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-MONTH PERIOD ENDED 31 AUGUST 2017

Prepared by:

The condensed consolidated interim financial results ("interim financial results" or " results") for the six-month period ended 31 August 2017 were prepared by Laura Craig CA(SA), group financial manager.

FINANCIAL INDICATORS – continuing operations

- REVENUE increased by 7,4 % to R155,7 million
- EBITDA increased by 28,6 % to R31,4 million (refer to note 8)
- NET ASSET VALUE increased by 13,2 % to 10,3 cents per share
- NET TANGIBLE ASSET VALUE decreased by 29,0 % to 4,4 cents per share
- CASH AND CASH EQUIVALENTS decreased by 45,3 % to R16,1 million
- EARNINGS PER SHARE from continuing operations increased by 37,5 % to 2,2 cents per share
- HEADLINE EARNINGS PER SHARE from continuing operations increased by 18,8 % to 1,9 cents per share

OVERVIEW

Brikor is a diverse manufacturer and supplier of building and construction 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 three segments, namely bricks, aggregates and coal (the latter being through its subsidiary, Ilangabi Investments 12 (Pty) Ltd).

The directors of Brikor are pleased to present the condensed consolidated interim financial results for the period ended 31 August 2017, which reflect the Brikor group’s committed core focus on growth coupled with cost and risk management.

The group’s overall financial indicators continued to grow positively as management moved forward with resolving compliance matters consistently and efficiently as possible. The lifting of the suspension on the Johannesburg Stock Exchange has remained management’s focus.

FINANCIAL RESULTS – continued operations

Revenue increased to R155,7 million (August 2016: R144,9 million) with the gross profit percentage increasing slightly to 27,1% (August 2016: 26,8%).

The competitive South African economic environment continues to drive selling prices downward, resulting in the brick segment’s revenue remaining relatively static. This, coupled with extreme wet weather conditions experienced from March to May, which hindered production capacity, resulted in a mere 0,8% (R0,7 million) growth. The coal segment has obtained a substantial increase of 20,0% (R10,1 million), mainly due to new mining techniques implemented in the prior year now fully coming into effect. The slight increase in the gross profit percentage of the group was attributable to the coal segment’s increase in revenue, which had a roll-on effect of reducing the fixed cost per tonne of production due to the increased quantities of tonnes sold. The bricks segment experienced a decline in gross profit percentage due to the lack of sales price increases, whilst still experiencing inflationary increases in the cost of production. The bricks segment also experienced a sales mix variance with the less profitable products being more in demand, which further reduced the gross profit percentage.

Other income increased to R4,1 million (August 2016: R2,8 million) due to diesel rebates now being claimed timely.

Operating expenses decreased to R21,9 million (August 2016: R23,3 million), mainly due to the catch-up operating expenditure experience in the prior period not being repeated in the current financial period.

Interest paid increased during the period to R5,8 million (2016: R4,5 million) as a result of the interest unwinding of the higher provision for environmental rehabilitation as well as with the interest accrual on historical borrowings and liabilities.

The group ended the financial period with an attributable profit from continuing operations of R13,2 million (August 2016: R12,4 million), resulting in basic earnings per share of 2,1 cents (August 2016: 2,0 cents) and basic headline earnings per share of 2,1 cents (August 2016: 2,0 cents).

Property, plant and equipment decreased to R62,5 million from the February 2017 year-end amount of R89,8 million due to the following:

- the additions to buildings of R0,1 million;
- the additions of plant and equipment of R10,0 million;
- the additions of furniture and fittings of R0,3 million;
- the disposal of plant of R1,8 million;
- the disposal of motor vehicles of R0,1 million;
- depreciation of R7,7 million; and
- transfer of assets to assets held-for-sale and discontinued operations of R28,1 million (2016: Rnil)

CHANGES TO THE BOARD OF DIRECTORS AND COMPANY SECRETARY

On 1 April 2017, Fusion Corporate Secretarial Services (Pty) Ltd was appointed as company secretary;

On 12 April 2017, Mamsey A Mokate was appointed as independent non-executive director; and

On 1 December 2017, Mrs Ina McDonald, non-executive director and chairman of the board, announced her retirement, effective at the next annual general meeting scheduled for 12 January 2018.

