

BRIKOR LIMITED
("the Group")

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

**Abridged consolidated financial statements
for the year ended 29 February 2016 and notice of annual general meeting**

HIGHLIGHTS

- Total debt decreased by 37,8 % to R184 million
- Net asset value per share increased by 236,4 % to 7,4 cents per share
- Net tangible asset value per share increased by 5 400,0 % to 5,5 cents per share
- Operating profit increased by 91,8 % to R49 million
- EBITDA increased by 48,5 % to R67 million
- Headline earnings per share increased by 107,4 % to 5,6 cents per share
- Earnings per share increased by 246,7 % to 5,2 cents per share

PREPARED BY:

The abridged consolidated financial results ("abridged financial results" or "results") for the year ended 29 February 2016 were prepared by Laura Craig CA(SA) (group financial manager) under the supervision of Andre Hanekom (chief financial officer).

AUDITOR'S OPINION

This abridged consolidated financial results are extracted from audited information but is not itself audited. The directors take full responsibility for the preparation of the abridged consolidated 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 audit report thereon is available for inspection at the company's registered office. The auditor's report is unmodified, however includes 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 6 to the abridged consolidated financial results.

OVERVIEW

The directors of Brikor are pleased to present the abridged consolidated financial results for the year ended 29 February 2016, which reflect continued growth and improvement.

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 divisions, namely bricks, aggregates and coal (through its subsidiary, Ilangabi Investments 12 (Pty) Ltd).

The group's overall financial indicators improved substantially in a competitive trading environment through effective cost management initiatives and a concerted effort to maintain and improve sustainable working capital levels. The continued focus on the group's core operations and the coal operations were maintained.

FINANCIAL RESULTS

In a competitive operating environment, revenue remained relatively consistent at R317,0 million (2015: R318,2 million) and gross profit percentage increased by 3,4 % to R86,9 million (2015: R76,5 million). The improvement in gross profit was mainly from higher gross profit contributions achieved by the bricks and coal segments, contributing to the additional R10,3 million in gross profit.

Control of input costs in production, through the wholly-owned mining subsidiary Ilangabi Investments 12 (Pty) Ltd, and the additional revenue generated through the sale of the additional coal derived through the mining process, provided the natural synergy which continued to grow external revenues and reduce production input costs.

Operating expenses decreased substantially to R43,7 million (2015: R47,6 million) as a result of efforts to keep expenses to an absolute minimum for fundamental business critical expenditure only.

The above measures resulted in the group generating an operating profit before interest and taxation of R48,6 million (2015: R25,3 million).

The group ended with a total profit and other comprehensive income of R32,8 million (2015: R9,5 million), resulting in earnings per share of 5,2 cents (2015: 1,5 cents) and fully diluted earnings per share of 5,2 cents (2015: 1,5 cents) for the year.

Capital expenditure

For the year under review capital expenditure amounted to R18,4 million, the material values being invested as follows:

Plant and equipment of R16,7 million made up as follows:

- Aggregates segment – R2,1 million on fixed plant and R1,6 million on mobile plant;
- Coal segment – R0,1 million on fixed plant and R11,6 million on mobile plant; and
- Bricks segment – R0,1 million on fixed plant, R0,9 million mobile plant and R0,25 million on workshop equipment.

Motor vehicles of R1,7m made up as follows:

- Bricks segment – R0,9 million on four motor vehicles; and
- Coal segment – R0,5 million on three motor vehicles and a truck for R0,3 million.

Total property, plant and equipment decreased to R109,2 million (2015: R114,4 million) as a net result of:

- additions to property, plant and equipment of R18,4 million (2015: R17,1 million);
- disposals/scraping of property, plant and equipment of R6,5 million (2015: R1,0 million);
- depreciation of R16,8 million (2015: R11,7 million);
- impairment of property, plant and equipment of Rnil (2015: R7,1 million); and
- downward adjustment of decommissioning assets of R0,4 million (2015: capitalisation of R0,044 million) relating to the environmental provision.

