ANNUAL FINANCIAL STATEMENTS

CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

Brikor Limited has been established and incorporated in compliance with the provisions of the Companies Act of South Africa and operates in conformity with its Memorandum of Incorporation.

The consolidated and separate financial statements have been audited in compliance with Section 30 of the Companies Act of South Africa.

AUDITORS

Nexia SAB&T
Registered Auditors

PREPARER

The consolidated and separate financial statements for the year ended 28 February 2022 were prepared by Ms Joaret Botha CA(SA), Financial Director.

PUBLISHED

27 May 2022

STATEMENT BY THE CEO AND FINANCIAL DIRECTOR

In compliance with paragraph 3.84(k) of the JSE Listings Requirements

The directors, whose names are stated below, hereby confirm that –

(a) the annual financial statements set out on pages 145 to 234, fairly present in all material respects the financial position, financial performance and cash flows of Brikor in terms of IFRS;

(b) no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;

(c) internal financial controls have been put in place to ensure that material information relating to Brikor and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the issuer; and

(d) the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function within the combined assurance model pursuant to principle 15 of the King Code. Where we are not satisfied, we have disclosed to the Audit and Risk Committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls and any fraud that involves directors, and have taken the necessary remedial action.

Signed by the CEO and the Financial Director

Garnett Parkin
CEO

Joaret Botha
Financial Director

STATEMENT OF RESPONSIBILITY AND APPROVAL BY DIRECTORS

The directors are required in terms of the Companies Act of South Africa to maintain adequate accounting records and are responsible for the content and integrity of the consolidated and separate financial statements and related financial information included in this report. It is their responsibility to ensure that the consolidated and separate financial statements fairly present the state of affairs of the Group and the Company as at the end of the financial period and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards and the requirements of the Companies Act of South Africa. The external auditors are engaged to express an independent opinion on the consolidated and separate financial statements.

The directors acknowledge that they are ultimately responsible for the system of internal financial controls established by the Group and Company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the Board of Directors sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Group and the Company and all employees are required to maintain the highest ethical standards in ensuring the Group and the Company's business is conducted in a manner that, in all reasonable circumstances, is above reproach. The focus of risk management in the Group and the Company is on identifying, assessing, managing and monitoring all known forms of risk across the Group and the Company. While operating risk cannot be fully eliminated, the Group and the Company endeavour to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Group and the Company's Audit and Risk Committee plays an integral role in risk management as well as overseeing the Group and the Company's integrated reporting.

The King IV Code™ of Corporate Governance has been integrated into the Group and the Company's strategies and operations.

The system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the consolidated and separate financial statements. However, any system of internal financial controls can provide only reasonable, and not absolute, assurance against material misstatement or loss.

Should an event arise where the directors are not satisfied with the internal financial controls, the directors will disclose to the Audit and Risk Committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls and any fraud that involves directors, and will take the necessary remedial action. During the reporting period, the directors were satisfied with the internal financial controls and no remedial action was required.

The directors have reviewed the Group and the Company's cash flow forecasts for the year to 28 February 2023 and, in the light of this review and the current financial position, they are satisfied that the Group and the Company have or have access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors were given unrestricted access to all financial records and related data, including minutes of meetings of shareholders, the Board of Directors and Committees of the Board. The directors believe that all representations made to the independent auditors during their audit are valid and appropriate.

The external auditors are responsible for independently auditing and reporting on the Group and the Company's financial statements. The consolidated and separate financial statements have been examined by the Group and the Company's external auditors and their report is presented on pages 160 to 164.

The consolidated and separate financial statements set out on pages 165 to 234, which have been prepared on the going concern basis, were approved by the Board of Directors on 23 May 2022 and were signed on its behalf by:

Garnett Parkin
CEO

Botha

Joaret Botha
Financial Director

CERTIFICATION BY COMPANY SECRETARY

In my capacity as Company Secretary as at 28 February 2022, I hereby certify that for the year ended 28 February 2022, the Company has filed all such returns and notices as required by the Companies Act, no 71 of 2008, and that all such returns and notices appear to be true, correct and up to date.

Fusion Corporate Secretarial Services (Pty) Ltd
Represented by: Melinda Gous

23 May 2022

REPORT OF THE AUDIT AND RISK COMMITTEE

for the year ended 28 February 2022

The Audit and Risk Committee (the Committee) has pleasure in submitting this report, describing how it discharged its duties assigned in terms of the Companies Act, and additional duties assigned to it by the Board of Directors, in respect of the financial year ended 28 February 2022.

COMMITTEE MEMBERS AND ATTENDANCE AT MEETINGS

The Committee is constituted as a statutory committee of the Company in respect of its statutory duties as stipulated in section 94(7) of the Companies Act and is a committee of the Board in respect of all other duties assigned to it by the Board, as contemplated in the King Code (King IV™).

At the Annual General Meeting held on 25 August 2021, the resolutions pertaining to the appointment of the members of the Committee being Mr Steve Naudé (Chairperson), Ms Mamsy Mokate and Ms Funeka Mtsila were passed by the requisite majority of shareholders.

The Committee meets at least three times a year. In terms of the JSE Listings Requirements, a representative of the Company's Designated Adviser attends all Audit and Risk Committee meetings. The Financial Director, executive directors and other members of management attend the Committee meetings by invitation.

The attendance at meetings during the period 1 March 2021 to 28 February 2022 was as follows:

	20 May 2021	10 Nov 2021	24 Feb 2022
MEMBERS			
Steve Naudé *(Chairperson)*	P	P	P
Mamsy Mokate	P	P	P
Kinney Moremoholo [1]	A		
Funeka Mtsila [2]	N/A	P	P
INVITEES			
Allan Pellow *(Chairperson of the Board)*	P	P	P
Garnett Parkin *(Chief Executive Officer)*	P	P	P
Joaret Botha *(Financial Director)*	P	P	P
Exchange Sponsors (2008) (Pty) Ltd *(Designated Adviser)*	P	P	P
Nexia SAB&T *(External auditors)*	P	P	P
COMPANY SECRETARY			
Company Secretary (Fusion Corporate Secretarial Services (Pty) Ltd)	P	P	P

[1] *Passed away on 27 May 2021.*

[2] *Appointed on 18 June 2021.*

P – Present A – Apology N/A – Not applicable

Report of the Audit and Risk Committee
continued

for the year ended 28 February 2022

ROLE AND RESPONSIBILITIES – TERMS OF REFERENCE

The Committee's role and responsibilities are governed by a formal Charter as approved by the Board. The Charter is subject to an annual review by the Board. A copy of the Charter can be obtained at the Company's registered office.

A brief summary of the Committee's duties and responsibilities are outlined below.

The Committee shall:

- review its Charter annually;
- annually consider the performance of the Group Financial Director or equivalent appointee;
- review significant cases of employee conflicts of interest, misconduct or fraud;
- consider other topics as defined by the Board from time to time and to investigate any activity, which the Committee, in its sole discretion, considers falling within the scope of its powers;
- review compliance with legal, statutory and regulatory matters and any current or pending litigation or regulatory proceedings in which the Company is involved in any way, as well as to review significant transactions not directly related to the Company's normal business which the Committee might deem appropriate;
- assist directors to discharge their duties relating to the safeguarding of assets, the operation of adequate financial systems and controls and the reviewing of financial information and preparation of annual financial statements which shall be provided to shareholders and other stakeholders; and
- address appropriately any complaints (internal or external) relating either to the accounting practices and internal audit of the Group or to the content or auditing of its financial statements, or to any related matter; and
- assume all roles and performs all duties on behalf of Ilangabi Investments 12 (Pty) Ltd, Brikor's wholly owned subsidiary.

Combined assurance

The Committee ensures that a combined assurance model is applied to provide a coordinated approach to all assurance activities.

Risk management

The Committee is an integral component of the risk management process and, specifically, the Committee must oversee:

- financial reporting risks;
- internal financial controls;
- fraud risks as it relates to financial reporting; and
- IT risks as it relates to financial reporting.

Internal audit

The Group does not currently have an Internal Audit function and stakeholders are referred to page 151 for further information in relation to steps being taken in this regard.

External auditors and the external audit

The audit partner in charge of the external audit and head of internal audit shall have unrestricted access to the Chairperson of the Committee in relation to any matter falling within the ambit of the Committee.

The Committee is responsible for recommending the appointment of the external auditor and to oversee the external audit process.

Internal control

The Committee will consider the effectiveness of the Group's systems of internal control which includes management's responsibility for:

- maintaining proper and adequate accounting records;
- controlling the overall operational and financial reporting environment; and
- safeguarding the Group's assets against unauthorised use or disposal.

Investigations

The Committee will ensure that management directs and supervises investigations into and reports on matters within its scope, for example, breakdowns in internal control, cases of employee fraud, misconduct or conflict of interest.

The Committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period.

AUDIT AND RISK COMMITTEE ACTIVITIES AND DECISIONS TAKEN

AUDIT	
Auditor independence and rotation	• The Committee considered the external auditor's independence and confirmed their independence. • In assessing the suitability of the reappointment of Nexia SAB&T and the audit partner, Ms Aadila Aboobaker, the Committee assessed the information provided by Nexia SAB&T, as required per paragraph 22.15(h) of the JSE Listings Requirements. • The Committee recommended the reappointment of Nexia SAB&T as auditors, with Ms Aadila Aboobaker as the audit partner, for the ensuing year to shareholders for approval at the Annual General Meeting to be held on 24 November 2022. • The external auditor and the designated audit partner are accredited by the JSE. • The external auditors have unrestricted access to the Committee and its Chairperson with a view to ensuring that their independence is not impaired.
External audit scope and budget	• Approved the external audit engagement letter, the audit plan and the budgeted audit fees payable to the external auditors. • No non-audit services were provided by the external auditors during the 2022 financial year.
Quality of external audit	• The quality of the audit has been of a high standard with independence and objectivity always at the forefront.
Approval of annual and interim financial statements	• Considered the accounting treatments and the appropriateness of the accounting policies. The accounting policies applied in the 2022 financial statements are consistent with those applied in the prior year. • Reviewed a documented assessment by management of the going concern premise of the Company and the Group before recommending to the Board that the Company and the Group will be going concerns in the foreseeable future. • Met separately with management and external auditors and was satisfied that there were no material control weaknesses. • Reviewed the representation letter relating to the consolidated and separate financial statements. • Ensured that appropriate financial reporting procedures exist and are working, which included consideration of all entities included in the consolidated financial statements, and confirmed that the Committee had access to all Brikor's financial information to confirm the effective preparation and reporting of the Group and Company's financial statements. • Examined the interim and annual financial information made public, prior to their approval by the Board.

Report of the Audit and Risk Committee

continued

for the year ended 28 February 2022

AUDIT (continued)	
JSE Proactive Monitoring Panel	• Considered the 2021 JSE Report on Proactive Monitoring issued on 9 November 2021, including Annexure 3, and has taken the appropriate action to apply the findings. • As reported in the 2021 Integrated Annual Report, the Committee noted that the JSE notified Brikor that the 2021 annual financial statements have been selected for review. • A detailed review by the JSE of the 2021 annual financial statements as well as the interim financial statements for the six months ended 31 August 2021 identified only four areas of enquiry. Despite these four areas of enquiry, the JSE was impressed with the overall quality of Brikor's financial reporting and commended Brikor in this regard. • The file review process was closed with the understanding that updated disclosures will be provided in future financial reporting for the matters identified. • The findings from the JSE as well as actions taken are noted below: Matter 1: Amending disclosure wording relating to the Zingaro Holdings (Pty) Ltd ("Zingaro") call option to illustrate the following: a) Disclose the fact that the call option entitles Brikor to purchase 60 shares, which equates to 60% of Zingaro, in exchange for a fixed number of Brikor shares. Refer to note 6 for amended disclosures. b) To reflect that the call option is conditional on shareholder approval as opposed to the acquisition of Zingaro being unconditional in all respects. Refer to note 6 for amended disclosures. Matter 2: Amending disclosure for the provision for environmental rehabilitation to include a sensitivity analysis of assumptions and their impact on the provision for environmental rehabilitation, given the materiality of the provision as well as the impact on profit or loss. Refer to note 17 for additional sensitivity analysis disclosures. Matter 3: Providing the fair value disclosure for the Group's restricted financial investments in the interim and condensed results. These disclosures will be incorporated in the interim results for the six months ending 31 August 2022. Matter 4: Amending the wording relating to lease renegotiations to illustrate that the annual lease renegotiations is a term of the original lease contract and, therefore, not a lease modification as defined in Appendix A of IFRS 16. Refer to note 14 for amended disclosures.
Finance function and internal controls	• Obtained assurances from the external auditors that adequate accounting records were being maintained. • The Committee noted the summarised deficiencies identified by external audit, external audit's recommendations in this regard, management's responses thereto and the progress made. None of the internal control deficiencies identified were considered material. • Established that Brikor has appropriate financial reporting procedures in place and that those procedures are operating.
Financial Director and finance function	• The Committee confirms that it has satisfied itself of the appropriateness of the experience and expertise of the Financial Director, Ms Joaret Botha CA(SA). • The Committee considered the appropriateness of the expertise and adequacy of resources of the Company's finance function and the experience of the senior members of management responsible for the finance function and concluded these were appropriate.

Report of the Audit and Risk Committee

continued

for the year ended 28 February 2022

AUDIT (continued)	
Internal audit	• Continuously reviewed the requirement and the necessity to appoint internal auditors, measured against affordability for the Company in its current form. • It is confirmed that no Chief Audit Executive was appointed. • The Committee noted the increased need for an internal auditor appointment. The position need not be a permanent appointment, but an external service provided that could conduct internal control assessments twice a year. Subsequent to the implementation and revision of the risk register, management proposed that an internal control framework be developed which would ultimately assist with a more efficient internal audit process. • The Board as a whole remains responsible for the assessment of the appropriateness of internal controls. There has been nothing material to report during the reporting period. • An Internal Audit Plan and Policy will be developed once a formal internal control framework is designed and the internal audit function is effective.
Solvency and liquidity	• A detailed analysis of the solvency and liquidity of the Company and the Group was performed, being cognisant of the current economic environment and the resultant increase in diesel and other prices as well as continued loadshedding being implemented by Eskom. The COVID-19 pandemic and suggested changes to the health, social development, labour and other laws and regulations are not expected to have an impact on the solvency and liquidity of the Company or Group.
RISK	
Policies on risk management	• The Committee reviewed the Risk Management Policy and remained satisfied with it. • The Committee reviewed the revised risk register and was satisfied with the implementation and ongoing monitoring of the risk register. • An internal control framework would be developed, based on the revised risk register. • It was decided that the Financial Director would be the custodian of the risk register with the assistance of the risk controller.
Legal risk	• The Committee was satisfied that there has been no material non-compliance with laws and regulations. • The Committee is also satisfied that it has complied with all its legal, regulatory and other responsibilities during the reporting period. • Refer to note 30 – Contingencies for disclosure relating to pending court cases.
Financial risk	• Refer to note 35 in the financial statements for full disclosure on financial risks.
COVID-19	• The Committee was satisfied with management's performance and measures implemented to combat the impact and associated risks of the COVID-19 pandemic. • As part of the fight against COVID-19, the Group hosted a two-day vaccination drive during September 2021. The vaccination drive was an immense success with more than 300 vaccines administered.
Compliance with legal and regulatory responsibilities	• Reviewed compliance with legal and regulatory responsibilities. • The process of aligning certain policies and procedures with King IV™ is ongoing.
ASSURANCE	
Combined assurance	• The Group adopted a five-tiered approach in respect of combined assurance, comprising management-based assurance, risk and compliance-based assurance, internal assurance and external assurance with Board and oversight sub-Committees as the fifth line of defence.

Report of the Audit and Risk Committee

continued

for the year ended 28 February 2022

GOVERNANCE	
Charter of the Audit and Risk Committee	• The Committee's Charter was reviewed, and no amendments were made during the reporting period.
Evaluation of the effectiveness and constitution of the Committee	• The Committee remained satisfied with the ongoing independence, skills, experience and qualifications of the Committee members. • The Committee members noted their roles and responsibilities and remained committed to fulfilling same.

CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

Following the review by the Committee of the consolidated and separate annual financial statements of Brikor for the year ended 28 February 2022, the Committee is of the view that, in all material aspects, it complies with the relevant provisions of the Companies Act and International Financial Reporting Standards and fairly presents the financial position at that date and the results of its operations and cash flows for the reporting period.

The Committee has also satisfied itself as to the integrity of the remainder of the Integrated Annual Report.

The Committee recommended the consolidated and separate financial statements for the year ended 28 February 2022 for approval to the Board on 23 May 2022.

CONCLUSION

The Report of the Audit and Risk Committee was approved by the Board on 23 May 2022.

Steve Naudé

Chairperson of the Audit and Risk Committee

DIRECTORS' REPORT

for the year ended 28 February 2022

The directors have pleasure in presenting their report on the activities of the Group and the Company, which forms part of the consolidated and separate annual financial statements for the year ended 28 February 2022. The consolidated and separate financial statements presented on pages 165 to 234 set out fully the financial position, results of operations and cash flows of the Group and the Company for the financial year ended 28 February 2022.

NATURE OF BUSINESS

Brikor, which listed on the AltX in August 2007, is a diverse manufacturer and supplier of building materials across a broad spectrum of the market from low-cost housing, residential to commercial, industrial, civil engineering and infrastructure projects. The Group operates through two segments, namely Bricks and Coal (the latter being through its wholly owned subsidiary, Ilangabi Investments 12 (Pty) Ltd).

As announced on SENS on 3 March 2021, Brikor acquired a 40% shareholding in Zingaro Holdings (Pty) Ltd ("Zingaro"), the details of which are disclosed in note 6 of the annual financial statements. Zingaro primarily operates in South Africa and mainly services short to medium distance routes in Gauteng, North West, Mpumalanga and Limpopo, with a fleet of more than 100 specialised vehicles. Zingaro specialises in providing turnkey services for mine activities, such as loading, hauling, stockpile management and haul road maintenance by using a wide range of specialised trucks and earth-moving equipment. Its specialised vehicles include tipper, low-bed and flat-deck trucks as well as various plant and mining equipment. Zingaro is an associate company of Brikor Limited.

AUTHORISED AND ISSUED STATED CAPITAL

There were no changes to the authorised ordinary no par value shares during the reporting period.

The issued ordinary no par value shares increased to 838 242 031 (2021: 645 242 031) during the reporting period. The increase relates to the allotment and issue by Brikor of 193 000 000 ordinary shares at 15 cents per share as part of the acquisition of a 40% shareholding in Zingaro. The details of the acquisition are disclosed in note 6 of the consolidated and separate financial statements.

Brikor holds 15 900 000 ordinary no par value shares of its own issued shares. The shares are held as treasury shares by the Brikor Share Incentive Scheme Trust.