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 – 2009 (King lll) are implemented on an apply or explain basis.

With the board changes indicated above, the Brikor board now comprises seven directors of whom two are executive, two are non-executive and three are independent non-executive.

PROSPECTS

As the group continuously and consistently drives the statement of financial position into a healthy solvent, liquid position and reduces its debt with the South African Revenue Services and related parties, the Brikor board now looks onwards into the future of the group. High on the agenda is to focus on the strengthening of the group’s black economic broad based status and increasing the group’s foothold in the relevant markets it trades in.

DIVIDEND
No dividend has been declared for the six months ended 31 August 2017.

Condensed consolidated interim statement of financial position
as at 31 August 2017

	Notes	**Unaudited 6 months ended August 2017 R'000**	Unaudited 6 months ended August 2016 R'000	Audited year ended February 2017 R'000
ASSETS				
Non-current assets		**112 405**	137 257	144 363
Property, plant and equipment		**62 525**	110 243	89 757
Intangible assets		**5 546**	11 651	10 198
Other financial assets		**18 304**	14 242	16 326
Deferred tax asset		**26 030**	1 121	28 082
Current assets		**91 957**	110 402	80 540
Inventories		**34 754**	45 219	44 432
Trade and other receivables		**41 063**	35 689	21 883
Cash and cash equivalents		**16 140**	29 494	14 225
Assets held-for-sale	2	**51 515**	-	3 571
Total assets		**255 877**	247 659	228 474
EQUITY AND LIABILITIES				
Equity attributable to equity holders of the company		**64 650**	57 102	51 073
Stated capital		**228 242**	228 242	228 242
Accumulated loss		**(163 592)**	(171 140)	(177 169)
Non-current liabilities		**100 831**	106 829	103 454
Borrowings		**2 624**	6 342	2 624
Shareholders' loans		**43 583**	50 230	45 228
Provisions		**54 084**	50 257	54 281
Deferred tax liability		**540**	-	1 321
Current liabilities		**82 754**	83 728	72 041
Borrowings		**6 946**	6 384	7 280
Trade and other payables		**67 747**	61 784	57 679
Taxation		**8 061**	15 560	7 082
Liabilities held-for-sale	2	**7 642**	-	1 906
Total equity and liabilities		**255 877**	247 659	228 474

Condensed consolidated interim statement of profit or loss and other comprehensive income
for the six months ended 31 August 2017

	Notes	**Unaudited 6 months ended August 2017 R'000**	Unaudited 6 months ended August 2016 R'000	Audited year ended February 2017 R'000
Revenue		**155 655**	144 868	255 848
Cost of sales		**(113 550)**	(106 099)	(189 837)
Gross profit		**42 105**	38 769	66 011
Other income		**4 101**	2 834	5 041
Administrative expenses		**(18 417)**	(19 358)	(37 198)
Distribution expenses		**(2 988)**	(2 403)	(5 018)
Other expenses		**(511)**	(1 583)	(10 438)
Expenses		**(570)**	(1 583)	(9 094)
Impairments		**59**	-	(1 344)
Operating profit before interest and taxation		**24 290**	18 259	18 398
Finance income		**383**	691	1 606
Finance costs		**(5 793)**	(4 533)	(13 357)
Profit before taxation		**18 880**	14 417	6 647
Taxation		**(5 707)**	(1 972)	25 262
Profit after taxation		**13 173**	12 445	31 909
Profit/(loss) from discontinued operations	2	**404**	(2 197)	(27 690)
Total comprehensive income for the period attributable to owners of the company		**13 577**	10 248	4 219
		CENTS	**CENTS**	**CENTS**
Earnings per share	3			
Continuing operations		**2,1**	2,0	5,1
Discontinued operations		**0,1**	(0,4)	(4,4)
Basic		**2,2**	1,6	0,7
Continuing operations		**2,1**	2,0	5,1
Discontinued operations		**0,1**	(0,4)	(4,4)
Diluted		**2,2**	1,6	0,7
Continuing operations		**2,0**	2,0	5,3
Discontinued operations		**(0,1)**	(0,4)	(0,6)
Headline earnings per share		**1,9**	1,6	4,7
Continuing operations		**2,0**	2,0	5,3
Discontinued operations		**(0,1)**	(0,4)	(0,6)
Diluted headline earnings per share		**1,9**	1,6	4,7

