ABRIDGED AUDITED CONSOLIDATED FINANCIAL RESULTS

for the year ended 28 February 2018

ABRIDGED AUDITED CONSOLIDATED RESULTS COMMENTARY

for the year ended 28 February 2018

Prepared by

The summarised abridged audited consolidated financial results ("financial results" or "results") for the year ended 28 February 2018 was prepared by Manuel Goncalves CA(SA), MCom Taxation, group financial manager under the supervision of Laura Craig CA(SA), group interim financial director.

Brikor Limited

Incorporated in the Republic of South Africa
Registration number: 1998/013247/06
JSE code: BIK
ISIN: ZAE000101945
("Brikor" or "the group" or "the company")

Directors:

Allan Pellow *(Chairman)*#
Peter Moyanga *(Lead independent director)*#
Garnett Parkin *(Chief executive officer)*
Laura Craig *(interim financial director)*
Mamsy Mokate#
Collen Madolo#
AP van der Merwe*

* *Non-executive*
\# *Independent non-executive*

Registered address:
1 Marievale Road, Vorsterskroon, Nigel 1490

Postal address:
PO Box 884, Nigel 1490

Telephone: (011) 739 9000
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Company secretary:
Fusion Corporate Secretarial Services (Pty) Ltd

Transfer Secretary:
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**

Financial Highlights

Revenue **increased** by **8,4%** to **R273 million**

EBITDA **increased** by **55,0%** to **R48 million**

Profit before interest and taxation **increased** by **82,0%** to **R33 million**

Total assets **increased** by **9,9%** to **R251 million**

Cash and cash equivalents **decreased** by **20,9%** to **R11 million**

Net tangible asset value per share **increased** by **42,9%** to **3,0 cents** per share

Net asset value per share **increased** by **16,1%** to **9,4 cents** per share

Total debt **increased** by **8,5%** to **R192 million**

Headline earnings **decreased** by **54,4%** to **R15 million**

Headline earnings per share **decreased** by **53,8%** to **2,4 cents** per share

Earnings per share **decreased** by **54,9%** to **2,3 cents** per share

AUDITOR'S REPORT

for the year ended 28 February 2018

The abridged financial results are extracted from audited information but is not itself audited. The directors take full responsibility for the preparation of the abridged financial results and the correct extraction of the financial information included herein from the underlying annual financial statements. The financial statements were audited by KPMG Inc., and the modified audit report thereon is available for inspection at the company's registered office. The auditor's report contained the following paragraph with respect to reportable irregularities:

"In accordance with our responsibilities in terms of section 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 these matters to the Independent Regulatory Board for Auditors." The matters pertaining to the reportable irregularities have been described in note 9 to the abridged financial results.

ABRIDGED AUDITED CONSOLIDATED RESULTS COMMENTARY

for the year ended 28 February 2018

1. OVERVIEW

The results for the year under review reflect the final chapter in a number of consecutive years of realignment, consolidation, refinement and establishment of a sustainable foundation on which to grow the future business of the Brikor group. The disposal of non-core operations, including the Donkerhoek business, will further assist in reducing the group's risk portfolio.

The group's overall financial indicators evidenced the continued endeavours by management to cement a sustainable operating platform for the group through ongoing settlement of liabilities pertaining to past compliance matters, which management is diligently and consistently working to resolve.

The competitive operating environment continued to drive selling prices downward, which placed pressure on revenue and gross profit margins. The combination of limited capacity in the production of bricks, brought about by the limited power supply available to the brick plants, led to operational challenges with the concomitant financial implications. The coal segment showed an increase in revenue of 12,0%, albeit not at optimal levels, with the bricks segment increasing revenue by 6,6%, mainly attributable to buy-ins at reduced margins from a related party of the group.

Notwithstanding the reduction of gross profit margins as indicated above, the change of estimate on environmental restoration provisions has mitigated the reduction of gross profit percentage to a net margin change overall.

2. FINANCIAL OVERVIEW

The group's positive financial performance in a year challenged by ever-changing market and climate conditions indicates management's continuous commitment to focus on core business activities. Revenue increased by 8,4% to R273,1 million (2017: R251,9 million), driven equally by revenue increases in both the bricks and coal segments. Gross profit increased by 12,5% to R74,3 million (2017: R66,0 million), driven primarily by the bricks segment rand value increase of R5,8 million versus the coal segment which only increased by a rand value of R2,4 million. Operating profit before interest and taxation increased by 82,0% to R33,5 million (2017: R18,4 million). This increase is a result of increased gross profit attributable to the group and reduced operating expenses. The reduction of operating expenses is due to non-recurring once-off expenses experienced in the previous year.

Revenue

Revenue steadily increased by 6,6% in brick manufacturing to R178,7 million (2017: R167,6 million) and 12,0% in coal extraction to R94,4 million (2017: R84,3 million). With less rain in F2018 than experienced in F2017, the group managed to produce more bricks and extract more coal. The group also focused on building clay stockpiles which could weather over longer periods of time, which resulted in an increased yield of high quality bricks.