Consolidated statement of financial position

as at 29 February 2016

	2016 R'000	2015 R'000
ASSETS		
Non-current assets	134,445	140,332
Property, plant and equipment	109,202	114,393
Intangible assets	12,320	13,656
Other financial assets	12,714	12,283
Deferred tax asset	209	-
Current assets	96,617	169,770
Inventories	45,499	38,305
Trade and other receivables	29,871	36,974
Cash and cash equivalents	21,247	94,491
Total assets	231,062	310,102
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the company	46,854	14,007
Stated capital	228,242	228,242
Accumulated loss	(181,388)	(214,235)
Non-current liabilities	95,616	85,860
Borrowings	5,582	8,884
Shareholders' loans	43,115	35,134
Provisions	46,919	41,597
Deferred tax liability	-	245
Current liabilities	88,592	210,235
Borrowings	9,984	109,004
Trade and other payables	58,661	83,475
Taxation	19,947	17,756
Total equity and liabilities	231,062	310,102

Consolidated statement of profit or loss and other comprehensive income
for the year ended 29 February 2016

	Notes	2016 R'000	2015 R'000
Revenue		317,002	318,229
Cost of sales		(230,126)	(241,695)
Gross profit		86,876	76,534
Other income		5,376	3,479
Administrative expenses		(32,570)	(37,827)
Expenses		(32,570)	(30,714)
Impairments		-	(7,113)
Distribution expenses		(4,374)	(3,603)
Other expenses		(6,725)	(13,251)
Operating profit before interest and taxation		48,583	25,332
Finance income		3,083	1,657
Finance costs		(13,505)	(15,384)
Profit before taxation		38,161	11,605
Taxation		(5,314)	(2,129)
Profit after taxation		32,847	9,476
Total comprehensive income for the year attributable to owners of the company		32,847	9,476
EARNINGS PER SHARE			
	2	cents	cents
Basic			
Continuing operations		5.2	1.5
Diluted			
Continuing operations		5.2	1.5

Consolidated statement of changes in equity
for the year ended 29 February 2016

	Stated capital R'000	Treasury shares R'000	Accumulated loss R'000	Total equity R'000
Balance at 28 February 2014	244,142	(15,900)	(223,711)	4,531
Total comprehensive income for the year	-	-	9,476	9,476
Balance at 28 February 2015	244,142	(15,900)	(214,235)	14,007
Total comprehensive income for the year	-	-	32,847	32,847
Balance at 29 February 2016	244,142	(15,900)	(181,388)	46,854

Consolidated statement of cash flows
for the year ended 29 February 2016

	2016	2015
	R'000	R'000
Cash flows from operating activities	37,086	73,525
Cash generated from operations	48,010	83,536
Finance income	3,083	1,657
Finance costs	(8,623)	(11,668)
Tax paid	(5,384)	-
Cash flows to investing activities	(15,989)	(19,128)
Additions to property, plant and equipment	(18,450)	(17,054)
Proceeds on disposal of property, plant and equipment	4,340	701
Increases in investments into other financial assets	(1,879)	(2,775)
Cash flows to/from financing activities	(94,341)	19,049
Borrowings raised	18,600	21,326
Borrowings repaid	(112,941)	(2,277)
Net (decrease)/increase in cash and cash equivalents	(73,244)	73,446
Cash and cash equivalents at beginning of year	94,491	21,045
Cash and cash equivalents at end of year	21,247	94,491

**Notes to the consolidated financial statements
for the year ended 29 February 2016**

1 BASIS OF PREPARATION AND ACCOUNTING POLICIES

The summarised consolidated abridged financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements for abridged reports and the requirements of the Companies Act of South Africa 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 abridged financial results were derived, are in terms of International Financial Reporting Standards and are consistent with the accounting policies applied in the preparation of the previous consolidated financial statements.

The abridged consolidated financial results have been prepared on the historic cost conversion, except for certain financial instruments, which are stated at fair value. The results are presented in Rand rounded to the nearest thousand (R'000).