Condensed consolidated interim statement of changes in equity
for the six months ended 31 August 2017

	Unaudited 6 months ended August 2017 R'000	Unaudited 6 months ended August 2016 R'000	Audited year ended February 2017 R'000
Stated capital	**244 142**	244 142	244 142
Treasury shares	**(15 900)**	(15 900)	(15 900)
Accumulated loss at the beginning of the period	**(177 169)**	(181 388)	(181 388)
Profit for the period	**13 577**	10 248	4 219
Total	**64 650**	57 102	51 073

Condensed consolidated interim statement of cash flows
for the six months ended 31 August 2017

	Unaudited 6 months ended August 2017 R'000	Unaudited 6 months ended August 2016 R'000	Audited year ended February 2017 R'000
Cash flows from operating activities	**16 033**	13 605	22 229
Cash generated from operations	**19 092**	25 126	41 393
Finance income	**381**	691	1 620
Finance costs	**(3)**	(4 827)	(3 593)
Tax paid	**(3 437)**	(7 385)	(17 191)
Cash flows to investing activities	**(9 898)**	(9 632)	(22 349)
Additions to property, plant and equipment	**(10 392)**	(8 644)	(21 956)
Proceeds on disposal of property, plant and equipment	**1 950**	540	2 506
Increase in other financial assets	**(1 456)**	(1 528)	(2 899)
Cash flows (to)/from financing activities	**(4 220)**	4 273	(6 902)
Borrowings raised	**3 893**	8 243	6 305
Borrowings repaid	**(8 113)**	(3 970)	(13 207)
Net increase/(decrease) in cash and cash equivalents	**1 915**	8 246	(7 022)
Cash and equivalents at beginning of period	**14 225**	21 247	21 247
Cash and cash equivalents at end of period	**16 140**	29 493	14 225

SEGMENTAL REVENUE AND RESULTS

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

Segmental profit reconciliation

Six months ended 31 August 2017 - Unaudited	**Bricks**	**Coal**	**Other***	**Total**
	R'000	**R'000**	**R'000**	**R'000**
Total revenue	**95 346**	**68 114**	**-**	**163 460**
Intersegmental revenue	**-**	**(7 805)**	**-**	**(7 805)**
Reportable segment revenue	**95 346**	**60 309**	**-**	**155 655**
Gross profit	**22 782**	**19 323**	**-**	**42 105**
Other income	**936**	**3 165**	**-**	**4 101**
Operating profit before interest and taxation	**11 679**	**12 611**	**-**	**24 290**
Segment assets and liabilities				
Segment assets	**78 798**	**75 426**	**101 653**	**255 877**
Segment liabilities	**(51 588)**	**(77 316)**	**(62 323)**	**(191 227)**
Other segment information				
Depreciation and amortisation included in cost of sales and operating expenditure	**(2 553)**	**(4 526)**	**(1 076)**	**(8 155)**
Additions to non-current assets	**4 579**	**5 764**	**49**	**10 392**

Six months ended 31 August 2016 – Unaudited	**Bricks**	**Coal**	**Other***	**Total**
	R'000	**R'000**	**R'000**	**R'000**
Total revenue	94 605	56 839	-	151 444
Intersegmental revenue	-	(6 576)	-	(6 576)
Reportable segment revenue	94 605	50 263	-	144 868
Gross profit	24 229	14 540	-	38 769
Other income	802	2 032		2 834
Operating profit before interest and taxation	9 295	8 964	-	18 259
Segment assets and liabilities				
Segment assets	67 581	68 380	111 697	247 658
Segment liabilities	(38 677)	(77 740)	(74 139)	(190 556)
Other segment information				
Depreciation and amortisation included in cost of sales and operating expenditure	(3 219)	(2 911)	(1 645)	(7 775)
Additions to non-current assets	1 107	1 264	-	2 371

