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

REVIEWED CONDENSED CONSOLIDATED PROVISIONAL FINANCIAL RESULTS FOR THE YEAR ENDED 28 FEBRUARY 2017

Prepared by:

The condensed consolidated provisional financial results ("provisional financial results" or " results") for the year ended 28 February 2017 were prepared by Laura Craig CA(SA), group financial manager, under the supervision of Andre Hanekom CA(SA), chief financial officer.

Review Conclusion of the Independent Auditor

The condensed consolidated provisional financial statements for the year ended 28 February 2017 have been reviewed by KPMG Inc., who expressed an unmodified review conclusion. The auditor's review conclusion contained the following paragraph with respect to reportable irregularities:

"In accordance with our responsibilities in terms of sections 44(2) and 44(3) of the Auditing Profession Act, we report that we have identified reportable irregularities in terms of the Auditing Profession Act. We have reported such matters to the Independent Regulatory Board for Auditors. The matters pertaining to the reportable irregularities have been described in note 11 to the condensed consolidated provisional financial statements."

The auditor’s report does not necessarily report on all of the information contained in these financial results. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of the auditor's report together with the accompanying financial information from the issuer's registered office.

FINANCIAL INDICATORS

- REVENUE decreased by 5,2 % to R300,5 million
- EBITDA decreased by 86,7 % to R8,9 million (refer to note 8)
- TOTAL DEBT decreased by 3,7% to R177,4 million
- NET ASSET VALUE increased by 9,5 % to 8,1 cents per share
- NET TANGIBLE ASSET VALUE increased by 18,4 % to 6,5 cents per share
- CASH AND CASH EQUIVALENTS decreased by 33,0 % to R14,2 million
- EARNINGS PER SHARE decreased by 86,5 % to 0,7 cents per share
- HEADLINE EARNINGS PER SHARE decreased by 17,9 % to 4,6 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 provisional financial results for the year ended 28 February 2017, which reflect the final chapter in a number of consecutive years of realignment, consolidation, cleansing and establishment of a sustainable foundation on which to grow the future business of the Brikor group. It is, once again important that the performance indicators are considered in conjunction with the commentary in the financial results section below as the 2017 financial year is the final year where a number of cost items ("Catch-up opex") have been incurred in order to catch-up on reporting which fell behind when the company was still under provisional liquidation.

The group’s overall financial indicators evidenced the continued endeavors by management to cement a sustainable operating platform for the group by reducing debt and ongoing accruing for liabilities pertaining to past compliance matters which management is diligently and consistently working on to resolve. Detail on the reduced turnover and EBITDA indicators can be found in the financial results section below. Stakeholders are encouraged to specifically consider the impact of Catch-up opex, impairments, deferred tax recognition of the calculated tax losses and the financial effect of the operational challenges faced due to foul weather in particularly November 2016 to January 2017.

FINANCIAL RESULTS

Revenue decreased to R300,5 million (2016: R317,0 million) with the gross profit percentage decreasing to 23,1% (2016: 27,4%).

The competitive operating environment continues to drive selling prices downward which places pressure on turnover however the major driving factor for the reduction in turnover for 2017 was a combination of limited capacity in the production of bricks, brought upon by the limited power supply available to the brick plants, and the foul weather experienced during the months of November 2016 to January 2017 of the financial year. Significant rainfall hampered the group's ability to mine and screen aggregates, coal and clay for sales and the production of bricks. It also hampered the group's ability to build stockpiles, which in turn caused difficulty and inconsistency in the production processes. This is not a frequently repeated occurrence and management has planned and executed procedures to ensure the group continues production smoothly despite unforeseen future weather conditions. The segment most affected was the coal segment, showing a decline in revenue of R22,1 million with bricks showing a decline of R1,1 million. The overall gross profit percentage declined largely as a result of adjustments to rehabilitation provisions and the increased buy in of low margin stock bricks to supplement the shortfall in supply experienced during the foul weather periods mentioned above. Further to this, the foul weather conditions altered the production basket to the less profitable range of bricks available for sale thereby also driving the gross profit percentage of the bricks segment and the overall group downward. This decline in overall gross profit was offset by a smaller improvement of the overall gross profit percentage resulting from adjustments in the coal segment pertaining to the royalties’ tax provision and the recognition of mining assets. These factors are not expected to repeat themselves in subsequent years.

