



## BRIKOR LIMITED

("Brikor" or ("the Company" or ("the Group")

(Incorporated in the Republic of South Africa)

Registration number: 1998/013247/06

JSE code: BIK

ISIN: ZAE000101945

# UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL RESULTS

for the six months ended 31 August 2021



THE SPIRIT OF  
BRICKMAKING



## PREPARED BY:

The unaudited condensed consolidated interim financial results ("interim financial results" or "results") for the six-month period ended 31 August 2021 were prepared by Joaret Botha CA (SA), Financial Director.

# FINANCIAL INDICATORS

### REVENUE

INCREASED BY

19,2%

to R152,3 million

(31 Aug 2020: R127,8 million)

### EARNINGS PER SHARE

INCREASED BY

466,7%

to 1,1 cents per share

(31 Aug 2020: loss of 0,3 cents per share)

### HEADLINE EARNINGS PER SHARE

INCREASED BY

650,0%

to 1,1 cents per share

(31 Aug 2020: loss of 0,2 cents per share)

### TOTAL EQUITY

INCREASED BY

47,3%

to R118,6 million

(28 Feb 2021: R80,5 million)

### CASH AND CASH EQUIVALENTS

INCREASED BY

35,6%

to R20,7 million

(28 Feb 2021: R15,3 million)

### NET ASSET VALUE PER SHARE

INCREASED BY

11,6%

to 14,4 cents per share

(28 Feb 2021: 12,9 cents per share)

### TANGIBLE NET ASSET VALUE

INCREASED BY

39,2%

to 11,0 cents per share

(28 Feb 2021: 7,9 cents per share)

### CURRENT ASSET RATIO

DECREASED BY

15,4%

to 1,1:1

(28 Feb 2021: 1,3:1)

### ACID TEST RATIO

DECREASED BY

25%

to 0,6:1

(28 Feb 2021: 0,8:1)

# COMMENTARY

## OVERVIEW

Brikor 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 2 of the interim financial results. 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.

The directors of Brikor Limited ("Brikor") are pleased to present the unaudited condensed consolidated interim financial results for the six-month period ended 31 August 2021, which reflect positive operating profits after taxation as well as cash generated from operations despite the impact of a distressed economic trading environment, specifically in the Coal segment. The Brikor Group continued to focus on its commitment to reduce risk and support sustainability for its stakeholders.

## DIRECTORS' RESPONSIBILITY

The directors take full responsibility for the preparation of the unaudited condensed consolidated interim financial results and confirm that the financial information has been correctly extracted from the underlying financial statements.

## FINANCIAL RESULTS

### Overall financial performance

The Group realised a profit after taxation of R9 million (31 August 2020: loss of R1,7 million) for the six months ended 31 August 2021. The increase in profit was directly attributable to increased demand for product in the Bricks segment as well as positive returns from the investment in Zingaro of R4,3 million.

Revenue increased to R152,3 million (31 August 2020: R127,8 million) with the gross profit percentage increasing to 21,6% (31 August 2020: 20,4%).

Administrative, distribution and other expenses for the six months ended 31 August 2021 remained fairly consistent at R27,1 million in comparison to the six months ended 31 August 2020. This was mainly due to strict cost savings and stabilised fixed costs.

Major capital investments made by the Group during the reporting period amounted to R5,6 million of which the majority was for the upgrade and replacement of factory roofs, buildings as well as an eating area for the employees.

### Segment performance

#### *Bricks segment*

Revenue derived from the Bricks segment increased significantly by 74,5% to R102,3 million (31 August 2020: R58,7 million), whilst the gross profit percentage increased to 26,1% (31 August 2020: 14,8%).

The Bricks segment performed exceptionally during the first six months of the financial year, with factors such as DIY projects, additions and alterations as well as the informal building sector contributing greatly to the increase. Adequate planning, sufficient inventory levels and efficiencies in the production process have also contributed to the exceptional performance. The increased revenue and gross profit should, however, be evaluated based on the relative depths to which the industry plunged during 2020 as a result of the COVID-19 pandemic.

#### *Coal segment*

Revenue derived from the Coal segment decreased by 27,7% to R50,0 million (31 August 2020: R69,1 million), whilst the gross profit percentage decreased to 12,2% (31 August 2020: 25,2%).

The Coal segment experienced the aftermath of the COVID-19 pandemic during the first quarter of 2021 with significant pressure on sales prices. The export market is vital to sustain balance within the Coal segment and the oversupply of coal products in the local markets added additional pressure on price and demand for product. During April 2021 product sales, mostly supplied to the export market, slowed down significantly due to unreliable infrastructure as well as recent looting in parts of the country.