Year ended 28 February 2017 - Audited	Bricks R’000	Coal R’000	Other* R’000	Total R’000
Total revenue	171 517	96 643	-	268 160
Intersegmental revenue	-	(12 312)	-	(12 312)
Reportable segment revenue	171 517	84 331	-	255 848
Gross profit	32 843	33 168	-	66 011
Other income	2 286	2 755		5 041
Impairments	(1 344)	-	-	(1 344)
Operating profit/(loss) before interest and taxation	4 224	14 174	-	18 398
Segment assets and liabilities				
Segment assets	60 341	67 644	100 489	228 474
Segment liabilities	(42 697)	(71 604)	(63 100)	(177 401)
Other segment information				
Depreciation and amortisation included in cost of sales and operating expenditure	(5 691)	(5 692)	(4 191)	(15 574)
Additions to non-current assets	3 295	11 214	7 447	21 956

*Other segment relates to non-segment-specific cash and liabilities as detailed below:

Factors used to identify segments are based on geographical location and divisional structuring; this is also how the group reports financial results to the chief operating decision-maker on a monthly basis.

The accounting policies of the reportable segments are the same as the group’s accounting policies described in note 1. Segment profit represents the profit earned by each segment without allocation of finance costs and income tax expense. This is the measure reported to the chief operating decision-maker for the purposes of assessment of segment performance.

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

Other assets and liabilities

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

- all assets are allocated to reportable segments other than non-current assets held-for-sale, goodwill, tax assets, deferred tax assets and cash and cash equivalents.
- all liabilities are allocated to reportable segments other than general borrowings, shareholders’ loans, deferred taxation, taxation, bank overdraft and non-current liabilities held-for-sale.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 AUGUST 2017

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The condensed consolidated interim financial statements are prepared in accordance with the requirements of the JSE Limited 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 *SAICA Financial Reporting Guides* as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by *IAS 34 Financial Reporting*.

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

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

2. ASSETS AND LIABILITIES CLASSIFIED AS HELD-FOR-SALE AND DISCONTINUED OPERATION

Non-current assets and liabilities classified as held-for-sale:

On 20 September 2016 and 17 November 2016 respectively, Brikor committed to sell two of its properties, namely the Rayton property situated at Portion 31 of Witfontein NO.510 - JR District Bronkhorstspruit "Rayton" and the Nigel Schist property situated at Portion 58 of the Farm Vrisgewaag 510IR "Schist".

Rayton property:

The offer received for Rayton amounting to R2,2 million, which is inclusive of the transfer of the Mining Right No GP30/5/1/2/2(237)MRC and the related environmental restoration obligation, has been accepted and signed by the company's directors on 17 April 2017.

Conditions precedent to the sale:

- The sale is subject to written consent in terms of section (11)1 of the Mineral and Petroleum Resources Development Act No. 28 of 2002 ("the act") is granted by the minister in respect of the proposed cession and transfer of the mining right to the purchaser.
- The purchaser shall be responsible for making the application as required in terms of Section 11 of the Act with the assistance of the company in terms of documentation required and general co-operation.
- Should the Section 11 transfer not be granted within 18 (eighteen) months from date of signature (11 April 2017) either party may be entitled, in writing, to cancel the agreement, unless the application is imminent, in which case extension may be applied for by either party for a period of up to 60 (sixty) days or longer as agreed upon.
- Costs incurred in terms of this agreement shall be borne by the purchaser.

Schist property:

The company has received several offers in terms of the Schist property of which the latest offer of R0,2 million is inclusive of the transfer of the environmental obligation. The company is in the process of finalising the terms of agreement with the potential buyer.

Impairment reversal/impairment relating to the non-current assets held-for-sale:

The impairment reversal/impairment was recognized in order to adjust the carrying value of the Rayton Property at the relevant reporting dates to its fair value less cost to sell (August 2017: R59,0 thousand impairment reversal, February 2017: R1,3 million impairment).

Measurement of fair values

The fair value of the non-current assets held-for-sale was obtained with reference to purchase offers received from third parties for the respective properties.

Fair value hierarchy:

The non-recurring fair value of the non-current assets and liabilities held-for-sale of R2,2 million and R0,2 million respectively, have been classified as a level 2 fair value (refer to note 10).