Operating expenses increased to R81,9 million (2016: R43,7 million) as a result of impairments made to the fixed assets of the Donkerhoek operation amounting to R23,9 million.

Catch-up opex which had to be caught up in the 2017 financial year amounted to R3,6 million. Operating expenditure (or income also affecting the operating expenditure line) relating to once-off expenses ("Once-off opex") amounted to R6,9 million. When taking the Catch-up opex and once-off opex into account, a reduction on expenditure is evident when compared to the 2016 financial year.

Interest earned during the period under review amounted to R1,7 million (2016: R3,1 million).

The reduction in interest earned resulted from the reduction in funds invested as these funds were used in continuing to settle the debts of the company during the 2017 financial period in order to become fully compliant with regards to previously unpaid liabilities.

Interest paid increased during the period to R13,8 million (2016: R13,5 million) as result of the ongoing accrual of interest worth R1,6 million on historical debt, which will also not be repeated in future periods.

The group ended the financial period with an attributable profit of R4,2 million (2016: R32,8 million), resulting in basic earnings per share of 0,7 cents (2016: 5,2 cents) and basic headline earnings per share of 4,6 cents (2016: 5,6 cents).

With the group's shares still being suspended pending application by the Brikor Board for upliftment of the suspension, the number of shares in issue in the earnings per share equation remains static. The 2017 financial year was, as expected to be the last year in which past inefficiencies were rectified and necessary historical expenditure was brought up to date. The sustainable management practices, time pertinent and consistent reporting in the subsequent financial periods promise to provide more valuable investor information.

Property, plant and equipment decreased to R89,8 million (2016: R109,2 million) as a result of:

- the additions to buildings of R1,1 million (2016: Rnil)
- the additions of plant and equipment of R18,7 million (2016: R16,7 million)
- the additions of furniture and fittings of R1,2 million (2016: R0,3 million)
- the additions of motor vehicles of R0,9 million (2016: R1,7 million)
- the disposal of plant of R1,5 million (2016: R5,6 million);
- the disposal of motor vehicles of R0,7 million (2016: R1,7 million)
- impairments of reserves by R23,0 million (2016: Rnil)
- depreciation of R14,4 million (2016: R16,7 million)
- impairments of assets prior to reclassification as held-for-sale by R1,3 million (2016: Rnil)
- transfer of assets to assets held-for-sale of R3,5 million (2016: Rnil)
- increase in decommissioning assets of R3,1 million (2016: decrease R0,4 million)

CHANGES IN THE BOARD OF DIRECTORS AND COMPANY SECRETARY

Effective 30 June 2016, Hanleu Botha resigned as financial director;

On 18 July 2016, Andre` Hanekom was appointed as executive and financial director;

Effective 23 January 2017, Limpho Hani resigned as independent non-executive director;

Effective 31 March 2017, Computershare Company Secretaries resigned as company secretary;

On 1 April 2017, Fusion Corporate Secretarial Services were appointed as company secretary; and

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

Since Andre Hanekom has already been welcomed and he has been with us for the past few reporting opportunities, the board is pleased to welcome Mrs. Mokate and Fusion Corporate Secretarial Services (Pty) Ltd and look forward to their future contribution to 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 – 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

Brikor management has placed extensive effort and resources throughout the 2017 financial year to streamline the operations of the group, improve reporting quality, finalise prior year outstanding issues, reduce risks within management control, improve internal controls and establish a healthy foundation to support future business development. The Brikor Board is very positive and excited about the potential which can be unlocked from the group given the fact that the balance sheet is improving consistently with the last major debts being the debts outstanding to related parties and the South African Revenue Services. With the 2018 financial year being free of challenges other than normal operational and industry challenges and considering the aforementioned together with the results from the past periods, the Brikor Board now acknowledges and welcomes the need to re-formulate the dynamic group strategy to maximise all stakeholder benefit. The focus on strengthening the group's black empowerment status is high on the agenda.