# COMMENTARY

(continued)

## **CORPORATE GOVERNANCE**

The directors endorse and accept full responsibility for the application of the principles necessary to ensure that effective corporate governance is practiced consistently throughout the Group. Brikor is committed to the principles of openness, integrity and accountability to all stakeholders and the Board of Directors accepts its duty to ensure that the principles as set out in the King Report of Corporate Governance for South Africa – 2016 (King IV™) are implemented on an apply and explain basis.

## **CHANGES TO THE BOARD OF DIRECTORS**

As announced on SENS on 18 June 2021, Ms Funeka Mtsila has been appointed as an independent non-executive director of the Company and as a member of the Audit and Risk Committee with effect from 18 June 2021.

## **EVENTS AFTER THE REPORTING DATE**

The directors are not aware of any material events which occurred subsequent to 31 August 2021 and which need adjustment or disclosure in these interim financial results.

## **PROSPECTS**

The Board will continue strengthening Brikor's broad-based black economic empowerment status as well as exploring opportunities to expand production capacity and sustainability of the Group's mineable reserves.

A priority during the year ahead will be to create value, improve efficiencies and unlock synergies between the various entities within the Group.

## **DIVIDEND**

No dividend has been declared for the six months ended 31 August 2021.

# Unaudited condensed consolidated STATEMENT OF FINANCIAL POSITION

as at 31 August 2021

	Notes	Unaudited as at 31 August 2021 R'000	Unaudited as at 31 August 2020 R'000	Audited as at 28 February 2021 R'000
<b>ASSETS</b>				
<b>Non-current assets</b>		<b>174 659</b>	114 678	121 656
Property, plant and equipment		67 513	62 203	67 060
Intangible assets		3 061	3 362	3 284
Restricted financial assets		25 097	20 337	23 846
Investment in associate	2	54 327	–	–
Deferred tax asset	3	24 661	28 776	27 466
<b>Current assets</b>		<b>96 339</b>	89 547	76 156
Inventories	4	43 660	34 357	29 170
Trade and other receivables		30 809	34 388	29 702
Cash and cash equivalents		20 726	18 332	15 287
Taxation		1 144	2 470	1 997
<b>Assets held-for-sale</b>		<b>4 461</b>	4 473	4 461
<b>Total assets</b>		<b>275 459</b>	208 698	202 273
<b>EQUITY AND LIABILITIES</b>				
<b>Equity attributable to equity holders of the Company</b>		<b>118 553</b>	66 872	80 510
Stated capital	5	257 192	228 242	228 242
Accumulated loss		(138 639)	(161 370)	(147 732)
<b>Total liabilities</b>		<b>156 906</b>	141 826	121 763
<b>Non-current liabilities</b>		<b>76 546</b>	76 101	66 228
Lease liability		1 246	–	2 171
Shareholders' loans		3 984	8 498	6 271
Vendor loans	6	12 638	–	–
Provisions for environmental restoration		53 563	65 781	51 767
Deferred tax liability	3	5 115	1 822	6 019
<b>Current liabilities</b>		<b>78 099</b>	63 452	53 274
Short-term portion of lease liability		2 146	–	2 084
Shareholders' loans		4 535	5 164	4 386
Short-term portion of vendor loans	6	6 000	–	–
Trade and other payables		59 396	52 328	40 602
Taxation		6 022	5 960	6 202
<b>Liabilities directly associated with assets held-for-sale</b>		<b>2 261</b>	2 273	2 261
<b>Total equity and liabilities</b>		<b>275 459</b>	208 698	202 273

# Unaudited condensed consolidated STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 31 August 2021

	Notes	Unaudited 6 months ended 31 August 2021 R'000	Unaudited 6 months ended 31 August 2020 R'000	Audited year ended 28 February 2021 R'000
<b>Revenue</b>		<b>152 327</b>	127 762	257 914
Cost of sales		(119 477)	(101 656)	(192 934)
<b>Gross profit</b>		<b>32 850</b>	26 106	64 980
Other income		3 595	2 498	7 472
Administrative expenses		(20 736)	(18 571)	(36 000)
Distribution expenses		(3 949)	(3 388)	(6 687)
Other expenses		(2 449)	(5 236)	(8 791)
<b>Operating profit before interest, taxation and earnings from associate</b>		<b>9 311</b>	1 409	20 974
Finance income		348	335	889
Finance costs		(3 030)	(3 295)	(5 601)
<b>Profit/(loss) before taxation and earnings from associate</b>		<b>6 629</b>	(1 551)	16 262
Taxation		(1 863)	(113)	(4 288)
<b>Profit/(loss) for the period before earnings from associate</b>		<b>4 766</b>	(1 664)	11 974
Share of income from associate	2	4 327	–	–
<b>Profit/(loss) for the period</b>		<b>9 093</b>	(1 664)	11 974
Other comprehensive income net of taxation		–	–	–
<b>Total comprehensive income for the period attributable to owners of the Company</b>		<b>9 093</b>	(1 664)	11 974
		<b>Cents</b>	Cents	Cents
<b>EARNINGS PER SHARE</b>	7			
Basic and diluted earnings per share		1,1	(0,3)	1,9
Headline and diluted headline earnings per share		1,1	(0,2)	2,1

