



*“all your bricks
under one roof”*



BRIKOR LIMITED

**REVIEWED CONDENSED
CONSOLIDATED
FINANCIAL RESULTS**

for the six months ended
31 August 2010



Shareholders are referred to the Reviewed Interim Results announcement released on SENS on 24 December 2010, as well as the withdrawal of these Interim Results in the announcement released on SENS on 3 February 2011. As explained in the announcement on 3 February 2011, the withdrawal results from a round robin resolution, authorising the publication of Brikor's Interim Results for the six month period ended 31 August 2010 ("interim results"), not being signed by all the directors over the festive season, as required by Brikor's Articles.

The interim results, as approved at a directors' meeting held on Friday, 21 January 2011, are disclosed below. These interim results are identical to the interim results released on SENS on 24 December 2010.

Condensed consolidated statement of **COMPREHENSIVE INCOME**

	Reviewed 6 months ended 31 August 2010 R'000	Unaudited 6 months ended 31 August 2009 R'000	Audited year ended 28 February 2010 R'000
Revenue	147 667	155 451	280 279
Cost of sales	(112 896)	(107 534)	(220 177)
Cost of sales – depreciation	(10 402)	(10 776)	(21 502)
Gross profit	24 369	37 141	38 600
Other income	1 344	4 120	3 812
Depreciation and amortisation	(2 347)	(2 680)	(8 279)
Operating expenses	(24 578)	(22 565)	(53 714)
Operating (loss)/profit before impairment losses	(1 212)	16 016	(19 581)
Impairments	–	(7 553)	(102 202)
Operating (loss)/profit before interest and taxation	(1 212)	8 463	(121 783)
Interest received	212	1 377	2 763
Finance costs	(13 452)	(13 153)	(27 963)
Loss before taxation	(14 452)	(3 313)	(146 983)
Taxation	3 978	(1 022)	22 606
Total loss for the period attributable to equity holders of the Company	(10 474)	(4 335)	(124 377)
Total comprehensive loss for the period attributable to equity holders of the Company	(10 474)	(4 335)	(124 377)
Reconciliation of headline earnings:			
Loss attributable to equity holders of the Company	(10 474)	(4 335)	(124 377)
Adjusted for impairment of goodwill	–	7 553	66 494
Adjusted for impairment of assets	–	–	25 710
Adjusted for profit on disposal of non-current assets	(372)	(2 662)	(2 147)
Headline loss attributable to equity holders of the Company	(10 846)	556	(34 320)
Weighted average shares in issue on which earnings are based ('000)	624 657	623 913	624 657
Treasury shares (issued to the Brikor Share Incentive Scheme) ('000)	15 900	15 900	15 900
Fully diluted weighted average shares in issue ('000)	640 557	639 813	640 557
Loss per share (cents)	(1,7)	(0,7)	(19,9)
Headline (loss)/earnings per share (cents)	(1,7)	0,1	(5,5)
Fully diluted loss per share (cents)	(1,6)	(0,7)	(19,4)
Fully diluted headline (loss)/earnings per share (cents)	(1,7)	0,1	(5,4)

Condensed consolidated **STATEMENT OF CHANGES IN EQUITY**

	Reviewed 6 months ended 31 August 2010 R'000	Unaudited 6 months ended 31 August 2009 R'000	Audited year ended 28 February 2010 R'000
Balance at beginning of period	251 502	375 579	375 579
Issue of share capital	–	300	300
Total comprehensive loss for the period	(10 474)	(4 335)	(124 377)
Balance at end of period	241 028	371 544	251 502

Condensed consolidated statement of **FINANCIAL POSITION**

	Reviewed 31 August 2010 R'000	Unaudited 31 August 2009 R'000	Audited 28 February 2010 R'000
ASSETS			
Non-current assets	426 801	540 581	436 130
Property, plant and equipment	401 175	449 659	410 741
Intangible assets	10 529	18 840	10 997
Non-current assets held for sale	1 450	–	1 450
Goodwill	10 825	69 484	10 825
Other financial assets	2 822	2 598	2 117
Current assets	107 873	151 019	109 546
Inventories	69 833	86 238	66 067
Trade and other receivables	30 926	59 304	35 010
Cash and cash equivalents	7 114	5 477	8 469
Total assets	534 674	691 600	545 676
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company	241 028	371 544	251 502
Share capital	62	62	62
Share premium	227 680	227 680	227 680
Retained earnings	13 286	143 802	23 760
Non-current liabilities	76 459	199 585	197 262
Borrowings	37 143	132 900	153 968
Deferred taxation	29 676	57 330	33 654
Provisions	9 640	9 355	9 640
Current liabilities	217 187	120 471	96 912
Borrowings	130 143	38 413	15 349
Taxation	14 552	16 543	15 912
Trade and other payables	47 500	43 350	40 609
Bank overdraft	24 992	22 165	25 042
Total equity and liabilities	534 674	691 600	545 676
Number of shares in issue (excluding treasury shares)	625 240 308	625 240 308	625 240 308
Net asset value per share (cents)	38,5	59,4	40,2
Net tangible asset value per share (cents)	35,6	45,6	37,2