DIVIDEND

No dividend has been declared for the year.

Condensed consolidated provisional statement of financial position
as at 28 February 2017

	Notes	Reviewed 2017 R'000	Audited 2016 R'000
ASSETS			
Non-current assets		**144 363**	134 445
Property, plant and equipment	4	**89 757**	109 202
Intangible assets	4	**10 198**	12 320
Other financial assets		**16 326**	12 714
Deferred tax asset	5	**28 082**	209
Current assets		**80 540**	96 617
Inventories		**44 432**	45 499
Trade and other receivables		**21 883**	29 871
Cash and cash equivalents		**14 225**	21 247
Non-current assets held-for-sale	3	**3 571**	-
Total assets		**228 474**	231 062
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the company		**51 073**	46 854
Stated capital		**228 242**	228 242
Accumulated loss		**(177 169)**	(181 388)
Non-current liabilities		**103 454**	95 616
Borrowings		**2 624**	5 582
Shareholders' loans		**45 228**	43 115
Provisions		**54 281**	46 919
Deferred tax liability	5	**1 321**	
Current liabilities		**72 041**	88 592
Borrowings		**7 280**	9 984
Trade and other payables		**57 679**	58 661
Taxation		**7 082**	19 947
Non-current liabilities held-for-sale	3	**1 906**	-
Total equity and liabilities		**228 474**	231 062

Condensed consolidated provisional statement of profit or loss and other comprehensive income
for the year ended 28 February 2017

	Notes	Reviewed 2017 R'000	Audited 2016 R'000
Revenue		**300 486**	317 002
Cost of sales		**(231 210)**	(230 126)
Gross profit		**69 276**	86 876
Other income		**5 965**	5 376
Administrative expenses		**(42 228)**	(32 570)
Distribution expenses		**(5 070)**	(4 374)
Other expenses		**(34 633)**	(6 725)
Expenses		**(9 348)**	(6 725)
Impairments	4	**(25 285)**	-
Operating (loss)/profit before interest and taxation		**(6 690)**	48 583
Finance income		**1 670**	3 083
Finance costs		**(13 798)**	(13 505)
(Loss)/profit before taxation		**(18 818)**	38 161
Taxation	6	**23 037**	(5 314)
Total comprehensive income for the year attributable to owners of the company		**4 219**	32 847
Earnings per share		**CENTS**	**CENTS**
Basic		**0,7**	5,2
Diluted		**0,7**	5,2
Headline earnings per share		**4,6**	5,6
Diluted headline earnings per share		**4,6**	5,6

Condensed consolidated provisional statement of changes in equity
for the year ended 28 February 2017

	Stated capital R'000	Treasury shares R'000	Accumulated loss R'000	Total equity R'000
Balance at 28 February 2015 Audited	244 142	(15 900)	(214 235)	14 007
Total comprehensive income for the year	-	-	32 847	32 847
Balance at 29 February 2016 Audited	244 142	(15 900)	(181 388)	46 854
Total comprehensive income for the year	**-**	**-**	**4 219**	**4 219**
Balance at 28 February 2017 Reviewed	**244 142**	**(15 900)**	**(177 169)**	**51 073**

Condensed consolidated provisional statement of cash flows
for the year ended 28 February 2017