# Unaudited condensed consolidated STATEMENT OF CHANGES IN EQUITY

for the six months ended 31 August 2021

	Notes	Unaudited 6 months ended 31 August 2021 R'000	Unaudited 6 months ended 31 August 2020 R'000	Audited year ended 28 February 2021 R'000
Stated capital	5	273 092	244 142	244 142
Treasury shares		(15 900)	(15 900)	(15 900)
Accumulated loss at the beginning of the period		(147 732)	(159 706)	(159 706)
Total comprehensive income for the period		9 093	(1 664)	11 974
<b>Total</b>		<b>118 553</b>	<b>66 872</b>	<b>80 510</b>

# Unaudited condensed consolidated STATEMENT OF CASH FLOWS

for the six months ended 31 August 2021

	Unaudited 6 months ended 31 August 2021 R'000	Unaudited 6 months ended 31 August 2020 R'000	Audited year ended 28 February 2021 R'000
<b>Cash flows from operating activities</b>	<b>16 484</b>	17 937	22 482
Cash generated from operations	16 690	20 513	22 833
Finance income	317	330	672
Finance costs	(1 136)	(1 298)	(1 365)
Net tax received/(paid)	613	(1 608)	342
<b>Cash flows to investing activities</b>	<b>(5 631)</b>	(1 157)	(5 697)
Additions to property, plant and equipment	(5 583)	(1 200)	(5 519)
Proceeds on disposal of plant and equipment	–	43	16
Additions to intangible assets	(48)	–	(194)
<b>Cash flows to financing activities</b>	<b>(5 414)</b>	(2 417)	(5 467)
Lease repayments	(863)	–	(56)
Shareholders' loans repaid	(4 551)	(2 417)	(5 411)
<b>Net increase in cash and cash equivalents</b>	<b>5 439</b>	14 363	11 318
Cash and cash equivalents at beginning of the period	15 287	3 969	3 969
<b>Cash and cash equivalents at end of the period</b>	<b>20 726</b>	18 332	15 287

# SEGMENT REVENUE AND RESULTS

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

## Segment profit reconciliation

	Bricks R'000	Coal R'000	Other * R'000	Total R'000
<b>SIX MONTHS ENDED 31 AUGUST 2021 – UNAUDITED</b>				
<b>Total revenue</b>	<b>102 326</b>	<b>61 702</b>	<b>–</b>	<b>164 028</b>
Intersegment revenue	–	(11 701)	–	(11 701)
<b>Reportable segment revenue</b>	<b>102 326</b>	<b>50 001</b>	<b>–</b>	<b>152 327</b>
– Clay products	86 688	3 203	–	89 891
– Coal	–	46 798	–	46 798
– Transportation services and ancillary products	15 638	–	–	15 638
<b>Gross profit</b>	<b>26 757</b>	<b>6 093</b>	<b>–</b>	<b>32 850</b>
<b>Other income</b>	<b>716</b>	<b>2 879</b>	<b>–</b>	<b>3 595</b>
<b>Operating profit/(loss) before interest and taxation</b>	<b>11 222</b>	<b>(1 845)</b>	<b>(66)</b>	<b>9 311</b>
<b>Segment assets and liabilities</b>				
Segment assets	89 702	78 439	107 318	275 459
Segment liabilities	(66 643)	(48 998)	(41 265)	(156 906)
<b>Other segment information</b>				
Depreciation and amortisation included in cost of sales and operating expenditure	(1 802)	(3 498)	–	(5 300)
Additions to non-current assets	4 444	1 139	–	5 583
<b>SIX MONTHS ENDED 31 AUGUST 2020 – UNAUDITED</b>				
<b>Total revenue</b>	<b>58 652</b>	<b>74 300</b>	<b>–</b>	<b>132 952</b>
Intersegment revenue	–	(5 190)	–	(5 190)
<b>Reportable segment revenue</b>	<b>58 652</b>	<b>69 110</b>	<b>–</b>	<b>127 762</b>
– Clay products	50 697	1 233	–	51 930
– Coal	–	67 877	–	67 877
– Transportation services and ancillary products	7 955	–	–	7 955
<b>Gross profit</b>	<b>8 657</b>	<b>17 449</b>	<b>–</b>	<b>26 106</b>
<b>Other income</b>	<b>1 163</b>	<b>1 335</b>	<b>–</b>	<b>2 498</b>
<b>Operating (loss)/profit before interest and taxation</b>	<b>(2 331)</b>	<b>3 740</b>	<b>–</b>	<b>1 409</b>
<b>Segment assets and liabilities</b>				
Segment assets	80 577	72 070	56 051	208 698
Segment liabilities	(62 110)	(55 298)	(24 418)	(141 826)
<b>Other segment information</b>				
Depreciation and amortisation included in cost of sales and operating expenditure	(377)	(3 733)	–	(4 110)
Additions to non-current assets	742	458	–	1 200