Gross profit

Gross profit increased by 12,5% to R74,3 million (2017: R66,0 million). The increase is mainly due to the change of rehabilitation methodology from a free-drainage approach to a pit-void approach. This change in estimate resulted in a R8,9 million positive effect on the gross profit.

Continuous and more effective rehabilitation methodologies are being implemented to lower the financial impact of the rehabilitation liability whilst still in line with regulatory requirements.

Operating profit before interest and taxation

Operating profit before interest and taxation increased by 82,1% to R33,5 million (2017: R18,4 million). This change resulted from the increase of gross profit as disclosed above and the reduction of once-off historical expenses to the value of R6,7 million.

Earnings per share and headline earnings per share

Earnings per share increased by 71,4% to 1,2 cents per share (2017: 0,7 cents per share), mainly due to the impairments experienced in F2017 for the discontinued operation being a once-off adjustment.

Headline earnings decreased by 74,5% to 1,2 cents per share (2017: 4,7 cents per share). The decrease in headline earnings per share is mainly attributable to the raising of the deferred tax asset in 2017. The deferred tax asset resulted in a large tax credit in F2017, not recurring in F2018.

Net asset per share and tangible asset per share values

The group continued to generate profits and invest in property, plant and equipment. This has resulted in increases in net asset value per share by 16,1% to 9,4 cents per share (2017: 8,1 cents per share), and net tangible asset value per share by 42,9% to 3,0 cents per share (2017: 2,0 cents per share).

Capital expenditure

Major capital investments made by the group during the year under review comprise R10,5 million on fixed plant at the coal segment in order to improve the crushing and screening of coal; R1,5 million on a second-hand excavator for the coal segment; and R3,9 million on two new front-end loaders for the bricks segment to improve efficiencies in the extraction from the stockpiles.

All commentary has been based on continuing operations only.

3. GOING CONCERN

At 28 February 2018, the group's current liabilities exceeded its current assets (excluding assets-held-for sale) by R5,4 million (2017: Current assets exceeded current liabilities by R8,5 million). The group's total assets, however, still exceed its total liabilities by R58,7 million (2017: total assets exceed total liabilities by R51,1 million).

The financial statements are prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities will occur in the ordinary course of business.

The directors previously approved that specifically identified non-core assets and operations be disposed of, in an effort to focus only on more profitable core business activities.

To this extent, the total assets includes assets held-for sale amounting to R44,7 million, which is further detailed in note 3 to the abridged financial results. The assets held-for-sale include the Donkerhoek discontinued operations. This Donkerhoek disposal was formally approved subsequent to year-end and the resultant proceeds, amounting to R27,3 million, was received subsequently. The proceeds were utilised to settle, in part, the royalty tax and income tax liabilities (included in current liabilities at year-end). Refer to paragraph 4 (Subsequent events) for further details of the amounts received and settlement of liabilities after year-end. The settlement of these liabilities is expected to have a permanent impact on reducing the overall current liabilities of the group, which balances are still remnants from the period whilst the company was under business rescue. This settlement effects that current liabilities as reported at year-end are reduced by an amount of R19,7 million, which in turn allows for current assets to exceed current liabilities.

The directors also considered that the group reported a profit from continuing operations in the last three years and applied similar operating principles in preparing a cash flow forecast for the next twelve months.

Considering the positive impact on working capital following the cash proceeds from the Donkerhoek disposal and the cash flows projects for the next twelve months the financial statements were prepared on the basis applicable to a going concern.

4. SUBSEQUENT EVENTS

Sale of Donkerhoek

Further details of the disposal of the Donkerhoek business together with the impact of the transaction on the results of Brikor was disclosed in the circular to shareholders published on 14 March 2018.

At the general meeting of shareholders held on 17 April 2018, all the resolutions as set out in the notice of general meeting were passed by the requisite majority of shareholders. This triggered the effective date as defined in the sale agreement.

The final purchase consideration amounted to R44,5 million of which R27,3 million has been received in respect of the disposal of plant and equipment (R20,4 million) and inventory (R6,9 million). On transfer of the properties and shares, payment of the balance of the purchase consideration, being R17,2 million, will be effected.

In order to reduce the risk of the group, the funds received have been applied against the group's debt portfolio to the amount of R29,7 million as follows:

- R16,4 million towards capital outstanding for royalty tax;
- R3,3 million towards historical provisional income tax outstanding; and
- R10,0 million towards loans outstanding for the Estate Late GvN Parkin.

The difference between proceeds received and debt repaid, amounting to R2,4 million, was funded from the group's continuing operations.

Other

Management is not aware of any material events, other than as outlined above, which occurred subsequent to the year ended 28 February 2018 and which need adjustment or disclosure.

