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

ABRIDGED UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL RESULTS FOR THE SIX-MONTH PERIOD ENDED 31 AUGUST 2018

Prepared by:

The abridged unaudited condensed consolidated interim financial results ("interim financial results" or " results") for the six-month period ended 31 August 2018 were prepared by João Manuel Gonçalves CA (SA), group financial manager and reviewed by Laura Craig CA (SA), group financial director.

FINANCIAL INDICATORS – continuing operations

- REVENUE increased by 0,6 % to R153,6 million
- EBITDA decreased by 48,2 % to R16,2 million
- NET ASSET VALUE increased by 1,9 % to 10,5 cents per share
- NET TANGIBLE ASSET VALUE increased by 34,1 % to 5,9 cents per share
- CASH AND CASH EQUIVALENTS decreased by 20,5 % to R12,8 million
- EARNINGS PER SHARE from continuing operations decreased by 85,7 % to 0,3 cents per share
- HEADLINE EARNINGS PER SHARE from continuing operations decreased by 85,0 % to 0,3 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 and infrastructure projects. The group operates through two segments, namely bricks 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 2018, which reflect the Brikor group’s commitment to its core focus of risk management and sustainability in a distressed economic trading environment.

The group’s overall financial indicators mirror the constraints experienced in the current economic climate.

DIRECTOR RESPONSIBILITY

The directors take full responsibility for the preparation of the abridged report and that the financial information has been correctly extracted from the underlying financial statements.

FINANCIAL RESULTS – continuing operations

Revenue increased to R153,6 million (August 2017: R152,8 million) with the gross profit percentage decreasing to 21,1% (August 2017: 27,6%).

The competitive South African economic environment continues to put strain on selling prices in the brick segment. The brick segment is also experiencing a change in demand of product range mixes with lower gross profit yielding products prevailing. As a direct result the revenue in the brick segment has reduced by 3,9% to R88,9 million (August 2017: R92,5 million) with the gross profit reducing by 32,9% to R15,3 million (August 2017: R22,8 million).

The increased supply of coal segment product range, which yields higher prices resulted in an increase of 16,6% to R79,4 million (August 2017: R68,1 million) which therefore resulted in an overall increase in the revenue for the group.

Gross profit for the coal segment, however, reduced by 11,4% to R17.1 million (August 2017: R19,3 million), this was a result of a new sizing plant which was commissioned for the group and took several weeks of installation resulting in increased cost of production per ton due to the lack of volumes in March and April 2018 with fixed costs remaining unchanged.

Other income reduced by 24,4% to R3,1 million (August 2017: R4,1 million) due to the expiry of certain rental agreements as well as profit on sale of equipment in August 2017 which was a once of occurrence.

Administration, distribution and other expenses increased to R27,1 million (August 2017: R21,9 million), mainly due to the cost incurred with the earlier release of the integrated annual report to the extent of R1,9 million and R1,9 million increased spend on Broad Based Black Economic Empowerment targets set by the group. The balance is a result of annual inflationary increases.

Finance costs during the period reduced to R3,9 million (2017: R5,8 million) due to the settlement of the royalty tax liabilities capital portion of R16,4 million, provisional tax liabilities of R3,3 million and the repayment of the estate late GvN Parkin interest bearing loans to the extent of R20,0 million. This has positively influenced the current assets versus current liabilities ratio which is now 1,4 times previously 1,1 times in August 2017. The debt to equity ratio has greatly reduced from 3,0 times to 2,3 times, reducing overall credit risk for the group.

The group ended the financial period with an attributable profit from continuing operations of R2,1 million (August 2017: R13,2 million), resulting in basic earnings per share of 0,3 cents (August 2017: 2,1 cents) and basic headline earnings per share of 0,3 cents (August 2017: 2,0 cents).

Property, plant and equipment decreased to R68,1 million from the February 2018 year-end amount of R73,6 million due to the following:

- the additions to buildings of R0,4 million;
- the additions of plant and equipment of R1,9 million;
- the additions to motor vehicles of R0,8 million;
- the disposal of plant and equipment of R0,8 million;
- the disposal of motor vehicles of R0,3 million; and
- depreciation of R7,5 million.

CHANGES TO THE BOARD OF DIRECTORS

Ms Laura Craig CA (SA), the interim financial director, has formally been appointed as the financial director with effect from 14 September 2018. The board would like to welcome her in her new role in the company.