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



## SEGMENT REVENUE AND RESULTS

(continued)

	<b>Bricks R'000</b>	<b>Coal R'000</b>	<b>Other * R'000</b>	<b>Total R'000</b>
<b>YEAR ENDED 28 FEBRUARY 2021 – AUDITED</b>				
<b>Total revenue</b>	144 901	125 645	–	270 546
Intersegment revenue	–	(12 632)	–	(12 632)
<b>Reportable segment revenue</b>	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
<b>Gross profit</b>	27 404	37 576	–	64 980
<b>Other income</b>	1 881	5 591	–	7 472
<b>Operating profit before interest and taxation</b>	3 008	17 966	–	20 974
<b>Segment assets and liabilities</b>				
Segment assets	77 901	73 189	51 183	202 273
Segment liabilities	(60 045)	(53 867)	(25 851)	(139 763)
<b>Other segment information</b>				
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 as well as investment in associates.

Factors used to identify segments are based on product line and divisional structuring. This is also how the Group reports financial results to the chief operating decision-maker on a monthly basis.

The reportable segments are:

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

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 1. Segment results include revenue and expenses directly related to an operating segment but excludes net finance charges and taxation which cannot be allocated to any specific segment. Segment trading profit is defined as operating profit, excluding items of a capital nature, and is the basis on which management assesses performance.

Revenue reported 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.

Three customers contribute 20% of the Group's revenue. These customers form part of the Bricks and Coal segments, respectively.

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments other than investment in associates, non-current assets held-for-sale, tax assets, deferred 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 facilities and liabilities associated with assets held-for-sale.

# NOTES TO THE Unaudited condensed consolidated INTERIM FINANCIAL STATEMENTS

for the six months ended 31 August 2021

## 1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements for the six months ended 31 August 2021 are prepared in accordance with the requirements of the JSE Listings Requirements for interim reports and the requirements of the Companies Act of South Africa. The Listings Requirements require interim reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting.

The accounting policies applied in the preparation of the unaudited condensed consolidated interim financial statements are in terms of IFRS and are consistent with those applied in the previous consolidated annual financial statements.

The results are presented in Rand rounded to the nearest thousand (R'000), unless otherwise indicated.

## 2. INVESTMENT IN ASSOCIATE

Associates in which Brikor exercise 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% and 50% of the voting rights, unless evidence exists of the contrary.

Equity accounting involves Brikor 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 Brikor 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.

	Unaudited 6 months ended 31 August 2021 R'000	Unaudited 6 months ended 31 August 2020 R'000	Audited year ended 28 February 2021 R'000
<b>Reconciliation of Investment in Associate</b>			
1 March	–	–	–
<i>Additions: Zingaro Holdings (Pty) Ltd</i>	<b>50 000</b>	–	–
Share of income from associate	<b>4 327</b>	–	–
Share of other comprehensive income from associate	–	–	–
	<b>54 327</b>	–	–

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(continued)

for the six months ended 31 August 2021

## 2. INVESTMENT IN ASSOCIATE (continued)

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 follows:

- 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 5 for detailed disclosure relating to the issue of the ordinary shares); and
- the amount of R21 050 000 through loan account to the Sellers in the books of account of Brikor (see note 6 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% 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.

The transaction is unconditional in all respects.

### Details of material associates

Zingaro Holdings (Pty) Ltd has a 30 June year-end. Separate financial statements were compiled for the six months ended 31 August 2021, which were used in the preparation of these condensed consolidated interim financial statements to ensure that the effect of any transactions that occurred between Brikor's year-end and Zingaro's year-end were taken into account.

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

	Unaudited 6 months ended 31 August 2021 R'000
Non-current assets	234 203
Current assets	169 148
Non-current liabilities	(145 463)
Current liabilities	(155 740)
Non-controlling interest	(19 819)
<i>The above assets and liabilities include the following:</i>	
Cash and cash equivalents	15 514
Current financial liabilities	(113 795)
Non-current financial liabilities	(80 186)
<b>Net assets as at 31 August 2021</b>	<b>82 329</b>
<b>Brikor's ownership interest</b>	<b>40%</b>

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(continued)

for the six months ended 31 August 2021

## 2. INVESTMENT IN ASSOCIATE (continued)

Summarised profit or loss in respect of Brikor's associate, reflecting 100% of the underlying associate's relevant figures for the six months ended 31 August 2021, including Group adjustments relating to alignment of accounting policies or fair value adjustments, is set out below.