5. DIVIDEND

No dividend has been declared or paid during the year under review.

6. CHANGES TO THE BOARD OF DIRECTORS

Our chairman, Ina McDonald resigned on 12 January 2018. The board wish to express their appreciation for her valuable contribution to the board during her tenure and wish her all the best in her future endeavours.

The board of directors welcomes Allan Pellow, independent non-executive chairman of Brikor with effect from 21 February 2018 and looks forward to a long and mutually rewarding relationship and his valuable contribution, experience and expertise to the board.

André Hanekom resigned as chief financial director with effect from 31 January 2018 and the board wishes him well in his future endeavours.

Laura Craig was appointed as interim financial director on 6 February 2018. Laura has been part of the finance team for the last five years. The board wishes Laura well in her new appointment. We look forward to her continued valuable contribution to the group.

7. PROSPECTS AND OPPORTUNITIES

The board of directors remain positive about the potential which can be unlocked from the group, given the consistent improvement of the statement of financial position, with the last major debts outstanding being those amounts owing to related parties and the South African Revenue Services.

A priority during the year ahead will be the strengthening of Brikor's broad-based black economic empowerment status.

With a lower risk profile going forward, the group should be in a position to gain access to financing and investment to explore growth opportunities.

8. OTHER MATTERS

During the current and prior year(s) reportable irregularities had been identified and reported by the independent external auditors under the Auditing Profession Act to the Independent Regulatory Board of Auditors with regard to transactions relating to:

- Non-compliance with the Income Tax Act, no 58 of 1962, in that:
    - annual income tax returns had not all been submitted.
- Non-compliance with the Companies Act, no 71 of 2008, in that:
    - statutory individual company annual financial statements had not been audited, signed and approved within six months of the respective financial year ends.

Subsequent to the reporting date, the reportable irregularities in respect of royalty tax and provisional tax payments have been resolved and finalised.

9. MINERAL RESOURCES AND MINERALS RESERVES

The Competent Person's Report was approved by the Johannesburg Stock Exchange on 30 May 2018. Mineral and Coal Resources were updated from the 2017 estimates based on mining depletions and additional exploration drilling that has been completed in this recent financial year. The changes in the declared Coal and Mineral Resource statements can be attributed to the inclusion of an additional eight drillholes in the Vlakfontein section and five drillholes on the Plant 1 section with the associated change in the seam model and qualities and clay horizon models.

Vlakfontein Seam 1 coal tonnages for 2018 were stated at an increase of 16% for 0,41 Mt GTIS at a 1% increase in CV to 19,28 MJ/kg. Seam 2 Coal Resources were stated at a 7% tonnage increase to 10,85 Mt GTIS at a 2% increased CV to 18,07 MJ/kg. Most significantly, Seam 3 Coal Resources increased by 644% to 0,89 Mt GTIS at a 5% CV increase to 16,08 MJ/kg. Seam 1 and Seam 3 Coal Resources at Grootfontein increased by 75% and 72% for 0,82 Mt GTIS and 0,45 Mt GTIS, respectively, at respective CVs of 19,37 MJ/kg and 15,97 MJ/kg (no change from the previous declaration). Seam 2 Coal Resources for the project area decreased by 1% to 4,43 Mt GTIS at a -1% CV of 17,74%.

Despite mining of portions of the Clay Resources, the total Clay Mineral Resources as investigated at the Nigel projects (Vlakfontein, Grootfontein and Plant 1) saw an increase of some 3,1 Mm3 of Indicated and 0,7 Mm3 of Inferred Mineral Resources. The difference is a result of a change in the clay horizon classification where middlings were included in the 2018 Clay Mineral Resource. The Rayton Clay Resources remained unchanged from the 2017 declaration.

During 2017, a total of 57 687 m^3 of Quartzite Indicated Mineral Resources were mined while some 47 116 m^3 of Silverton Shale Zone Inferred Mineral Resources were mined at the Donkerhoek aggregate operations. The Donkerhoek Aggregate Mineral Resources decreased marginally to 19,10 Mm3 and 5,95 Mm3 from 19,16 Mm3 and 6,00 Mm3 in the Indicated and Inferred categories, respectively.

No changes to the Aggregate Mineral Resources for the Marievale No. 5 Rock Dump were recorded.

No Mineral or Coal Reserves have been declared for any of the projects.

10.NOTICE OF ANNUAL GENERAL MEETING

Shareholders are advised that the Company's 2018 integrated annual report, which incorporates Brikor's consolidated financial statements for the year ended 28 February 2018, was posted to shareholders on Wednesday, 6 June 2018.

Shareholders are further advised that the integrated annual report and competent person's report will be made available on the Company's website (www.brikor.co.za) from Wednesday, 6 June 2018.