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 or explain basis.

With the board changes indicated above, the Brikor board now comprises seven directors of whom two are executive, one is a non-executive and four are independent non-executives.

PROSPECTS

As the group continuously and consistently reduces its debts with the South African Revenue Services and related parties in order to cement the statement of financial position into a secure solvent and liquid position, the Brikor board is looking for future investment opportunities to grow the group's foothold in the relevant markets it trades in.

DIVIDEND

No dividend has been declared for the six months ended 31 August 2018.

Abridged unaudited condensed consolidated interim statement of financial position
as at 31 August 2018

	Notes	**Unaudited 6 months ended 31 August 2018 R'000**	Unaudited 6 months ended 31 August 2017 R'000	Audited year ended 28 February 2018 R'000
ASSETS				
Non-current assets		**118 608**	112 405	128 610
Property, plant and equipment		**68 062**	62 525	73 591
Intangible assets		**4 480**	5 546	4 784
Other financial assets		**21 390**	18 304	20 316
Deferred tax asset		**24 676**	26 030	29 919
Current assets		**93 372**	91 957	77 732
Inventories		**46 207**	34 754	36 607
Trade and other receivables		**34 329**	41 063	29 877
Cash and cash equivalents		**12 836**	16 140	11 248
Assets held-for-sale	2	**4 108**	51 515	44 711
Total assets		**216 088**	255 877	251 053
EQUITY AND LIABILITIES				
Equity attributable to equity holders of the company		**66 230**	64 650	58 659
Stated capital		**228 242**	228 242	228 242
Accumulated loss		**(162 012)**	(163 592)	(169 583)
Total Liabilities		**149 858**	191 227	192 394
Non-current liabilities		**82 870**	100 831	100 796
Borrowings		**-**	2 624	-
Shareholders' loans		**24 062**	43 583	43 544
Provisions		**55 560**	54 084	52 262
Deferred tax liability		**3 248**	540	4 990
Current liabilities		**64 533**	82 754	83 181
Borrowings		**2 419**	6 946	6 565
Trade and other payables		**58 558**	67 747	70 561
Taxation		**3 556**	8 061	6 055
Liabilities held-for-sale	2	**2 455**	7 642	8 417
Total equity and liabilities		**216 088**	255 877	251 053

Abridged unaudited condensed consolidated interim statement of profit or loss and other comprehensive income
for the six months ended 31 August 2018

	Notes	**Unaudited 6 months ended 31 August 2018 R'000**	Restated* unaudited 6 months ended 31 August 2017 R'000	Audited year ended 28 February 2018 R'000
Revenue		**153 641**	152 786	273 128
Cost of sales		**(121 204)**	(110 681)	(198 846)
Gross profit		**32 437**	42 105	74 282
Other income		**3 100**	4 101	7 805
Administrative expenses		**(20 074)**	(18 417)	(39 524)
Distribution expenses		**(3 906)**	(2 988)	(6 197)
Other expenses		**(3 078)**	(511)	(2 878)
Operating profit before interest and taxation		**8 479**	24 290	33 488
Finance income		**338**	383	901
Finance costs		**(3 859)**	(5 793)	(12 133)
Profit before taxation		**4 958**	18 880	22 256
Taxation		**(2 861)**	(5 707)	(7 724)
Profit after taxation		**2 097**	13 173	14 532
Profit/(loss) from discontinued operations	2	**369**	404	(6 946)
Profit from disposal of discontinued operations	2	**5 105**	-	-
Total comprehensive income for the period attributable to owners of the company		**7 571**	13 577	7 586
		CENTS	**CENTS**	**CENTS**
Earnings per share	3			
Basic and diluted				
Continuing operations		**0,3**	2,1	2,3
Discontinued operations		**0,9**	0,1	(1,1)
Basic		**1,2**	2,2	1,2
Headline and diluted headline earnings per share				
Continuing operations		**0,3**	2,0	2,4
Discontinued operations		**0,1**	(0,1)	(1,2)
Diluted		**0,4**	1,9	1,2

** Refer to Note 11 for the restatement of the financial results*

Abridged unaudited condensed consolidated interim statement of changes in equity
for the six months ended 31 August 2018

	Unaudited 6 months ended 31 August 2018 R'000	Unaudited 6 months ended 31 August 2017 R'000	Audited year ended 28 February 2018 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	**(169 583)**	(177 169)	(177 169)
Profit for the period	**7 571**	13 577	7 586
Total	**66 230**	64 650	58 659