	Unaudited 6 months ended 31 August 2021 R'000
Revenue	173 722
Profit for the period	6 283
– Profit attributable to owners of the parent	10 818
– Profit attributable to non-controlling interest	(4 535)
Other comprehensive income for the period	–
<i>Total comprehensive income for the period</i>	<b>6 283</b>
– Total comprehensive income attributable to owners of the parent	10 818
– Total comprehensive income attributable to non-controlling interest	(4 535)
<i>The above profit for the period includes the following:</i>	
Depreciation	6 706
Interest income	182
Finance cost	2 440
Taxation expense	2 842

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(continued)

for the six months ended 31 August 2021

## 3. DEFERRED TAX ASSET/(LIABILITY)

	Unaudited 6 months ended 31 August 2021 R'000	Unaudited 6 months ended 31 August 2020 R'000	Audited year ended 28 February 2021 R'000
<b>Reconciliation of deferred tax asset</b>			
At beginning of the period	27 466	27 691	27 691
Originating and reversing temporary differences	1 643	2 028	943
Calculated tax losses (utilised)/created	(4 448)	(943)	(1 168)
	<b>24 661</b>	28 776	27 466
<b>Deferred tax asset</b>			
<i>Comprising:</i>			
Property, plant and equipment	43	(161)	(228)
Provisions	8 185	7 698	6 913
Payments received in advance	1 128	1 356	1 088
Leases	95	–	35
Contributions to rehabilitation trust funds	(1 335)	(1 335)	(1 335)
Calculated tax losses	16 545	21 218	20 993
	<b>24 661</b>	28 776	27 466

The Group does not have any unrecognised deferred tax assets relating to assessed losses as at 31 August 2021.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(continued)

for the six months ended 31 August 2021

## 3. DEFERRED TAX ASSET/(LIABILITY) (continued)

### Deferred tax asset recoverability analysis

The following table is the analysis of the movement of the deferred tax asset over the last four and a half years:

	Unaudited 6 months ended 31 August 2021 R'000	Audited year ended 28 February 2021 R'000	Audited year ended 29 February 2020 R'000	Audited year ended 28 February 2019 R'000	Audited year ended 28 February 2018 R'000
<b>Calculated tax losses</b>					
Opening balance	20 993	22 161	21 640	28 662	26 579
(Utilised)/created	(4 448)	(1 168)	521	(7 022)	2 083
Closing balance calculated tax losses	16 545	20 993	22 161	21 640	28 662
<b>Temporary differences</b>					
Opening balance	6 473	5 530	5 197	1 257	1 503
(Utilised)/created	1 643	943	333	3 940	(246)
Closing balance temporary differences	8 116	6 473	5 530	5 197	1 257
<b>Total deferred tax asset</b>	<b>24 661</b>	27 466	27 691	26 837	29 919

Current period taxable profits yielded a decrease in the deferred tax asset of R4,4 million, whereas current temporary differences yielded an increase in the deferred tax asset of R1,6 million.

Management's current forward-looking budgets and forecasts have determined that the deferred tax asset's recoverability remained probable and it is expected to be recovered in approximately seven to eight years.

Assumptions used in the budget are as follows:

- Inflationary adjustments were allowed for growth in revenue and cost as from the 2023 financial year.
- Sales mix to commensurate expected market demand.
- Eskom power supply will remain stable.

The timing of recovery is mostly sensitive to the following:

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

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(continued)

for the six months ended 31 August 2021

## 3. DEFERRED TAX ASSET/(LIABILITY) (continued)

	Unaudited 6 months ended 31 August 2021 R'000	Unaudited 6 months ended 31 August 2020 R'000	Audited year ended 28 February 2021 R'000
<b>Reconciliation of deferred tax liability</b>			
At the beginning of the period	(6 019)	(3 462)	(3 462)
Originating and reversing temporary differences	904	1 640	(2 557)
	<b>(5 115)</b>	(1 822)	(6 019)
<b>Deferred tax asset</b>			
<i>Comprising:</i>			
Property, plant and equipment	(5 676)	(5 922)	(6 024)
Provisions	5 196	8 735	4 640
Contributions to rehabilitation trust funds	(4 635)	(4 635)	(4 635)
	<b>(5 115)</b>	(1 822)	(6 019)

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

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(continued)

for the six months ended 31 August 2021

## 4. INVENTORIES

	Unaudited 6 months ended 31 August 2021 R'000	Unaudited 6 months ended 31 August 2020 R'000	Audited year ended 28 February 2021 R'000
Raw materials	488	340	119
Work in progress	28 943	24 563	20 582
Finished goods	11 971	7 517	6 504
Consumables	2 258	1 937	1 965
	<b>43 660</b>	34 357	29 170

### Impairments

Inventory totalling R2,6 million (28 February 2021: R1,4 million) was written down by R1,1 million (28 February 2021: R0,5 million) to their net realisable value of R1,5 million (28 February 2021: R1,0 million).



# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(continued)

for the six months ended 31 August 2021

## 5. STATED CAPITAL

	Unaudited 6 months ended 31 August 2021 '000	Unaudited 6 months ended 31 August 2020 '000	Audited year ended 28 February 2021 '000
<b>Authorised</b>			
1 000 000 000 ordinary shares of no par value (28 February 2021: 1 000 000 000)			
<b>Reconciliation of number of shares authorised</b>			
Reported at 1 March	1 000 000	1 000 000	1 000 000
	<b>1 000 000</b>	1 000 000	1 000 000
<b>Reconciliation of number of no par value shares issued</b>			
Reported at 1 March	645 242	645 242	645 242
<i>Issued:</i> Acquisition of Zingaro Holdings (Pty) Ltd	193 000	–	–
<i>Less:</i> Brikor Share Incentive Scheme Trust – treasury shares	(15 900)	( 15 900)	( 15 900)
	<b>822 342</b>	629 342	629 342

All shares are fully paid.

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

	Unaudited 6 months ended 31 August 2021 R'000	Unaudited 6 months ended 31 August 2020 R'000	Audited year ended 28 February 2021 R'000
<b>Stated capital</b>			
838 242 031 ordinary shares of no par value (28 February 2021: 645 242 031 ordinary shares of no par value)	273 092	244 142	244 142
<i>Less:</i> 15 900 000 (28 February 2021: 15 900 000) treasury shares held by the Brikor Share Incentive Scheme Trust	(15 900)	(15 900)	(15 900)
	<b>257 192</b>	228 242	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.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(continued)

for the six months ended 31 August 2021

## 6. VENDOR LOANS

	Unaudited 6 months ended 31 August 2021 R'000	Unaudited 6 months ended 31 August 2020 R'000	Audited year ended 28 February 2021 R'000
Acquisition of Zingaro Holdings (Pty) Ltd through the following loan accounts (see note 2 for details regarding the acquisition of an associate):			
<b>Loan – EJ Mac Master</b>			
Opening balance	7 018	–	–
<i>Add: Interest</i>	196	–	–
<i>Less: Payments</i>	(1 000)	–	–
	6 214	–	–
<b>Loan – L Mac Master</b>			
Opening balance	7 016	–	–
<i>Add: Interest</i>	196	–	–
<i>Less: Payments</i>	(1 000)	–	–
	6 212	–	–
<b>Loan – PB Buys</b>			
Opening balance	7 016	–	–
<i>Add: Interest</i>	196	–	–
<i>Less: Payments</i>	(1 000)	–	–
	6 212	–	–
<b>Total vendor loans</b>	<b>18 638</b>	–	–
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 loan has been repaid in full to the sellers. The loan is payable in monthly instalments of R500 000 (including capital and interest). The subject loan outstanding as at the fifth anniversary of the effective date shall be paid by Brikor to the sellers within 10 business days after the fifth anniversary of the effective date. In addition, Brikor has the right to repay the outstanding subject loan from time to time in greater instalments and more frequently.			
<b>Presented as:</b>			
<b>Non-current liabilities</b>			
At amortised cost	12 638	–	–
<b>Current liabilities</b>			
At amortised cost	6 000	–	–
	<b>18 638</b>	–	–

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(continued)

for the six months ended 31 August 2021

## 7. EARNINGS PER SHARE

	Unaudited 6 months ended 31 August 2021 R'000	Unaudited 6 months ended 31 August 2020 R'000	Audited year ended 28 February 2021 R'000
Basic and diluted profit	9 093	(1 664)	11 974
Profit on disposal of property, plant and equipment *	–	(26)	–
Impairment of assets *	–	189	(84)
Loss on scrapping of property, plant and equipment *	97	400	1 102
Headline and diluted headline profit	9 190	( 1 101)	12 992

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

### Number of shares

	Unaudited 6 months ended 31 August 2021 '000	Unaudited 6 months ended 31 August 2020 '000	Audited year ended 28 February 2021 '000
Weighted average number of shares	822 342	629 342	629 342
Diluted weighted average number of shares	822 342	629 342	629 342

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(continued)

for the six months ended 31 August 2021

## 8. CONTINGENCIES

### Contingent liabilities

#### Environmental rehabilitation

The Group's operations are 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 operations' proximity to the watercourse still need to be formally delineated by a wetland specialist.

However, considering the current location of the Group's operations and the potential movement of groundwater and drainage towards the Blesbokspruit watercourse, and allowing for the current rehabilitation approach that was consistently applied for Vlakfontein, Plant 1 and 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 are 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 are not currently reasonably quantifiable.

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

#### Pending court cases

##### *Court case 1:*

llangabi 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 and a half 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 condensed consolidated interim financial statements.

