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**REVIEWED CONDENSED
CONSOLIDATED
FINANCIAL RESULTS**
for the year ended
28 February 2010
and cautionary announcement



“all your bricks under one roof”

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Condensed consolidated STATEMENT OF COMPREHENSIVE INCOME

for the year ended 28 February 2010

	Reviewed 2010 R'000	Audited 2009 R'000
Revenue	280 279	339 335
Cost of sales	(220 177)	(276 076)
Cost of sales depreciation	(21 502)	(19 741)
Gross profit	38 600	43 518
Other income	3 812	645
Depreciation and amortisation	(8 279)	(5 229)
Operating expenses	(53 714)	(56 593)
Operating loss	(19 581)	(17 659)
Impairment losses	(102 202)	(4 912)
Interest received	2 763	4 647
Finance costs	(27 963)	(18 124)
Loss before taxation	(146 983)	(36 048)
Taxation	22 606	7 748
Total loss for the year	(124 377)	(28 300)
Total comprehensive loss	(124 377)	(28 300)
Reconciliation of headline loss		
Basic loss attributable to ordinary shareholders	(124 377)	(28 300)
<i>Adjusted for the after tax effect of:</i>		
Impairment of goodwill	66 494	4 912
Impairment of assets	20 493	-
Impairment of intangibles	5 217	-
Profit and losses on the sale of fixed assets	(2 147)	(7)
Headline loss attributable to ordinary shareholders	(34 320)	(23 395)
Weighted average shares in issue on which earnings are based	624 656 746	622 673 309
Treasury shares (issued to the Brikor Share Incentive Scheme)	15 900 000	15 900 000
Fully diluted weighted average shares in issue	640 556 746	638 573 309
Basic loss per share (cents)	(19,9)	(4,5)
Headline loss per share (cents)	(5,5)	(3,8)
Fully diluted loss per share (cents)	(19,4)	(4,5)
Fully diluted headline loss per share (cents)	(5,4)	(3,7)
Dividend per share (cents)	-	1,5

Condensed consolidated STATEMENT OF CASH FLOWS

for the year ended 28 February 2010

	Reviewed 2010 R'000	Audited 2009 R'000
Cash flows from operating activities	6 976	(11 761)
Cash flow from investing activities	(9 163)	(235 690)
Cash flow from financing activities	(1 614)	138 980
Net increase in cash and cash equivalents	(3 801)	(108 471)
Cash and cash equivalents at beginning of the year	(12 772)	95 699
Cash and cash equivalents at end of year	(16 573)	(12 772)

Condensed consolidated STATEMENT OF FINANCIAL POSITION

as at 28 February 2010

	Reviewed 2010 R'000	Audited 2009 R'000
ASSETS		
Non-current assets	436 130	555 976
Property, plant and equipment	410 741	458 119
Intangible assets	10 997	19 448
Non-current assets held for sale	1 450	–
Goodwill	10 825	77 037
Other financial assets	2 117	1 372
Current assets	109 546	131 362
Inventories	66 067	77 337
Trade and other receivables	35 010	49 110
Cash and cash equivalents	8 469	4 915
Total assets	545 676	687 338
EQUITY AND LIABILITIES		
Equity	251 502	375 579
Share capital	63	62
Share premium	227 680	227 380
Retained earnings	23 759	148 137
Non-current liabilities	197 262	200 054
Borrowings	153 968	131 274
Deferred taxation	33 654	56 300
Provisions	9 640	12 480
Current liabilities	96 912	111 705
Borrowings	15 349	39 957
Taxation	15 912	14 595
Trade and other payables	40 609	39 466
Bank overdraft	25 042	17 687
Total equity and liabilities	545 676	687 338
Capital commitments	–	10 000
Number of shares in issue (excluding treasury shares)	625 240 308	623 740 308
Net asset value per share (cents)	40,2	60,2
Net tangible asset value per share (cents)	37,2	45,6

Condensed consolidated STATEMENT OF CHANGES IN EQUITY

for the year ended 28 February 2010

	Reviewed 2010 R'000	Audited 2009 R'000
Balance at beginning of year	375 579	412 035
Issue of share capital	300	1 400
Total comprehensive loss for the year	(124 377)	(28 300)
Dividend declared	–	(9 556)
Balance at end of year	251 502	375 579