	Reviewed 2017 R'000	Audited 2016 R'000
Cash flows from operating activities	**22 229**	37 086
Cash generated from operations	**41 393**	48 010
Finance income	**1 620**	3 083
Finance costs	**(3 593)**	(8 623)
Tax paid	**(17 191)**	(5 384)
Cash flows to investing activities	**(22 349)**	(15 989)
Additions to property, plant and equipment	**(21 956)**	(18 450)
Proceeds on disposal of property, plant and equipment	**2 506**	4 340
Increase in investments to other financial assets	**(2 899)**	(1 879)
Cash flows to financing activities	**(6 902)**	(94 341)
Borrowings raised	**6 305**	18 600
Borrowings repaid	**(13 207)**	(112 941)
Net decrease in cash and cash equivalents	**(7 022)**	(73 244)
Cash and equivalents at beginning of year	**21 247**	94 491
Cash and cash equivalents at end of year	**14 225**	21 247

SEGMENTAL REVENUE AND RESULTS

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

Segmental profit reconciliation

2017 - Reviewed	**Bricks R'000**	**Coal R'000**	**Aggregates R'000**	**Other* R'000**	**Total R'000**
Total revenue	**171 517**	**96 643**	**44 638**	**-**	**312 798**
Intersegmental revenue	**-**	**(12 312)**	**-**	**-**	**(12 312)**
Reportable segment revenue	**171 517**	**84 331**	**44 638**	**-**	**300 486**
Gross profit	**32 843**	**33 168**	**3 265**	**-**	**69 276**
Other income	**2 286**	**2 755**	**924**		**5 965**
Operating profit/(loss) before interest and taxation	**4 223**	**14 174**	**(25 087)**	**-**	**(6 690)**
Segment assets and liabilities					
Segment assets	**60 341**	**67 644**	**54 610**	**45 879**	**228 474**
Segment liabilities	**(42 697)**	**(71 604)**	**(7 562)**	**(55 538)**	**(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**

2016 - Audited	**Bricks R'000**	**Coal R'000**	**Aggregates R'000**	**Other* R'000**	**Total R'000**
Total revenue	172 612	114 283	37 935	-	324 830
Intersegmental revenue	-	(7 828)	-	-	(7 828)
Reportable segment revenue	172 612	106 455	37 935	-	317 002
Gross profit	51 801	29 351	5 724	-	86 876
Other income	3 388	922	1 066		5 376
Operating profit before interest and taxation	33 811	12 334	2 438	-	48 583
Segment assets and liabilities					
Segment assets	68 272	69 446	71 888	21 456	231 062
Segment liabilities	(37 720)	(74 265)	(9 161)	(63 062)	(184 208)
Other segment information					
Depreciation and amortisation included in cost of sales and operating expenditure	(8 546)	(6 963)	(2 578)	-	(18 087)
Additions to non-current assets	2 164	12 494	3 792	-	18 450

*Other segment relates to non-segment specific cash and liabilities

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. No single customer exists upon which the group is significantly dependent on for revenue and 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 provisional financial statements
for the year ended 28 February 2017

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The condensed consolidated provisional financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports and the requirements of the Companies Act of South Africa. The Listings Requirements require provisional 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 Interim Financial Reporting*.

The accounting policies applied in preparation of the condensed consolidated provisional 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. **RECONCILIATION OF EARNINGS**

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

2017 - Reviewed	**Total R'000**
Profit	
Basic and diluted profit	**4 219**
Impairments of assets (refer to note 4)	**25 285**
Profit on the sale of property, plant and equipment	**(289)**
Headline and diluted profit	**29 215**

2016 - Audited	Total R'000
Profit	
Basic and diluted profit	32 847
Loss on the sale of property, plant and equipment	669
Loss on the scrapping of property, plant and equipment	1 449
Headline and diluted profit	34 965

Number of shares

	Reviewed 2017 '000	Audited 2016 '000
Weighted average number of shares	**629 342**	629 342
Diluted weighted average number of shares	**629 342**	629 342

3. NON-CURRENT ASSETS AND LIABILITIES CLASSIFIED AS HELD-FOR-SALE

On 20 September 2016 and 17 November 2016 the company 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 on 17 April 2017. The company is currently waiting for funds to flow.

