The current gross closure cost of rehabilitation was estimated at R69,4 million (2018: R66,5 million). The future expected cost of the provision was calculated by escalating current gross closure cost at 6% (2018: 6%) per annum over the life of the operations ranging between 7 to 13,25 years (2018: 2 to 15 years). This future cost is discounted at the South African Government Bond Rate ranging between 8,79% and 9,15% (2018: 6,72% and 8,78%) to arrive at a carrying value of R55,4 million (2018: R52,3 million).

The Group has invested funds into various environmental trusts to be utilised by the Group as and when restoration activities are incurred. Investments made during the year into these funds amounted to R2,8 million (2018: R2,9 million). The total amount held in these trusts amounted to R21,9 million (2018: R20,3 million) at year-end.

The Department of Minerals and Energy hold guarantees in their favour for the mining rehabilitation cost to the amount of R25,2 million (2018: R17,5 million).

Material changes in estimates
Farm Vlakfontein 281IR (Ilangabi mine)
Management took the decision to perform concurrent rehabilitation on the Farm Vlakfontein 281IR (Ilangabi mine) during the 2019 year, which included the shaping and levelling to obtain the desired drainage per the submitted closure plan.

This resulted in a decrease in the provision to the amount of R3,9 million.

Portion 27, Varkensfontein no 169
Due to the closure of Portion 27 Farm Varkensfontein no.169 nearing completion, management performed the following concurrent rehabilitation:
- Load and haul
- Shaping and levelling
- Establishment of wetlands

This resulted in a decrease in the provision to the amount of R3,2 million.

Portion 70, Varkensfontein no 169
The gross closure cost for Plant 3 increased with R10,9 million in comparison to the prior financial year due to a change of approach.

Management performed further analysis of the rehabilitation requirements of the site and based on the most recent available information, and with the use of an external expert, developed an updated rehabilitation plan to align with best practices, allowing for the most recently submitted closure plan. The most significant change related to infrastructure.

4. ASSETS AND LIABILITIES HELD-FOR-SALE AND DISCONTINUED OPERATIONS
On the 20 September 2016 and 17 November 2016, the Group committed to sell two of its properties, namely the Rayton property situated at Portion 31 of Witfontein NO.510 – JR District Bronkhorstspruit "Rayton" and the Nigel Schist property situated at Portion 58 of the Farm Vrisgewaag 510IR "Schist", respectively.

Rayton property
The offer amounting to R2,2 million, which is inclusive of the transfer of the environmental restoration obligation, has been accepted and signed by the Company on 17 April 2017. In 2019, the environmental provision of this property continued to unwind and had a change of estimate to the value of R0,4

million (2018: R0,4 million). Accordingly, in order to realign the property to its recoverable amount, R0,2 million (2018: R0,4 million) of the previous impairment was reversed.

The non-recurring fair value determination of the non-current assets held-for-sale of R2,2 million has been classified as a level 2 fair value. Valuation was determined by the contractual amount of the offer received in the open market.

The sale is subject to the approval in terms of section 11(1) of the Mineral and Petroleum Resources Development Act, no 28 of 2008, being granted by the minister in respect of the cession and transfer of the mining right to the purchaser.

A further arrangement has been entered into with the purchaser to extend the original agreement up to 28 February 2020, in order to allow for the section 11(1) transfer to be finalised by the Department of Mineral Resources.

Schist property
Management is actively looking to dispose of this property and is of the opinion that it will be sold within the next year.

Conditions precedent for the disposal thereof is that a Section 41 closure certificate is received from the Department of Mineral Resources and that the property is fenced off. Discussions are being held with the Department of Mineral Resources to reduce the fencing only to the mined area, this will save costs and expedite the turnaround of a sale.

The non-recurring fair value of the non-current assets held-for-sale has been classified as a level 2 fair value.