At the last Annual General Meeting held on 25 August 2021, the ordinary resolution granting the directors a general authority to allot and issue ordinary shares in the capital of the Company for cash as and when suitable situations arise and only if certain conditions are met, were not passed by the requisite majority of shareholders.

SPECIAL RESOLUTIONS AND NON-BINDING ADVISORY RESOLUTIONS

Special resolution 1

The resolution granting the Company authority to repurchase its own shares was not passed by the requisite majority of shareholders.

Special resolutions number 2 and 3

The requisite majority of shareholders did not pass the resolutions authorising the directors under special resolution to:

- provide financial assistance to any company or corporation which is related or inter-related to the Company in terms of section 45 of the Companies Act, subject to compliance with the requirements of the Company's constitutional documents and the Companies Act; and
- provide financial assistance to any company or corporation which is related or inter-related to the Company in terms of section 44 of the Companies Act, subject to compliance with the requirements of the Company's constitutional documents and the Companies Act.

No other special resolutions were passed by the Company's shareholders, which would affect the understanding of the Group.

Directors' report

continued

for the year ended 28 February 2022

Non-binding advisory resolutions

The non-binding endorsement of Brikor's Remuneration Policy was passed by 59,35% of shareholders present and represented by proxy, with 40,65% being dissenting votes in respect of the non-binding advisory resolution. The non-binding endorsement of Brikor's Remuneration Implementation Report was passed by 59,42% of shareholders present and represented by proxy, with 40,58% being dissenting votes in respect of the non-binding advisory resolutions. Details of engagements with dissenting shareholders are disclosed in the Report of the Remuneration Committee.

DIVIDENDS

No dividends were declared or paid during the reporting period (2021: Rnil).

DIRECTORS AND COMPANY SECRETARY

The directors of the Company during the reporting period are shown below.

Name	Designation	Date appointed	Date resigned
Allan Pellow	Independent Non-Executive Chairperson	21 February 2018	
Mamsy Mokate	Lead Independent Director	12 April 2017	
Garnett Parkin	Chief Executive Officer	20 February 2007	
Joaret Botha	Financial Director	29 June 2020	
Funeka Mtsila	Independent Non-Executive Director	18 June 2021	
Kinney Moremoholo	Independent Non-Executive Director	14 December 2020	Passed away on 27 May 2021
Steve Naudé	Independent Non-Executive Director	22 October 2019	

In terms of the Company's Memorandum of Incorporation, Ms Mamsy Mokate retired by rotation at the Annual General Meeting held on 25 August 2021 and was re-appointed by shareholders. The appointment of Ms Funeka Mtsila was ratified by shareholders.

Mr Steve Naudé is set to retire by rotation at the Annual General Meeting to be held on 24 November 2022 and, being eligible, offers himself for re-election as a director of the Company. A resolution to re-appoint Mr Steve Naudé as a director of the Board will be presented to shareholders at the Annual General Meeting to be held on 24 November 2022. Resolutions to confirm the re-appointments of Mr Steve Naudé (Chairperson) and Ms Mamsy Mokate and Ms Funeka Mtsila as members of the Audit and Risk Committee, will be presented to shareholders at the Annual General Meeting to be held on 24 November 2022.

Fusion Corporate Secretarial Services (Pty) Ltd is the Company Secretary of Brikor.

ANALYSIS OF SHAREHOLDING

as at 28 February 2022	Number of shareholdings	%	Number of shares	%
SHAREHOLDER SPREAD				
1 – 1 000 shares	10 927	81,91	1 714 731	0,20
1 001 – 10 000 shares	1 734	13,00	5 451 991	0,65
10 001 – 100 000 shares	519	3,89	18 913 213	2,26
100 001 – 1 000 000 shares	136	1,02	37 652 279	4,49
1 000 001 shares and over	25	0,19	774 509 817	92,40
	13 341	**100,00**	**838 242 031**	**100,00**
DISTRIBUTION OF SHAREHOLDERS				
Banks/Brokers	12	0,09	1 064 376	0,13
Close Corporations	6	0,04	32 260	0,00
Endowment Fund	1	0,01	8 000	0,00
Nominees and Trusts	28	0,21	203 780 757	24,31
Other Corporations	24	0,18	941 501	0,11
Private Companies	37	0,28	3 814 968	0,46
Retail Investors	13 231	99,18	612 690 169	73,09
Retirement Funds	1	0,01	10 000	0,00
Share Trust	1	0,01	15 900 000	1,90
	13 341	**100,00**	**838 242 031**	**100,00**
PUBLIC/NON-PUBLIC SHAREHOLDERS				
Non-public shareholders	**10**	**0,07**	**536 375 577**	**63,99**
Directors and associates of the Company holdings	1	0,01	107 513 550	12,83
Share Trust	1	0,01	15 900 000	1,90
Strategic holdings	3	0,02	323 577 950	38,60
Related holdings	5	0,04	89 384 077	10,66
Public shareholders	**13 331**	**99,93**	**301 866 454**	**36,01**
	13 341	**100,00**	**838 242 031**	**100,00**

	Number of shares	%
Beneficial shareholders holding 5% or more		
Meiring, EC	130 000 000	15,51
Parkin, G	107 513 550	12,83
The Daniel Parkin Testamentary Trust	100 924 239	12,04
Parkin, E	92 653 711	11,05
Mac Master, EJ	64 346 200	7,68
Mac Master, L	64 326 900	7,67
Buys, PB	64 326 900	7,67
Elgar Share Trust	52 689 201	6,29
The Milan Rautenbach Testamentary Trust	35 694 876	4,26
	712 475 577	**85,00**

Directors' report

continued

for the year ended 28 February 2022

DIRECTORS, ASSOCIATES AND PRESCRIBED OFFICERS' INTEREST IN THE ORDINARY SHARE CAPITAL OF THE COMPANY

Details of the directors, associates and prescribed officers' shareholding are disclosed in note 38 of the consolidated and separate financial statements.

At the reporting date, the directors held an aggregate direct beneficial interest of 12,83% (2021: 16,66%) in the ordinary share capital of the Company. The shares held are not subject to security, guarantees or any collateral. Refer to note 38 – Directors' interest in shares.

The staff of the Designated Adviser of Brikor held 2 043 420 shares (0,24%) (2021: 3 000 000 shares (0,46%) directly and indirectly in the ordinary share capital of the Company at the reporting date.

There has been no material change in the directors' interest in the issued share capital between 28 February 2022 and the date of this report.

DIRECTORS AND PRESCRIBED OFFICERS' EMOLUMENTS

Details of the directors and prescribed officers' emoluments are set out in note 33 of the consolidated and separate financial statements.

DIRECTORS' INTEREST IN CONTRACTS

The directors have certified that they had no material interest in any transaction of any significance to the Company or any of its subsidiaries during the reporting period, other than as disclosed in note 32 – Related parties.

CONFLICT OF INTERESTS

No conflicts of interest have been identified.

SUBSIDIARIES AND ASSOCIATES

Details of the holding Company's interest in subsidiaries and associates are set out in notes 5 and 6 of the consolidated and separate financial statements.

BORROWING POWERS

In terms of the Memorandum of Incorporation of the Company, the directors may exercise all the powers of the Company to borrow without limit, as they consider appropriate.

CORPORATE ACTIVITY DURING THE REPORTING PERIOD

COVID-19 pandemic

The National State of Disaster ended at midnight on 4 April 2022. Transitional measures were implemented and remained in place for a period of 30 days. Government is currently evaluating new Health Regulations and indicated that the pandemic will be managed through normal health, social development, labour and other laws and regulations going forward.

The Group's Disaster Management Team continuously monitor any developments relating to the COVID-19 pandemic. The Disaster Management Team also ensures that all the necessary protocols which were put into place are being adhered to and that these protocols remain relevant and in line with any new regulations.

Vaccination drives

As part of the fight against COVID-19, the Group hosted a two-day vaccination drive during September 2021. The vaccination drive was an immense success with more than 300 vaccines administered.

Acquisition of a 40% shareholding in Zingaro Holdings (Pty) Ltd

On 2 March 2021, Brikor entered into a written agreement to acquire 40% of the issued share capital of Zingaro Holdings (Pty) Ltd ("Zingaro") from Elsie Johanna Mac Master, Leon Mac Master and Pieter Barend Buys ("the Sellers") with effect from 2 March 2021.

Brikor acquired 40% of all ordinary shares in Zingaro for a purchase consideration of R50 million, which purchase consideration was discharged as follow:

- the amount of R29 million by the allotment and issue by Brikor of 193 000 000 ordinary shares in Brikor to the Sellers at an issue price of 15 cents per Brikor share, credited as fully paid-up (see notes 6 and 13 for detailed disclosure relating to the issue of the ordinary shares); and
- the amount of R21 million through loan account from the Sellers in the books of account of Brikor (see notes 6 and 16 for detailed disclosure relating to the loan accounts with the Sellers, respectively).

The Sellers have granted Brikor an irrevocable right and option from the effective date until 30 April 2023 to purchase the remaining 60 shares, which equates to 60% shareholding in Zingaro from the Sellers for a purchase consideration of R90 million in the aggregate, which purchase consideration shall be discharged by the allotment and issue by Brikor of 600 000 000 ordinary shares in Brikor to the Sellers at an issue price of 15 cents per Brikor share, i.e., in exchange for a fixed number of Brikor shares.

The 40% acquisition of Zingaro is unconditional in all respects. The purchase of the remaining 60 shares in Zingaro is, however, subject to shareholders' approval.

Acquisition of mining right

In Brikor's endeavours to ensure sustainability of the Group's mineable reserves, the 457ha Grootfontein prospecting area – located immediately adjacent to the Vlakfontein Project Area – was converted to a mining right 10059 MR of 96ha over Ptn 85 Grootfontein 165 IR and Ptn of RE Volgelstruisbult 127 IR. The mining right was granted on 1 December 2020 and executed on 13 July 2021. The Group looks forward to the potential that can be derived from the newly acquired right.

Directors' report

continued

for the year ended 28 February 2022

LITIGATION

Court case 1 (Group)

Ilangabi Investments 12 (Pty) Ltd is currently a party to a litigation process instituted against the company as a result of events dating back to 2015. The case has been ongoing for the past six years and management is of the opinion that it is not likely that the case would result in a material outflow of economic benefits. The case has been submitted to the High Court and the outcome as well as potential financial impact cannot be measured reliably at the date of these consolidated and separate financial statements.

During the current reporting period, a plea has been delivered on behalf of Ilangabi and both parties have delivered notices calling upon each other to make discovery. Although the notice to make discovery was delivered a while ago, a discovery affidavit has not yet been delivered to Ilangabi. It may still take some time to complete the discovery affidavit exercise and it is difficult to estimate the costs that will be associated therewith.

Court case 2 (Group and Company)

As announced on SENS on 27 February 2020, shareholders were advised, that the Company Secretary received a letter and various further e-mail correspondence for the request for a shareholders' meeting. The request to call a shareholders' meeting has for various reasons not been approved by the Independent Board of Brikor and, accordingly, the directors applied to the court in terms of section 61(5) of the Companies Act for an order to set aside the request for a shareholders' meeting on the grounds that the request is frivolous and/or otherwise vexatious.

Court proceedings have commenced in the High Court of South Africa under Case Number 11622/2020 and court dates are being awaited subsequent to the receipt of an additional request for a shareholders' meeting as noted below.

As announced on SENS on 15 and 19 February 2021, the Company Secretary received a letter for the request for another shareholders' meeting. The request to call a shareholders' meeting has for various reasons not been approved by the Independent Board of Brikor and, accordingly, the directors will in accordance with the provision of section 61(5) of the Companies Act, apply to court for an order to set aside the request for a shareholders' meeting.

As announced on SENS on 15 and 19 February 2021, the Company Secretary received a letter for the request for another shareholders' meeting. The request to call a shareholders' meeting has for various reasons not been approved by the Independent Board of Brikor and, accordingly, the directors will in accordance with the provision of section 61(5) of the Companies Act, apply to court for an order to set aside the request for a shareholders' meeting.

Included in trade and other payables is a remaining provision of R0,2 million (Feb 2021: R1,2 million) in respect of legal fees relating to the matter noted above. The case could, however, result in additional future obligations that would require the Group to raise additional cost in respect of legal fees. As a result of uncertainty relating to the timing and amount of potential legal fees that would need to be incurred as well as the resultant outcome of the court case, the exact amount cannot be measured reliably at the date of these consolidated and separate financial statements.

Subsequently, as announced on SENS on 4 May 2021, shareholders were advised that the revised request to call a shareholders' meeting had been withdrawn.

EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

Impact of COVID-19

COVID-19 still existed globally at the reporting date and is in itself not a subsequent event, however, the continuous extension of the National State of Disaster, subsequent upliftment of the National State of Disaster (on 4 April 2022) and suggested changes to health, social development, labour and other laws and regulations are events that occurred after the reporting date. The impact of COVID-19 on accounting standards that require the use of forward-looking information was assessed based on information available as at 28 February 2022 and has not resulted in any other adjustments and/or disclosures as the impact was assessed to be not material.

Other

Other than as disclosed above and in these consolidated and separate financial statements, the Board is not aware of any material events which occurred subsequent to the year ended 28 February 2022 and which need adjustment or disclosure.

STATEMENT ON GOING CONCERN

The Group incurred a profit for the year ended 28 February 2022 of R2,8 million (2021: R12 million) and as of that date the Group is solvent as the total assets exceeded the total liabilities by R112,3 million (2021: R80,5 million). Furthermore, the Group is liquid as current assets exceeded current liabilities by R0,2 million (2021: R22,9 million).

The Company incurred a profit for the year ended 28 February 2022 of R8,1 million (2021: loss of R0,2 million) and as of that date the Company is solvent as the total assets exceeded the total liabilities by R82,4 million (2021: R45,4 million). Furthermore, the Company is liquid as current assets exceeded current liabilities by R1,1 million (2021: R9,8 million).

A detailed analysis of the solvency and liquidity of the Company and the Group was performed, being cognisant of the current economic environment and the resultant increase in diesel and other prices as well as continued loadshedding being implemented by Eskom. The directors considered the financial performance of the Group and Company to date of this report and have also prepared and interrogated budgets and cash flow forecasts for the twelve months subsequent to the reporting date. The budgets and cash flow forecast allow for best estimates and assumptions, *inter alia*, current sales volumes and prices as well as increased costs as noted above.

The directors have also given due consideration to the potential impact of the COVID-19 pandemic on the Group and Company's ability to continue as going concerns. The directors believe that the COVID-19 pandemic and the suggested changes to the health, social development, labour and other laws and regulations will not have a material impact on the business activities of the Group or Company, due to the Group and Company achieving results which are aligned to those achieved in pre-lockdown periods. Subsequent to year-end and up to date of the assessment, there has been no significant change in circumstances which suggests that the above reviews are no longer valid. Based on the above, no material uncertainties have been identified in relation to the ability of the Group and Company to remain going concerns for at least the next twelve months. The directors thus believe that the Group and Company are in a sound financial position and that they will continue to operate as going concerns for the foreseeable future.

As such, the consolidated and separate financial statements have been prepared on the basis of accounting policies applicable to a going concern. This presumes that the realisation of assets and settlement of liabilities, contingent liabilities and commitments will occur in the ordinary course of business.

AUDITORS

At the Annual General Meeting held on 25 August 2021, shareholders approved the appointment of Nexia SAB&T, with Ms Aadila Aboobaker as the designated audit partner. Nexia SAB&T has indicated their willingness to continue in office for the 2023 financial year. The Audit and Risk Committee has satisfied itself of the independence of the auditors and the designated audit partner, Ms Aadila Aboobaker.

A resolution to re-appoint Nexia SAB&T, as auditors, and Ms Aadila Aboobaker as designated audit partner, will be proposed at the next Annual General Meeting scheduled to take place on 24 November 2022.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF BRIKOR LIMITED

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of Brikor Limited (the group and company) set out on pages 165 to 234, which comprise the consolidated and separate statements of financial position as at 28 February 2022, and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Brikor Limited as at 28 February 2022, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report. We are independent of the group and company in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the key audit matter
Provision for environmental rehabilitation (Consolidated and Separate KAM)	
As at 28 February 2022 the environmental rehabilitation provision amounted to R54.8 million (R52.4 million classified as non-current liabilities and R2.4 million classified as assets and liabilities held for sale) in the consolidated financial statements and R35.8 million (R33.4 million classified as non- current liabilities and R2.4 million classified as assets and liabilities held for sale) in the separate financial statements, as disclosed in notes 12 and 17 to the consolidated and separate financial statements. The group undertakes certain mining activities, in addition to its manufacturing activities, that gives rise to the need to provide for the future rehabilitation of environmental damage caused from its operations. There are numerous sites over which the group's operations are spread and provision for rehabilitation costs are made on all of these sites. There is a risk that not all sites are identified for inclusion in the provision and therefore that not all of the sites are provided for. The determination of the provision is based on judgements and assumptions made by management in estimating the future environmental rehabilitation cost, which were based on the group's environmental management plans, determination of the life-of-mine and the planned method of rehabilitation. Management has appointed independent environmental and quantity surveying experts to assist with these assumptions and calculations. The auditing of the environmental rehabilitation provision is a key audit matter due to the complexity, the significance as well as the high estimation uncertainty of the provision.	Our audit procedures included, amongst others, obtaining an understanding over the group's and company's process to estimate the environmental rehabilitation provisions. We also: • Assessed the professional competence and capabilities, objectivity and independence of managements experts. • Tested the completeness of the sites included in the provision for environmental rehabilitation by ensuring that the calculation includes provisions in respect of each of the groups mining rights, including dormant sites. Agreed the disturbed areas that require rehabilitation, per site to the reports from the quantity surveyor and the independent expert. • Challenged the assumptions made by management in their calculation of the environmental rehabilitation by comparing key inputs and assumptions to external data sources and our own expectations based on our knowledge and experience of the industry. • Assessed the method whether it is appropriate in the context of the financial reporting framework and the nature of the provision. • Assessed whether the data is complete and appropriate. • Evaluated whether the accounting treatment applied in determining the provision for environmental rehabilitation, the recognition of movement for the year and the related disclosures were in accordance with the applicable financial reporting framework. We found the methods, assumptions and data used by management to be appropriate. We considered the group's and company's environmental rehabilitation provision and the disclosure thereof to be appropriate with no material inconsistencies identified.