SEGMENTAL REPORTING

for the year ended 28 February 2010

Segment revenues and results

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

Segmental profit reconciliation

	Brikor Inland R'000	Brikor Coastal R'000	Brikor Donkerhoek R'000	Company R'000
Year ended 28 February 2010				
Reviewed				
Revenue	164 013	97 034	19 232	280 279
Cost of sales	(144 856)	(76 830)	(19 993)	(241 679)
Gross profit	19 157	20 204	(761)	38 600
Other income	3 538	–	274	3 812
Depreciation and amortisation	(6 350)	(1 385)	(544)	(8 279)
Operating expenses	(41 406)	(8 099)	(4 209)	(53 714)
Operating (loss)/profit	(25 061)	10 720	(5 240)	(19 581)
Impairments	(28 891)	(18 645)	(54 666)	(102 202)
Unallocated expenses				
Interest received				2 763
Finance costs				(27 963)
Loss before taxation				(146 983)
Taxation				22 606
Total comprehensive loss				(124 377)
Segment assets and liabilities				
Segment assets	403 603	107 277	34 796	545 676
Segment current liabilities	79 316	6 593	11 003	96 912
Other segmental information				
Depreciation and amortisation included in cost of sales and operating expenditure	22 579	5 197	2 005	29 781
Additions to non-current assets	11 743	715	2 317	14 775
Year ended 28 February 2009				
Audited				
Revenue	227 631	96 003	15 701	339 335
Cost of sales	(207 048)	(75 055)	(13 714)	(295 817)
Gross profit	20 583	20 948	1 987	43 518
Other income	576	66	3	645
Depreciation and amortisation	(3 566)	(1 378)	(285)	(5 229)
Operating expenses	(46 610)	(8 360)	(1 623)	(56 593)
Operating (loss)/profit	(29 017)	11 276	82	(17 659)
Impairments	–	–	(4 912)	(4 912)
Unallocated expenses				
Interest received				4 647
Finance costs				(18 124)
Loss before taxation				(36 048)
Taxation				7 748
Total comprehensive loss				(28 300)
Segment assets and liabilities				
Segment assets	460 846	131 688	94 804	687 338
Segment current liabilities	97 529	9 740	4 436	111 705
Other segmental information				
Depreciation and amortisation included in cost of sales and operating expenditure	19 337	4 590	1 043	24 970
Additions to non-current assets	57 475	5 296	2 865	65 636

COMMENTARY

OVERVIEW

The directors of Brikor present the reviewed condensed consolidated financial results for the year ended 28 February 2010.

Brikor is a manufacturer and supplier of building and construction materials to the building industry, servicing all segments of the market from low-cost housing, residential, commercial and construction projects. The global recession of 2009 had a marked impact on all levels of business and society. The residential market slowed down significantly, evidenced by a decline of 30% – 50% in building plans passed, depending on the region, and subdued new residential construction activity. This slowdown was exacerbated by the conservative approach of financial institutions to lending. The non-residential market and the market for additions and alterations have also been negatively impacted by the adverse macro economic circumstances, albeit to a lesser degree. The severe trading conditions impinged on the results of the company for the year under review. Delays and cancellations in building and construction projects further hampered performance.

Reduced demand and margin pressures continued to impact on the trading results and liquidity during the year under review. The priority remains cash generation, working capital management and realising the value in inventory and receivables.

Corrective measures have been taken to reduce costs and right-size the group, the full benefits of which will be realised in 2011. Rigorous cost controls remain a key point of focus as Brikor aligns its operational cost structures with lower production volumes while maintaining its reputation for service delivery excellence and expanding its focus on the low cost housing sector.

FINANCIAL RESULTS

The company's revenue decreased by 17% to R280,3 million (2009: R339,3 million), mainly as a result of lower demand and lower selling prices. Gross profit decreased by 11% to R38,6 million (2009: R43,5 million).

Margins at 13,7% (2009: 12,8%) remained under pressure due to lower margin products in the sales mix combined with a lower growth in demand, exacerbated by continued increased input costs, such as energy, fuel, gas and raw materials. The company was unable to pass these increased input costs fully on to its customers as a result of price pressure and competition for volume.

Operating expenses decreased by 5,1% to R53,7 million (2009: R56,6 million) due to rigorous cost controls.

The reduction in the company's gross profit, combined with increased depreciation charges for the larger asset base, and finance costs resulted in a headline loss per share of 5,5 cents for the year (headline loss per share 2009: 3,8 cents). Fully diluted headline loss per share increased to 5,4 cents (fully diluted headline loss per share 2009: 3,7 cents).

Property, plant and equipment reduced to R410,7 million (2009: R458,1 million) mainly attributable to the depreciation charge, the impairment of certain plant and equipment and the sale of certain land and buildings. Capital expenditure amounted to R14,7 million of which R6,4 million was financed by financial institutions and related to transport vehicles and plant, the balance of R8,3 million was financed through working capital.

The company tests goodwill annually for impairment, or more frequently if there is indication that goodwill might be impaired. The value-in-use of the cash-generating units, namely Brikor, Stanger and Donkerhoek Quartzite, were lower than the carrying amount and therefore an impairment of goodwill of R66,5 million (2009: R4,9 million) was required.

The value-in-use of Donkerhoek Quartzite was determined to be lower than the carrying amount and therefore certain assets within the division were impaired, resulting in an impairment of tangible assets of R27,3 million.

Intangible assets decreased to R11,0 million (2009: R19,4 million) mainly as a result of a contract-related impairment in Donkerhoek Quartzite of R7,2 million.

PROSPECTS

With the pace of South Africa's economic recovery remaining slow and the consequential upswing in the building industry gradually recovering, the trading environment is expected to remain challenging.

The Board is, however, confident that underlying fundamentals will continue to improve as a result of:

- more accessible funding for customers due to the relaxing of lending criteria by financial institutions;
- the lower interest rate environment contributing to an improvement in consumer confidence and the general trading environment; and
- increased pressure on government to deliver on infrastructure and housing requirements.