Abridged unaudited condensed consolidated interim statement of cash flows
for the six months ended 31 August 2018

	Unaudited 6 months ended 31 August 2018 R'000	Unaudited 6 months ended 31 August 2017 R'000	Audited year ended 28 February 2018 R'000
Cash flows from operating activities	**(14 454)**	16 033	22 960
Cash generated from operations	**(8 345)**	19 092	30 170
Finance income	**891**	381	867
Finance costs	**(288)**	(3)	(4 239)
Tax paid	**(6 712)**	(3 437)	(3 838)
Cash flows to investing activities	**41 212**	(9 898)	(16 916)
Additions to property, plant and equipment	**(3 087)**	(10 392)	(15 940)
Proceeds on disposal of property, plant and equipment	**1 041**	1 950	1 966
Proceeds on disposal of business	**44 770**	-	-
Increase in other financial assets	**(1 512)**	(1 456)	(2 942)
Cash flows (to)/from financing activities	**(25 170)**	(4 220)	(9 021)
Borrowings raised	**-**	3 893	33
Borrowings repaid	**(25 170)**	(8 113)	(9 054)
Net increase/(decrease) in cash and cash equivalents	**1 588**	1 915	(2 977)
Cash and equivalents at beginning of period	**11 248**	14 225	14 225
Cash and cash equivalents at end of period	**12 836**	16 140	11 248

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 2018 – Unaudited	**Bricks R'000**	**Coal R'000**	**Other* R'000**	**Total R'000**
Total revenue	**88 942**	**79 418**	**-**	**168 360**
Intersegmental revenue	**-**	**(14 719)**	**-**	**(14 719)**
Reportable segment revenue	**88 942**	**64 699**	**-**	**153 641**
Gross profit	**15 294**	**17 143**	**-**	**32 437**
Other income	**654**	**2 446**	**-**	**3 100**
Operating profit before interest and taxation	**1 327**	**7 152**	**-**	**8 479**
Segment assets and liabilities				
Segment assets	**90 907**	**82 254**	**42 927**	**216 088**
Segment liabilities	**(49 558)**	**(66 455)**	**(33 845)**	**(149 858)**
Other segment information				
Depreciation and amortisation included in cost of sales and operating expenditure	**(2 680)**	**(5 076)**	**-**	**(7 756)**
Additions to non-current assets	**2 360**	**727**	**-**	**3 087**

Six months ended 31 August 2017 – Unaudited	**Bricks R'000**	**Coal R'000**	**Other* R'000**	**Total R'000**
Total revenue	92 477	68 114	-	160 591
Intersegmental revenue	-	(7 805)	-	(7 805)
Reportable segment revenue	92 477	60 309	-	152 786
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

Year ended 28 February 2018 – Audited	Bricks R’000	Coal R’000	Other* R’000	Total R’000
Total revenue	178 685	111 971	-	290 656
Intersegmental revenue	-	(17 528)	-	(17 528)
Reportable segment revenue	178 685	94 443	-	273 128
Gross profit	38 680	35 602	-	74 282
Other income	1 913	5 892	-	7 805
Impairments	810	-	-	810
Operating profit before interest and taxation	11 556	21 932	-	33 488
Segment assets and liabilities				
Segment assets	77 561	81 862	91 630	251 053
Segment liabilities	(50 795)	(74 451)	(67 148)	(192 394)
Other segment information				
Depreciation and amortisation included in cost of sales and operating expenditure	(4 784)	(9 165)	(1 076)	(15 025)
Additions to non-current assets	4 647	14 968	185	19 800

**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 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 taxation, taxation, bank overdraft and liabilities held-for-sale.

NOTES TO THE ABRIDGED UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 AUGUST 2018

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The abridged unaudited 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 abridged unaudited 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), unless otherwise indicated.

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

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 impairment reversal has been applied to increase the carrying value of the 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 R0,1 million is inclusive of the transfer of the environmental obligation of R0,7 million and removal of alien vegetation estimated at R0,2 million. The Board of directors has signed a resolution dated 28 September 2018 to dispose of this property and the company is in the process of finalising the terms of agreement with the potential buyer.

Impairment reversal relating to the assets held-for-sale:

The impairment reversal was recognised 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 2018: R0,08 million impairment reversal, August 2017: R0,06 million impairment reversal).