Notice is hereby given that the annual general meeting of shareholders of Brikor will be held at Brikor, 1 Marievale Road, Vorsterskroon, Nigel at 10:00 on Friday, 6 July 2018 to deal with the business as set out in the notice of annual general meeting in the integrated annual report 2018.

Record date for the purpose of determining which shareholders are entitled to receive the notice of annual general meeting	Friday, 1 June 2018
Mailing of integrated annual report	Wednesday, 6 June 2018
Last day to trade for the purposes of being entitled to attend, participate in and vote at the annual general meeting	Tuesday, 26 June 2018
Record date on which members must be recorded as such in the register	Friday ,29 June 2018
Proxy forms to be lodged with the transfer secretaries by 10:00	Wednesday, 4 July 2018 *

* Any form of proxy not delivered to the transfer secretaries by this time may be handed to the chairman of the annual general meeting prior to the commencement of the annual general meeting.

For and on behalf of the board of directors

Allan Pellow
Independent non-executive chairman

Garnett Parkin
Chief executive officer

Laura Craig CA(SA)
Interim financial director

Nigel
6 June 2018

ABRIDGED AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 28 February

	Note	2018	2017
		R'000	R'000
ASSETS			
Non–current assets		**128 610**	144 363
Property, plant and equipment		**73 591**	89 757
Intangible assets		**4 784**	10 198
Other financial assets		**20 316**	16 326
Deferred tax asset		**29 919**	28 082
Current assets		**77 732**	80 540
Inventories		**36 607**	44 432
Trade and other receivables		**29 877**	21 883
Cash and cash equivalents		**11 248**	14 225
Assets held-for-sale	**3**	**44 711**	3 571
TOTAL ASSETS		**251 053**	228 474
EQUITY AND LIABILITIES			
Equity attributable to owners of the company		**58 659**	51 073
Stated capital		**228 242**	228 242
Accumulated loss		**(169 583)**	(177 169)
Total liabilities		**192 394**	177 401
Non–current liabilities		**100 796**	103 454
Borrowings		**-**	2 624
Shareholders' loans		**43 544**	45 228
Provision for environmental restoration	**4**	**52 262**	54 281
Deferred tax liability		**4 990**	1 321
Current liabilities		**83 181**	72 041
Borrowings		**6 565**	7 280
Trade and other payables	**5**	**70 561**	57 679
Taxation		**6 055**	7 082
Liabilities held-for-sale	**3**	**8 417**	1 906
TOTAL EQUITY AND LIABILITIES		**251 053**	228 474

ABRIDGED AUDITED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 28 February

	Note	2018	2017	Restated* 2017
		R'000		R'000
Continuing operations				
Revenue	6	**273 128**	300 486	251 904
Cost of sales		**(198 846)**	(231 210)	(185 893)
Gross profit		**74 282**	69 276	66 011
Other income		**7 805**	5 965	5 041
Administrative expenses		**(39 524)**	(42 228)	(37 198)
Distribution expenses		**(6 197)**	(5 070)	(5 018)
Other expenses		**(2 878)**	(34 633)	(10 439)
Operating profit before interest and taxation		**33 488**	(6 690)	18 397
Finance income		**901**	1 670	1 606
Finance costs		**(12 133)**	(13 798)	(13 357)
Profit before taxation		**22 256**	(18 818)	6 646
Taxation		**(7 724)**	23 037	(25 262)
Profit from continuing operations		**14 532**	4 219	31 908
Discontinued operations				
Loss from discontinued operations net of tax		**(6 946)**	-	(27 689)
Profit for the year		**7 586**	4 219	4 219
Other comprehensive income net of tax		**-**	-	-
Total comprehensive income for the year attributable to owners of the company		**7 586**	4 219	4 219

** See note 2 to the abridged financial results for reclassification of prior year recoveries incorrectly included in revenue and note 3 to the abridged financial results for restatement as a result of classification of discontinued operations.*

EARNINGS PER SHARE	7	2018	Restated* 2017
		cents	cents
Basic			
Continuing operations		**2,3**	5,1
Discontinued operations		**(1,1)**	(4,4)
Total		**1,2**	0,7
Diluted			
Continuing operations		**2,3**	5,1
Discontinued operations		**(1,1)**	(4,4)
Total		**1,2**	0,7

ABRIDGED AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 28 February

	Stated capital R'000	Treasury shares R'000	Accumulated loss R'000	Total equity R'000
Balance at 28 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 Audited	**244 142**	**(15 900)**	**(177 169)**	**51 073**
Total comprehensive income for the year	**–**	**–**	**7 586**	**7 586**
Balance at 28 February 2018 Audited	**244 142**	**(15 900)**	**(169 583)**	**58 659**