Independent auditor's report

continued

Key Audit Matter	How our audit addressed the key audit matter
Impairment of investment in Associate (Consolidate and Separate KAM)	
As at 28 February 2022 the Investment in Associate amounted to R50m (2021: Rnil) as disclosed in note 6 to the consolidated and separate financial statements. The audit of the potential impairment of the Investment in Associate has been assessed as a key audit matter as this is the first time for this investment to be included in the Company and Group and the identification of impairment indicators are of a subjective nature.	Our audit procedures included, amongst others: • Determining whether there are any indicators of impairment to the carrying value of the investment in associate at year end, through our knowledge of the business. • Consider the adequacy of the Group's disclosure in terms of the applicable accounting standards. We considered the impairment indicators and are satisfied that no indicators of impairment are present. We considered the group's and company's Investment in Associate and the disclosure thereof to be appropriate.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Brikor Limited Integrated Annual Report 2022", which includes the Directors' Report, the Report of the Audit and Risk Committee and the Certification by Company Secretary as required by the Companies Act of South Africa and the Statement by the CEO and Financial Director as required by the JSE Limited Listing Requirements, which we obtained prior to the date of this report, and the Integrated Annual Report, which is expected to be made available to us after that date. The other information does not include the consolidated and the separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of the consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the group’s and the company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group and / or the company or to cease operations, or have no realistic alternative but to do so.

Auditor’s Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group’s and the company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors’ use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group’s and the company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the group and / or the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Independent auditor's report

continued

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Nexia SAB&T has been the auditor of Brikor Limited for three years.

Nexia SAB&T

Nexia SAB&T

Aadila Aboobaker
Director
Registered Auditor

27 May 2022

Consolidated and separate STATEMENTS OF FINANCIAL POSITION

at 28 February

	Note	Group 2022 R'000	Group 2021 R'000	Company 2022 R'000	Company 2021 R'000
ASSETS					
Non-current assets		177 308	121 656	130 047	77 451
Property, plant and equipment	3	66 435	67 060	45 318	39 855
Intangible assets	4	3 258	3 284	560	614
Investments in and loans to subsidiaries	5	–	–	7 542	8 005
Investment in associate	6	56 077	–	50 000	–
Restricted financial assets	7	26 469	23 846	1 558	1 511
Deferred tax asset	8	25 069	27 466	25 069	27 466
Current assets		80 794	76 156	46 521	45 684
Inventories	9	41 318	29 170	26 321	19 495
Trade and other receivables	10	29 140	29 702	17 128	18 397
Cash and cash equivalents	11	9 054	15 287	3 072	7 792
Taxation	27	1 282	1 997	–	–
Non-current assets held-for-sale	12	4 608	4 461	4 608	4 461
Total assets		262 710	202 273	181 176	127 596
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company		112 294	80 510	82 366	45 362
Stated capital	13	257 192	228 242	257 192	228 242
Accumulated loss		(144 898)	(147 732)	(174 826)	(182 880)
Total liabilities		150 416	121 763	98 810	82 234
Non-current liabilities		67 381	66 228	50 973	44 045
Lease liability	14	1 574	2 171	1 574	2 171
Shareholders' loans	15	1 587	6 271	1 587	6 271
Vendor loans	16	10 972	–	10 972	–
Loans from subsidiaries	5	–	–	3 490	3 637
Provisions for environmental restoration	17	52 418	51 767	33 350	31 966
Deferred tax liability	8	830	6 019	–	–
Current liabilities		80 627	53 274	45 429	35 928
Short-term portion of lease liability	14	3 738	2 084	3 738	2 084
Shareholders' loans	15	5 124	4 386	5 124	4 386
Short-term portion of vendor loans	16	5 703	–	5 703	–
Trade and other payables	18	56 051	40 602	30 864	29 458
Taxation	27	6 120	6 202	–	–
Bank overdraft	11	3 891	–	–	–
Liabilities directly associated with the assets held-for-sale	12	2 408	2 261	2 408	2 261
Total equity and liabilities		262 710	202 273	181 176	127 596

The notes on pages 169 to 234 are an integral part of the consolidated and separate financial statements.

Consolidated and separate STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 28 February

		Group		Company	
	Note	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Revenue	19	272 707	257 914	195 110	144 901
Cost of sales		(233 084)	(192 934)	(156 698)	(119 373)
Gross profit		39 623	64 980	38 412	25 528
Other income	20	8 513	7 472	13 226	13 077
Administrative expenses		(37 713)	(36 000)	(28 417)	(25 545)
Distribution expenses		(7 327)	(6 687)	(6 457)	(5 797)
Other expenses		(3 394)	(8 791)	(2 064)	(3 868)
– Expenses		(3 541)	(8 875)	(1 863)	(3 952)
– Impairment reversals	5; 12	147	84	(201)	84
Operating (loss)/profit before interest, taxation and earnings from associate	20	(298)	20 974	14 700	3 395
Finance income	21	548	889	236	248
Finance costs	22	(6 204)	(5 601)	(4 485)	(3 564)
(Loss)/profit before taxation and earnings from associate		(5 954)	16 262	10 451	79
Taxation	23	2 711	(4 288)	(2 397)	(225)
(Loss)/profit for the year before earnings from associate		(3 243)	11 974	8 054	(146)
Share of income from associate	6	6 077	–	–	–
Profit/(loss) for the year		2 834	11 974	8 054	(146)
Other comprehensive income for the year net of taxation		–	–	–	–
Total comprehensive income for the year attributable to owners of the Company		2 834	11 974	8 054	(146)

EARNINGS PER SHARE	24	2022 cents	2021 cents
Basic earnings per share		0,3	1,9
Diluted earnings per share		0,3	1,9

The notes on pages 169 to 234 are an integral part of the consolidated and separate financial statements.

Consolidated and separate STATEMENTS OF CHANGES IN EQUITY

for the year ended 28 February

	Stated capital R'000	Treasury shares R'000	Accumulated loss R'000	Total equity R'000
Group				
Balance at 29 February 2020	244 142	(15 900)	(159 706)	68 536
Total comprehensive income for the year	–	–	11 974	11 974
Balance at 28 February 2021	244 142	(15 900)	(147 732)	80 510
Shares issued – Purchase of Zingaro Holdings (Pty) Ltd	28 950	–	–	28 950
Total comprehensive income for the year	–	–	2 834	2 834
Balance at 28 February 2022	273 092	(15 900)	(144 898)	112 294
Note	13	13		

	Stated capital R'000	Treasury shares R'000	Accumulated loss R'000	Total equity R'000
Company				
Balance at 29 February 2020	244 142	(15 900)	(182 734)	45 508
Total comprehensive loss for the year	–	–	(146)	(146)
Balance at 28 February 2021	244 142	(15 900)	(182 880)	45 362
Shares issued – Purchase of Zingaro Holdings (Pty) Ltd	28 950	–	–	28 950
Total comprehensive income for the year	–	–	8 054	8 054
Balance at 28 February 2022	273 092	(15 900)	(174 826)	82 366
Note	13	13		

The notes on pages 169 to 234 are an integral part of the consolidated and separate financial statements.

Consolidated and separate STATEMENTS OF CASH FLOWS

for the year ended 28 February

		Group		Company	
	Note	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Cash flows from operating activities		8 062	22 482	13 958	16 410
Cash generated from operations	26	9 465	22 833	15 931	17 575
Finance income	21	435	672	130	149
Finance costs	22	(2 182)	(1 365)	(2 103)	(1 314)
Net tax received	27	344	342	–	–
Cash flows to investing activities		(7 707)	(5 697)	(8 199)	(3 375)
Additions to property, plant and equipment	3	(8 732)	(5 519)	(9 715)	(3 189)
Proceeds on disposal of plant and equipment	3	1 505	16	1 550	16
Increases in investments, loans granted	5	–	–	(34)	(202)
Additions to intangible assets	4	(480)	(194)	–	–
Cash flows to financing activities		(10 479)	(5 467)	(10 479)	(5 467)
Lease repayments	14	(2 159)	(56)	(2 159)	(56)
Shareholders' loans and borrowings repaid	15; 16	(8 320)	(5 411)	(8 320)	(5 411)
Net increase/(decrease) in cash and cash equivalents		(10 124)	11 318	(4 720)	7 568
Cash and cash equivalents at beginning of year		15 287	3 969	7 792	224
Cash and cash equivalents at end of year		5 163	15 287	3 072	7 792

The notes on pages 169 to 234 are an integral part of the consolidated and separate financial statements.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

for the year ended 28 February 2022

1. ACCOUNTING POLICIES

1.1 PRESENTATION OF CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Brikor Limited is a company domiciled in South Africa. The Company's registered office is 1 Marievale Road, Vorsterskroon, Nigel. The Group is primarily involved in the manufacturing of clay products (bricks) as well as coal and clay mining.

These financial statements contain the consolidated financial statements of Brikor Limited (the Group) and the separate financial statements of Brikor Limited (the Company) for the year ended 28 February 2022. The consolidated financial statements present the financial results of the Company and its subsidiaries and associate (together referred to as the Group or individually as Group entities).

The consolidated and separate financial statements of Brikor Limited were approved on 23 May 2022 and authorised for issue by the Board of Directors on 27 May 2022.

Basis of accounting

The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council.

These consolidated and separate financial statements are presented in South African rand, which is the Group's functional currency. All financial information has been rounded to the nearest Rand thousands, except when otherwise indicated.

The consolidated and separate financial statements have been prepared on the historical cost basis, except for restricted financial assets at fair value through profit or loss and assets and liabilities classified as held-for-sale.

Details of the Group's accounting policies are detailed below as part of each note to the financial statements. The Group has consistently applied the accounting policies set out below to all periods presented in these financial statements, except for the adoption of new and revised standards and interpretations.

New standards, amendments to standards and interpretations adopted

The Group adopted all the new standards, amendments to standards and interpretations, which are applicable to the Group, with date of initial application of 1 March 2021. The adoption of these standards did not have a significant impact on these consolidated and separate financial statements.

1.2 USE OF ACCOUNTING ASSUMPTIONS, ESTIMATES AND JUDGEMENTS

The preparation of the consolidated and separate financial statements requires management to make accounting assumptions, estimates and judgements that affect the application of the Group's accounting policies and reported amounts of assets and liabilities, income and expenses.

Accounting assumptions, estimates and judgements are reviewed on an ongoing basis. Revisions to reported amounts are recognised in the period in which the revision is made and in any future periods affected. Actual results may differ from these estimates.

Information about assumptions and estimates in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated and separate financial statements are included in the notes:

- Note 3 – Property, plant and equipment
- Note 8 – Deferred tax asset
- Note 12 – Assets and liabilities classified as held-for-sale
- Note 17 – Provision for environmental restoration
- Note 30 – Contingencies

Notes to the consolidated and separate financial statements continued

for the year ended 28 February 2022

1. ACCOUNTING POLICIES continued

1.3 MEASUREMENT OF FAIR VALUES

A number of the Group's accounting policies and disclosure require the measurement of fair values, for both financial and non-financial assets and liabilities.

The directors regularly review significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the directors assess the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of IFRS, including the level in the fair value hierachy in which the valuations should be classified.

Significant valuation issues are reported to and evaluated by the Group's Audit and Risk Committee.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurements is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 7 – Restricted financial assets at fair value through profit or loss
- Note 12 – Assets and liabilities classified as held-for-sale

1.4 BASIS OF CONSOLIDATION

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

2. NEW STANDARDS AND INTERPRETATIONS

2.1 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

At the date of authorisation of these consolidated and separate financial statements, the following relevant standards, amendments to standards and interpretations that may be applicable to the business of the Group were in issue but not yet effective and may, therefore, have an impact on future consolidated and separate financial statements. These new standards, amendments to standards and interpretations will be adopted at their effective dates.

IAS 1 – Classification of Liabilities as Current or Non-Current (Effective 1 January 2022)

Narrow-scope amendments to IAS 1 to clarify how to classify debt and other liabilities as current or non-current. The amendment is not expected to have a material impact on the consolidated and separate financial statements.

IAS 16 – Property, Plant and Equipment – Proceeds before Intended Use (Effective 1 January 2022)

The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss. The amendments are not expected to have a material impact on the consolidated and separate financial statements.

IFRS 3 – Reference to the Conceptual Framework (Effective 1 January 2022)

The amendment updates a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. The amendments are not expected to have a material impact on the consolidated and separate financial statements.

IAS 37 - Onerous contracts: Cost of Fulfilling a Contract (Effective 1 January 2022)

The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. The amendments apply for annual reporting periods beginning on or after 1 January 2022 to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognised as an opening balance adjustment to retained earnings or other components of equity, as appropriate. The comparatives are not restated. The Group and Company do not have any onerous contracts as at 28 February 2022 and the amendments are, therefore, not expected to have a material impact on the consolidated and separate financial statements.

IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies (Effective 1 January 2023)

Amendments to IAS 1 – *Presentation of Financial Statements* and an update to *IFRS Practice Statement 2 Making Materiality Judgements* in order to assist companies to provide useful accounting policy disclosures.

The key amendments to IAS 1 include:

- requiring companies to disclose their material accounting policies rather than their significant accounting policies;
- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

Amendments to *IFRS Practice Statement 2* include guidance and additional examples on the application of materiality to accounting policy disclosures. The amendments are consistent with the refined definition of material.

The amendments are effective from 1 January 2023 but may be applied earlier. The Group is in the process of evaluating how the amendments would impact its consolidated and separate financial statements for the financial year ending 28 February 2023.

2. NEW STANDARDS AND INTERPRETATIONS continued

2.1 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS NOT YET ADOPTED continued

IAS 8 – Definition of Accounting Estimates (Effective 1 January 2023)

The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty as defined in the Appendix to the 2018 Conceptual Framework. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.

Developing an accounting estimate includes both:

- selecting a measurement technique (estimation or valuation technique) – e.g., an estimation technique used to measure a loss allowance for expected credit losses when applying IFRS 9 – *Financial Instruments*; and
- choosing the inputs to be used when applying the chosen measurement technique – e.g., the expected cash outflows for determining a provision for warranty obligations when applying IAS 37 – *Provisions, Contingent Liabilities and Contingent Assets.*

The effects of changes in such inputs or measurement techniques are changes in accounting estimates. The definition of accounting policies remains unchanged.

The amendments are effective from 1 January 2023 but may be applied earlier. The Group is in the process of evaluating how these amendments would impact its consolidated and separate financial statements for the financial year ending 28 February 2023.

3. PROPERTY, PLANT AND EQUIPMENT

SIGNIFICANT ACCOUNTING ASSUMPTIONS AND ESTIMATES

Management makes estimates and assumptions concerning the future and the resulting accounting estimates will not always equal the actual results. The estimates, assumptions and judgements that have the most significant effect on property, plant and equipment are discussed below:

Impairment of property, plant and equipment

In accordance with the Group's accounting policy, each asset or cash-generating unit is evaluated every reporting period to determine whether there are any indications of impairment or reversal of previously recognised impairment losses. If any such indication exists, a formal estimate of the recoverable amount is performed. Where the carrying amount exceeds the recoverable amount, an impairment loss is recognised. A reversal of a previously recognised impairment loss is limited to the lesser of the amount that would not cause the increased carrying amount to exceed (a) its recoverable amount; or (b) the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised for the asset or cash-generating unit.

The recoverable amount of an asset or cash-generating group of assets is measured at the higher of fair value less costs of disposal and value-in-use. The determination of fair value and value-in-use requires management to make estimates and assumptions about expected production and sales volumes, commodity prices (considering current and historical prices, price trends and related factors), reserves, operating costs, closure and rehabilitation costs and future capital expenditure. These estimates and assumptions are subject to risk and uncertainty; hence there is a possibility that changes in circumstances will alter these projections, which may impact the recoverable amount of the assets. In such circumstances, some or all of the carrying amount of the assets may be further impaired or the impairment charge reduced with the impact recorded in the income statement.

Mineral reserves and resources estimates

The Group is required to determine and report mineral reserves and resources in accordance with the South African Code for the Reporting of Explorations Results, Mineral Resources and Mineral Reserves (SAMREC Code).

In order to calculate mineral reserves and resources, estimates and assumptions are required about a range of geological, technical and economic factors, including but not limited to quantities, grades, production techniques, recovery rates, production costs, transport costs, commodity demand, commodity prices and exchange rates.

Estimating the quantity and/or grade of mineral reserves and resources requires the size, shape and depth of reclamation sites to be determined by analysing geological data such as the logging and assaying of drill samples. This process may require complex and difficult geological judgements and calculations to interpret the data.

Because the assumptions used to estimate mineral reserves and resources change from period to period and because additional geological data is generated during the course of operations, estimates of mineral reserves and resources may change from period to period.

Mineral reserves and resource estimates determined by management are reviewed by an independent mineral resources expert.

Changes in reported mineral reserves and resources may affect the Group's life-of-mine plan, financial results and financial position in a number of ways including the following:

- asset carrying values may be affected due to changes in estimate future cash flows;
- depreciation charged in profit or loss may change where such charges are determined by the units-of-production method, or where the useful lives of assets change;
- decommissioning, site restoration and environmental provisions may change where changes in estimated mineral reserves and resources affect expectations about the timing or cost of these activities; and
- the carrying value of deferred tax assets and liabilities may change due to changes in estimates of the likely recovery of the tax benefits and the timing thereof.

3. PROPERTY, PLANT AND EQUIPMENT continued

ACCOUNTING POLICIES

Recognition and measurement

Property, plant and equipment are carried at cost less accumulated depreciation and accumulated impairment losses.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to or replace part of it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located are also included in the cost of property, plant and equipment, where the Group is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

The costs of self-constructed assets include the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs.

Day-to-day servicing expenses incurred on property, plant and equipment are expensed directly in profit or loss for the period. Major maintenance that meets the recognition criteria is capitalised.

Deferred stripping

Production stripping costs in a surface mine are capitalised to property, plant and equipment if, and only if, all of the following criteria are met:

- It is probable that the future economic benefit associated with the stripping activity will flow to the Group; and
- The Group can identify the component of the ore body for which access has been improved; and
- The costs relating to the stripping activity associated with that component can be measured reliably.

If the above criteria are not met, the stripping costs are recognised directly in profit or loss.

The Group initially measures the stripping activity asset at cost, this being the accumulation of costs directly incurred to perform the stripping activity that improves access to the identified component of ore.

After initial recognition, the stripping activity asset is carried at cost less accumulated depreciation and accumulated impairment losses. The stripping asset is depreciated on a straight-line basis, which is based on current remaining life of mine.

Mine development and infrastructure

Mining assets, including mine development and infrastructure costs and mine plant facilities, are recorded at cost less accumulated depreciation and accumulated impairment losses.

Expenditure incurred to evaluate and develop new ore bodies, to define mineralisation in existing ore bodies and to establish or expand produce capacity, is capitalised until commercial levels of production are achieved, at which times the costs are depreciated as indicated above.

Development of ore bodies includes the development of shaft systems and waste rock removal that allow access to reserves that are economically recoverable in the future. Subsequent to this, costs are capitalised if the criteria for recognition as an asset are met.

Derecognition

Derecognition occurs when an item of property, plant and equipment is disposed of, or when it is no longer expected to generate any further economic benefits.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds and the carrying amount of the item.