Condensed consolidated **STATEMENT OF CASH FLOWS**

	Reviewed 6 months ended 31 August 2010 R'000	Unaudited 6 months ended 31 August 2009 R'000	Audited year ended 28 February 2010 R'000
Cash flows from operating activities	3 630	(4 432)	7 276
Cash flow from investing activities	(2 903)	434	(9 163)
Cash flow from financing activities	(2 032)	82	(1 914)
Net decrease in cash and cash equivalents	(1 305)	(3 916)	(3 801)
Cash and cash equivalents at beginning of period	(16 573)	(12 772)	(12 772)
Cash and cash equivalents at end of period	(17 878)	(16 688)	(16 573)

SEGMENTAL REPORTING

	Brikor Main R'000	Brikor Stanger R'000	Brikor Donkerhoek R'000	Total R'000
Six months ended 31 August 2010 (Reviewed)				
Revenue	92 510	43 027	12 130	147 667
Cost of sales	(76 730)	(38 254)	(8 314)	(123 298)
Gross profit	15 780	4 773	3 816	24 369
Other income	1 087	-	257	1 344
Depreciation and amortisation	(1 577)	(707)	(63)	(2 347)
Operating expenses	(19 368)	(3 760)	(1 450)	(24 578)
Operating loss before impairment losses	(4 078)	306	2 560	(1 212)
Impairments	-	-	-	-
Operating (loss)/profit before interest and taxation	(4 078)	306	2 560	(1 212)
Interest received				212
Finance costs				(13 452)
Loss before taxation				(14 452)
Taxation				3 978
Total comprehensive loss				(10 474)
Total assets	394 035	103 802	36 837	534 674
Six months ended 31 August 2009 (Unaudited)				
Revenue	88 969	55 150	11 332	155 451
Cost of sales	(68 843)	(42 470)	(6 997)	(118 310)
Gross profit	20 126	12 680	4 335	37 141
Other income	3 908	-	212	4 120
Depreciation and amortisation	(1 618)	(781)	(281)	(2 680)
Operating expenses	(15 711)	(3 940)	(2 914)	(22 565)
Operating profit before impairment losses	6 705	7 959	1 352	16 016
Impairments	-	-	(7 553)	(7 553)
Operating profit/(loss) before interest and taxation	6 705	7 959	(6 201)	8 463
Interest received				1 377
Finance costs				(13 153)
Loss before taxation				(3 313)
Taxation				(1 022)
Total comprehensive loss				(4 335)
Total assets	454 235	140 650	96 715	691 600
Year ended 28 February 2010 (Audited)				
Revenue	164 013	97 034	19 232	280 279
Cost of sales	(144 856)	(76 830)	(19 993)	(241 679)
Gross (loss)/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 before impairment losses	(25 061)	10 720	(5 240)	(19 581)
Impairments	(28 891)	(18 645)	(54 666)	(102 202)
Operating loss before interest and taxation	(53 952)	(7 925)	(59 906)	(121 783)
Interest received				2 763
Finance costs				(27 963)
Loss before taxation				(146 983)
Taxation				22 606
Total comprehensive loss				(124 377)
Total assets	403 603	107 277	34 796	545 676

OVERVIEW

The directors of Brikor present the reviewed condensed consolidated financial results for the six months ended 31 August 2010 ("the interim period").

Brikor is a manufacturer and supplier of building and construction materials to the building industry, across a broad spectrum of the market from low-cost housing, residential and commercial to construction projects. The lagging economic recovery, with its significant impact on all levels of business and society, resulted in severe adverse trading conditions continuing in the building and construction sectors. Notwithstanding the sharp decrease in the mortgage rate, financial institutions maintained their rigid approach to lending, which contributed to subdued activity in the residential market. Residential construction activity was mainly attributable to the contributions of the unrecorded additions and alterations market. Rural demand started to show the impact of retrenchments on consumer spending.

Market conditions continued to impact the results of the Group during the interim period, exacerbated by delays and cancellations in building and construction projects, most notably, the awarding of tenders by the metropolitan municipalities. Some local governments appeared to be delaying new projects, as their income from rates and taxes declined due to the recession, while capital expenditure budgets seemed to have been reduced to cover current expenditure.

Reduced demand in a very competitive landscape increased pressure on margins with the resultant effect on the Group's trading results and liquidity during the period under review. The priority remains cash generation, working capital management and realising the value in inventory and receivables.

Key management focus areas remain sales growth, margin management, productivity improvement and cash and working capital management. Corrective measures have been taken to reduce costs and right-size the Group. 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 5% to R147,7 million (2009: R155,5 million), mainly as a result of lower demand. Gross profit decreased by 34,4% to R24,4 million (2009: R37,1 million).

Gross margins at 16,5% (2009: 23,9%) 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 increased by 8,9% to R24,6 million (2009: R22,6 million) due to a provision made for doubtful debts of R5,2 million (2009: R1,7 million). The reduction in the Group's gross profit and finance costs resulted in a loss per share of 1,7 cents for the period (loss per share 2009: 0,7 cents) and a fully diluted headline loss per share of 1,7 cents (fully diluted headline earnings per share 2009: 0,1 cents).