New business opportunities arose after the reporting period and production capacity was increased to satisfy the new demand.

- The Vereeniging brick plant has been re-commissioned to produce light face brick at higher yields and at full capacity.
- The Rooftile and Paver plants were re-commissioned due to pursuance of market segment opportunities and sales growth.
- A brick plant in Nigel was re-commissioned to produce clay products for the new demand.

Brikor incurred additional expenditure in commissioning of these plants which has put some pressure on short-term cash flow. Government contracts were secured and increase in demand indicates that the levels of production will increase.

Brikor increased the supply of coal to satisfy the increased demand, especially from power suppliers.

The company therefore continues to be well-positioned to benefit from gradual improvement in market conditions.

BASIS OF PREPARATION

The reviewed condensed consolidated results for the year ended 28 February 2010 have been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS") and the AC500 standards as issued by the Accounting Standards Board or its successor, IAS 34: Interim Financial Reporting, the Companies Act (Act 61 of 1973), as amended, and the JSE Limited Listings Requirements. The accounting policies used to prepare these year-end financial statements, which are in terms of IFRS, are consistent with those applied at the previous year-end, with the exception of the adoption of IAS 1 (Revised): Presentation of Financial Statements as well as the first-time adoption of IFRS 8: Operating Segments.

EVENTS AFTER THE REPORTING DATE

Negotiations have been entered into relating to the sale of the Donkerhoek Quartzite operation and the Stanger Brick and Tile operation as the company decided to concentrate on its traditional core business. Negotiations are at such a stage that a reliable estimate of the financial effects of the transaction cannot be made.

STATEMENT ON GOING CONCERN

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that the funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the Group to continue as a going concern is dependent on a number of factors. The most significant of these is that profitable operations can be continued and the continued support of the Group's financiers.

The statement of comprehensive income indicates that the company has incurred a loss of R124,4 million for the year ended 28 February 2010 which includes non-cash flow impairments of R102,2 million.

The company's financiers remain fully apprised of the company's results, liquidity challenges, future business and contingency plans. The Board acknowledges that the continued support of the company's financiers remains vital to the company's future success.

REVIEW REPORT

The condensed financial results have been reviewed by Brikor's independent auditors, RSM Betty & Dickson (Tshwane). The auditors' review report contains an emphasis of matter as follows: "Without qualifying our opinion we draw attention to the condensed consolidated statement of comprehensive income for the year ended 28 February 2010 according to which a total loss of R124,4 million was incurred during the financial year and the note on going concern in the commentary of the directors. The ability of the group to continue as a going concern is dependent on several factors which, *inter alia*, include that profitable operations can be continued and the continued support of the Group's financiers." A copy of the auditors' review report is available for inspection at the company's registered office.

DIVIDEND POLICY

No dividend has been declared for the year.

CHANGES TO THE BOARD

The following changes to the Board occurred during the year under review:

- Mr Mitesh Patel resigned as an independent non-executive director and chairman of the Audit Committee on 18 March 2009.
- Mr Elmar Grobbelaar was appointed as a non-executive director and chairman of the Audit Committee on 24 April 2009.
- Mr Alwyn Cronje resigned as an executive director on 8 June 2009.
- Ms Evelyn Chimombe-Munyoro was appointed as a non-executive director on 29 October 2009.
- Mr Ethan Dube resigned as a non-executive director on 29 October 2009.
- Mr Werner Kruger was appointed as an executive director and Chief Operating Officer on 20 November 2009.

WITHDRAWAL OF EXISTING CAUTIONARY ANNOUNCEMENT AND NEW CAUTIONARY ANNOUNCEMENT

Shareholders are advised that negotiations have been entered into relating to the sale of the Donkerhoek Quartzite operation and the Stanger Brick and Tile operation and that negotiations are ongoing relating to the debt restructuring, which if successfully concluded, may have an effect on the price of the company's securities. Accordingly, shareholders are advised to exercise caution when dealing in the company's securities until further announcements are made regarding these matters.

By order of the Board

G v N Parkin
Chief Executive Officer

H Botha
Chief Financial Officer

Nigel
15 June 2010

CORPORATE INFORMATION

BRIKOR LIMITED

("Brikor" or "the company" or "the Group")

Registration number: 1998/013247/06

JSE code: BIK • **ISIN:** ZAE000101945

Non-executive directors: E Chimombe-Munyoro,
E Grobbelaar

Executive directors: G v N Parkin (Chairman and CEO);
W Kruger (COO); H Botha (CFO);
G Parkin (Jnr) (Alternate director to the CEO)

Registered address: 1 Marievale Road, Vorsterskroon, Nigel

Postal address: PO Box 884, Nigel 1490

Company secretary: Hanleu Botha

Telephone: (011) 739 9000 • **Facsimile:** (011) 739 9021

Transfer secretaries: Computershare Investor Services (Pty) Limited

Auditors: RSM Betty & Dickson (Tshwane)

Designated Adviser: Vunani Corporate Finance

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