##### *Court case 2:*

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 (28 February 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 costs 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 condensed consolidated interim 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 UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(continued)

for the six months ended 31 August 2021

## 9. RELATED PARTIES

### Identification of material related parties

Shareholders of Brikor Limited (Company) holding 5% or more of the issued share capital at 27 August 2021:

E Meiring	15,51%
G Parkin	12,83%
E Parkin	12,65%
The Daniel Parkin Testamentary Trust *	12,66%
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 27 August 2021.

### Subsidiaries

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.

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.

Relationships	Related director/shareholder
<i>Entities controlled by directors and/or significantly influenced by a shareholder</i>	
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, R Nkosi, PZ Mtethwa

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(continued)

for the six months ended 31 August 2021

## 9. RELATED PARTIES (continued)

	Description of activities	Unaudited 6 months ended 31 August 2021 R'000	Unaudited 6 months ended 31 August 2020 R'000	Audited year ended 28 February 2021 R'000
<b>RELATED PARTY BALANCES</b>				
<b>Loan accounts – owing (to)/by related parties</b>				
	<i>Estate late: GvN Parkin</i>	<b>(8 519)</b>	(12 722)	(10 657)
	<i>Unsecured, bears interest at 7,59% p.a, monthly repayments of R0,4 million.</i>			
	<i>G Parkin</i>	–	(940)	–
	<i>Unsecured, bears interest at 7,59% from 1 March 2020, monthly repayments of R0,1 million.</i>			
	<i>E Mac Master</i>	<b>(6 214)</b>	–	–
	<i>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).</i>			
	<i>L Mac Master</i>	<b>(6 212)</b>	–	–
	<i>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).</i>			
	<i>P Buys</i>	<b>(6 212)</b>	–	–
	<i>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).</i>			
<b>Amounts included in trade and other receivable/(trade and other payables) regarding related parties</b>				
	Scarlett Sun 33 (Pty) Ltd	<b>(249)</b>	–	(237)
	Scarlett Sun 33 (Pty) Ltd	<b>34</b>	34	34
	Nigel Brick and Clay (Pty) Ltd	<b>(39)</b>	(58)	(112)
	Cyndara 113 (Pty) Ltd	<b>(97)</b>	(97)	(97)
	Zingaro Holdings (Pty) Ltd	<b>20</b>	–	–
	Zingaro Trade 85 (Pty) Ltd	<b>767</b>	–	–
	Zingaro Trade 85 (Pty) Ltd	<b>(6 198)</b>	–	–

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(continued)

for the six months ended 31 August 2021

## 9. RELATED PARTIES (continued)

	Description of activities	Unaudited 6 months ended 31 August 2021 R'000	Unaudited 6 months ended 31 August 2020 R'000	Audited year ended 28 February 2021 R'000
<b>Related party transactions</b>				
<i>Interest paid</i>				
Estate late GvN Parkin	On loan account	(374)	(531)	(978)
G Parkin	On loan account	–	(42)	(68)
E Mac Master	On loan account	(196)	–	–
L Mac Master	On loan account	(196)	–	–
P Buys	On loan account	(196)	–	–
<i>Purchases from related parties</i>				
Scarlett Sun 33 (Pty) Ltd	Surface rights	(1 366)	(1 872)	(3 236)
Zingaro Trade 85 (Pty) Ltd	Machinery rentals and transport	(10 761)	–	–
<i>Sales to related parties</i>				
Nigel Brick and Clay (Pty) Ltd	Coal and clay	4 463	1 153	3 785
Zingaro Holdings (Pty) Ltd	Bricks	148	–	–
Zingaro Trade 85 (Pty) Ltd	Coal and clay	1 123	–	–

## 10. SUBSEQUENT EVENTS

Management is not aware of any material events which occurred subsequent to 31 August 2021 which require additional adjustment or disclosures.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(continued)

for the six months ended 31 August 2021

## 11. GOING CONCERN

The Group incurred a profit for the six month ended 31 August 2021 of R9 million (six month ended 31 August 2020: loss of R1,7 million) and as of that date the Group is solvent as total assets exceeded total liabilities by R118,6 million. Furthermore, the Group is liquid as current assets exceeded current liabilities by R18,2 million.

The directors considered the financial performance of the Group 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 forecasts allow for best estimates and assumptions.

The directors have given due consideration to the potential impact of the COVID-19 pandemic on the Group's ability to continue as a going concern. The directors believe that the COVID-19 pandemic will not have a material impact on the business activities of the Group. Based on the above, no material uncertainties have been identified in relation to the ability of the Group to remain a going concern for at least the next 12 months. The directors thus believe that the Group is in a sound financial position and that it will continue to operate as a going concern for the foreseeable future.