Cumulative income or (expenses) included in profit/(loss) and other comprehensive income:

Six months ended 31 August 2017 – Unaudited	Rayton property R'000	Schist property R'000	Total R'000
Change in estimate for environmental rehabilitation provision	**(30)**	**(13)**	**(43)**
Impairment reversal	**59**	**-**	**59**
Net finance costs	**(29)**	**-**	**(29)**
Loss from non-current assets and liabilities held-for-sale	**-**	**(13)**	**(13)**

Year ended 28 February 2017 - Audited	Rayton property R'000	Schist property R'000	Total R'000
Change in estimate for environmental rehabilitation provision	(83)	(547)	(630)
Depreciation of decommissioning asset	(9)	-	(9)
Net finance costs	(114)	-	(114)
Loss from non-current assets and liabilities held-for-sale	(206)	(547)	(753)

Discontinued operation classified as held-for-sale:

Donkerhoek Quarries:

Background

Donkerhoek Quarries and its operations ("DH") is a division of Brikor and produces aggregates of a wide variety of sizes and technical specifications with products including stone, gravel and sand for large and small-scale civil engineering and infrastructure projects. As per management's assessment, the DH division is a separate cash-generating unit, being the smallest group of assets that generate cash inflows largely independent of the cash inflows from other assets or groups of assets.

DH is capable of functioning independently of Brikor from a staffing, cash flow, profitability and funding perspective and constitutes a going concern with separately identifiable and assignable assets and liabilities, distinguishable by geographic location, VAT registration and accounting records. It, however, is not separately registered for income tax and therefore tax disclosed as part of the discontinued operation is attributable to the deferred tax asset of Brikor. It constitutes the aggregates segment in its entirety (as previously reported in the segment results by the group). No other considerations are included into or excluded from the DH operations in order to derive the values disclosed in previous reporting periods as the aggregates segment.

Decision

DH has been performing at close to breakeven for the last two years as a result of a lack of contract revenue which drives volume and yields profits in excess of largely fixed overheads. During the 2017 financial year the Brikor board focused on strengthening the sales force and emphasising more informative decision-making processes, such as developing accurate product-costing tools, driving more profitable sales and reducing overheads.

With the marginal profitability in mind, no certainty of the effectiveness of implemented changes and knowing that aggregates do not form part of Brikor's core business, the board has always been open to offers for DH, despite no specific marketing drive being embarked upon at the commencement of the 2017 financial reporting period.

The board formally negotiated and approved a mandate in July 2017, with Exchange Sponsors, the current designated advisors of Brikor to broker the transaction, thereby initiating an active program to find a potential buyer and demonstrating management’s commitment to sell DH.

In the 2018 financial reporting period, the first potential buyer presented their offer dated 22 May 2017. A number of offers were presented between unrelated arm’s length potential buyers and, in the interest of transparency and equality a final opportunity was given to competing parties to submit a full and final offer, the terms of which were considered at face value. Final offers, which were reasonable considering DH’s current fair value, were received on 15 August 2017, of which the most favourable in terms of the cash considerations, amounted to R50,3 million.

Conclusion

The final agreement for the sale of DH was signed on 27 October 2017, with conditions precedent including shareholder approval subsequent to the release of the required Category 1 circular currently being drafted. Management is of the opinion that all conditions relevant to the transaction will be met by all relevant parties to the agreement without undue delay or unforeseen complications.

No significant changes to the terms or conditions pertaining to the transaction are anticipated by management and it is expected to be completed within one year from the agreement date.

Impairment reversal/impairment relating to the discontinued operation:

The Donkerhoek division had been reporting significant losses in the 2017 financial year and based on this an impairment trigger was identified. The recoverable amount of the Donkerhoek division was determined and an impairment of R23,9 million was consequently recognised.

The impairment was calculated by comparing the carrying value of the cash-generating unit to the recoverable amount. The recoverable amount of a cash-generating unit is the higher of its fair value less costs to sell and its value-in-use. The recoverable amount of the Donkerhoek division was determined based on the fair value less cost to sell.

The fair value of the Donkerhoek division was obtained from a purchase offer made by a third party. The fair value measurement was categorised as a Level 2 fair value based on the inputs such as market prices other than quoted prices.