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 assets and liabilities held-for-sale of R2,2 million and R0,1 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 2018 – Unaudited	Rayton property R'000	Schist property R'000	Total R'000
Impairment reversal	**74**	**-**	**74**
Net finance costs	**(74)**	**-**	**(74)**
Profit/(loss) from non-current assets and liabilities held-for-sale	**-**	**-**	**-**

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 2018 - Audited	Rayton property R'000	Schist property R'000	Total R'000
Change in estimate for environmental rehabilitation provision	(328)	(12)	(340)
Impairment reversal	452	-	452
Net finance costs	(125)	-	(125)
Loss from non-current assets and liabilities held-for-sale	(1)	(12)	(13)

Discontinued operation classified as held-for-sale:

Donkerhoek Quarries:

During the 2018 financial reporting period, the board was approached with the possibility that a potential buyer may exist for the Donkerhoek business. During July 2017, the board mandated Exchange Sponsors, the current designated advisors of Brikor, to broker the transaction, thereby initiating an active programme to find a potential buyer and demonstrating management's commitment to sell the Donkerhoek business.

Subsequently, potential buyers were requested to present their offers and on 15 August 2017 the most favourable offer in terms of quantitative and qualitative considerations, amounting to R50,2 million, was accepted.

The final agreement for the sale of the Donkerhoek business was signed on 27 October 2017 with conditions precedent, including shareholder approval, subsequent to the release of the required category 1 circular. The category 1 circular was posted and notice of the general meeting was issued on SENS on 14 March 2018. The general meeting in terms of the disposal was held on 17 April 2018, during which the disposal of the division was approved by a quorum of shareholders present.

The Donkerhoek business was finally sold for proceeds amounting to R44,8 million with liabilities amounting to R6,0 million being taken over by the buyer.

The fair value of the Donkerhoek division has been classified as a level 2 fair value. The market comparison technique was used for the fair value of the Donkerhoek business.

The following table summarises the assets and liabilities of the Donkerhoek business that were sold during the 6 months period ended 31 August 2018:

Donkerhoek Quarries	**Unaudited 6 months ended 31 August 2018 R'000**
Proceeds on disposal of discontinued operations	**44 770**
Net asset value	**34 641**
Property, plant and equipment	**28 370**
Intangible assets	**5 074**
Inventory	**7 233**
Environmental rehabilitation provision	**(5 662)**
Payroll accruals	**(374)**
Profit on disposal pre-taxation	**10 129**
Profit on disposal net of taxation	**5 105**
Add back taxation on disposal	**5 024**

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

Donkerhoek Quarries	**Unaudited 6 months ended 31 August 2018 R'000**	Unaudited 6 months ended 31 August 2017 R'000	Audited year ended 28 February 2018 R'000
Revenue	**-**	20 653	37 828
Expenses	**(515)**	(21 111)	(48 637)
Net finance income/ (cost)	**578**	(195)	(393)
Impairment reversal	**-**	905	906
Profit/(loss) before taxation	**63**	252	(10 296)
Taxation	**306**	152	3 350
Profit/(loss) from discontinued operations	**369**	404	(6 946)

Assets and liabilities held-for-sale

At 31 August 2018, the assets held-for-sale was stated at fair value less cost to sell and comprised the following:

Six months ended 31 August 2018 – Unaudited	Rayton property R'000	Schist property R'000	Donkerhoek quarries R'000	Total R'000
Assets held-for-sale				
Property, plant and equipment	**4 095**	**13**	**-**	**4 108**
Non-current assets held-for-sale	**4 095**	**13**	**-**	**4 108**
Liabilities held-for-sale				
Environmental rehabilitation provision	**1 895**	**560**	**-**	**2 455**
Non-current liabilities held-for-sale	**1 895**	**560**	**-**	**2 455**

At 31 August 2017, the 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
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
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

At 28 February 2018, the assets held-for-sale was stated at fair value less cost to sell and comprised the following:

Year ended 28 February 2018 - Audited	Rayton property R'000	Schist property R'000	Donkerhoek quarries R'000	Total R'000
Assets held-for-sale				
Property, plant and equipment	4 021	13	28 370	32 404
Intangible assets	-	-	5 074	5 074
Inventory	-	-	7 233	7 233*
Non-current assets held-for-sale	4 021	13	40 677	44 711
Liabilities held-for-sale				
Environmental rehabilitation provision	1 821	560	5 662	8 043
Payroll accruals	-	-	374	374
Non-current liabilities held-for-sale	1 821	560	6 036	8 417