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

## 12. DIRECTORS' EMOLUMENTS

	<b>Unaudited 6 months ended 31 August 2021 R'000</b>	Unaudited 6 months ended 31 August 2020 R'000	Audited year ended 28 February 2021 R'000
<b>Executive directors</b>			
Short-term employee benefits	4 337	2 178	4 888
Post-employment benefits	140	73	206
<b>Prescribed officers</b>			
Short-term employee benefits	–	1 796	1 796
Post-employment benefits	–	14	14
	<b>4 477</b>	4 061	6 904
<b>Non-executive directors</b>			
Short-term employee benefits	563	799	1 704



# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(continued)

for the six months ended 31 August 2021

## 13. SALIENT FEATURES

	Unaudited 6 months ended 31 August 2021 R'000	Unaudited 6 months ended 31 August 2020 R'000	Audited year ended 28 February 2021 R'000
Number of share in issue (excluding treasury shares) ('000)	<b>822 342</b>	629 342	629 342
Net asset value per share (cents)	<b>14,4</b>	10,6	12,9
Net tangible asset value per share (cents)	<b>11,0</b>	5,5	7,9
Impairment reversals (R'000)	–	(189)	84
Employee costs (R'000)	<b>(44 193)</b>	(30 235)	(70 435)

Net asset value per share is determined by dividing the total equity by the actual number of shares in issue at the reporting date.

Net tangible asset value per share is determined by dividing the total equity less intangible and deferred tax assets by the actual number of shares in issue at the reporting date.

### Reconciliation of Earnings before Interest, Taxation, Depreciation, Amortisation and Impairment (“EBITDA”)

	Unaudited 6 months ended 31 August 2021 R'000	Unaudited 6 months ended 31 August 2020 R'000	Audited year ended 28 February 2021 R'000
Operating profit/(loss) before interest, taxation and earnings from associate	<b>9 311</b>	1 409	20 974
Depreciation – cost of sales	<b>4 489</b>	3 453	6 317
Depreciation – other expenses	<b>540</b>	386	883
Amortisation – cost of sales	<b>271</b>	271	543
Impairment reversals	–	189	(84)
	<b>14 611</b>	5 708	28 633

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(continued)

for the six months ended 31 August 2021

## 13. SALIENT FEATURES (continued)

### Solvency and liquidity

	Unaudited 6 months ended 31 August 2021 R'000	Unaudited 6 months ended 31 August 2020 R'000	Audited year ended 28 February 2021 R'000
<b>STATEMENT OF FINANCIAL POSITION EXTRACTS</b>			
<b>Current assets</b>			
Inventory	43 660	34 357	29 170
Trade and other receivables	30 809	34 388	29 702
Cash and cash equivalents	12 208	11 913	8 698
– Cash and cash equivalents	20 726	18 332	15 287
– Less: Restricted cash	(8 518)	(6 419)	(6 589)
– Overdraft	–	–	–
Taxation	1 144	2 470	1 997
<b>Total current assets</b>	<b>87 820</b>	<b>83 128</b>	<b>69 567</b>
<b>Total current assets less inventory and restricted cash</b>	<b>44 161</b>	<b>48 771</b>	<b>40 397</b>
<b>Current liabilities</b>			
Shareholders' loans	4 535	5 164	4 386
Short-term portion of vendor loan	6 000	–	–
Short-term portion of lease liabilities	2 146	–	2 084
Trade and other payables	59 396	52 328	40 602
Taxation	6 022	5 960	6 202
<b>Total current liabilities</b>	<b>78 099</b>	<b>63 452</b>	<b>53 273</b>
Current assets ratio	1,1	1,3	1,3
Acid test ratio	0,6	0,8	0,8

By order of the Board

**Allan Pellow**  
Chairperson of the board

**Garnett Parkin**  
Chief Executive Officer

17 November 2021

# CORPORATE INFORMATION

## **DIRECTORS:**

Allan Pellow (*Chairperson*)\*, Mamsy Mokate (*Lead Independent Director*) \*, Garnett Parkin (*Chief Executive Officer*),  
Joaret Botha (*Financial Director*), Funeka Mtsila \*, Steve Naudé \*

*\* Independent non-executive*

## **REGISTERED ADDRESS:**

1 Marievale Road, Vorsterskroon, Nigel 1490

## **POSTAL ADDRESS:**

PO Box 884, Nigel 1490

Telephone: (011) 739 9000

Facsimile: (011) 739 9021

## **COMPANY SECRETARY:**

Fusion Corporate Secretarial Services (Pty) Ltd

## **TRANSFER SECRETARIES:**

JSE Investor Services (Pty) Ltd

## **AUDITORS:**

Nexia SAB&T

## **DESIGNATED ADVISER:**

Exchange Sponsors (2008) (Pty) Ltd

**These results and an overview of Brikor are available at [www.brikor.co.za](http://www.brikor.co.za)**