Cumulative income or expenses included in profit/(loss) and other comprehensive income for assets held-for-sale:

	Rayton property R'000	Schist property R'000	Total R'000
2019			
Change in estimate for environmental rehabilitation provision	(39)	(897)	(936)
Impairment reversal	188	–	188
Net financing cost	(149)	–	(149)
Loss from operating activities (no tax effect)	–	(897)	(897)
2018			
Change in estimate for environmental rehabilitation provision	(328)	(12)	(340)
Impairment reversal	452	–	452
Net financing cost	(125)	–	(125)
Loss from operating activities			

(no tax effect)	(1)	(12)	(13)

Discontinued operations
The final agreement for the sale of Donkerhoek business was signed on 27 October 2017 with conditions precedent, including shareholder approval subsequent to the release of the required category 1 circular. The category 1 circular was posted and notice on the general meeting was issued on SENS on 14 March 2018. The general meeting in terms of the disposal was held at 1 Marievale Road, Vorsterskroon, Nigel, 1490 on 17 April 2018, and the disposal of the Donkerhoek business was approved by a quorum of shareholders present.

The final purchase consideration amounted to R44,8 million, of which R20,4 million was in lieu of plant and equipment; R10,0 million in lieu of property; R7,2 million in lieu of inventory and R7,2 million in terms of the disposal of the shares. R1,2 million disposal costs were incurred leaving the amount of R43,6 million net proceeds.

Recognition dates in terms of the sale were as follows:
- 17 April 2018 – sale of plant and equipment and inventory upon general meeting approval;
- May 2018 – sale of shares upon transfer of secretarial documents and share certificates; and
- 10 August 2018 – sale of property upon transfer of the properties at the deeds office.

The fair value of the Donkerhoek business has been classified as a level 2 fair value. The market comparison technique was used for the fair value of the Donkerhoek business.

The tables below analyse the results relating to the discontinued operations:

	2019	2018
Donkerhoek business	R'000	R'000
Revenue and other income	401	37 828
Expenses	(579)	(48 637)
Net financing costs	578	(393)
Finance income	578	18
Finance expense	–	(411)
Impairment reversal	–	906
Profit/(loss) from operating activities	400	(10 296)
Taxation	50	3 350
Profit/(loss) after taxation	450	(6 946)

No income or expenses were recognised in other comprehensive income relating to the disposal group.

Assets and liabilities held-for-sale
At 28 February 2019, the assets held-for-sale was stated at fair value less cost to sell.

The following table summarises the carrying value of assets and liabilities that have been classified as held-for-sale:

	Rayton property R'000	Schist property R'000	Total R'000
2019			
Non-current assets held-for-sale			
	R'000	R'000	R'000
Property, plant and equipment	4 209	13	4 222
	4 209	13	4 222
Non-current liabilities held-for-sale			
Environmental rehabilitation provision	2 009	1 457	3 466
	2 009	1 457	3 466

At 28 February 2018, the non-current assets held-for-sale was stated at fair value less cost to sell and comprised the following:

	Rayton property R'000	Schist property R'000	Donker-hoek business R'000	Total R'000
2018				
Assets held-for-sale				
Property, plant and equipment	4 021	13	28 370	32 404
Intangible assets	–	–	5 074	5 074
Inventory*	–	–	7 233	7 233
	4 021	13	40 677	44 711
Liabilities held-for-sale				
Environmental rehabilitation provision	1 821	560	5 662	8 043
Salary accruals	–	–	374	374
	1 821	560	6 036	8 417

* Inventory includes consumables to the value of R0,3 million, which were recovered through a normal trade basis.

The table below summarises the profit on the sale relating to the discontinued operations:

	Donkerhoek business R'000
Gross proceeds	44 855
Less: disposal costs	(1 215)
Net proceeds	43 640
ASSETS	
Non-current assets	33 444
– Property, plant and equipment	28 370
– Intangible assets	5 074
Current assets	7 207

- Inventory	7 207
Total assets	40 651
LIABILITIES	
Non-current liabilities	(5 662)
- Provisions	(5 662)
Current liabilities	(374)
- Trade and other payables	(374)
Total liabilities	(6 036)
Less: net asset value of the Donkerhoek business	34 615
Profit on disposal of discontinued operation before taxation	9 025
Less: taxation	(4 768)
Profit on disposal of discontinued operation	4 257

The table below summarises the cash flow effects relating to the discontinued operations:

	2019	2018
Donkerhoek business	R'000	R'000
Cash flow		
Net cash flows from operating activities	465	158
Net cash flows from investing activities*	23 640	315
Net increase in cash flow	24 105	473

*Reconciliation of net cash flow from investing activities

	2019	2018
	R'000	R'000
Net proceeds	43 640	-
Direct transfer to shareholders' Loan	(20 000)	-
Net cash flow from investing activities	23 640	-

5. CONTINGENCIES

Contingent liabilities

The Group's operations are located in Nigel and is in close proximity to the Blesbokspruit watercourse (the Blesbokspruit watercourse is classified as a RAMSAR site in terms of the RAMSAR convention on Wetlands of International Importance). The precise particulars of the operation's proximity to the watercourse still needs to be formally delineated by a wetland specialist.