ABRIDGED AUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 28 February

	2018 Audited	2017 Audited
	R'000	R'000
Cash flows from operating activities	**22 960**	22 229
Cash generated from operations	**30 170**	41 393
Finance income	**867**	1 620
Finance costs	**(4 239)**	(3 593)
Tax paid	**(3 838)**	(17 191)
Cash flows to investing activities	**(16 916)**	(22 349)
Additions to property, plant and equipment	**(15 940)**	(21 956)
Proceeds on disposal of property, plant and Equipment	**1 966**	2 506
Increase of investments in other financial assets	**(2 942)**	(2 899)
Cash flows to financing activities	**(9 021)**	(6 902)
Borrowings raised	**33**	6 305
Borrowings repaid	**(9 054)**	(13 207)
Net decrease in cash and cash equivalents	**(2 977)**	(7 022)
Cash and cash equivalents at beginning of year	**14 225**	(21 247)
Cash and cash equivalents at end of year	**11 248**	14 225

ABRIDGED AUDITED CONSOLIDATED SEGMENTAL ANALYSIS

for the year ended 28 February

SEGMENT REVENUES AND RESULTS

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

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

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

	Bricks R'000	Coal R'000	Other# R'000	Total R'000
Segment profit reconciliation 2018				
Total revenue	**178 685**	**111 971**	**-**	**290 656**
Intersegment 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 assets and liabilities which includes the aggregate segment classified as held-for-sale.

ABRIDGED AUDITED CONSOLIDATED SEGMENTAL ANALYSIS continued

for the year ended 28 February

	Bricks R'000	Aggregates R'000	Coal R'000	Other# R'000	Total R'000
Segment profit reconciliation 2017					
Total revenue	171 517	96 643	44 638	-	312 798
Intersegment 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
Impairments	(1 344)	-	(23 941)	-	(25 285)
Operating profit before interest and taxation	4 223	14 174	(25 087)	-	(6 690)
Segment assets and liabilities					
Segment assets	60 341	67 644	54 611	45 878	228 474
Segment liabilities	(42 697)	(71 604)	(7 563)	(55 537)	(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

	Bricks R'000	Aggregates R'000	Coal R'000	Other# R'000	Total R'000
Segment profit reconciliation 2017 Restated*					
Total revenue	167 573	96 643	-	-	264 216
Intersegment revenue	-	(12 312)	-	-	(12 312)
Reportable segment revenue	167 573	84 331	-	-	251 904
Gross profit	32 843	33 168	-	-	66 011
Other income	2 286	2 755	-	-	5 041
Impairments	(1 344)	-	-	-	(1 344)
Operating profit before interest and taxation	4 223	14 174	-	-	18 397
Segment assets and liabilities					
Segment assets	60 341	67 644	54 611	45 878	228 474
Segment liabilities	(42 697)	(71 604)	(7 563)	(55 537)	(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

** See note 3 to the abridged financial results for restatement as a result of classification of discontinued operations.*
#Other segment relates to non-segment-specific cash and liabilities.

NOTES TO THE ABRIDGED AUDITED CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 28 February 2018

1. STATEMENT OF COMPLIANCE, BASIS OF PREPARATION AND AUDIT REPORT

The abridged financial results are prepared in accordance with the requirements of the JSE Listings Requirements for abridged reports, and the requirements of the Companies Act applicable to summary financial statements. The Listings Requirements require abridged 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 the preparation of the consolidated financial statements from which the summary abridged consolidated financial statements were derived are in terms of International Financial Reporting Standards and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements, except for the adoption of new and revised standards and interpretations.

The abridged financial results are presented in South African rand and all financial information has been rounded to the nearest Rand thousands, except when otherwise indicated.

These audited abridged financial results was extracted from audited information but is not itself audited. The directors take full responsibility for the preparation of the abridged financial results and that the financial information has been correctly extracted from the underlying audited consolidated financial statements.

2. RESTATEMENT OF FINANCIAL RESULTS FOR THE YEAR ENDED 28 FEBRUARY 2017

The financial results for the year ended 28 February 2017 have been restated due to:

- Reclassification of cost recoveries to cost of sales; and
- Reclassification of financial liabilities to non-financial liabilities.

During 2017, Brikor incorrectly included cost recoveries as part of revenue. These recoveries have been re-allocated to be included in the cost of sales line item of the statement of profit or loss and other comprehensive income. The royalty tax accrual and employee-related liabilities were incorrectly classified as financial liabilities and have been reclassified as non-financial liabilities. The bonus and leave provisions have been reclassified to employee-related liabilities. The effect of these errors has been corrected in these statements.