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 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 Schist 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 terms of agreement with the potential buyer.

Conditions precedent to the sale:

- The agreement is subject to the approval for closure from the Department of Mineral Resources (DMR).

Impairment loss relating to the non-current assets held-for-sale:

Impairment loss of R1,3 million for write down of the non-current assets held-for-sale to the lower of its carrying value and fair value less cost to sell have been included in other expenses (note 4.2). The impairment loss has been applied to reduce the carrying value of the Rayton property.

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 held-for-sale of R2,2 million and R0,2 million respectively, have been classified as a level 2 fair value.

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

2017 - Reviewed	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 financing costs	(114)	-	(114)
Loss from non-current assets and liabilities held-for-sale	**(206)**	**(547)**	**(753)**

Assets and liabilities held-for-sale

At 28 February 2017, the non-current assets held-for-sale was stated at fair value less cost to sell and comprised the following;

2017 - Reviewed	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**

4. IMPAIRMENTS

The following table summarises the impairments:

		Reviewed 2017 '000	Audited 2016 '000
Impairments of property, plant and equipment	4.1	23 012	-
Impairments of intangible assets	4.1	929	-
Impairment of non-current assets held-for-sale	4.2	1 344	-
Total		**25 285**	**-**

4.1 Donkerhoek is a division of Brikor Limited (Company) 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 Donkerhoek division is a separate cash-generating unit. A cash generating unit is the smallest group of assets that generates cash inflows and that are largely independent of the cash inflows from other assets or groups of assets.

The Donkerhoek division has been incurring significant losses in the current financial period and based on the losses an impairment trigger was identified. The recoverable amount of the Donkerhoek division was determined and an impairment of R 23.9 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 as the fair value less cost to sell is higher than the calculated value in use of the division.

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.

The impairment losses were allocated to reduce the carrying value of the reserves and mining rights.

4.2 Refer to note 3 for the detail of the mpairment loss recognised on reclassification to non-current assets held-for-sale.

5. DEFERRED TAX ASSET / (LIABILITY)

Deferred tax assets and liabilities are offset if they relate to income tax levied by the same taxation authority on either the same taxable entity or on different taxable entities within the same taxable group with the intent to settle current tax liabilities and assets on a net basis. The deferred tax asset and liability relates to different taxable entities and therefore the deferred tax asset and liability are disclosed separately.

	Reviewed 2017 R'000	**Audited 2016 R'000**
Reconciliation of deferred tax asset		
At beginning of year	**-**	-
Current year originating temporary differences	**8 673**	-
Calculated tax losses recognised (prior year)	**19 409**	-
	28 082	-
Deferred tax asset		
Compromising:		
Property, plant and equipment	**(3 423)**	(10 953)
Provisions	**5 770**	4 648
Payments received in advance	**491**	467
Finance leases	**-**	3
Contributions to rehabilitation trust funds	**(1 335)**	(1 335)
Calculated tax losses recognised	**26 579**	7 170
	28 082	-

The utilisation of a deferred tax asset that is recognised is dependent on future taxable profits in excess of the profits arising from the reversal of existing taxable temporary differences. The directors have approved the Company's short term budget confirming profitable operations in the short term. This budget confirms the directors' reasonable expectation that the company's profits, over the next five years, should at least equal the amount of the recognised calculated tax losses in excess of the current existing taxable timing differences. Management based their assessment on the latest approved budget as well as historical taxable profits that was generated by the company during the past four years.

The calculated tax losses originated from loss making operations which were disposed of in the 2012, 2013 and 2014 financial years. At the end of the 2013 financial year the calculated tax loss amounted to R169,9 million resulting in an unrecognised deferred tax asset to the value of R35,7million. The company has utilised R75,0 million (44,1 %) of the calculated tax loss in the past four years from its' continued operations which have all resulted in taxable profits.