2 EARNINGS PER SHARE

	2016 cents	2015 cents
Basic		
Continuing operations	5.2	1.5
Diluted		
Continuing operations	5.2	1.5
Headline earnings per share		
Continuing operations	5.6	2.7
Diluted headline earnings per share		
Continuing operations	5.6	2.7

The calculation of the basic earnings 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

	Continued operations R'000	Total R'000
2016		
Profit		
Basic and diluted profit	32,847	32,847
Loss on disposal of property, plant and equipment	669	669
Loss on scrapping of property, plant and equipment	1,449	1,449
Headline and diluted headline profit	34 965	34 965
2015		
Profit		
Basic and diluted profit	9,476	9,476
Impairments of assets	7,113	7,113
Loss on the disposal of property, plant and equipment	268	268
Headline and diluted headline profit	16 857	16 857
	2016 '000	2015 '000
Number of shares		
Weighted average number of shares	629,342	629,342
Diluted weighted average number of shares	629,342	629,342

3 SEGMENTAL REPORTING

Segmental revenues and results

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

Segment profit reconciliation

	Brick Manufacturing R'000	Coal R'000	Aggregates R'000	*Other R'000	Total R'000
2016					
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
2015					
Total revenue	151,468	112,238	58,917	-	322,623
Intersegmental revenue	-	(4,394)	-	-	(4,394)
Reportable segment revenue	151,468	107,844	58,917	-	318,229
Gross profit	49,973	16,951	9,610	-	76,534
Other income	2,586	327	566	-	3,479
Operating profit before interest and taxation	16,969	7,283	1,080	-	25,332
Segment assets and liabilities					
Segment assets	68,791	74,672	72,148	94,491	310,102
Segment liabilities	(58,035)	(70,121)	(11,248)	(156,691)	(296,095)
Other segment information					
Depreciation and amortisation included in cost of sales and operating expenditure	(3,401)	(6,074)	(2,985)	-	(12,460)
Additions to non-current assets	34	16,000	1,020	-	17,054

*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 management on a monthly basis.

The accounting policies of the reportable segments are the same as the group's accounting policies described in note 1 of the consolidated financial statements. 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

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, tax assets and cash and cash equivalents.
- all liabilities are allocated to reportable segments other than general borrowings, shareholders loans, deferred taxations, taxation and bank overdraft.

4 RELATED PARTIES

Relationships		Related director	
<i>Entities controlled/influenced by directors</i>			
Cyndara 113 (Pty) Ltd		P.M. McDonald	
Scarlett Sun 33 (Pty) Ltd		P.M. McDonald and G Parkin	
E-Fuel (Pty) Ltd		P.M. McDonald and G Parkin	
Nigel Brick and Clay (Pty) Ltd		P.M. McDonald and G Parkin	
Elgar Share Trust		P.M. McDonald and G Parkin	
Kuvula Trade 40 (Pty) Ltd		G Parkin	
	Nature of goods and services purchased or sold	2016	2015
		R'000	R'000
Related party balances			
Loan accounts - owing (to)/by related parties			
Estate late: GvN Parkin			
Shareholder - loan 1	Unsecured, interest 7,59% p.a	(29,803)	(27,849)
Shareholder - loan 2	Unsecured, imputed interest 12% p.a	(7,954)	(7,059)
Shareholder - loan 3	Unsecured, interest free	(2,726)	(226)
G Parkin			
Shareholder loan	Unsecured, interest free	(2,632)	-
Amounts included in trade receivables/(trade payables) regarding related parties			
Scarlett Sun 33 (Pty) Ltd	Machinery rental	-	(8,910)
Scarlett Sun 33 (Pty) Ltd	Surface rights	(3,344)	-
Scarlett Sun 33 (Pty) Ltd	Deposit for bricks and aggregates	-	1
Scarlett Sun 33 (Pty) Ltd	Diesel and maintenance	145	-
Scarlett Sun 33 (Pty) Ltd	Machinery parts and consumables	(616)	-
Nigel Brick and Clay (Pty) Ltd	Bricks	1,482	787
Nigel Brick and Clay (Pty) Ltd	Bricks	(1,796)	-
Cyndara 113 (Pty) Ltd	Engineering	(97)	(830)
Cyndara 113 (Pty) Ltd	Engineering	-	27
Kuvula Trade 40 (Pty) Ltd	Transport	1,024	-
Kuvula Trade 40 (Pty) Ltd	Rental	39	-
Kuvula Trade 40 (Pty) Ltd	Transport	(1,820)	-
AP van der Merwe	Consultancy fees	(60)	-
Amounts included in borrowings regarding related parties			
Scarlett Sun 33 (Pty) Ltd	Interest at prime plus 1%	(6,658)	-
Related party transactions			
<i>Interest paid</i>			
G v N Parkin	On loan account	(2,184)	(2,026)
G v N Parkin	Imputed interest	(895)	(795)
<i>Legal fees</i>			
PM McDonald Attorneys		(473)	-
<i>Consulting fees</i>			
AP van der Merwe		(170)	-
<i>Equipment purchased</i>			
Scarlett Sun 33 (Pty) Ltd		(7,441)	-
<i>Equipment sold</i>			
Scarlett Sun 33 (Pty) Ltd		100	-
Purchases from related parties			
Scarlett Sun 33 (Pty) Ltd	Machinery rental	(2,649)	(9,552)
Scarlett Sun 33 (Pty) Ltd	Surface rights	(4,860)	(4,584)
Scarlett Sun 33 (Pty) Ltd	Machinery parts	(2,972)	(244)
Scarlett Sun 33 (Pty) Ltd	Equipment purchased	(8,991)	-
Cyndara 113 (Pty) Ltd	Engineering	-	(275)
Nigel Brick and Clay (Pty) Ltd	Bricks	(7,421)	(3,494)
Kuvula Trade 40 (Pty) Ltd	Transport	(16,003)	(12,579)
Sales to related parties			
Cyndara	Engineering	-	149
Nigel Brick and Clay (Pty) Ltd	Bricks	2,270	1,341
Scarlett Sun 33 (Pty) Ltd	Bricks and aggregates	77	12
Scarlett Sun 33 (Pty) Ltd	Diesel & maintenance	134	117
Kuvula Trade 40 (Pty) Ltd	Transport	30	10