3. PROPERTY, PLANT AND EQUIPMENT continued

ACCOUNTING POLICIES continued

Depreciation

Depreciation commences when an asset is available-for-use. Depreciation is charged so as to write off the depreciable amount of items to their residual values, over their estimated useful lives, using a method that reflects the pattern in which the asset's future economic benefits are expected to be consumed by the Group.

Where an item comprises major components with different useful lives, the components are accounted for as separate items of property, plant and equipment and are depreciated over their estimated useful lives.

Land is not depreciated.

Methods of depreciation, remaining useful lives and residual values are reviewed annually. If the expectations differ from the previous estimates, the changes are accounted for as a change in accounting estimate.

The estimated useful lives and residual values are reviewed annually. If the expectations differ from the previous estimates, the changes are accounted for as a change in accounting estimates.

The estimated remaining useful lives of property, plant and equipment for current and comparative periods are as follows:

Item	Method	Remaining useful life
Buildings	Straight-line	15 to 23 years
Mineral reserves	Units of production	3 to 13 years*
Plant and equipment	Straight-line	2 to 19 years
Furniture and fixtures	Straight-line	3 to 14 years
Motor vehicles	Straight-line	2 to 8 years

** Based on current production levels and remaining life of mine assessments.*

Right-of-use assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

Impairment

The carrying amounts of property, plant and equipment are reviewed at each reporting date to determine whether there is any indication of impairment, or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Each combination of plants that, together with its deposition facility, is capable of operating independently is considered to be a cash-generating unit.

The recoverable amount of an asset or cash-generating unit is the greater of its value-in-use and its fair value less costs to sell. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset. An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its recoverable amount.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment of assets is recognised immediately in profit or loss.

The Group assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets, other than goodwill, may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset, other than goodwill attributable to a reversal of an impairment loss, does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets, other than goodwill, is recognised immediately in profit or loss.

3. PROPERTY, PLANT AND EQUIPMENT continued

ACCOUNTING POLICIES continued

Leases as lessee

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

Right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The Group presents right-of-use assets as part of property, plant and equipment and lease liabilities in 'lease liabilities' in the statement of financial position.

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including office equipment. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3. PROPERTY, PLANT AND EQUIPMENT continued

	Cost R'000	Accumulated depreciation and impairment losses R'000	Carrying value R'000
Group			
2022			
Land	3 657	–	3 657
Mineral reserves	2 768	(1 460)	1 308
Buildings	38 928	(16 103)	22 825
Plant and equipment	80 095	(44 602)	35 493
Furniture and fixtures	2 977	(1 609)	1 368
Motor vehicles	3 782	(1 998)	1 784
	132 207	(65 772)	66 435
2021			
Land	3 657	–	3 657
Mineral reserves	2 768	(1 333)	1 435
Buildings	34 211	(14 246)	19 965
Plant and equipment	79 042	(40 216)	38 826
Furniture and fixtures	2 787	(1 194)	1 593
Motor vehicles	3 512	(1 928)	1 584
	125 977	(58 917)	67 060

Notes to the consolidated and separate financial statements continued

for the year ended 28 February 2022

3. PROPERTY, PLANT AND EQUIPMENT continued

Reconciliation of property, plant and equipment

	Land R'000	Mineral reserves R'000	Buildings R'000	Plant and equipment R'000	Furniture and fixtures R'000	Motor vehicles R'000	Total R'000
Group							
2022							
Carrying value 1 March 2021	3 657	1 435	19 965	38 826	1 593	1 584	67 060
Additions	–	–	4 760	6 351	190	657	11 958
Disposals *	–	–	–	(2 171)	–	(49)	(2 220)
Depreciation	–	(127)	(1 857)	(7 430)	(415)	(408)	(10 237)
Decrease in decommissioning asset	–	–	(43)	(83)	–	–	(126)
Carrying value 28 February 2022	3 657	1 308	22 825	35 493	1 368	1 784	66 435
2021							
Carrying value 1 March 2020	3 657	1 485	20 673	36 057	1 494	1 894	65 260
Additions	–	–	1 225	8 061	443	101	9 830
Disposals *	–	–	–	(994)	(16)	(108)	(1 118)
Depreciation	–	(50)	(1 650)	(4 869)	(328)	(303)	(7 200)
(Decrease)/increase in decommissioning asset	–	–	(283)	571	–	–	288
Carrying value 28 February 2021	3 657	1 435	19 965	38 826	1 593	1 584	67 060

* *Assets with a carrying value of R0,6 million (2021: R1,1 million) were scrapped during the year ended 28 February 2022 and are included as part of disposals above. These assets were not in a working condition and it is not cost effective for these items to be repaired.*

Cash additions amounted to R8,7 million (2021: R5,5 million), with the remainder of the additions relating to new leased assets acquired during the 2022 financial year.

Right-of-use assets

The Group leases certain production equipment. The first lease commenced on 15 January 2021 until 15 January 2023. During February 2022, the Group entered into an additional lease for another 24-month period. The Group has the intention to rent the equipment for the entire lease term. Lease payments as per the contract were used in determining the lease liability and right-of-use asset.

When measuring the lease liabilities and right-of-use assets, the Group discounted the lease payments using its incremental borrowing rate at 1 February 2021 and 1 February 2022, respectively, being the prime interest rate plus 0,98%. The incremental borrowing rate used is in line with the interest rate relating to the Group's overdraft facility.

Included in plant and equipment are right-of-use assets with a carrying value of R5,1 million (2021: R4,1 million) as at 28 February 2022. See note 14 for additional disclosure relating to the lease liability.

Assets constructed for the Group

Included in plant and equipment are assets constructed for the Group (capital work in progress). Expenditure incurred by the Group during the reporting period on such assets is included in plant and equipment additions to the value of R0,4 million (2021: R1,3 million).

Detail of the land and buildings

A register containing the information of land and buildings is available for inspection at the registered office of the Company.

3. PROPERTY, PLANT AND EQUIPMENT continued

	Cost R'000	Accumulated depreciation and impairment losses R'000	Carrying value R'000
Company			
2022			
Land	3 657	–	3 657
Mineral reserves	2 768	(1 460)	1 308
Buildings	31 886	(9 709)	22 177
Plant and equipment	34 749	(19 164)	15 585
Furniture and fixtures	2 430	(1 272)	1 158
Motor vehicles	3 158	(1 725)	1 433
	78 648	(33 330)	45 318
2021			
Land	3 657	–	3 657
Mineral reserves	2 768	(1 333)	1 435
Buildings	27 169	(8 086)	19 083
Plant and equipment	29 435	(16 226)	13 209
Furniture and fixtures	2 312	(929)	1 383
Motor vehicles	2 815	(1 727)	1 088
	68 156	(28 301)	39 855

Notes to the consolidated and separate financial statements continued

for the year ended 28 February 2022

3. PROPERTY, PLANT AND EQUIPMENT continued

Reconciliation of property, plant and equipment

	Land R'000	Mineral reserves R'000	Buildings R'000	Plant and equipment R'000	Furniture and fixtures R'000	Motor vehicles R'000	Total R'000
Company							
2022							
Carrying value 1 March 2021	3 657	1 435	19 083	13 209	1 383	1 088	39 855
Additions	–	–	4 760	7 360	118	691	12 929
Disposals *	–	–	–	(1 553)	–	(49)	(1 602)
Depreciation	–	(127)	(1 623)	(3 431)	(343)	(297)	(5 821)
Decrease in decommissioning asset	–	–	(43)	–	–	–	(43)
Carrying value 28 February 2022	3 657	1 308	22 177	15 585	1 158	1 433	45 318
2021							
Carrying value 1 March 2020	3 657	1 485	19 556	8 573	1 243	1 273	35 787
Additions	–	–	1 225	5 762	419	101	7 507
Disposals *	–	–	–	(30)	(16)	(48)	(94)
Depreciation	–	(50)	(1 415)	(1 096)	(263)	(238)	(3 062)
Decrease in decommissioning asset	–	–	(283)	–	–	–	(283)
Carrying value 28 February 2021	3 657	1 435	19 083	13 209	1 383	1 088	39 855

* *Assets scrapped during the reporting period ended 28 February 2022 amounted to R0,1 million (2021: R0,08 million) and form part of the total disposals indicated above.*

Cash additions amounted to R9,7 million (2021: R3,2 million), with the remainder of the additions relating to the leased assets, as noted below.

Right-of-use assets

The Company leases certain production equipment. The first lease commenced on 15 January 2021 until 15 January 2023. During February 2022, the Company entered into an additional lease for another 24-month period. The Company has the intention to rent the equipment for the entire lease term. Lease payments as per the contract were used in determining the lease liability and right-of-use asset.

When measuring the lease liabilities and right-of-use assets, the Company discounted the lease payments using its incremental borrowing rate at 1 February 2021 and 1 February 2022, respectively, being the prime interest rate plus 0,98%. The incremental borrowing rate used is in line with the interest rate relating to the Company's overdraft facility.

Included in plant and equipment are right-of-use assets with a carrying value of R5,1 million (2021: R4,1 million) as at 28 February 2022. See note 14 for additional disclosure relating to the lease liability.

Assets constructed for the Company

Included in plant and equipment are assets constructed for the Company (capital work in progress). Expenditure incurred by the Company during the reporting period on such assets is included in plant and equipment additions to the value of R0,03 million (2021: R1,1 million).

Detail of the land and buildings

A register containing the information of land and buildings is available for inspection at the registered office of the Company.

4. INTANGIBLE ASSETS

SIGNIFICANT ACCOUNTING ASSUMPTIONS AND ESTIMATES

Mineral reserves and resources estimates

Refer to note 3 – Property, plant and equipment for details regarding mineral reserves and resources estimates.

ACCOUNTING POLICIES

Recognition and measurement

Intangible assets only include mining rights. Mining right intangible assets have finite useful lives and are measured at cost less accumulated amortisation and accumulated impairment losses.

Cost include expenditure that is directly attributable to the acquisition of the mining right and preparing the asset for its intended use.

The expenditure capitalised includes application and registration fees with the Department of Mineral Resources and Energy, overhead cost which are directly attributable to the development of the application of the mining right and mine plans.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

Mining right intangible assets are amortised on a units of production method limited to the remaining life of the mine.

The amortisation period and the amortisation method for mining right intangible assets are reviewed annually. If the expectations differ from the previous estimate, the changes are accounted for as a change in accounting estimates.

The estimated remaining useful lives for the current and comparative periods are as follows:

Item	Method	Useful life
Mining rights	Units of production	3 to 13 years *

** Based on current production levels, allowing for the current life of mine assessment.*

The Group derecognises mining right intangible assets on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of a mining right intangible asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset. The gain or loss is recognised in profit or loss when the mining right intangible asset is derecognised.

Impairment

The Group assesses at each end of the reporting period whether there is any indication that an asset may be impaired. Refer to note 3 – Property, plant and equipment for the accounting policy relating to impairment of assets.

Notes to the consolidated and separate financial statements continued

for the year ended 28 February 2022

	Cost R'000	Accumulated amortisation and impairments R'000	Carrying value R'000
4. INTANGIBLE ASSETS continued			
Group			
2022			
Mining rights	9 500	(6 242)	3 258
	9 500	(6 242)	3 258
2021			
Mining rights	9 020	(5 736)	3 284
	9 020	(5 736)	3 284
Company			
2022			
Mining rights	1 112	(552)	560
	1 112	(552)	560
2021			
Mining rights	1 112	(498)	614
	1 112	(498)	614

4. INTANGIBLE ASSETS continued

Reconciliation of intangible assets

	Mining rights R'000	Total R'000
Group		
2022		
Carrying value 1 March 2021	3 284	3 284
Additions	480	480
Amortisation	(506)	(506)
Carrying value 28 February 2022	3 258	3 258
2021		
Carrying value 1 March 2020	3 633	3 633
Additions	194	194
Amortisation	(543)	(543)
Carrying value 28 February 2021	3 284	3 284
Company		
2022		
Carrying value 1 March 2021	614	614
Amortisation	(54)	(54)
Carrying value 28 February 2022	560	560
2021		
Carrying value 1 March 2020	661	661
Amortisation	(47)	(47)
Carrying value 28 February 2021	614	614

5. INVESTMENTS IN AND LOANS TO/(FROM) SUBSIDIARIES

ACCOUNTING POLICIES

Financial liabilities

Classification and subsequent measurement

After initial recognition, loans from subsidiaries are subsequently measured at amortised cost using the effective interest rate method. Interest expense is recognised in profit or loss.

Derecognition

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

5. INVESTMENTS IN AND LOANS TO/(FROM) SUBSIDIARIES continued

ACCOUNTING POLICIES continued

Financial assets

Recognition and initial measurement

Loans to subsidiaries and investments in subsidiaries are initially recognised when they are originated. A financial asset is initially measured at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issues.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at:

- Amortised cost; or
- Fair value through profit or loss ("FVTPL").

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as a FVTPL:

- It is held with a business model whose objective is to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments for the principal amount and interest on the principal amount outstanding.

This category is the most relevant to the Company.

Financial assets at amortised cost are subsequently measured using the effective interest rate method and are subject to impairment. Interest received is recognised as part of finance income in the statement of profit or loss and other comprehensive income. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost include loans to subsidiaries.

Investment in subsidiaries

Investments in subsidiaries are non-derivative financial assets and categorised as investments at cost less accumulated impairment losses.

5. INVESTMENTS IN AND LOANS TO/(FROM) SUBSIDIARIES continued

	Share capital R	Effective holding 2022 %	Effective holding 2021 %	Investment 2022 R'000	Investment 2021 R'000	Amount owing by/(to) subsidiaries 2022 R'000	Amount owing by/(to) subsidiaries 2021 R'000
Ilangabi Investments 12 (Pty) Ltd #	100	100	100	3 000	3 000	3 639	3 639
Kopanela Mining (Pty) Ltd	100	70	70	673	194	–	–
Stanger Brick and Tile (Pty) Ltd *	10	100	100	–	–	(3 490)	(3 509)
Tugela Ready Mix (Pty) Ltd *	100	100	100	–	–	–	945
Stanbrik Roof Tiles (Pty) Ltd *	100	100	100	–	–	–	(128)
Impala Construction Supplies (Pty) Ltd *	100	100	100	–	–	230	227
				3 673	3 194	379	1 174

The loan is unsecured and interest free. There are no fixed repayment terms for the loan, but it was agreed that the loan will not be called upon for full settlement within the next financial year.

* *Dormant company. The loans to/(from) dormant companies are unsecured, interest free and has no fixed repayment terms. It was agreed that these loans will not be called upon for full settlement within the next 12 months subsequent to approval of these financial statements.*

	2022 R'000	2021 R'000
Disclosed as:		
Non-current assets – Investments in and loans to subsidiaries	7 542	8 005
Non-current liabilities – Loans from subsidiaries	(3 490)	(3 637)
	4 052	4 368

Impairment of loan accounts

The remaining balance of the loans receivable from Ilangabi Investments 12 (Pty) Ltd and Impala Construction Supplies (Pty) Ltd are expected to be recovered from the subsidiaries. Based on management's assessment of future cash flows expected to flow to these entities, management has determined that the expected credit losses on these loans are not material.

During the current financial year, the following impairment was raised due to the net asset value of these entities being less than the loan payable to the Company. Brikor does not expect to recover these amounts and accordingly impaired these loan receivables as follow:

	2022 R'000	2021 R'000
Tugela Ready Mix (Pty) Ltd	90	–
Stanbrik Roof Tiles (Pty) Ltd	237	–
Impala Construction Supplies (Pty) Ltd	23	–
	350	–

5. INVESTMENTS IN AND LOANS TO/(FROM) SUBSIDIARIES continued

Reconciliation of investments in and loans to/(from) subsidiaries

	2022 R'000	2021 R'000
Opening balance – net asset/(liability)	4 368	4 146
Add: Interest	–	20
Investment in Kopanela Mining (Pty) Ltd	480	194
Cash contributions made	431	8
Repayments of loan accounts	(877)	–
Impairment	(350)	–
Closing balance	4 052	4 368

6. INVESTMENT IN ASSOCIATE

ACCOUNTING POLICIES

Investment in associates – Separate financial statements

Investments in associates are non-derivative financial assets and categorised as investments at cost less accumulated impairment losses in the separate financial statements of the Company.

Investment in associates – Group

Associates in which the Group exercises significant influence are accounted for using the equity method. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. Significant influence is presumed if Brikor holds between 20% to 50% of the voting rights, unless evidence exists of the contrary.

Equity accounting involves the Group recording its share of the associate's net income and equity. Brikor's interest in an associate is initially recorded at cost and is subsequently adjusted for Brikor's share in the net assets of the associate, less any impairment in the value of individual investments. Where the Group transacts with the associate, unrealised profits and losses on assets are eliminated to the extent of Brikor's interest in the associate.

Changes in Brikor's interests in associates are accounted for as a gain or loss on disposal with any differences between the amount by which the carrying value of the associate is adjusted and fair value of the consideration received being recognised directly in the consolidated statement of profit or loss and other comprehensive income.

6. INVESTMENT IN ASSOCIATE continued

Reconciliation of investment in associate

	Group		Company	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
1 March	–	–	–	–
Additions: Zingaro Holdings (Pty) Ltd	50 000	–	50 000	–
Share of income from associate	6 077	–	–	–
Share of other comprehensive income from associate	–	–	–	–
	56 077	–	50 000	–

Brikor entered into a written agreement on 2 March 2021 to acquire 40% of the issued share capital of Zingaro Holdings (Pty) Ltd ("Zingaro") from Elsie Johanna Mac Master, Leon Mac Master and Pieter Barend Buys ("the Sellers") with effect from 2 March 2021.

Brikor acquired 40% of all ordinary shares in Zingaro for a purchase consideration of R50 000 000, which purchase consideration was discharged as follow:

- the amount of R28 950 000 by the allotment and issue by Brikor of 193 000 000 ordinary shares in Brikor to the sellers at an issue price of 15 cents per Brikor share, credited as fully paid-up (see note 13 for detailed disclosure relating to the issue of the ordinary shares); and
- the amount of R21 050 000 through loan account from the Sellers in the books of account of Brikor (see note 16 for detailed disclosure relating to the loan accounts with the Sellers, respectively).

The Sellers have granted Brikor an irrevocable right and option from the effective date until 30 April 2023 to call the remaining 60 shares, which equates to 60% shareholding in Zingaro, from the Sellers for a purchase consideration of R90 000 000 in the aggregate, which purchase consideration shall be discharged by the allotment and issue by Brikor of 600 000 000 ordinary shares in Brikor to the Sellers at an issue price of 15 cents per Brikor share, i.e., in exchange for a fixed number of Brikor shares.

The 40% acquisition of Zingaro is unconditional in all respects. The purchase of the remaining 60 shares in Zingaro is, however, subject to shareholders' approval.