**Inventory includes consumables to the value of R0,3 million, which were recovered through a normal trade basis.*

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

Donkerhoek Quarries	**Unaudited 6 months ended 31 August 2018 R'000**	Unaudited 6 months Ended 31 August 2017 R'000	Audited year ended 28 February 2018 R'000
Cash flows from operating activities	**63**	(844)	158
Cash flows from investing activities	**44 770**	451	315
Cash flows from financing activities	**-**	-	-
Net cash flows	**44 833**	(393)	473

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 2018 - Unaudited	**Continuing operations R'000**	**Discontinued operations R'000**	**Total R'000**
Basic and diluted profit	**2 097**	**5 474**	**7 571**
Loss on disposal of property, plant and equipment	**123**	**-**	**123**
Profit on disposal of discontinued operations	**-**	**(5 105)**	**(5 105)**
Impairment reversal of assets	**(74)**	**-**	**(74)**
Headline and diluted profit	**2 146**	**369**	**2 515**

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**

Year ended 28 February 2018 - Audited	Continuing operations R’000	Discontinued operations R’000	Total R’000
Basic and diluted profit	14 532	(6 946)	7 586
Profit on disposal of property, plant and equipment	(290)	-	(290)
Loss on disposal of property, plant and equipment	2	153	155
Loss on scrapping of property, plant and equipment	5	-	5
Impairment/(reversal) of assets	810	(906)	(96)
Headline and diluted profit/(loss)	15 059	(7 699)	7 360

Number of shares

	Unaudited 6 months ended 31 August 2017 ’000	Unaudited 6 months ended 31 August 2016 ’000	Audited year ended 28 February 2017 ’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	G Parkin
• Scarlett Sun 33 (Pty) Ltd	G Parkin
• Galiya (Pty) Ltd	G Parkin
• Nigel Brick and Clay (Pty) Ltd	G Parkin
• Elgar Share Trust	G Parkin

	Nature of goods and services purchased or sold	**Unaudited 6 months ended 31 August 2018 R’000**	Unaudited 6 months ended 31 August 2017 R’000	Audited year ended 28 February 2018 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	**(20 237)**	(31 158)	(30 618)
Shareholder loan – loan 2	Unsecured, interest 12% p.a, no fixed repayment terms	**-**	(8 578)	(9 101)

	Nature of goods and services purchased or sold	**Unaudited 6 months ended 31 August 2018 R'000**	Unaudited 6 months ended 31 August 2017 R'000	Audited year ended 28 February 2018 R'000
Shareholder loan – loan 3	Unsecured, interest free, no fixed repayment terms	**(2 234)**	(2 256)	(2 234)
G Parkin				
Shareholder loan	Unsecured, interest free	**(1 591)**	(1 591)	(1 591)
Amounts included in trade receivables and (trade payables)				
Scarlett Sun 33 (Pty) Ltd	Machinery parts and consumables	**34**	47	34
Scarlett Sun 33 (Pty) Ltd	Surface rights	**(7 107)**	(5 219)	(4 720)
Nigel Brick and Clay (Pty) Ltd	Bricks	**2 226**	1 732	1 171
Nigel Brick and Clay (Pty) Ltd	Bricks	**(5 814)**	(5 368)	(3 295)
Galiya (Pty) Ltd	Transport	**48**	39	-
Galiya (Pty) Ltd	Transport	**(81)**	(118)	(68)
AP van der Merwe	Consultancy fees	**(48)**	(44)	(59)
Cyndara	Engineering	**(97)**	(97)	(97)
Kaslam Magazine	Advertising	**(5)**	-	-
Amounts included in borrowings regarding related parties				
Scarlett Sun 33 (Pty) Ltd	Interest at prime plus 1%	**(1 351)**	(3 210)	(3 050)
Related party transactions				
Interest paid				
G v N Parkin (loan 1)		**(1 169)**	(1 191)	(2 351)
G v N Parkin (loan 2)		**(183)**	(510)	(1 033)
Consultancy fees				
AP van der Merwe		**(262)**	(265)	(507)
Purchases from related parties				
Scarlett Sun 33 (Pty) Ltd	Surface rights	**(2 594)**	(2 223)	(3 313)
Scarlett Sun 33 (Pty) Ltd	Machinery Parts	**(234)**	(129)	(1 922)
Galiya (Pty) Ltd	Transport	**(430)**	(567)	(1 053)
Nigel Brick and Clay (Pty) Ltd	Bricks	**(15 325)**	(9 738)	(21 065)
Kaslam Magazine	Advertising	**(35)**	-	(45)
Sales to related parties				
Nigel Brick and Clay (Pty) Ltd	Bricks and clay	**4 896**	5 193	8 129
Nigel Brick and Clay (Pty) Ltd	Diesel and Maintenance	**613**	-	1 020
Scarlett Sun 33 (Pty) Ltd	Diesel and maintenance	**737**	-	2 188
Galiya (Pty) Ltd	Transport	**262**	255	497