The effect of the restatement when applied consistently in the 28 February 2017 financial year had the following impact on the statement of profit or loss and other comprehensive income:

	Previously reported R'000	**Adjustment** R'000	**Restated** R'000
Reclassification of cost recoveries			
Revenue	255 848	(3 944)	251 904
Cost of sales	181 949	3 944	185 893

The reclassification of financial liabilities to non-financial liabilities had the following impact on "Trade and other payables" as well as "Financial Instruments: Information on financial risks":

	Previously reported R'000	**Adjustment** R'000	**Restated** R'000
Trade and other payables			
Financial liabilities			
Trade payables	15 941	-	15 941
Other payables	37 549	(33 760)	3 789
	53 490	**(33 760)**	**19 730**
Non-financial liabilities			
Receipts in advance	2 077	-	2 077
Value Added Tax	264	-	264
Bonus and leave provision	1 848	(1 848)	-
Royalty tax accrual	-	29 181	29 181
Employee-related liabilities	-	6 427	6 427
	4 189	**33 760**	**37 949**
	57 679	**-**	**57 679**

There has been no material impact on the group's basic or diluted earnings per share and no impact on the total operating, investing or financing cash flows for the year ended 28 February 2017.

3. ASSETS AND LIABILITIES HELD-FOR-SALE AND DISCONTINUED OPERATIONS

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", respectively.

Rayton property

During the 2017 financial year the Rayton property was classified as held-for-sale and impaired to its recoverable amount of R2,2 million. The offer received for Rayton amounting to R2,2 million, which is inclusive of the transfer of the environmental restoration obligation, was accepted and signed by the company on 17 April 2017. In 2018 the environment provision on this property continued to unwind and had a change in estimate to the value of R0,4 million. Accordingly, in order to realign the property to its recoverable amount, R0,4 million of the previous impairment was reversed.

The non-recurring fair value determination of the non-current assets held-for-sale of R2,2 million has been classified as level 2 fair value.

The sale is subject to the approval in terms of section 11(1) of the Mineral and Petroleum Resources Development Act, no 28 of 2008, ("the Act") being granted by the minister in respect of the cession and transfer of the mining right to the purchaser.

Management has taken timely action to submit all the required documentation and remains confident that the regulatory approval will be obtained in due course.

Schist property

An interested buyer has been identified and the directors are in the process of finalising a sale agreement to the value of R0,2 million. Conditions precedent for the signature thereof is that a Section 11 closure certificate is received from the Department of Mineral Resources and that the purchaser fences the property off.

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

	Rayton property R'000	Schist property R'000	Total R'000
2018			
Change in estimate for environmental rehabilitation provision	**(338)**	**(12)**	**(340)**
Impairment reversal	**452**	**–**	**452**
Net financing cost	**(125)**	**–**	**(125)**
Loss from operating activities (no tax effect)	**(1)**	**(12)**	**(13)**
2017			
Change in estimate for environmental rehabilitation provision	(83)	(547)	(630)
Depreciation of decommissioning asset	(9)	–	(9)
Net financing cost	(114)	–	(114)
Loss from operating activities (no tax effect)	(206)	(547)	(753)

Discontinued operations

Donkerhoek Quarries and its operations ("Donkerhoek business") 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 Donkerhoek business 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.

Donkerhoek business 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 segment reported by the group). No other considerations are included into or excluded from the Donkerhoek business operations in order to derive the values disclosed in previous reporting periods as the aggregates segment.

Donkerhoek business had been incurring significant losses in the previous financial period 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 emphasizing 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 had always been open to offers for the Donkerhoek business, despite no specific marketing drive being embarked upon at the commencement of the 2017 financial reporting period.

During the 2018 financial reporting period, the board was, however, 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, the 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 on 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. Refer to paragraph 4 of the commentary to the to the abridged financial results for further disclosure on subsequent events in terms of the disposal of the discontinued operations.

The Donkerhoek division has been incurring significant losses in the previous financial period and, based on the losses, an impairment trigger was identified. The recoverable amount of the Donkerhoek division was calculated and an impairment of R23,9 million was recognised in 2017. The impairment losses during the 2017 financial year were allocated to reduce the carrying value of the mineral reserves and mining rights by R23,0 million and R0,9 million, respectively.

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 of disposal and its value in use. The recoverable amount of the Donkerhoek division was determined based on the fair value less cost of disposal (the fair value less cost of disposal is higher than the calculated value in use of the division).

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 division.

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

	2018 **R'000**	**2017** **R'000**
Revenue and other income	**37 828**	45 563
Expenses	**(48 637)**	(46 709)
Net financing costs	**(393)**	(377)
Impairment reversal/(impairment)	**906**	(23 941)
Loss from operating activities	**(10 296)**	(25 464)
Taxation	**3 350**	(2 225)
Loss after taxation	**(6 946)**	(27 689)

Assets and liabilities held-for-sale

The non-current assets held-for-sale were stated at the lower of carrying value or fair value less cost to sell and comprised the following:

	Rayton property R'000	Schist property R'000	Donkerhoek business R'000	Total R'000
2018				
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 ***
	4 021	**13**	**40 677**	**44 711**
Liabilities held-for-sale				
Environmental rehabilitation provision	**1 821**	**560**	**5 662**	**8 043**
Salary accruals	**–**	**–**	**374**	**374**
	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.*