Property, plant and equipment reduced to R401 million (February 2010: R410 million) mainly attributable to the depreciation charge and the sale of certain land and buildings. Capital expenditure amounted to R3 million and related to the maintenance of production capacities.

Brikor is currently in breach of covenants as set out by Rand Merchant Bank regarding the RMB loan. The current carrying value of the loan is R118 million. The full amount of the loan is reflected as part of current liabilities as a result of the breach of covenants.

Brikor is currently negotiating the sale of non-core assets to remedy the situation. Negotiations are taking place with RMB to discuss ways and means of remedying the breach of covenant.

PROSPECTS

The pace of South Africa's economic recovery remains uncertain and it is anticipated that further restrictive and volatile trading conditions will prevail in the short to medium term.

The Board is, however, confident that the residential sector will benefit from increased levels of private credit facilities extended by banks and low interest rates with the subsequent flow through of demand for Brikor's product ranges. Energy and mining expansion are expected to create further demand from consequential housing activity. Government is also experiencing increased pressure to deliver on infrastructure and housing requirements.

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

BASIS OF PREPARATION

The reviewed condensed consolidated results for the six months ended 31 August 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, IAS 34: Interim Financial Reporting, the Companies Act of South Africa, as amended, and the JSE Limited Listings Requirements. The accounting policies used to prepare these interim financial statements, which are in terms of IFRS, are consistent with those applied in the preparation of the annual financial statements for the year ended 28 February 2010.

REVIEW REPORT AND EMPHASIS OF MATTER

The financial information for the six months ended 31 August 2010 was reviewed by the Company's auditors and their current review report is available for inspection at the Company's registered office. The auditor's review report includes the following emphasis of matter:

Going concern

"whereby the auditors, without qualifying their report, draw attention to the total comprehensive loss of R10,5 million incurred during the interim period and the Group's ability to continue as a going concern as addressed in the directors' commentary on going concern".

Compliance with laws and regulations

In accordance with the auditors' responsibilities in terms of sections 44(2) and 44(3) of the Auditing Profession Act, a matter was reported to the Independent Regulatory Board for Auditors. The matter relates to certain acts or omissions that was committed by persons responsible for the management of Brikor, that was identified by the auditors and which constitutes a reportable irregularity in terms of the Auditing Profession Act, 2005 (No. 26 of 2005).

The reportable irregularity relates to the erroneous release by the company of its interim results for the six months ended 31 August 2010 on 24 December 2010 in circumstances where the procedure to obtain the appropriate authority from the Board of the Company as required by the Articles of Association of the Company had not been adequately followed.

The auditors have subsequently notified the Regulatory Board for Auditors that the interim results have since been approved by the Board of the Company and that they are satisfied that the reportable irregularity has been rectified.

Withdrawal of review opinion

In light of the above reportable irregularity, the review opinion of the Company's auditors on the interim results for the six months ended 31 August 2010, which was erroneously released on 24 December 2010, was withdrawn.

AUDIT COMMITTEE

The audit committee of Brikor reviewed the financial results for the six months ended 31 August 2010 and confirmed that they were satisfied therewith. The unauthorised announcement on 24 January 2011 by the previous designated adviser, Yunani Corporate Finance, to the contrary, is therefore incorrect.

Brikor's audit committee has been reconstituted and two new members will be appointed from the ranks of the newly appointed independent non-executive directors.

EVENTS AFTER THE REPORTING DATE

Negotiations are continuing regarding the sale of non-core assets.

STATEMENT ON GOING CONCERN

The interim 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 the sale of assets, 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 several factors, including profitable operations, the sale of certain assets and the continued support of the Group's financiers and creditors.

The statement of comprehensive income indicates that the Group has incurred a loss of R10,5 million for the six months ended 31 August 2010, included in this loss are finance costs amounting to R13,5 million and bad debt provisions of R5,2 million for the period.

The Group's financiers remain fully apprised of the Group'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 Group's future success.

DIVIDEND POLICY

No dividend has been declared for the period.

LIFTING OF THE HALTING OF TRADING IN SECURITIES

In light of the publication of this announcement, the JSE Limited has agreed to lift the halting of trading in the securities of Brikor.

By order of the Board

G v N Parkin
Chief Executive Officer

H Botha
Chief Financial Officer

Nigel
8 February 2011

CORPORATE INFORMATION

BRIKOR LIMITED

(Incorporated in the Republic of South Africa)

Registration number: 1998/013247/06

JSE code: BIK • ISIN: ZAE000101945
("Brikor" or "the Company" or "the Group")

Non-executive directors: E Chimombe-Munyoro;
E Grobbelaar; R van Rooyen; JH Wood

Executive directors: G v N Parkin (Chairman and CEO);
W Krüger (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: RMS Betty & Dickson (Tshwane)

Designated Adviser: Exchange Sponsors

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