Based on the terms of the final agreement, signed on 27 October 2017, there was an indication of an impairment reversal of only the mineral rights component of the discontinued operation. The impairment reversal was calculated up to the value of what the carrying amount of the asset would have been if no impairment had existed at the effective reclassification transfer date, which was deemed to be 27 July 2017. The impairment reversal was determined to be R0,9 million.

Measurement of fair values

The fair value of the discontinued operation was obtained with reference to purchase offers received from third parties for the respective properties.

Fair value hierarchy:

The non-recurring fair value of the discontinued operation of R50,3 million has been classified as a level 2 fair value.

Disclosure of discontinued operations

For disclosure purpose of discontinued operations in the consolidated statement of profit or loss and other comprehensive income the approach followed was to include amounts related to discontinued operations only in the single amount of profit or loss for the discontinued operations.

The tables below analyses the results relating to the discontinued operation:

Donkerhoek Quarries	**Unaudited 6 months ended August 2017 R'000**	Unaudited 6 months ended August 2016 R'000	Audited year ended February 2017 R'000
Revenue	**20 653**	24 457	45 563
Expenses	**(21 111)**	(26 246)	(46 709)
Net finance costs	**(195)**	(408)	(377)
Impairment reversal	**905**	-	(23 941)
Profit/(loss) before taxation	**252**	(2 197)	(25 464)
Taxation	**152**	-	(2 225)
Profit/(loss) from discontinued operations	**404**	(2 197)	(27 689)

Assets and liabilities held-for-sale

At 31 August 2017, the non-current assets held-for-sale was stated at fair value less cost to sell and comprised the following:

Six months ended 31 August 2017 – Unaudited	**Rayton property R'000**	**Schist property R'000**	**Donkerhoek quarries R'000**	**Total R'000**
Non-current assets held-for-sale				
Property, plant and equipment	**3 618**	**13**	**28 115**	**31 746**
Intangible assets	**-**	**-**	**5 074**	**5 074**
Inventory	**-**	**-**	**14 695**	**14 695**
Non-current assets held-for-sale	**3 618**	**13**	**47 884**	**51 515**
Non-current liabilities held-for-sale				
Environmental rehabilitation provision	**1 418**	**560**	**4 837**	**6 815**
Payroll accruals	**-**	**-**	**827**	**827**
Non-current liabilities held-for-sale	**1 418**	**560**	**5 664**	**7 642**

Year ended 28 February 2017 - Audited	**Rayton property R'000**	**Schist property R'000**	**Total R'000**
Non-current assets held-for-sale			
Property, plant and equipment	3 558	13	3 571
Non-current assets held-for-sale	3 558	13	3 571
Non-current liabilities held-for-sale			
Environmental rehabilitation provision	1 359	547	1 906
Non-current liabilities held-for-sale	1 359	547	1 906

The tables below summaries the cash flow effects relating to the discontinued operations:

Donkerhoek Quarries	Unaudited 6 months ended August 2017 R'000	Unaudited 6 months ended August 2016 R'000	Audited year ended February 2017 R'000
Cash flows from operating activities	**(844)**	(6 203)	(3 015)
Cash flows from investing activities	**451**	(5 636)	(6 206)
Cash flows from financing activities	**-**	(364)	(564)
Net cash flows	**(393)**	(12 203)	(9 785)

3. EARNINGS PER SHARE

The calculations for earnings per share attributable to the ordinary equity holders are based on the following:

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

Six months ended 31 August 2017 - Unaudited	**Continuing operations R'000**	**Discontinued operations R'000**	**Total R'000**
Basic and diluted profit	**13 173**	**404**	**13 577**
(Profit)/loss on disposal of property, plant and equipment	**(271)**	**153**	**(118)**
Impairment reversal of assets	**(59)**	**(905)**	**(964)**
Loss on scrapping of property, plant and equipment	**5**	**-**	**5**
Headline and diluted profit/(loss)	**12 848**	**(348)**	**12 500**

Six months ended 31August 2016 – Unaudited	**Continuing operations R'000**	**Discontinued operations R'000**	**Total R'000**
Basic and diluted profit	12 445	(2 197)	10 248
(Profit)/loss on disposal of property, plant and equipment	5	(47)	(42)
Headline and diluted profit/(loss)	12 450	(2 244)	10 206