Details of material associates

Zingaro Holdings (Pty) Ltd had a 30 June year-end. The year-end has subsequently been changed to February to be in line with the Group. Separate financial statements were compiled for the year ended 28 February 2022, which were used in the preparation of these consolidated financial statements to ensure that the effect of any transactions that occurred between Brikor's year-end and Zingaro's year-end was taken into account as well as the impact of the change in year-end.

Summarised financial information in respect of Brikor's associate, reflecting 100% of the underlying associates' relevant figures, is set out below. The summarised financial information shown represents amounts from the associate's financial statements that was prepared in accordance with IFRS.

Notes to the consolidated and separate financial statements continued

for the year ended 28 February 2022

6. INVESTMENT IN ASSOCIATE continued

	2022 R'000	2021 R'000
Non-current assets	270 454	–
Current assets	104 258	–
Non-current liabilities	185 825	–
Current liabilities	84 970	–
Non-controlling interest	17 214	–
The above assets and liabilities include the following:		
Cash and cash equivalents	19 274	–
Current financial liabilities	77 744	–
Non-current financial liabilities	168 202	–
Net assets 28 February	86 703	–
Brikor's ownership interest	40%	

Summarised profit or loss in respect of Brikor's associate, reflecting 100% of the underlying associate's relevant figures for the year ended 28 February 2022 including Group adjustments relating to alignment of accounting policies or fair value adjustments, is set out below.

	2022 R'000	2021 R'000
Revenue	304 775	–
Profit for the period	8 052	–
– Profit attributable to owners of the parent	15 192	–
– Profit attributable to non-controlling interest	(7 140)	–
Other comprehensive income for the period	–	–
Total comprehensive income for the period	8 052	–
– Total comprehensive income attributable to owners of the parent	15 192	–
– Total comprehensive income attributable to non-controlling interest	(7 140)	–
The above profit for the period includes the following:		
Depreciation	14 026	–
Interest income	331	–
Finance cost	6 009	–
Taxation expense	5 061	–

7. RESTRICTED FINANCIAL ASSETS

ACCOUNTING POLICIES

Financial assets – Classification

Refer to note 5 for detail relating to classification of financial assets.

Financial assets – Subsequent measurement

Financial assets measured at amortised cost: These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial assets measured at FVTPL: These assets are subsequently measured at fair value. Net gains and losses, including interest or dividend income, are recognised in profit or loss.

Restricted investments

Liberty Life New Growth Rehabilitation Plan Trust at fair value through profit or loss

Included in restricted investments are financial assets that are designated at fair value through profit or loss because they are managed on a fair value basis. These investments are valued based on the observable market value of the underlying pool of equity investments as determined by the financial services provider at each reporting date. The fair value is calculated with reference to the underlying equity instruments.

The Liberty Life New Growth Rehabilitation Plant Trust is a dedicated environmental trust fund to fund the estimated cost of rehabilitation at the end of life of mine. The amounts contributed to these funds are included in non-current assets and are measured at fair value through profit or loss. Fair value gains or losses are taken directly to profit or loss under other income or other expenses.

The fair value of the restricted investments is quoted level 2 financial instruments.

Financial assets measured at amortised cost

Included in restricted financial assets are investments in Nedbank Limited and Leopont Rehabilitation Trust that are classified as financial assets measured at amortised cost. Measured at amortised cost financial assets are initially recognised at fair value plus any directly attributable transaction costs and are subsequently measured at amortised cost less any allowances for impairment losses.

Notes to the consolidated and separate financial statements continued

for the year ended 28 February 2022

7. RESTRICTED FINANCIAL ASSETS continued

	Group		Company	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Restricted investments				
Liberty Life New Growth Rehabilitation Plan Trust	24 911	22 335	–	–
– Opening balance	22 335	19 662	–	–
– Unrealised net fair value gains	2 576	2 673	–	–
The proceeds from these funds are intended to fund environmental rehabilitation obligations and they are not available for general purposes of the Group. Refer to note 17.				
Leopont Rehabilitation Trust – Absa fixed deposit	1 372	1 332	1 372	1 332
The proceeds from these funds are intended to fund environmental rehabilitation obligations and they are not available for general purposes of the Group. Refer to note 17.				
Nedbank Limited – fixed deposit	186	179	186	179
A fixed deposit account is held with Nedbank Limited as security for a guarantee, in favour of the Department of Mineral Resources and Energy, which is in lieu of environmental rehabilitation obligations and is not available for general purposes of the Group. Refer to note 17.				
Non-current assets	26 469	23 846	1 558	1 511

Expected credit losses: fixed deposits

Based on management's assessment of future cash flows from the fixed deposits, management has determined that the expected credit losses on the fixed deposits are not material.

Fair value of financial instruments

Refer to note 35 for fair value disclosures relating to the restricted investments.

8. DEFERRED TAX ASSET/(LIABILITY)

SIGNIFICANT ACCOUNTING ASSUMPTIONS, ESTIMATES AND JUDGEMENTS

Assumptions and judgement are required in determining deferred tax assets and liabilities. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The Group recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets require the Group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

ACCOUNTING POLICIES

Deferred tax assets and liabilities

Deferred taxation is provided for all temporary differences between the carrying amounts for financial reporting purposes and the amounts used for taxation purposes.

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from:

- the initial recognition of goodwill; or
- temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; or
- the initial recognition of an asset or liability in a transaction which:
  - is not a business combination; and
  - at the time of the transaction, affects neither accounting profit nor taxable profit/(tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Notes to the consolidated and separate financial statements continued

for the year ended 28 February 2022

8. DEFERRED TAX ASSET/(LIABILITY) continued

	2022 R'000	2021 R'000
Group and Company		
Reconciliation of deferred tax asset		
At beginning of year	27 466	27 691
Originating and reversing temporary differences	1 091	943
Calculated tax losses (utilised)/created	(3 488)	(1 168)
	25 069	27 466
Deferred tax asset		
Comprising:		
Property, plant and equipment	39	(228)
Provisions	7 796	6 913
Payments received in advance	993	1 088
Leases	71	35
Contributions to rehabilitation trust funds	(1 335)	(1 335)
Calculated tax losses	17 505	20 993
	25 069	27 466

The Group and the Company do not have any unrecognised deferred tax assets relating to assessed losses as at 28 February 2022 or 28 February 2021.

Deferred tax asset recoverability analysis

The following table is the analysis of the movement of the deferred tax asset over the last five years:

	2022 R'000	2021 R'000	2020 R'000	2019 R'000	2018 R'000
Calculated losses					
Opening balance	20 993	22 161	21 640	28 662	26 579
(Utilised)/created	(3 488)	(1 168)	521	(7 022)	2 083
Closing balance calculated tax losses	17 505	20 993	22 161	21 640	28 662
Temporary differences					
Opening balance	6 473	5 530	5 197	1 257	1 503
(Utilised)/created	1 091	943	333	3 940	(246)
Closing balance temporary differences	7 564	6 473	5 530	5 197	1 257
Total deferred tax asset	25 069	27 466	27 691	26 837	29 919

8. DEFERRED TAX ASSET/(LIABILITY) continued

In 2021, the Group realised taxable profits which resulted in a decrease in the deferred tax asset of R1,2 million whereas temporary differences yielded an increase in the deferred tax asset of R0,9 million. Management performed forward-looking budgets and forecasts, which included the effect of COVID-19 and return to work protocols, and at that stage it was expected that the deferred tax asset would be recovered in approximately eight years.

Current year taxable profits yielded a decrease in the deferred tax asset of R3,5 million whereas temporary differences yielded an increase in the deferred tax asset of R1,1 million.

Management's current forward-looking budgets and forecasts have determined that the deferred tax asset's recoverability remained probable.

Management's budget and forecast allow for sales volumes and prices at levels during the 2022 financial year as well as production capacity. In addition, management has given due consideration to the current economic climate, specifically increase in diesel and other commodity prices, in the preparation of the budget, forecast and various sensitivity analyses. Based on the sensitivity analyses performed, the deferred tax asset is expected to be recovered between five to eight years.

Assumptions used in the budget are as follows:

- Sales volumes and prices aligned with those experienced during the 2022 financial year as well as production capacity;
- Inflationary adjustments were allowed for growth in revenue and costs from the 2024 financial year;
- Sales mix to commensurate expected market demand; and
- Eskom power supply will remain stable.

The timing of recovery is mostly sensitive to the following:

- Should the actual growth percentage decrease with 1%, the recoverability of the deferred tax asset will increase slightly to five and a half years;
- Should the sales mix decrease with 5%, deferred tax asset's recoverability will extend to eight and a half years; and
- Should the sales mix increase with 5%, the deferred tax asset's recoverability will decrease to six years.

	2022 R'000	2021 R'000
Group		
Reconciliation of deferred tax liability		
At beginning of year	(6 019)	(3 462)
Originating and reversing temporary differences	5 189	(2 557)
	(830)	(6 019)
Deferred tax liability		
Comprising:		
Property, plant and equipment	(4 354)	(6 024)
Provisions	4 648	4 640
Contributions to rehabilitation trust funds	(4 635)	(4 635)
Calculated tax losses	3 511	–
	(830)	(6 019)

The deferred tax liability is attributable to the Company's subsidiary, Ilangabi Investments 12 (Pty) Ltd.

Notes to the consolidated and separate financial statements continued

for the year ended 28 February 2022

9. INVENTORIES

SIGNIFICANT ACCOUNTING ASSUMPTIONS AND ESTIMATES

Allowance for damaged and obsolete inventory and determining net realisable values

Judgement is used to determine the lower of cost or net realisable value of inventory. Management also made estimates of the selling price and direct cost to sell on certain inventory items in determining the net realisable value. The write-down is charged to profit or loss in the period that it is identified.

ACCOUNTING POLICIES

Inventory comprises clay products as well as mined coal and clay, which are measured at the lower of cost and net realisable value.

The cost of bricks inventory comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of bricks manufactured or coal and clay explorated are assigned using the weighted average cost formula.

When inventory is sold, the carrying amount of that is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventory to net realisable value and all losses of inventory are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventory, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventory recognised as an expense in the period in which the reversal occurs.

The amount of the reversal is limited to the amount of the original write-down so that the new carrying amount is the lower of cost and net realisable value.

Consumable stores are stated at cost less allowances for obsolescence. Cost of consumables is based on the weighted average cost principle and includes expenditure incurred in acquiring and bringing them to their existing location and condition.

	Group		Company	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Raw materials	412	119	412	119
Work in progress	24 172	20 582	22 712	17 722
Finished goods	14 890	6 504	1 495	516
Consumables	1 844	1 965	1 702	1 138
	41 318	29 170	26 321	19 495

Group

In 2022, inventory of R233,1 million (2021: R192,9 million) was recognised as an expense during the reporting period and included in cost of sales.

All inventory movements are classified under cost of sales.

Impairments

Inventory totalling R12,9 million (2021: R1,4 million) was written down by R3,8 million (2021: R0,5 million) to their net realisable value of R9,1 million (2021: R0,9 million).

9. INVENTORIES continued

Company

In 2022, inventory of R156,7 million (2021: R119,4 million) was recognised as an expense during the reporting period and included in cost of sales.

All inventory movements are classified under cost of sales.

Impairments

No inventory is carried at net realisable value as at 28 February 2022 and 28 February 2021.

10. TRADE AND OTHER RECEIVABLES

SIGNIFICANT ACCOUNTING ASSUMPTIONS AND ESTIMATES

Impairment losses

The Group recognises loss allowance for expected credit losses ("ECLs") on financial assets measured at amortised cost. Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original expected interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analyses, based on the Group's historical experience and informed credit assessment and including forward-looking information. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. For any other financial assets carried at amortised cost (which are due in more than 12 months), the expected credit loss is based on the 12-month expected credit loss. The 12-month expected credit loss is the proportion of lifetime expected credit losses that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since obligation, the allowance will be based on the lifetime expected credit loss.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows and usually occurs when past due for more than one year and not subject to enforcement activity. At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is "credit impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Notes to the consolidated and separate financial statements continued

for the year ended 28 February 2022

10. TRADE AND OTHER RECEIVABLES continued

ACCOUNTING POLICIES

Recognition and initial measurement

Trade and other receivables are initially recognised when they are originated. A financial asset is initially measured at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly to its acquisition or issues.

Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at:

- Amortised cost; or
- Fair value though other comprehensive income ("FVOCI"); or
- Fair value through profit or loss ("FVTPL").

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as a FVTPL:

- It is held with a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount.

This category is the most relevant to the Group.

Financial assets at amortised cost are subsequently measured using the effective interest rate method and are subject to impairment. Interest received is recognised as part of finance income in the statement of profit or loss and other comprehensive income. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost include trade receivables, deposits and other receivables.

	Group		Company	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Financial assets				
Trade receivables	19 696	21 849	14 703	14 944
External customers	18 470	21 849	14 643	14 944
Related parties	1 226	–	60	–
Less: Allowance for expected credit losses	–	(47)	–	–
Trade receivables – net after impairment	19 696	21 802	14 703	14 944
Deposits	1 942	1 956	1 909	1 851
Other receivables	117	–	117	–
	21 755	23 758	16 729	16 795
Non-financial assets				
Value added tax	6 319	3 603	121	231
Trade payables paid in advance	1 066	2 341	278	1 371
	7 385	5 944	399	1 602
	29 140	29 702	17 128	18 397

10. TRADE AND OTHER RECEIVABLES continued

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's trade receivables and other receivables.

The Group controls its exposure to credit risk by setting limits on its exposure to individual customers. As part of the process of setting customer credit limits, credit guarantee insurance is purchased when deemed appropriate and management evaluates credit risk relating to customers on an ongoing basis and utilisation of credit limits is regularly monitored. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or legal entity, industry and revenue streams, trading history with the Group and existence of previous financial difficulties. The Group has adopted a policy of only dealing with creditworthy counterparties. Significant concentrations of credit risk apply to two customers which equates to 23,5% (2021: two customers 36,5%) of the trade receivables balance on the reporting date.

The maximum exposure to credit risk is represented by the carrying value of each financial asset in the statement of financial position.

As at 28 February 2022, the total receivables past 90 days amounted to R0,9 million (2021: R0,01 million). Management believes that the unimpaired amounts past due are collectible, based on historic payment behaviour and customer credit risk rating.

At 28 February 2022, trade receivables to the value of R4,9 million (2021: R4,9 million) were pledged as security in respect of the overdraft facility granted to the Company. See note 11 for details regarding the overdraft facility.

Movement in the allowance for expected credit losses during the year was as follow:

	Group		Company	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Trade and other receivables impaired				
Allowance for expected credit losses				
Balance as at 1 March	47	412	–	412
Allowance for the year	139	47	139	–
Amounts written off as uncollectible	(186)	(50)	(139)	(50)
Reversed in the year on collection of receivables *	–	(362)	–	(362)
Balance as at year-end	–	47	–	–

* *As a result of credit guarantee insurance in place.*

The allowance for expected credit losses is based on approved credit terms, credit guarantee per individual customer and the historical default rate. Based on amounts past due at the reporting date, management has assessed that the increase in credit risk and resultant expected credit loss are not material.

Fair value of financial instruments

There is no material difference between the fair value of trade receivables and other receivables and their carrying value due to the short-term maturity of these instruments.

Notes to the consolidated and separate financial statements continued

for the year ended 28 February 2022

11. CASH AND CASH EQUIVALENTS

ACCOUNTING POLICIES

Cash and cash equivalents are non-derivative financial assets that comprise cash on hand, and highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

Cash and cash equivalents are categorised as financial assets measured at cost.

Bank overdrafts are included within current liabilities in the statement of financial position and within cash and cash equivalents in the statement of cash flows.

	Group		Company	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Cash and cash equivalents consist of:				
Bank balances *	9 054	15 287	3 072	7 792
Bank overdraft	(3 891)	–	–	–
	5 163	15 287	3 072	7 792
Disclosed as:				
Current assets				
Cash and cash equivalents	9 054	15 287	3 072	7 792
Current liabilities				
Bank overdraft	(3 891)	–	–	–
	5 163	15 287	3 072	7 792

** R5,9 million (2021: R6,6 million) is secured in lieu of guarantees for environmental restoration (refer to note 17). Included in the bank balance is R0,2 million relating to goods purchased on lay-buy from the Company.*

Credit risk

The Group banks with a reputable bank and all savings are in money market accounts, which are considered to be low risk investments.

The Group invests cash and cash equivalents in short-term deposits and money market funds with high-rated financial institutions. The Group only enters into transactions with a limited number of major institutions that have high credit ratings and closely monitors the creditworthiness of counterparties.

Fair value of financial instruments

There is no material difference between the fair value of cash and cash equivalents and their carrying value due to the short-term maturity of these instruments.

Facilities

During August 2020, the Company applied for an overdraft facility amounting to R5 million. Resolutions were signed by the main Board and a facility amounting to R4,1 million was granted by Nedbank Limited during the 2021 financial year.

At the reporting date, the Company had R4,1 million (2021: R4,1 million) of undrawn facilities and the Group had R5,2 million (2021: R9,1 million) of undrawn facilities. Refer to note 10 for trade receivables pledged in lieu of the overdraft facility.

12. ASSETS AND LIABILITIES HELD-FOR-SALE AND DISCONTINUED OPERATIONS

SIGNIFICANT ACCOUNTING ASSUMPTIONS, ESTIMATES AND JUDGEMENTS

The assessment of whether the disposal is highly probable require the exercise of significant judgement and estimates of the outcome of future events not wholly within the control of the Group.

ACCOUNTING POLICIES

Assets held-for-sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Immediately before classification as held-for-sale, the assets, or components of a disposal group, are re-measured in accordance with the Group's other accounting policies. Thereafter, generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a *pro rata* basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets and investment property, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale and subsequent gains and losses on re-measurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated.

Assets held-for-sale

On 20 September 2016, the Group committed to sell one of its properties, namely the Rayton property situated at Portion 31 of Witfontein NO.510 - JR District Bronkhorstspruit "Rayton".

Rayton property

The offer received for Rayton amounting to R2,2 million, which is inclusive of the transfer of the environmental rehabilitation obligation, were accepted and signed by the company on 17 April 2017. The environmental provision of this property continued to unwind and had a change of estimate to the value of R0,06 million (2021: R0,1 million). Accordingly, in order to realign the property to its recoverable amount, R0,1 million (2021: R0,08 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. The 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 31 December 2021, in order to allow for the section 11(1) transfer to be finalised by the Department of Mineral Resources and Energy. At the date of these financial statements, the section 11 is still in progress and a renewed revival agreement was entered into to extend the original agreement to 31 December 2022.

All documentation has been submitted to the Minister and the only outstanding matter is for the section 11(1) transfer to be finalised by the Department of Mineral Resources and Energy.