However, considering the current location of the Group's operations and the potential movement of groundwater and drainage towards the Blesbokspruit watercourse, and allowing for the current rehabilitation approach that was consistently applied for Vlakfontein, Plant 1 and 3 as well as Portion 27, further analysis and monitoring would be required in assessing the potential future impact on water quality that might occur, after the closure.

The proximity assessment and results from the water monitoring are required to assess and confirm a justifiable approach (as required by the National Water Act) that does not pose a longterm water quality-related risk at eventual quarry closure. In addition, the nature and extent for the redirection of surface run-off still need to be fully understood. The cost determination of water quality-related effects and water use requirements (in terms of the National Water Act) remain uncertain at this stage and are not currently reasonable quantifiable.

Additional information that is obtained from further studies and monitoring could result in future obligations that would require the Group to recognise additional cost provisions for environmental rehabilitation.

6. OTHER LEGAL AND REGULATORY REQUIREMENTS

On 16 May 2019, the auditors reported reportable irregularities to the Independent Regulatory Board of Auditors in respect of non-compliance with the Income Tax Act, No 58 of 1962, and the Companies Act, No 71 of 2008. The particulars of the reportable irregularities relate to the following instances:

- non-submission of annual tax returns, as required by the Income Tax Act, No 58 of 1962;
- non-compliance with section 30 of the Companies Act in terms of preparing and approving of the statutory annual financial statements within six months after the end of its financial year.

These non-compliances originated in the time of the provisional liquidation of Brikor and resultant cash flow constraints on the Group.

The directors are aware of the above and are in the process of taking corrective steps, particularly since the provisional liquidation of Brikor has been lifted to ensure that the relevant non-compliances are adequately addressed. Full provision has been made in the consolidated financial statements for any related amounts due. All provisional income tax returns have been submitted and paid as at the date of signature of the report.

Since 2018, the Group has finalised the following statutory individual annual financial statements and submitted the following tax returns:
Ilangabi Investments 12 (Pty) Ltd: 2013, 2014, 2015, 2016 and 2017
Holding company: 2013, 2014 and 2015

The remaining outstanding individual statutory annual financial statements and tax returns are as follows:
Ilangabi Investments 12 (Pty) Ltd: 2018
Holding company: 2016, 2017 and 2018.

7. DIRECTORS' EMOLUMENTS

	2019	2018

	R'000	R'000
EXECUTIVE		
Directors		
Short-term employee benefits	4 895	4 292
Post-employment benefits	236	194
Prescribed officers		
Short-term employee benefits	1 043	2 553
Post-employment benefits	27	107
NON-EXECUTIVE		
Directors		
Short-term employee benefits	2 288	2 499

BRIKOR LIMITED
Incorporated in the Republic of South Africa
Registration number: 1998/013247/06
JSE code: BIK
ISIN: ZAE000101945
("Brikor" or "the Group" or "the Company")

DIRECTORS:
Allan Pellow (Chairperson)#
Peter Moyanga (Lead Independent Director)#
Garnett Parkin (Chief Executive Officer)
Laura Craig (Financial Director)
Mamsy Mokate#
Collen Madolo#
AP van der Merwe*
* Non-executive
# Independent non-executive

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COMPANY SECRETARY:
Fusion Corporate Secretarial Services (Pty) Ltd

TRANSFER SECRETARIES:
Computershare Investor Services (Pty) Ltd

AUDITORS:
KPMG Inc.

DESIGNATED ADVISER:
Exchange Sponsors (2008) (Pty) Ltd

These results and an overview of Brikor are available at www.brikor.co.za