Year ended 28 February 2017 - Audited	**Continuing operations R'000**	**Discontinued operations R'000**	**Total R'000**
Basic and diluted profit	31 909	(27 690)	4 219
Impairment of assets	1 344	23 941	25 285
Profit on disposal of property, plant and equipment	(261)	(28)	(289)
Headline and diluted profit/(loss)	32 992	(3 777)	29 215

Number of shares

	Unaudited 6 months ended August 2017 R'000	Unaudited 6 months ended August 2016 R'000	Audited year ended February 2017 R'000
Weighted average number of shares	**629 342**	629 342	629 342
Diluted weighted average number of shares	**629 342**	629 342	629 342

4. RELATED PARTIES

Relationships	Related Director
Entities controlled / significantly influenced by director	
• Cyndara 113 (Pty) Ltd	PM McDonald & G Parkin
• Scarlett Sun 33 (Pty) Ltd	PM McDonald & G Parkin
• Galiya (Pty) Ltd	G Parkin
• Nigel Brick and Clay (Pty) Ltd	PM McDonald & G Parkin
• Kuvula Trade 40 (Pty) Ltd	G Parkin
• Elgar Share Trust	PM McDonald & G Parkin

	Nature of goods and services purchased or sold	Unaudited 6 months ended August 2017 R'000	Unaudited 6 months ended August 2016 R'000	Audited year ended February 2017 R'000
Related party balances				
Loan accounts - owing (to)/by related parties				
Estate late: GvN Parkin				
Shareholder loan – loan 1	Unsecured, interest 7,59% p.a, no fixed repayment terms	**(31 158)**	(30 965)	(32 450)
Shareholder loan – loan 2	Unsecured, interest 12% p.a, no fixed repayment terms	**(8 578)**	(8 448)	(8 963)
Shareholder loan – loan 3	Unsecured, interest free, no fixed repayment terms	**(2 256)**	(8 726)	(2 224)
G Parkin				
Shareholder loan	Unsecured, interest free	**(1 591)**	(2 091)	(1 591)

	Nature of goods and services purchased or sold	**Unaudited 6 months ended August 2017 R'000**	Unaudited 6 months ended August 2016 R'000	Audited year ended February 2017 R'000
Amounts included in trade receivables and (trade payables)				
Scarlett Sun 33 (Pty) Ltd	Machinery parts and consumables	**47**	-	(17)
Scarlett Sun 33 (Pty) Ltd	Surface rights	**(5 219)**	(4 270)	(5 084)
Nigel Brick and Clay (Pty) Ltd	Bricks	**1 732**	2 648	11
Nigel Brick and Clay (Pty) Ltd	Bricks	**(5 368)**	(3 996)	(1 720)
Galiya (Pty) Ltd	Transport	**39**	78	49
Galiya (Pty) Ltd	Transport	**(118)**	(170)	(102)
Kuvula Trade 40 (Pty) Ltd	Transport	**18**	421	383
Kuvula Trade 40 (Pty) Ltd	Rental	**-**	376	17
Kuvula Trade 40 (Pty) Ltd	Transport	**(1 653)**	(1 988)	(1 641)
AP van der Merwe	Consultancy fees	**(44)**	-	(49)
Cyndara	Engineering	**(97)**	(97)	(97)
Amounts included in borrowings regarding related parties				
Scarlett Sun 33 (Pty) Ltd	Interest at prime plus 1%	**(3 210)**	(5 738)	(4 322)
Related party transactions				
Interest paid				
G v N Parkin (loan 1)		**(1 191)**	(1 159)	(2 342)
G v N Parkin (loan 2)		**(510)**	(493)	(1 009)
Legal fees				
PM McDonald Attorneys		**-**	-	(249)
Consultancy fees				
AP van der Merwe		**(265)**	(253)	(588)
Purchases from related parties				
Scarlett Sun 33 (Pty) Ltd	Surface rights	**(2 223)**	(3 282)	(3 282)
Scarlett Sun 33 (Pty) Ltd	Machinery Parts	**(129)**	(171)	-
Scarlett Sun 33 (Pty) Ltd	Equipment purchased	**-**	(37)	(37)
Galiya (Pty) Ltd	Transport	**(567)**	(485)	(1 005)
Nigel Brick and Clay (Pty) Ltd	Bricks	**(9 738)**	(7 881)	(16 856)
Kuvula Trade 40 (Pty) Ltd	Transport	**(7 043)**	(8 372)	(15 470)
Sales to related parties				
Nigel Brick and Clay (Pty) Ltd	Bricks and clay	**5 193**	5 201	9 605
Scarlett Sun 33 (Pty) Ltd	Diesel and maintenance	**-**	61	61
Galiya (Pty) Ltd	Transport	**255**	390	423
Kuvula Trade 40 (Pty) Ltd	Transport	**2 252**	2 864	2 864