5. SUBSEQUENT EVENTS

Management is not aware of any material events, other than as outlined below, which occurred subsequent to 31 August 2018 which need adjustment or disclosure.

Shareholders are referred to the cautionary announcement dated 8 August 2018 and the various subsequent renewal of cautionary announcements, where they were advised that Brikor has entered into negotiations which if successfully concluded may effect on the price of the securities.

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 16 May 2018 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 and the Companies Act, No 71 of 2008 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, as required by the Income Tax Act, No 58 of 1962; 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. All provisional income tax returns have been submitted and paid as at the date of signature of the report.

The 28 February 2013 to 28 February 2017 individual statutory financial statements for Ilangabi Investments 12 (Proprietary) Limited have been completed.

8. SALIENT FEATURES

	Unaudited 6 months ended 31 August 2018	Unaudited 6 months ended 31 August 2017	Audited year ended 28 February 2018
Number of shares in issue (excluding treasury shares) ('000)	**629 342**	629 342	629 342
Net asset value per share (cents)	**10,5**	10,3	9,4
Net tangible asset value per share (cents)	**5,9**	4,4	3,0
Impairment reversals/(impairments) continuing operations (R’000)	**74**	59	(810)
Impairment reversals/ discontinued operations (R’000)	**-**	905	906
Employee cost (R'000)	**(52 074)**	(51 559)	(102 422)

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 - continuing operations

	Unaudited 6 months ended 31 August 2018 R'000	Unaudited 6 months ended 31 August 2017 R'000	Audited year ended 28 February 2018 R'000
Operating profit before interest and taxation	**8 478**	24 290	33 488
Depreciation - cost of sales	**7 048**	6 378	12 465
Depreciation - other expenses	**404**	330	751
Amortisation - cost of sales	**304**	372	732
Impairments	**(74)**	(59)	810
	16 160	31 311	48 246

9. DIRECTORS' EMOLUMENTS

	Unaudited 6 months ended 31 August 2018 R'000	Unaudited 6 months ended 31 August 2017 R'000	Audited year ended 28 February 2018 R'000
Executive			
Short-term benefits	**2 563**	2 465	4 292
Post-employment benefits	**110**	95	194
	2 673	2 560	4 486
Non-executive			
Short-term benefits	**860**	849	2 499

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).

11. Restatement of Financial Results

The financial results for the period ended 31 August 2017 have been restated due to reclassification of cost recoveries to cost of sales. This restatement was also disclosed in the Brikor Limited integrated annual report for the period ended 28 February 2018, shareholders are requested to refer to note 32 of the integrated annual report.

During 2017, Brikor incorrectly included cost recoveries as part of revenue. These recoveries have been re-allocated to be included as part of the cost of sales line item of the statement of profit and loss and other comprehensive income.

The effect of the restatement when applied consistently in the period ended 31 August 2017 had the following impact on the statement of profit and loss and other comprehensive income:

	Previously Reported R'000	Adjustment R'000	Restated R'000
Reclassification of cost recoveries			
Revenue	**155 655**	(2 869)	152 786
Cost of sales	**(113 550)**	2 869	110 681

By order of the board

Garnett Parkin — Chief Executive Officer

Laura Craig — Financial Director

01 November 2018

CORPORATE INFORMATION

Directors: A Pellow (Chairman)^; PS Moyanga^; G Parkin (CEO); LA Craig (FD); CB Madolo^; AP van der Merwe*; M Mokate^
*** Non-executive ^ Independent non-executive**

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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: Computershare Investor Services (Pty) Ltd

Auditors: KPMG Inc.

Designated Adviser: Exchange Sponsors (2008) (Pty) Ltd

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