	Rayton property	Schist property	Total
	R'000	R'000	R'000
2017			
Non-current assets held-for-sale			
Property, plant and equipment	3 558	13	3 571
	3 558	**13**	**3 571**
Non-current liabilities held-for-sale			
Environmental rehabilitation provision	1 358	548	1 906
	1 358	**548**	**1 906**

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

	2018	2017
	R'000	R'000
Cash flow		
Net cash flows from/(to) operating activities	**158**	(3 015)
Net cash flows from/(to) investing activities	**315**	(6 206)
Net cash flows from/(to) financing activities	**-**	(564)
Net increase/(decrease) in cash flow	**473**	(9 785)

4. PROVISIONS

	2018	2017
	R'000	R'000
Environmental rehabilitation	**52 262**	54 281
Total	**52 262**	54 281
Provision: Environmental rehabilitation		
Opening balance	**54 281**	46 919
Unwinding of interest	**4 718**	4 321
Rehabilitation performed	**(659)**	(577)
Change in estimate	**(416)**	5 524
Recognised in profit or loss	**(8 890)**	2 402
Recognised in property, plant and equipment	**8 474**	3 122
Transfer to liabilities held-for-sale	**(5 662)**	(1 906)
Closing balance	**52 262**	54 281

The rehabilitation provision relates to the estimated costs of correcting any disturbance relating to mining activities and those incidental thereto. The level of provision is commensurate with work completed to date. The current gross closure cost of rehabilitation was estimated at R66,5 million (2017: R72,3 million). The future expected cost of the provision was calculated by escalating current gross closure cost at CPI of 6% (2017: 6%) per annum over the life of the operations ranging between 2 to 15 years (2017: 2 to 16 years). This future cost is discounted at the South African Government Bond Rate ranging between 6,72% and 8,78% (2017: 7,71% and 9,31%) to arrive at a carrying value of R52,3 million (2017: R54,2 million).

The group has invested funds into various environmental trusts to be utilised by the group as and when restoration activities are incurred. Investments made during the year into these funds amounted to R2,9 million (2017: R2,9 million). The total amount held in these trusts amounted to R20,3 million (2017: R16,3 million) at year end.

The Department of Minerals and Energy hold guarantees in their favour for the mining rehabilitation to the amount of R17,5 million (2017: R22,2 million).

Material changes in estimates

Recognised in property, plant and equipment

Portion 7, Farm Draaikraal No.166 (Plant 1)

The group had previously submitted a Section 11 closure application for this property. This application was, however, withdrawn in the current financial year as the group has decided that there is sufficient motivation to rather extract the remaining rich clay minerals. When the group submitted the Section 11 closure to the Department of Mineral Resources, the buildings were submitted as being repurposed for manufacturing due to the buildings being that of the main brick manufacturing plant and the holding company's administration block. Hence, the provision for dismantling these buildings was excluded from the previous years' estimates.

This change resulted in an increase of the decommissioning cost of buildings and plant of R7,8 million of the gross provision and R5,4 million to the net present value of the obligation.

Portion 70, Varkensfontein no. 169 (Plant 3)

A section 11 application for Plant 3 has been submitted, with the buildings being demarcated for manufacturing as per Plant 1 above. However, since no consent has yet been obtained from the Department of Mineral Resources the provision for dismantling of these buildings has been included in the current year's estimate.

With the change in approach, as detailed above, the provision was adjusted to include all the legal requirements of the original mine plan as approved by the Department of Mineral Resources (including the dismantling of the buildings).

This change resulted in an increase of the decommissioning cost of buildings and plant of R4,7 million of the gross provision and R2,7 million in the net present value of the obligation.

Recognised in profit or loss

Farm Vlakfontein 281IR (Ilangabi mine)

For the 2017 estimate, provision was made for the backfilling of the opencast void, but in such a way to restore the natural drainage of the site. Further analysis of the surrounding environment and the detail requirements of the approved rehabilitation plan resulted in establishing a different rehabilitation approach that was applied in estimating the 2018 gross provision. This amended approach allows for the establishment of an internal depression in the middle of the property, which will naturally fill-up with water and become a water storage facility. This resulted in a significant change in cost between the two financial reporting periods as this approach reduces the quantity of backfilling that would be required. The Department of Mineral Resources has found this approach to be acceptable considering the location of the properties.

This change in approach resulted in a decrease of R16,5 million on the gross provision and R14,1 million in the net present value of the obligation that was recognised as a credit in profit or loss.

Portion 27, Varkensfontein No. 169 (Portion 27)
Mining at this property has ceased and the group has applied for a Section 11 closure application from the Department of Mineral Resources. This property has no infrastructure. The change resulting from the section 11 submission resulted in an increase of R4,0 million in the net present value of the obligation and was charged to profit or loss.