5. SUBSEQUENT EVENTS

The directors are not aware of any material events other than the approval of the final agreement to sell Donkerhoek Quarries as detailed in note 2, which occurred subsequent to the period ended 31 August 2017 and which need adjustment or disclosure.

6. GOING CONCERN

The directors have prepared their budgets and cash flow forecasts for the year ahead based on reasonable and supportable assumptions.

The cash flow forecasts and current management results indicate that the company and its subsidiaries will operate as going concerns for the foreseeable future.

7. OTHER LEGAL AND REGULATORY REQUIREMENTS

On 5 July 2017 the auditors reported reportable irregularities to the Independent Regulatory Board of Auditors in respect on non-compliance with the Income Tax Act, No 58 of 1962, Mineral and Petroleum Resources Royalties Act, No 29 of 2008 and the Companies Act of South Africa. The particulars of the reportable irregularities relate to the following instances, which resulted in penalties and interest being charged to the group:

- Non-submission of annual tax returns and non-timeous payment of provisional tax on due dates, as required by the Income Tax Act, No 58 of 1962;
- Non-submission of returns and/or payment of Royalty Tax due to South African Revenue Services, as required by the Mineral and Petroleum Resources Royalties Act, No 29 of 2008; and
- Non-compliance with Section 30 of the Companies Act of South Africa in terms of preparing and approving of annual financial statements within six months after the end of its financial year.

The directors are aware of the above and are in the process of taking corrective steps, particularly since the provisional liquidation of Brikor has been lifted to ensure that the relevant non-compliances are adequately addressed. Full provision has been made in the unaudited condensed consolidated interim financial statements for any related amounts due.

8. SALIENT FEATURES

	Unaudited 6 months ended August 2017 R'000	Unaudited 6 months ended August 2016 R'000	Audited year ended February 2017 R'000
Number of shares in issue (excluding treasury shares)('000)	**629 342**	629 342	629 342
Net asset value per share (cents)	**10,3**	9,1	8,1
Net tangible asset value per share (cents)	**4,4**	6,2	2,0
Impairment reversals/(impairments)	**964**	-	(25 285)
Employee cost (R'000)	**(51 559)**	(44 410)	(93 707)

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

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

Reconciliation of EBITDA - continued operations

	Unaudited 6 months ended August 2017 R'000	Unaudited 6 months ended August 2016 R'000	Audited year ended February 2017 R'000
Operating profit before interest and taxation	**24 290**	18 259	18 398
Depreciation - cost of sales	**6 378**	4 723	9 282
Depreciation - other expenses	**330**	951	1 255
Amortisation - cost of sales	**372**	454	845
	31 370	24 387	29 780

9. DIRECTORS' EMOLUMENTS

	Unaudited 6 months ended August 2017 R'000	Unaudited 6 months ended August 2016 R'000	Audited year ended February 2017 R'000
Executive			
Short-term benefits	**2 465**	2 766	4 924
Post-employment benefits	**95**	88	173
	2 560	2 854	5 097
Non-executive			
Short-term benefits	**849**	496	984

10. FAIR VALUE

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 a 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).

Measurement of fair values

Assets-held-for sale (Level 2):
The market comparison technique was used for determining the fair value of the assets held-for-sale. The fair value is determined based on the estimated selling price in the ordinary course of business less the estimated cost to sell (refer note 2 for detail).