Due to the utilisation of the calculated tax loss from the past four years and the reasonable expectation of continued future taxable profits, it has become more probable than not that the calculated tax loss of R94,9 million (resulting in a deferred tax asset of R26,6 million) will be utilised, therefore management has raised the balance of the deferred tax asset in the current year.

	Reviewed 2017 R'000	Audited 2016 R'000
Reconciliation of deferred tax (liability)/asset		
At beginning of year (asset)/liability	**209**	(245)
Originating and reversing temporary differences	**(1 530)**	454
	(1 321)	209
Deferred tax (liability)/asset		
Compromising:		
Property, plant and equipment	**(7 548)**	(5 689)
Provisions	**9 168**	8 122
Finance leases	**103**	9
Contributions to rehabilitation trust fund	**(3 044)**	(2 233)
	(1 321)	209

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

6. TAXATION

	Reviewed 2017 R'000	Audited 2016 R'000
Major components of the tax (income)/expense		
Current taxation	**3 515**	5 768
Deferred taxation		
Current year originating and reversing temporary differences:	**(26 552)**	(454)
Property, plant and equipment	**(5 671)**	762
Provisions	**(2 168)**	(1 043)
Payments received in advance	**(24)**	(84)
Finance leases	**(91)**	(783)
Borrowings – on interest unwinding	**-**	(122)
Contributions to rehabilitation trust funds	**811**	680
Recognition of prior year calculated tax losses	**(19 409)**	136
	(23 037)	5 314

	Reviewed 2017 R'000	Audited 2016 R'000
Reconciliation of tax (income) / expense		
Reconciliation between applicable tax rate and average tax rate:	%	%
Applicable tax rate	**(28,0)**	28,0
Non-deductible expenses:	**20,6**	7,1
Legal fees	**2,9**	0,7
South African Revenue Services interest and penalties	**14,6**	3,9
Amortisation of mining rights	**1,8**	1,0
Impairment of mining right	**1,4**	-
Other non-deductible expenses	**0,9**	0,4
Restricted term investments	**(1,0)**	1,1
Capital gains	**(0,2)**	-
Recognition of prior year calculated tax losses	**(114,8)**	(21,2)
	(122,4)	13,9

The applicable tax rate is equal to the South African statutory company tax rate of 28%.

7. 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	PM McDonald & 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	Reviewed 2017 R'000	Audited 2016 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	**(32 450)**	(29 803)
Shareholder loan – loan 2	Unsecured, interest 12% p.a, no fixed repayment terms	**(8 963)**	(7 954)
Shareholder loan – loan 3	Unsecured, interest free, no fixed repayment terms	**(2 224)**	(2 726)
G Parkin			
Shareholder loan	Unsecured, interest free	**(1 591)**	(2 632)