12. ASSETS AND LIABILITIES HELD-FOR-SALE AND DISCONTINUED OPERATIONS

continued

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

	2022 R'000	2021 R'000
Group and Company		
Change in estimate for environmental rehabilitation provision	58	107
Impairment reversal	147	84
Net financing cost	(205)	(191)
Loss from operating activities (no tax effect)	–	–

Assets and liabilities held-for-sale relating to the Rayton property

The non-current assets held-for-sale are stated at the lower of carrying value or fair value less cost to sell and comprised the following:

	2022 R'000	2021 R'000
Group and Company		
Non-current assets held-for-sale		
Property, plant and equipment	4 608	4 461
	4 608	4 461
Non-current liabilities held-for-sale		
Environmental rehabilitation provision	(2 408)	(2 261)
	(2 408)	(2 261)

Assets and liabilities held-for-sale are not specifically allocated to a reportable segment. Refer to note 28 for where these are included.

13. STATED CAPITAL

ACCOUNTING POLICIES

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

Repurchase of stated capital

When stated capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity.

Shares in the Company held by the Brikor Share Purchase Trust are classified as treasury shares. The consideration paid, which includes directly attributable costs, net of tax effects, for these shares is deducted from equity. The number of shares held is deducted from the number of issued shares and the weighted average number of shares in the determination of earnings per share. Dividends received on treasury shares are eliminated on consolidation. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in the equity and the resulting surplus or deficit in the transaction is presented within stated capital.

Dividends

Ordinary dividends are recognised as a liability in the period in which they are declared.

	2022 '000	2021 '000
Group and Company		
Authorised		
1 000 000 000 ordinary shares of no par value (2021: 1 000 000 000)		
Reconciliation of number of shares authorised		
Reported at 1 March	1 000 000	1 000 000
	1 000 000	1 000 000
Reconciliation of number of no par value shares issued ('000)		
Reported at 1 March	645 242	645 242
Issued: Acquisition of Zingaro Holdings (Pty) Ltd	193 000	–
Less: Brikor Share Incentive Scheme Trust – treasury shares	(15 900)	(15 900)
	822 342	629 342

All shares are fully paid.

All shares rank equally with regards to the Group's residual assets.

Notes to the consolidated and separate financial statements continued

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13. STATED CAPITAL continued

	2022 R'000	2021 R'000
Group and Company		
Stated capital		
838 242 031 ordinary shares of no par value (2021: 645 242 031 ordinary shares of no par value)	273 092	244 142
Less: 15 900 000 (2021: 15 900 000) treasury shares held by the Brikor Share Incentive Scheme Trust	(15 900)	(15 900)
	257 192	228 242

Holders of the shares are entitled to dividends as declared from time to time, and are entitled to one vote per share at general meetings of the Company.

14. LEASE LIABILITY

ACCOUNTING POLICIES

Leases as lessee

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate. The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased. See also note 3 for additional disclosures.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is subsequently measured at amortised cost using the effective interest method.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

The corresponding lease obligation is included within lease liabilities in the statement of financial position. The interest component is charged to finance cost over the lease term to reflect a constant rate of interest on the remaining balance of the obligation.

14. LEASE LIABILITY continued

	Group		Company	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Lease liability	5 312	4 255	5 312	4 255
The Group leases certain production equipment, see also note 3. The lease commenced on 15 January 2021 until 15 January 2023. During February 2022, the Group entered into an additional lease for another 24-month period. During the current reporting period, lease payments amounted R0,2 million (2021: R0,08 million) per month. The lease liability was determined by discounting the lease payments using its incremental borrowing rate at 1 February 2021 and 1 February 2022, respectively, being the prime interest rate plus 0,98%. The annual lease rental renegotiations is a term as per the original lease contract and was taken into account in the determination of the lease liability. This is therefore not a lease modification in terms of IFRS 16. The Group has presented interest expense (see note 22) separately from the depreciation charge for the right-of-use asset (see notes 3 and 20).				
	5 312	4 255	5 312	4 255
Presented as:				
Non-current liabilities	1 574	2 171	1 574	2 171
Current liabilities	3 738	2 084	3 738	2 084
	5 312	4 255	5 312	4 255

Fair value of financial instruments

The carrying value of the unsecured borrowings approximates its fair value as a result of future cash flows being incorporated in the carrying value of the lease liability.

Liquidity risk

Repayments within one year will be funded by utilising cash balances and by future cash flows. Borrowings classified under current liabilities are due to be settled within twelve months from the reporting date. See note 35 for an analysis of the contractual cash flows, which is similar to the maturity analysis for the liability.

Notes to the consolidated and separate financial statements continued

for the year ended 28 February 2022

15. SHAREHOLDERS' LOANS

ACCOUNTING POLICIES

A financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue.

Classification and subsequent measurement

After initial recognition, shareholders' loans are subsequently measured at amortised cost using the effective interest rate method. Interest expense is also recognised in profit or loss.

Derecognition

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

	Group		Company	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Loan – Estate late G v N Parkin				
Shareholder's loan – 1				
Opening balance	10 657	14 704	10 657	14 704
Add: Interest	660	978	660	978
Less: Payments	(4 606)	(5 025)	(4 606)	(5 025)
Cash repayments	(4 606)	(5 025)	(4 606)	(5 025)
	6 711	10 657	6 711	10 657

The above loan is unsecured and bears interest at 7,59% per annum for all the respective years. In July 2018, the Group entered into a 60-month payment arrangement of R0,4 million a month, commencing at the end of July 2018 until June 2023.

15. SHAREHOLDERS' LOANS continued

	Group		Company	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Loan – G Parkin				
Opening balance	–	1 374	–	1 374
Add: Interest	–	68	–	68
Less: Payments	–	(1 442)	–	(1 442)
Cash repayments	–	(1 314)	–	(1 314)
Donations to employees during COVID-19 lockdown level 5	–	(119)	–	(119)
Purchase of bricks through loan account	–	(9)	–	(9)
	–	–	–	–
On 5 November 2019, the Group entered into an arrangement to pay R0,1 million per month commencing from the end of March 2020 until February 2021. The loan was settled in full by February 2021.				
Total shareholders' loans	6 711	10 657	6 711	10 657
Presented as:				
Non-current liabilities				
At amortised cost	1 587	6 271	1 587	6 271
Current liabilities				
At amortised cost	5 124	4 386	5 124	4 386
	6 711	10 657	6 711	10 657

Fair value of financial instruments

The carrying value of the unsecured borrowings approximates its fair value. The fixed interest rates for these loans are in line with current market rates and the credit risk of the borrower remained consistent.

Liquidity risk

Shareholder loans are used in long-term funding and further details are included in note 35.

Notes to the consolidated and separate financial statements continued

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16. VENDOR LOANS

ACCOUNTING POLICIES

See note 15 for accounting policy relating to financial liablities.

	Group		Company	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Loan - EJ Mac Master				
Loan 2 March 2021	7 018	–	7 018	–
Add: Interest	375	–	375	–
Less: Payments	(1 834)	–	(1 834)	–
	5 559	–	5 559	–
Loan - L Mac Master				
Loan 2 March 2021	7 016	–	7 016	–
Add: Interest	375	–	375	–
Less: Payments	(1 833)	–	(1 833)	–
	5 558	–	5 558	–
Loan - PB Buys				
Loan 2 March 2021	7 016	–	7 016	–
Add: Interest	375	–	375	–
Less: Payments	(1 833)	–	(1 833)	–
	5 558	–	5 558	–
Total vendor loans	16 675	–	16 675	–

The above loans bear interest at the prime rate less 1%, calculated and compounded quarterly in arrears with effect from the effective date until the date upon which the subject loans has been repaid in full to the sellers. The respective loans are repayable in monthly instalments of R0,2 million (including capital and interest) each. The subject loans outstanding as at the fifth anniversary of the effective date shall be paid by Brikor to the sellers within ten business days after the fifth anniversary of the effective date. In addition, Brikor has the right to repay the outstanding subject loans from time to time in greater instalments and more frequently.

Presented as:				
Non-current liabilities				
At amortised cost	10 972	–	10 972	–
Current liabilities				
At amortised cost	5 703	–	5 703	–
	16 675	–	16 675	–

Fair value of financial instruments

The carrying value of the unsecured borrowings approximates its fair value. The interest rates for these loans are in line with current market rates and the credit risk of the borrower remained consistent.

Liquidity risk

Vendor loans are used in long-term funding and further details are included in note 35.

17. PROVISIONS

SIGNIFICANT ACCOUNTING ASSUMPTIONS, ESTIMATES AND JUDGEMENTS

Environmental rehabilitation provision

Estimates for future environmental rehabilitation costs are determined with the assistance of an independent environmental and quantity surveyor experts and are based on the Group's environmental management plans which are developed in accordance with regulatory requirements, the life-of-mine plan and the planned method of rehabilitation which is influenced by developments in trends and technology. These judgements and assumptions may result in future actual expenditure differing from the amounts currently provided.

The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. The effect of subsequent changes to assumptions in estimating an obligation for which the provision was recognised as part of the cost of an item of property, plant and equipment is adjusted against the asset. Any subsequent changes to the obligation which did not relate to the initial construction of a related asset are charged to profit or loss.

Provisions for environmental rehabilitation obligations arise when land is disturbed by excavation or operating activities and are measured at the present value of the directors' best estimate of future economic outflows.

In determining the present value of the provision, management applies assumptions and estimates in determining variables such as discount rates, inflation rates and timing of cash outflows.

ACCOUNTING POLICIES

Provisions are recognised when:

- the Group has a present legal or constructive obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of the gross provision is reviewed annually and is reported as the present value of the expenditure expected to be required to settle the obligation. Provisions are determined by discounting the expected future cash flows pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the liability. The unwinding of discount is recognised as a finance cost.

Annual changes in the environmental restoration provision consist of financing expenses relating to the change in the present value of the provision and inflationary increases in the provision, as well as changes in estimates.

The present value of dismantling and removing the asset created before production commenced (decommissioning liabilities) are capitalised to property, plant and equipment against an increase in the rehabilitation provision. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised in profit or loss. If the asset value is increased and there is an indication that the revised carrying value is not recoverable, an impairment test is performed in accordance with the accounting policy dealing with impairments of property, plant and equipment. Over time, the liability is increased to reflect an interest element, and the capitalised cost is depreciated over the life of the related asset.

The present value of environmental rehabilitation costs relating to activities after production commenced as well as subsequent changes therein are charged to profit or loss and presented as part of cost of sales. The cost of ongoing rehabilitation is recognised in profit or loss as incurred. Cash costs incurred to rehabilitate these disturbances are presented as operating activities in the statement of cash flows.

Notes to the consolidated and separate financial statements continued

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17. PROVISIONS continued

	Group		Company	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Environmental rehabilitation provision	52 418	51 767	33 350	31 966
Total	52 418	51 767	33 350	31 966
Provision: Environmental rehabilitation				
Opening balance	51 767	62 380	31 966	31 567
Unwinding of interest	3 591	3 803	2 177	2 059
Rehabilitation performed	–	(159)	–	–
Change in estimate	(2 940)	(6 257)	(793)	(1 660)
Recognised in profit or loss	(2 814)	(6 545)	(750)	(1 377)
Recognised in property, plant and equipment	(126)	288	(43)	(283)
Disposed	–	(8 000)	–	–
Closing balance	52 418	51 767	33 350	31 966

Group

The rehabilitation provision relates to the estimated costs of correcting any disturbance relating to mining and other 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 R64,2 million (2021: R63,9 million). The future cost of the provision was calculated by escalating estimated costs at a risk-adjusted CPI of 6% (2021: 6%) per annum over the life of the operations ranging between 4 to 10 years (2021: 6 to 12 years). This future cost is discounted at South African Government Bond Rate ranging between 7,88% and 9,77% (2021: 7,31% and 9,78%) to arrive at a carrying value of R52,4 million (2021: R51,8 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 reporting period into these funds amounted to Rnil million (2021: Rnil million). The total amount held in these trusts amounted to R26,5 million (2021: R23,8 million) at the reporting date (see note 7).

The Department of Minerals and Energy holds guarantees in its favour for the mining rehabilitation cost to the amount of R23,3 million (2021: R20,7 million). See note 31. Furthermore, the Group holds decommissioning assets to the value of R14,3 million (2021: R16,2 million) as part of property, plant and equipment, which will be utilised in extinguishing the rehabilitation liability.

Company

The future cost of rehabilitation was estimated at R43,6 million (2021: R42,7 million). The future cost of the provision was calculated by escalating estimated costs at a risk-adjusted CPI of 6% (2021: 6%) per annum over the life of the operations ranging between 7 to 10 years (2021: 8 to 12 years). This future cost is discounted at South African Government Bond Rate ranging between 9,35% and 9,77% (2021: 9,08% and 9,78%) to arrive at a carrying value of R33,4 million (2021: R32 million).

The Company has invested funds into various environmental trusts to be utilised by the Group as and when restoration activities are incurred. Investments made during the reporting period into these funds amounted to Rnil million (2021: Rnil million). The total amount held in these trusts amounted to R1,6 million (2021: R1,5 million) at the reporting date (see note 7).

The Department of Minerals holds guarantees in its favour for the mining rehabilitation cost to the amount of R23,3 million (2021: R19 million). See note 31. Furthermore, the Company holds decommissioning assets to the value of R11,4 million (2021: R12,5 million) as part of property, plant and equipment, which will be utilised in extinguishing the rehabilitation liability.

17. PROVISIONS continued

Sensitivity analysis

The risk-free rates used to discount the estimated cash flows based on the underlying currency and time duration of the obligation are provided in the table below.

	Group	Company
	%	%
Risk-free rate 28 February 2022	7,88 to 9,77	9,35 to 9,77
	R'000	R'000
A 1% change in the discount rate would have the following effect on the environmental rehabilitation provision:		
Increase in the discount rate	(5 798)	(2 895)
Amount recognised in profit or loss	(4 780)	(1 960)
Amount recognised in property, plant and equipment	(1 018)	(935)
Decrease in the discount rate	184	1 536
Amount recognised in profit or loss	(679)	591
Amount recognised in property, plant and equipment	863	945

18. TRADE AND OTHER PAYABLES

ACCOUNTING POLICIES

Trade and other payables

Initial recognition and measurement

Trade and other payables are measured, at initial recognition, as financial liabilities at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issues.

Classification, subsequent measurement and gains and losses

After initial recognition, trade and other payables are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the statement of profit or loss when the trade and other payables are derecognised. Interest expense is also recognised in profit or loss.

Short-term employee benefits

The costs of short-term employee benefits, (those payable within twelve months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensation absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absence, when the absence occurs.

The expected cost of bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance and the obligation can be estimated reliably.

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18. TRADE AND OTHER PAYABLES continued

	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Financial liabilities				
Trade payables	27 878	11 946	11 772	9 724
External	24 845	11 946	7 651	5 039
Related party	3 033	–	4 121	4 685
Accruals *	3 700	4 139	3 523	3 942
	31 578	16 085	15 295	13 666
Non-financial liabilities				
Receipts in advance	3 714	4 141	3 546	3 885
Value added tax	1 077	1 145	1 077	1 145
Royalty tax accrual	12 696	12 690	4 923	4 923
Carbon tax accrual	2 712	3 017	2 712	3 017
Accrual for legal and advisory fees	–	1 200	–	1 200
Employee-related liabilities	4 274	2 324	3 311	1 622
	24 473	24 517	15 569	15 792
	56 051	40 602	30 864	29 458

* *Included in accruals is R0,2 million (2021: R 1,3 million) in respect of legal fees relating to pending court cases. This is the remaining balance of legal fees accrued for during the previous financial year and not used. See note 30 – Contingent Liabilities for additional detail regarding the pending court case.*

The average credit period on purchases is 37 days (2021: 31 days) from the date of statement. The Group has financial risk management policies in place.

Liquidity risk

Trade payables and other creditors and accruals are all expected to be settled within 12 months from the reporting date.

Fair value of financial instruments

The fair value of trade payables and other creditors and accruals approximate their carrying value due to their short-term maturities.

19. REVENUE

ACCOUNTING POLICIES

To determine whether to recognise revenue, the Group follows a five-step process:

- Identifying the contract with the customer;
- Identifying the performance obligations;
- Determining the transaction price;
- Allocating the transaction price to the performance obligations; and
- Recognising revenue as/when performance obligations are satisfied.

The Group generates revenue primarily from the sale of clay products, related ancillary products, coal and clay minerals and transportation services.

The Group measures and recognises revenue when the control over the clay products, related ancillary products, coal and clay minerals and transportation services is transferred to the customer. Control transfers to the customers at the date of delivery or collection, which is at a point in time for all the respective revenue streams.

Revenue is measured based on the consideration specified in a contract with the customer. Contractual payment terms are similar for all revenue streams and are between 30 and 90 days.

Nature and timing of satisfaction of performance obligations

Revenue is measured on a best estimate basis on the date of the delivery or collection specified in the contract with the customer at the fair value of the consideration received or receivable and represents the amounts receivable for the goods provided in the normal course of business, net of trade discounts, volume rebates and value added tax.

	Group		Company	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Revenue from contracts with customers consist of:				
Clay products	168 373	127 778	165 171	124 642
Coal	74 233	109 877	–	–
Transportation services and ancillary products	30 101	20 259	29 939	20 259
	272 707	257 914	195 110	144 901

Disclosure of disaggregated revenue from contracts with customers:

- The Group generates revenue primarily from the sale of clay products (being bricks and clay minerals, respectively), coal minerals and the related transportation services.
- The disaggregation of revenue from contracts with customers by primary geographical market and product is detailed as part of segment reporting in note 28.

Notes to the consolidated and separate financial statements continued

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	Group		Company	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
20. OPERATING PROFIT/(LOSS) BEFORE INTEREST AND TAXATION				
Operating profit/(loss) before interest and taxation is stated after:				
Income				
Profit on disposal of fixed assets	–	–	45	–
Management fees	–	–	8 576	8 936
Diesel rebates received included in other income	2 705	2 612	–	–
Fair value gain on restricted financial assets included in other income	2 576	2 673	–	–
Expenses				
Short-term lease charges				
– Equipment	39 132	36 930	5 303	619
Depreciation – cost of sales *	8 860	6 317	4 516	2 245
Depreciation – other	1 377	883	1 305	817
Amortisation	506	543	54	47
Loss on disposal of property, plant and equipment	461	–	–	–
Loss on scrapping of property, plant and equipment	253	1 102	97	78
Inventory – net realisable value adjustments	3 769	467	–	–
Impairment – loans receivable	–	–	350	–
Impairment included in other expenses	(147)	(84)	(147)	(84)
– Impairment reversals of held-for-sale assets	(147)	(84)	(147)	(84)
Change in estimate of provision for environmental rehabilitation (refer note 17)	(2 814)	(6 545)	(750)	(1 377)
Change in estimate of provision for environmental rehabilitation – held-for-sale liabilities (refer note 12)	(58)	(107)	(58)	(107)
Directors' remuneration (refer note 33)	8 650	6 541	6 954	4 909
– Directors' emoluments	8 650	6 798	6 954	5 166
– Consultancy fees	–	(257)	–	(257)
Auditor's remuneration	1 224	1 437	907	1 025
– Audit fees	1 224	1 437	907	1 025
Employee costs	82 494	70 435	65 093	53 628

* *Includes depreciation in respect of the right-of-use asset amounting to R2,3 million (2021: R0,2 million). See note 3 for disclosure relating to the right-of-use asset.*

21. FINANCE INCOME

ACCOUNTING POLICIES

Finance income is recognised, in profit or loss, using the effective interest method. Finance income includes interest received and growth on other financial assets and cash and cash equivalents.