5. TRADE AND OTHER PAYABLES

	2018	Restated* 2017
	R'000	R'000
Financial liabilities		
Trade payables	**25 959**	15 941
Other payables	**5 421**	3 789
	31 380	19 730
Non-financial liabilities		
Receipts in advance	**2 180**	2 077
Value Added Tax	**1 299**	264
Royalty tax accrual	**30 360**	29 181
Employee related liabilities	**5 342**	6 427
	39 181	37 649
	70 561	57 679

** See note 2 to the abridged financial results for restatements.*

The average credit period on purchases is 48 days from the date of statement. The group has financial risk management policies in place.

Liquidity risk

Trade payables and other payables are all due to be settled within twelve months from reporting date.

Fair value of financial instruments

The fair value of trade payables and other payables approximate their carrying value due to their short-term maturities.

6. REVENUE

	2018	Restated* 2017
	R'000	R'000
Sale of goods		
Clay products	**153 478**	142 950
Coal	**87 310**	78 550
Ancillary products and services	**32 340**	30 404
Closing balance	**273 128**	251 904

** See note 3 to the abridged financial results for restatement as a result of classification of discontinued operations and note 2 to the abridged financial results for reclassification of prior year recoveries incorrectly included in revenue.*

7. EARNINGS PER SHARE

	2018	Restated* 2017
	cents	cents
Basic		
Continuing operations	**2,3**	5,1
Discontinued operations	**(1,1)**	(4,4)
Total	**1,2**	0,7
Diluted		
Continuing operations	**2,3**	5,1
Discontinued operations	**(1,1)**	(4,4)
Total	**1,2**	0,7
Headline earnings		
Continuing operations	**2,4**	5,2
Discontinued operations	**(1,2)**	(0,5)
Total	**1,2**	4,7
Diluted headline earnings		
Continuing operations	**2,4**	5,2
Discontinued operations	**(1,2)**	(0,5)
Total	**1,2**	4,7

See note 3 to the abridged financial results for the restatement as a result of classification of discontinued operations.

The calculation of the basic profit or loss per share attributable to the ordinary equity holders is based on the following information:

Reconciliation between basic earnings and headline earnings as well as diluted earnings	Continuing operations	Discontinued operations	Total
	R'000	R'000	R'000
2018			
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 of assets	**810**	**(906)**	**(96)**
Headline and diluted headline profit	**15 059**	**(7 699)**	**7 360**
2017			
Basic and diluted profit	31 908	(27 689)	4 219
Profit on disposal of property, plant and equipment	(261)	(28)	(289)
Impairment of assets	1 344	23 941	25 285
Headline and diluted headline profit	32 991	(3 776)	29 215

Number of shares	**2018** **'000**	2017 '000
Weighted average number of shares	**629 342**	629 342
Diluted weighted average number of shares	**629 342**	629 342

See note 3 to the abridged financial results for the restatement as a result of classification of discontinued operations.

8. CONTINGENCIES

Contingent liabilities

The group's operations are located in Nigel and is in close proximity to the Blesbokspruit watercourse (the Blesbokspruit watercourse is classified as a RAMSAR wetland). The precise particulars of the operation' s proximity to the watercourse still needs to be formally delineated by a wetland specialist.

However, considering the current location of the group' s operations and the potential movement of groundwater and drainage towards the Bleksbokspruit watercourse, and allowing for the current rehabilitation approach (as further detailed in note 4 to the abridged financial results) that was consistently applied for Vlakfontein, Plant 1 and 3 as well as Portion 27, further analysis and monitoring would be required in assessing the potential future impact on water quality that might occur, after mine closure.

The proximity assessment and results from the water monitoring is required to assess and confirm a justifiable approach (as required by the National Water Act) that does not pose a long-term water quality-related risk at eventual quarry closure. The cost determination of water quality related effects and water use requirements (in terms of the National Water Act) remains uncertain at this stage and is not currently reasonable quantifiable.

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

9. OTHER LEGAL AND REGULATORY REQUIREMENTS

On 16 May 2018 the auditors reported reportable irregularities to the Independent Regulatory Board of Auditors in respect of non-compliance with the Income Tax Act, No. 58 of 1962, and the Companies Act, No 71 of 2008. 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;
- non-compliance with section 30 of the Companies Act in terms of preparing and approving of annual financial statements within six months after the end of its financial year.

These non-compliances originated in the time of the provisional liquidation of Brikor Limited and resultant cash flow constraints on the group.

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 consolidated 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.

10. DIRECTORS' EMOLUMENTS

	2018 **R'000**	2017 R'000
Executive		
Directors		
Short-term employee benefits	**4 292**	4 376
Post-employment benefits	**194**	173
Prescribed officer		
Short-term employee benefits	**2 553**	2 405
Post-employment benefits	**107**	100
Non-executive		
Directors		
Short-term employee benefits	**2 499**	2 368