	Nature of goods and services purchased or sold	Reviewed 2017 R'000	Audited 2016 R'000
Amounts included in trade receivables and trade payables			
Scarlett Sun 33 (Pty) Ltd	Machinery parts and consumables	**(17)**	(616)
Nigel Brick and Clay (Pty) Ltd	Bricks	**11**	1 482
Nigel Brick and Clay (Pty) Ltd	Bricks	**(1 720)**	(1 796)
Scarlett Sun 33 (Pty) Ltd	Diesel and maintenance	**-**	145
Scarlett Sun 33 (Pty) Ltd	Surface rights	**(5 084)**	(3 344)
Galiya (Pty) Ltd	Transport	**49**	-
Galiya (Pty) Ltd	Transport	**(102)**	-
Kuvula Trade 40 (Pty) Ltd	Transport	**383**	1 024
Kuvula Trade 40 (Pty) Ltd	Rental	**17**	39
Kuvula Trade 40 (Pty) Ltd	Transport	**(1 641)**	(1 820)
AP van der Merwe	Consultancy fees	**(49)**	(60)
Cyndara	Engineering	**(97)**	-
Amounts included in borrowings regarding related parties			
Scarlett Sun 33 (Pty) Ltd	Interest @prime plus 1%	**(4 322)**	(6 658)
Related party transactions			
Interest paid			
G v N Parkin (loan 1)		**(2 342)**	(2 184)
G v N Parkin (loan 2)		**(1 009)**	(895)
Legal fees			
PM McDonald Attorneys		**(249)**	(473)
Consultancy fees			
AP van der Merwe		**(588)**	(170)
Equipment purchased			
Scarlett Sun 33 (Pty) Ltd		**-**	(7 441)
Equipment sold			
Scarlett Sun 33 (Pty) Ltd		**-**	100
Purchases from related parties			
Scarlett Sun 33 (Pty) Ltd	Machinery Rental	**-**	(2 649)
Scarlett Sun 33 (Pty) Ltd	Surface rights	**(3 282)**	(4 860)
Scarlett Sun 33 (Pty) Ltd	Machinery Parts	**-**	(2 972)
Scarlett Sun 33 (Pty) Ltd	Equipment purchased	**(37)**	(8 991)
Galiya (Pty) Ltd	Transport	**(1 005)**	-
Nigel Brick and Clay (Pty) Ltd	Bricks	**(16 856)**	(7 421)
Kuvula Trade 40 (Pty) Ltd	Transport	**(15 470)**	(16 003)
Sales to related parties			
Nigel Brick and Clay (Pty) Ltd	Bricks and clay	**9 605**	2 270
Scarlett Sun 33 (Pty) Ltd	Bricks and aggregates	**-**	77
Scarlett Sun 33 (Pty) Ltd	Diesel and maintenance	**61**	134
Galiya (Pty) Ltd	Transport	**423**	-
Kuvula Trade 40 (Pty) Ltd	Transport	**2 864**	30

8. SALIENT FEATURES

	2017 ’000	2016 ’000
Number of shares in issue (excluding treasury shares)('000)	**629 342**	629 342
Net asset value per share (cents)	**8,1**	7,4
Net tangible asset value per share (cents)	**6,5**	5,5
Impairments	**25 285**	-
Employee cost (R'000)	**93 707**	82 344

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

	2017 ’000	2016 ’000
Operating (loss) / profit before interest and taxation	**(6 690)**	48 583
Depreciation - cost of sales	**12 972**	15 644
Depreciation - other expenses	**1 409**	1 107
Amortisation - cost of sales	**1 192**	1 336
	8 883	66 670

9. DIRECTORS’ EMOLUMENTS

	Reviewed 2017 ’000	Audited 2016 ’000
Executive		
Short-term benefits	**4 924**	3 966
Post-employment benefits	**173**	151
	5 097	4 117
Non-executive		
Short-term benefits	**984**	253

10. 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 SARS, 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 ddressed. Full provision has been made in the reviewed condensed consolidated provisional financial statements for any related amounts due.

11. SUBSEQUENT EVENTS

The directors are not aware of any material events, which occurred subsequent to the year ended 28 February 2017 and which need adjustment or disclosure.

12. 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.

13. 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

Non-current assets held for sale (Level 2):

The market comparison technique was used for determining the fair value of the non-current 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).

DATE OF PUBLICATION OF THIS REPORT
4 August 2017

G Parkin
Chief Executive Officer

Nigel
4 August 2017

A Hanekom
Chief Financial Officer

Nigel
4 August 2017

CORPORATE INFORMATION

Directors: PM McDonald (Chairman)*; PS Moyanga (Lead independent director)^; G Parkin (CEO); A Hanekom (FD); CB Madolo*; AP van der Merwe*; M Mokate^
*** Non-executive ^ 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: 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