	Group		Company	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Interest received recognised in statement of profit or loss				
Bank	435	672	130	149
Cash flow items	435	672	130	149
South African Revenue Service – on normal tax	7	145	–	–
Other financial assets	47	7	47	34
Other receivables	59	65	59	65
Non-cash flow items	113	217	106	99
Total finance income	548	889	236	248

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22. FINANCE COSTS

ACCOUNTING POLICIES

Finance expenses comprise interest payable on financial instruments measured at amortised cost calculated using the effective interest method and unwinding of the provision for environmental rehabilitation.

	Group		Company	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Interest paid recognised in statement of profit or loss				
Bank overdraft	84	28	18	2
Trade and other payables	2	7	1	7
Borrowings and shareholders' loans	1 785	1 046	1 785	1 046
Lease liability	299	29	299	29
South African Revenue Service – on normal tax	12	–	–	–
South African Revenue Service – on other taxes	–	255	–	230
Cash flow items	2 182	1 365	2 103	1 314
South African Revenue Service – on normal tax	203	242	–	–
South African Revenue Service – on other taxes	23	–	–	–
Unwinding of interest – environmental rehabilitation provision	3 591	3 803	2 177	2 059
Unwinding of interest – environmental rehabilitation provision liabilities held-for-sale	205	191	205	191
Non-cash flow items	4 022	4 236	2 382	2 250
Total finance costs	6 204	5 601	4 485	3 564

23. TAXATION

ACCOUNTING POLICIES

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities, using the tax rates that have been enacted, or substantially enacted, by the end of the reporting period.

Current and deferred taxes are recognised as income or an expense and are included in profit or loss for the period, except to the extent that the tax arises from.

- a transaction or event which is recognised, in the same or a different period, in other comprehensive income or directly in equity; or
- a business combination.

23. TAXATION continued

	Group		Company	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
MAJOR COMPONENTS OF TAXATION				
Current tax expense				
Current year	81	1 506	–	–
Deferred taxation				
Origination and reversal of temporary differences	(2 792)	2 782	2 397	225
	(2 711)	4 288	2 397	225

	Group		Company	
	2022 %	2021 %	2022 %	2021 %
Reconciliation of the tax expense				
Reconciliation between applicable tax rate and average effective tax rate:				
Applicable tax rate	28,0	28,0	28,0	28,0
Non-deductible expenses: #	4,4	(0,3)	2,4	606,3
Legal fees	(3,7)	2,7	2,1	491,1
South African Revenue Service interest and penalties	(1,2)	0,4	–	81,0
Amortisation of mining rights	(2,4)	0,9	0,1	16,5
Other non-deductible expenses *	(0,4)	0,2	0,2	17,7
Restricted financial assets – fair value loss/(gains)	12,1	(4,5)	–	–
Section 12H learnership allowances	13,1	(4,1)	(7,5)	(859,5)
Prior year adjustment to assessed losses [1]	–	2,4	–	510,0
	45,5	26,0	22,9	284,8

* *Other non-deductible expenses include donations, gifts and other fines and penalties.*

Increase in non-deductible expenses for the Group is mainly due to increase in the fair value gain on the restricted financial assets in comparison to the loss for the reporting period.

[1] *The prior year adjustment to the assessed loss is as a result of learnership allowances (Section 12H) being allowed by the South African Revenue Services from the 2020 year of assessment. The Group and Company have submitted all tax returns to date and were able to claim the relevant allowance.*

The applicable tax rate is equal to the South African statutory company tax rate at 28%.

Notes to the consolidated and separate financial statements continued

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24. EARNINGS AND FULLY DILUTED EARNINGS PER ORDINARY SHARE

ACCOUNTING POLICIES

Earnings per share is calculated based on the net profit or loss after tax for the year, divided by the weighted average number of ordinary shares in issue during the year. Diluted earnings or loss per share is presented when the inclusion of ordinary shares that may be issued in the future has a dilutive effect on earnings or loss per share.

	Group	
	2022 cents	2021 cents
EARNINGS PER SHARE		
Basic earnings per share	0,3	1,9
Diluted earnings per share	0,3	1,9
Headline earnings per share	1,1	2,1
Diluted headline earnings per share	1,1	2,1

The calculation of the basic profit or loss per share attributable to the ordinary equity holders is based on the following information:

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

	Group	
	2022 R'000	2021 R'000
Basic and diluted profit	2 834	11 974
Loss on disposal of property, plant and equipment *	461	–
Loss on scrapping of property, plant and equipment *	253	1 102
Impairment of assets classified as held-for-sale *	(147)	(84)
Loss on disposal of property, plant and equipment by associate (net of tax)	5 719	–
Headline and diluted headline profit	9 120	12 992

** These reconciling items do not have related tax implications and therefore only the gross amounts are taken into account in the reconciliation.*

	Group	
Number of shares	2022 '000	2021 '000
Weighted average number of shares	822 342	629 342
Diluted weighted average number of shares	822 342	629 342

	2022 R'000	2021 R'000
25. BRIKOR SHARE INCENTIVE SCHEME TRUST		
Group and Company		
A share purchase scheme exists to provide employees of the Group the opportunity to purchase shares in the capital of the Company so as to give such employees the incentive to advance in the interest of the Group for the ultimate benefit of all the stakeholders in the Group.		
The maximum ordinary shares so held may not exceed 20% of the ordinary share capital of the Company.		
Shares acquired by the Brikor Share Incentive Scheme during the year	–	–
Unallocated scheme shares as at 1 March	15 432	15 388
Plus: Purchase offers cancelled	24	44
Unallocated scheme shares	15 456	15 432

No shares were purchased by directors under the Brikor Share Incentive Trust during the current financial year (2021: nil).

Allocated scheme shares amounted to R0,4 million (2021: R0,5 million) as at 28 February 2022.

	Group		Company	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
26 . CASH GENERATED FROM OPERATIONS				
Profit/(loss) before taxation and earnings from associate	(5 954)	16 262	10 451	79
Adjustments for:				
Depreciation and amortisation	10 743	7 743	5 875	3 109
Impairment and net realisable value adjustments	3 622	383	203	(84)
Profit on disposal of property, plant and equipment	–	–	(45)	–
Loss on disposal of property, plant and equipment	461	–	–	–
Loss on scrapping of property, plant and equipment	253	1 102	97	78
Fair value (gains)/losses on restricted investments	(2 576)	(2 673)	–	–
Net finance income and finance costs	5 656	4 712	4 249	3 316
Movement in environment rehabilitation provisions	(2 872)	(14 811)	(808)	(1 484)
– Change in estimate recognised in profit or loss	(2 814)	(6 545)	(750)	(1 377)
– Change in estimate – held-for-sale	(58)	(107)	(58)	(107)
– Transfer on disposal	–	(8 000)	–	–
– Rehabilitation performed	–	(159)	–	–
Changes in working capital				
Inventories	(15 917)	15 274	(6 826)	14 888
Trade and other receivables	623	1 474	1 329	730
Trade and other payables	15 426	(6 633)	1 406	(3 057)
Net cash inflow from operating activities	9 465	22 833	15 931	17 575

Notes to the consolidated and separate financial statements continued

for the year ended 28 February 2022

27. TAX PAID

ACCOUNTING POLICIES

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

	Group		Company	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Balance at beginning of year	(4 205)	(2 260)	–	–
Current tax for year recognised in statement of comprehensive income	(81)	(1 506)	–	–
Net interest	(208)	(97)	–	–
Balance at end of year	4 838	4 205	–	–
– Taxation – refundable	(1 282)	(1 997)	–	–
– Taxation – payable	6 120	6 202	–	–
	344	342	–	–

28. SEGMENT REPORTING

ACCOUNTING POLICIES

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses that relate to transactions with any of the Group's other components. The basis is representative of the internal structure for management purposes. All operating segments' operating results are reviewed regularly by the chief executive officer to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The chief operating decision maker has been identified as the Group's Chief Executive Officer. The CEO relies on inputs from the Financial Director and Executive Committee members for decision making. Based on support and inputs from the Financial Director and Executive Committee members, the potential to create an imbalance of power is mitigated.

The reportable segments are:

- Coal, which includes mining and sale of coal; and
- Bricks, which includes manufacturing and sales of bricks.

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.

Segmental results include revenue and expenses directly related to an operating segment but exclude net finance charges and taxation which cannot be allocated to any specific segment. Segmental trading profit is defined as operating profit, excluding items of a capital nature, and is the basis on which management's performance is assessed.

Segment operating assets and liabilities include property, plant and equipment, investments, inventories, trade and other receivables, trade and other payables and insurance funds and post-retirement obligations, but exclude cash, general borrowings, current taxation, deferred taxation, non-current assets held-for-sale, non-current liabilities held-for-sale and shareholders' loans.

Intangible assets are allocated to the cash-generating unit in the segment to which they relate.

Notes to the consolidated and separate financial statements continued

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28. SEGMENT REPORTING continued

Segment revenues and results

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				
2022				
Total revenue	195 110	98 035	–	293 145
Intersegment revenue	–	(20 438)	–	(20 438)
Reportable segment revenue	195 110	77 597	–	272 707
– Clay products	165 171	3 202	–	168 373
– Coal	–	74 233	–	74 233
– Transportation services and ancillary products	29 939	162	–	30 101
Gross profit	40 323	(700)	–	39 623
Other income	2 390	6 123	–	8 513
Operating profit/(loss) before interest and taxation	12 473	(12 771)	–	(298)
Segment assets and liabilities				
Segment assets	88 982	75 737	91 914	256 633
Segment liabilities	(67 440)	(45 555)	(37 421)	(150 416)
Other segment information				
Depreciation and amortisation included in cost of sales and operating expenditure	(5 876)	(4 867)	–	(10 743)
Additions to non-current assets	10 079	1 879	–	11 958

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

28. SEGMENT REPORTING continued

	Bricks R'000	Coal R'000	Other * R'000	Total R'000
Segment profit reconciliation				
2021				
Total revenue	144 901	125 645	–	270 546
Intersegment revenue	–	(12 632)	–	(12 632)
Reportable segment revenue	144 901	113 013	–	257 914
– Clay products	124 642	3 136	–	127 778
– Coal	–	109 877	–	109 877
– Transportation services and ancillary products	20 259	–	–	20 259
Gross profit	27 404	37 576	–	64 980
Other income	1 881	5 591	–	7 472
Operating profit before interest and taxation	3 008	17 966	–	20 974
Segment assets and liabilities				
Segment assets	77 901	73 189	51 183	202 273
Segment liabilities	(60 045)	(35 867)	(25 851)	(121 763)
Other segment information				
Depreciation and amortisation included in cost of sales and operating expenditure	(3 109)	(4 634)	–	(7 743)
Additions to non-current assets	7 507	2 323	–	9 830

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

Factors used to identify segments are based on product and service line 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 South African customers, within the region in which the Group is situated. Therefore, no additional geographical areas have been identified.

The Bricks and Coal segments are the only regulatory environments in which the Group operates, i.e., manufacturing and mining.

Two customers contribute to 14% of the Group's revenue. These customers form part of the Bricks and Coal segments, respectively.

Notes to the consolidated and separate financial statements continued

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29. CAPITAL COMMITMENTS

	Group		Company	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Authorised capital expenditure				
Capital equipment	539	8 056	289	1 133
– within one year	539	2 831	289	1 133
– in second to fifth year inclusive	–	5 225	–	–
Short-term leases – as lessee				
Minimum lease payments due:				
– within one year	115	23	70	–
– in second to fifth year inclusive	128	8	75	–

Short-term payments represent rentals payable by the Group for certain of its plant and equipment. No contingent rent is payable. See note 3 for details regarding accounting policy relating to leases.

30. CONTINGENCIES

SIGNIFICANT ACCOUNTING JUDGEMENTS

The assessment of whether an obligating event results in a liability or a contingent liability require the exercise of significant judgement of the outcome of future events that are not wholly within the control of the Group.

Legislation and other judicial proceedings inherently entail complex legal issues that are subject to uncertainties and complexities and are subject to interpretation.

ACCOUNTING POLICIES

A contingent liability is a possible obligation arising from past events and whose existence will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. A contingent liability may also be a present obligation arising from past events but is not recognised on the basis that an outflow of economic resources to settle the obligation is not viewed as probable, or the amount of the obligation cannot be reliably measured.

When the Group has a present obligation, an outflow of economic resources is assessed as probable and the Group can reliably measure the obligation, a provision is recognised.

30. CONTINGENCIES continued

Contingent liabilities

Group and Company

Environmental rehabilitation

The Group's operations is located in Nigel and are 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 operation 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 Plant 3, 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 is required to assess and confirm a justifiable approach (as required by the National Water Act) that does not pose a long-term water quality-related risk at eventual quarry closure. In addition, the nature and extent for the direction 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 cannot be reasonably quantified.

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

Pending court cases

Court case 1 (Group)

Ilangabi Investments 12 (Pty) Ltd is currently a party to a litigation process instituted against the company as a result of events dating back to 2015. The case has been ongoing for the past seven years and management is of the opinion that it is not likely that the case would result in a material outflow of economic benefits. The case has been submitted to the High Court and the outcome as well as potential financial impact cannot be measured reliably at the date of these consolidated and separate financial statements.

During the current reporting period, a plea has been delivered on behalf of Ilangabi and both parties have delivered notices calling upon each other to make discovery. Although the notice to make discovery was delivered a while ago, a discovery affidavit has not yet been delivered to Ilangabi. It may still take some time to complete the discovery affidavit exercise and it is difficult to estimate the costs that will be associated therewith.

Court case 2 (Group and Company)

As announced on SENS on 27 February 2020, shareholders were advised, that the Company Secretary received a letter and various further e-mail correspondence for the request for a shareholders' meeting. The request to call a shareholders' meeting has for various reasons not been approved by the Independent Board of Brikor and, accordingly, the directors applied to the court in terms of section 61(5) of the Companies Act for an order to set aside the request for a shareholders' meeting on the grounds that the request is frivolous and/or otherwise vexatious.

Court proceedings have commenced in the High Court of South Africa under Case Number 11622/2020 and court dates are being awaited subsequent to the receipt of an additional request for a shareholders' meeting as noted below.

As announced on SENS on 15 and 19 February 2021, the Company Secretary received a letter for the request for another shareholders' meeting. The request to call a shareholders' meeting has for various reasons not been approved by the Independent Board of Brikor and, accordingly, the directors will in accordance with the provision of section 61(5) of the Companies Act, apply to court for an order to set aside the request for a shareholders' meeting.

Included in trade and other payables is a remaining provision of R0,2 million (Feb 2021: R1,2 million) in respect of legal fees relating to the matter noted above. The case could, however, result in additional future obligations that would require the Group to raise additional cost in respect of legal fees. As a result of uncertainty relating to the timing and amount of potential legal fees that would need to be incurred as well as the resultant outcome of the court case, the exact amount cannot be measured reliably at the date of these consolidated and separate financial statements.

Subsequently, as announced on SENS on 4 May 2021, shareholders were advised that the revised request to call a shareholders' meeting on 15 and 19 February 2021 have been withdrawn.

Notes to the consolidated and separate financial statements continued

for the year ended 28 February 2022

	Group		Company	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
31. GUARANTEES				
Guarantees in favour of the following have been provided:				
Department of Minerals – Mining rehabilitation*	23 329	20 757	23 329	19 031
	23 329	20 757	23 329	19 031

* *The Group has R5,9 million (2021: R6,6 million) cash secured in lieu of these guarantees which are held in a money market trader account by its financiers (refer to note 11). Refer to note 17 in terms of provisions raised in respect of environmental restoration.*

32. RELATED PARTIES

Identification of material related parties

Shareholders of Brikor Limited (Company) holding 5% or more of issued share capital at the reporting date:

E Meiring	15,51%
G Parkin	12,83%
E Parkin *	11,05%
The Daniel Parkin Testamentary Trust *	12,04%
E Mac Master	7,68%
L Mac Master	7,67%
P Buys	7,67%
Elgar Share Trust *	6,29%
The Milan Rautenbach Testamentary Trust *	4,26%

* *E Parkin is a trustee of these trusts and has a total indirect influence of more than 20% as at the reporting date.*

Subsidiaries and associates

Ilangabi Investments 12 (Pty) Ltd is the only significant subsidiary of the Group, is wholly owned and is incorporated and operates in South Africa only. Refer to note 5 for the schedule of investments in other companies.

During the current financial year Brikor acquired 40% of all ordinary shares in Zingaro Holdings (Pty) Ltd. Refer to note 6 for disclosure relating to the associate.

The only restrictions applicable to the Group and its subsidiaries relate to the provision of inter-company financial assistance as well as provision of financial assistance to related and inter-related parties of the Company. Special resolutions to effect these matters have not been approved by 75% of the shareholders at the previous Annual General Meeting.

Directors

Refer to note 33 for details of the Group's directors.

Relationships	Related director/shareholder
Entities controlled by directors/significantly influenced by shareholders	
Scarlett Sun 33 (Pty) Ltd	E Parkin
Nigel Brick and Clay (Pty) Ltd	E Parkin
Elgar Share Trust	E Parkin, G Parkin
Cyndara 113 (Pty) Ltd	E Parkin
Galiya (Pty) Ltd	E Parkin
Zingaro Holdings (Pty) Ltd	E Mac Master, L Mac Master, P Buys
Zingaro Trade 85 (Pty) Ltd	E Mac Master, PZ Mtethwa

32. RELATED PARTIES continued

		Group		Company	
	Description of activity	2022 R'000	2021 R'000	2022 R'000	2021 R'000
RELATED PARTY BALANCES					
Loan accounts – owing (to)/by related parties					
Estate late G v N Parkin	Unsecured, bears interest at 7,59% p.a., monthly repayments of R0,4 million.	(6 711)	(10 657)	(6 711)	(10 657)
E Mac Master	Bears interest at the prime rate less 1%, calculated and compounded quarterly in arrears. The loan is payable in monthly instalments of R0,2 million (including capital and interest).	(5 559)	–	(5 559)	–
L Mac Master	Bears interest at the prime rate less 1%, calculated and compounded quarterly in arrears. The loan is payable in monthly instalments of R0,2 million (including capital and interest).	(5 558)	–	(5 558)	–
P Buys	Bears interest at the prime rate less 1%, calculated and compounded quarterly in arrears. The loan is payable in monthly instalments of R0,2 million (including capital and interest).	(5 558)	–	(5 558)	–
Loan accounts – owing to subsidiaries					
Ilangabi Investments 12 (Pty) Ltd	Unsecured and interest free.	–	–	3 639	3 639
Amounts included in trade and other receivable/(trade and other payables) regarding related parties					
Ilangabi Investments 12 (Pty) Ltd	Coal and Clay	–	–	(1 087)	(4 685)
Scarlett Sun 33 (Pty) Ltd	Surface rights	(77)	(237)	–	–
Scarlett Sun 33 (Pty) Ltd	Machinery parts and consumables	(16)	34	(16)	34
Nigel Brick and Clay (Pty) Ltd	Coal and Clay	–	(112)	–	–
Cyndara 113 (Pty) Ltd	Engineering	(97)	(97)	(97)	(97)
Zingaro Holdings (Pty) Ltd	Bricks	60	–	60	–
Zingaro Trade 85 (Pty) Ltd	Coal and diesel	1 166	–	–	–
Zingaro Trade 85 (Pty) Ltd	Machinery rentals and transport	(9 479)	–	(3 033)	–

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32. RELATED PARTIES continued

		Group		Company	
	Description of activity	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Related party transactions					
Interest paid					
Estate late GvN Parkin – shareholder's loan	On loan account	(660)	(978)	(660)	(978)
G Parkin – shareholder's loan	On loan account	–	(68)	–	(68)
E Mac Master	On loan account	(375)	–	(375)	–
L Mac Master	On loan account	(375)	–	(375)	–
P Buys	On loan account	(375)	–	(375)	–
Purchases from related parties					
Ilangabi Investments 12 (Pty) Ltd	Coal and clay	–	–	(27 800)	(16 173)
Scarlett Sun 33 (Pty) Ltd	Surface rights	(2 043)	(3 236)	–	–
Zingaro Trade 85 (Pty) Ltd	Machinery rentals and transport	(23 207)	–	(6 135)	–
Zingaro Holdings (Pty) Ltd	Motor vehicles	(400)	–	–	–
Sales to related parties					
Ilangabi Investments 12 (Pty) Ltd	Electricity, rental and recoveries	–	–	7 853	5 394
Ilangabi Investments 12 (Pty) Ltd	Management fees	–	–	8 576	8 936
Nigel Brick and Clay (Pty) Ltd	Mineral resources	4 491	3 785	–	–
Zingaro Trade 85 (Pty) Ltd	Coal and diesel	4 499	–	–	–
Zingaro Holdings (Pty) Ltd	Bricks	395	–	395	–

33. DIRECTORS' EMOLUMENTS

	Basic *1 R'000	Bonus *1 R'000	Motor allowance *1 R'000	Medical aid *1 R'000	Provident fund *2 R'000	Total R'000
2022						
Executive directors						
G Parkin *3	2 610	1 183	–	7	–	3 800
JM Botha *3	1 685	306	–	–	–	1 991
Non-executive directors						
AD Pellow *3	408	–	–	–	–	408
AM Mokate *3	231	–	–	–	–	231
KA Moremoholo *3 *5	56	–	–	–	–	56
SP Naude *3	334	–	–	–	–	334
FA Mtsila *6	134	–	–	–	–	134
	5 458	1 489	–	7	–	6 954
Subsidiary executive directors						
TP Nhlapo *4	829	19	–	–	–	848
R Gaorekwe *4	829	19	–	–	–	848
	1 658	38	–	–	–	1 696
	7 116	1 527	–	7	–	8 650

*1 *Short-term employee benefits.*

*2 *Post-employment benefits.*

*3 *Fees paid for services to Brikor Ltd Company.*

*4 *Fees paid for services to Ilangabi Investments 12 (Pty) Ltd.*

*5 *Appointed as director on 14 December 2020; passed away on 27 May 2021.*

*6 *Appointed as director on 18 June 2021.*

Notes to the consolidated and separate financial statements continued

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33. DIRECTORS' EMOLUMENTS continued

	Basic *1 R'000	Consul-ting fees # R'000	Bonus *1 R'000	Motor allowance *1 R'000	Medical aid *1 R'000	Provident fund *2 R'000	Total R'000
2021							
Executive directors							
G Parkin *3	2 466	–	–	–	7	107	2 580
JM Botha *3 *7	841	–	–	–	–	41	882
Non-executive directors							
AD Pellow *3	390	–	–	–	–	–	390
AM Mokate *3	219	–	–	–	–	–	219
KA Moremoholo *3 *8	46	–	–	–	–	–	46
AP van der Merwe *3 *5	120	257	–	–	–	–	377
SP Naude *3	250	–	–	–	–	–	250
N Hornby *3 *5	119	–	–	–	–	–	119
JAI Ferreira *3 *5	175	–	–	–	–	–	175
TN Hendry (Greef) *3 *5	128	–	–	–	–	–	128
	4 754	257	–	–	7	148	5 166
Subsidiary executive directors							
TP Nhlapo *4	787	–	–	–	–	29	816
R Gaorekwe *4	787	–	–	–	–	29	816
	1 574	–	–	–	–	58	1 632
	6 328	257	–	–	7	206	6 798
Prescribed officer							
LA Craig *3 *6	1 796	–	–	–	–	14	1 810
	1 796	–	–	–	–	14	1 810
	8 124	257	–	–	7	220	8 608

*1 *Short-term employee benefits.*

*2 *Post-employment benefits.*

*3 *Fees paid for services to Brikor Ltd Company.*

*4 *Fees paid for services to Ilangabi Investments 12 (Pty) Ltd.*

*5 *Resigned on 6 November 2020; shareholders did not approve election at the Annual General Meeting. Mr AP van der Merwe did not offer himself for re-election by shareholders at the Annual General Meeting.*

*6 *Resigned as director on 9 October 2019: Appointed as Chief Financial Officer on 9 October 2019: Resigned as Chief Financial Officer on 31 July 2020.*

*7 *Appointed as director on 29 June 2020.*

*8 *Appointed as director on 14 December 2020; passed away on 27 May 2021.*

*9 *Appointed as director on 18 June 2021.*

Refer to note 32 – related parties.

34. RETIREMENT FUND

ACCOUNTING POLICIES

Defined contribution plan

The Group and its employees contribute to a defined contribution plan. A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts.

Payments to defined contribution retirement benefit plans are recognised in profit or loss in the periods during which services are rendered by employees.

Defined contribution plan

During February 2021, the Group and Company terminated its provident fund memberships. Subsequent to the termination, employees received the Company contribution previously made to the provident funds as part of their basic monthly salary in order for them to obtain their own provident fund and/or savings accounts.

The Group previously contributed to two provident funds namely:

- The Funds at Work Provident Fund, an umbrella fund (the fund is administered by Momentum); and
- A fund administered by Liberty.

Both funds are governed by the Pension Fund Act of 1956.

The contributions paid by the Group to fund obligations for the payment of retirement benefits are charged to profit or loss as and when incurred. The Group contributed Rnil million (2021: R3,4 million) for the reporting period; nil (2021: 572) employees were members of these provident funds during the reporting period.

The contributions paid by the Company to fund obligations for the payment of retirement benefits are charged to profit or loss as and when incurred. The Company contributed Rnil million (2021: R2,9 million) for the reporting period; nil (2021: 477) employees were members of these provident funds during the reporting period.

The contributions to the fund have been classified under cost of sales and administration expenses in the statement of profit or loss and other comprehensive income.

35. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS

This note presents the Group's objectives, policies and processes for managing its financial risk and capital. Further quantitative disclosures are included throughout these financial statements.

In performing its operating, investing and financing activities, the Group is exposed to the following financial risks from the use of financial instruments:

Credit risk: the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's trade receivable and cash and cash equivalents.

Liquidity risk: the risk that the Group may not have, or may not be able to raise cash funds when needed and therefore encounter difficulty in meeting obligations associated with financial liabilities.

Market risk: the risk that the value of a financial instrument will fluctuate in terms of fair value or future cash flows as a result of a fluctuation in market prices. Basically, the Group is exposed to interest rate risk.

In order to effectively manage those risks, the Board of Directors has approved specific strategies for the management of financial risks, which are in line with corporate objectives. These guidelines set up the short- and long-term objectives and actions to be taken in order to manage the financial risks that the Group faces.

The major guidelines of this policy are the following:

- Minimise interest rate, currency and price risks for all kinds of transactions;
- All financial risk management activities are carried out and monitored at central level; and
- All financial risk management activities are carried out on a prudent and consistent basis and following the best market practices.

Credit risk has been disclosed through the relevant notes to the consolidated and separate financial statements. No collateral is held on any of the financial assets, except for security held over trade receivables, as disclosed in note 10.

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35. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS continued

Risk management framework

The Board of Directors has the overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. These policies and systems are reviewed regularly to reflect changes in market conditions and activities.

The Group Audit and Risk Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

The following tables summarises the carrying amount and fair value of financial assets and liabilities recorded at year-end per IFRS 9 category:

	Group		Company	
	Carrying amount/fair value			
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Financial assets				
Measured at cost less accumulated impairment				
– Investment in subsidiaries (refer note 5)	–	–	3 673	3 194
– Investment in associate (refer note 6)	–	–	50 000	–
Measured at fair value through profit or loss				
– Restricted investments (refer note 7)	24 911	22 335	–	–
Measured at amortised cost				
– Loans to subsidiaries (refer note 5)	–	–	3 869	4 811
– Restricted investments (refer note 7)	1 558	1 511	1 558	1 511
– Trade and other receivables (refer note 10)	21 755	23 758	16 729	16 795
– Cash and cash equivalents (refer note 11)	9 054	15 287	3 072	7 792
Balance at 28 February	57 278	62 891	78 901	34 103
Financial liabilities				
Measured at amortised cost				
– Loans from subsidiaries (refer note 5)	–	–	3 490	3 637
– Shareholders' loans (refer note 15)	6 711	10 657	6 711	10 657
– Vendor loans (refer note 16)	16 675	–	16 675	–
– Lease liability (refer note 14)	5 312	4 255	5 312	4 255
– Trade and other payables (refer note 18)	31 578	16 085	15 295	13 666
– Bank overdraft (refer note 11)	3 891	–	–	–
Balance at 28 February	64 167	30 997	47 483	32 215

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

In the ordinary course of business, the Group receives cash from its operations and is required to fund working capital and capital expenditure requirements. The cash is managed to ensure that surplus funds are invested in a manner to achieve market-related returns and to provide sufficient liquidity at the minimum risk.

Specific actions have been taken by the Group through the monitoring and planning to ensure that sufficient liquidity is available to meet its liabilities when due. This is done through ongoing review of terms of shareholders' loans, future commitments and cash flow forecasts.

35. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS continued

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date.

The amounts disclosed in the table below are the contractual undiscounted cash flows.

	Carrying amount R'000	Contractual cash flows R'000	Less than one year R'000	Between one and five years R'000
Group				
As at 28 February 2022				
Shareholders' loans	6 711	7 056	5 444	1 612
Vendor loans	16 675	18 081	6 500	11 581
Lease liability	5 312	5 679	4 037	1 642
Trade and other payables	31 578	31 578	31 578	–
Bank overdraft	3 891	4 183	4 183	–
	64 167	66 577	51 742	14 835
As at 28 February 2021				
Shareholders' loans	10 657	11 635	5 025	6 610
Lease liability	4 255	4 484	2 340	2 144
Trade and other payables	16 085	16 085	16 085	–
	30 997	32 204	23 450	8 754
Company				
As at 28 February 2022				
Shareholders' loans	6 711	7 056	5 444	1 612
Vendor loan	16 675	18 081	6 500	11 581
Lease liability	5 312	5 679	4 037	1 642
Trade and other payables	15 295	15 295	15 295	–
Loans from subsidiaries	3 490	3 490	–	3 490
	47 483	49 601	31 276	18 325
As at 28 February 2021				
Shareholders' loans	10 657	11 635	5 025	6 610
Lease liability	4 255	4 484	2 340	2 144
Trade and other payables	13 666	13 666	13 666	–
Loans from subsidiaries	3 637	3 637	–	3 637
	32 215	33 422	21 031	12 391

The details of performance guarantees provided in favour of other parties are detailed in note 31.

At present the Group does expect to pay all liabilities at their contractual maturity. In order to meet such cash commitments, the Group expects the operating activity to generate sufficient cash inflows. In addition, the Group holds financial assets for which there is a liquid market and that are readily available to meet liquidity needs.

During August 2020, the Company applied for an overdraft facility amounting to R5 million. Resolutions were signed by the main Board and a facility amounting to R4,1 million was granted by Nedbank Limited during the 2021 financial year.

At the reporting date, the Company had R4,1 million (2021: R4,1 million) of undrawn facilities and the Group had R5,2 million (2021: R9,1 million) of undrawn facilities.

The Financial Director provides the Board with a schedule showing the maturity of financial liabilities and unused borrowing facilities to assist the Board in monitoring liquidity risk.

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for the year ended 28 February 2022

35. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS continued

Market risk

Interest rate risk

Financial assets and liabilities that are sensitive to fluctuations in interest rates are cash and cash equivalents, bank overdrafts, and trade and other payables and vendor loans. The interest applicable to these financial instruments are on a floating basis in line with those currently available in the market.

The Group manages the most significant interest rate risk through a fixed interest rate on shareholders' loans.

Sensitivity analysis

A hypothetical increase in interest rates by 100 basis points, with all other variables remaining constant, would decrease the profit after tax by R0,1 million (2021: Rnil million).

The analysis has been performed for floating interest rate financial liabilities and assets. The impact of a change in interest rates on floating interest rate financial liabilities has been assessed in terms of changing of their cash flows and, therefore, in terms of the impact on net expenses and have been determined to have no material effect on the Group's risk.

The Group does not have any fair value sensitivity in respect of fixed rate instruments as at the reporting date.

Other market price risk

Equity price risk arises from changes in quoted market prices of listed investments included in the underlying pool of equity investments as well as changes in the fair value of the underlying equity investments.

Fair values

The fair value of financial instruments has been disclosed in the relevant notes to these separate and consolidated financial statements.

Capital risk management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence to sustain the future development of the business. The Board of Directors monitors the return on capital, which the Group defines as total capital and reserves, and the level of dividends to ordinary shareholders.

The Group manages and makes adjustments to the capital structure, which consists of total capital and reserves and the level of dividends to ordinary shareholders as and when borrowings mature or when funding is required. This may take the form of raising equity, market or bank debt thereof. The Group may also adjust the amount of dividends paid, sell assets to reduce debt or schedule projects to manage the capital structure.

There were no changes to the Group's approach to capital management during the year. Refer to note 13 for a quantitative summary of authorised and issued capital.

The Group monitors capital using a ratio of 'net debt' to 'adjusted equity'. Net debt is classified as total liabilities (as shown in the statement of financial position) less cash and cash equivalents. Adjusted equity comprises all components of equity.

The Group's adjusted net debt to equity ratios are as follows:

	Group		Company	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Total liabilities	150 416	121 763	98 810	82 234
Less: Cash and cash equivalents	(9 054)	(15 287)	(3 072)	(7 792)
Adjusted net debt	141 362	106 476	95 738	74 442
Total equity	112 294	80 510	82 366	45 362
Adjusted net debt to equity ratio	1,3	1,3	1,2	1,6

36. SUBSEQUENT EVENTS

Impact of COVID-19

COVID-19 still existed globally at the reporting date and is in itself not a subsequent event, however, the continuous extension of the National State of Disaster, subsequent upliftment of the National State of Disaster (on 4 April 2022) and suggested changes to health, social development, labour and other laws and regulations are events that occurred after the reporting date. The impact of COVID-19 on accounting standards that require the use of forward-looking information was assessed based on information available as at 28 February 2022 and has not resulted in any other adjustments and/or disclosures as the impact was assessed to be not material.

Other

Other than as disclosed above and in these consolidated and separate financial statements, management is not aware of any material events which occurred subsequent to the year ended 28 February 2022 and which need adjustment or disclosure.

37. GOING CONCERN

The Group incurred a profit for the year ended 28 February 2022 of R2,8 million (2021: R12 million) and as of that date the Group is solvent as the total assets exceeded the total liabilities by R112,3 million (2021: R80,5 million). Furthermore, the Group is liquid as current assets exceeded current liabilities by R0,2 million (2021: R22,9 million).

The Company incurred a profit for the year ended 28 February 2022 of R8,1 million (2021: loss of R0,2 million) and as of that date the Company is solvent as the total assets exceeded the total liabilities by R82,4 million (2021: R45,4 million). Furthermore, the Company is liquid as current assets exceeded current liabilities by R1,1 million (2021: R9,8 million).

A detailed analysis of the solvency and liquidity of the Company and the Group was performed, being cognisant of the current economic environment and the resultant increase in diesel and other prices as well as continued loadshedding being implemented by Eskom. The directors considered the financial performance of the Group and Company to date of this report and have also prepared and interrogated budgets and cash flow forecasts for the twelve months subsequent to the reporting date. The budgets and cash flow forecast allow for best estimates and assumptions, *inter alia*, current sales volumes and prices as well as increased costs as noted above.

The directors have also given due consideration to the potential impact of the COVID-19 pandemic on the Group and Company's ability to continue as going concerns. The directors believe that the COVID-19 pandemic and the suggested changes to the health, social development, labour and other laws and regulations will not have a material impact on the business activities of the Group or Company, due to the Group and Company achieving results which are aligned to those achieved in pre-lockdown periods. Subsequent to year-end and up to date of the assessment, there has been no significant change in circumstances which suggests that the above reviews are no longer valid. Based on the above, no material uncertainties have been identified in relation to the ability of the Group and Company to remain going concerns for at least the next twelve months. The directors thus believe that the Group and Company are in a sound financial position and that they will continue to operate as going concerns for the foreseeable future.

As such, the consolidated and separate financial statements have been prepared on the basis of accounting policies applicable to a going concern. This presumes that the realisation of assets and settlement of liabilities, contingent liabilities and commitments will occur in the ordinary course of business.

Notes to the consolidated and separate financial statements continued

for the year ended 28 February 2022

38. DIRECTORS' INTEREST IN SHARES

	Beneficial		
Name of director	Direct	Indirect	Total
As at 28 February 2022			
Executive			
G Parkin	107 513 550	17 563 067	125 076 617
	107 513 550	17 563 067	125 076 617
As at 28 February 2021			
Executive			
G Parkin	107 513 550	17 563 067	125 076 617
	107 513 550	17 563 067	125 076 617

The Company has not been advised of any changes in the above interest of the directors between the year-end and the date of this report. G Parkin does not have voting power over the indirect beneficial interest in shares. He is, however, entitled to profits on the sale of the 17 563 067 indirect holding. The shares held are not subject to security, guarantees or any collateral.