5 DIRECTORS' EMOLUMENTS

	2016 R'000	2015 R'000
Executive		
Short-term employee benefits	3,966	3,869
Post-employment benefits	151	171
Non-executive		
Short-term employee benefits	253	80

6 REPORTABLE IRREGULARITIES

On 24 November 2016 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 Mineral and Petroleum Resources Royalties Act, No 29 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 and non-timeous payments of provisional tax on due dates, as required by the Income Tax Act, No 58 of 1962; and
- Non-registration for Royalty Tax and/or 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.

These non-compliances were due to the provisional liquidation of Brikor and cash flow constraints on the group.

Management is aware of the above and is 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 summarised abridged consolidated financial statements for any related amounts due.

7 SALIENT FEATURES

	2016	2015
Number of shares in issue (excluding treasury shares) ('000)	629,342	629,342
Net asset value (R'000)	46,854	14,007
Adjusted with:		
- Intangible assets	12,320	13,656
Net tangible asset value	34,534	351
Net asset value per share (cents)	7.4	2.2
Net tangible asset value per share (cents)	5.5	0.1
Reconciliation of EBITDA (R'000)		
Operating profit before interest and taxation ("EBIT")	48,583	25,332
Adjusted with:		
- Depreciation and amortisation	18,087	12,460
- Impairments	-	7,113
Earnings before interest, taxation, depreciation, amortisation and impairment adjustments ("EBITDA")	66,670	44,905

8 SUBSEQUENT EVENTS AND GOING CONCERN

Management is not aware of any material events, other than as outlined below, which occurred subsequent to the year ended 29 February 2016 and which need adjustment or disclosure.

Subsequent to the end of the financial year the group has received offers for the sale of two of its properties, namely the Rayton property situated of Portion 31 of Witfontein NO.510 - JR District Bronkhorstspuit and the Nigel Schist property situated of Portion 58 of the Farm Vrisfewaag 510IR.

No intention existed at year-end to dispose of these properties and at the date of the publication of this summarised audited consolidated abridged financial statements report no formal heads of agreement have been drafted or agreed to by the parties. The group has however indicated its interest in the offers and is in the process of negotiating the terms to be agreed upon. Both properties will be disposed of inclusive of the rehabilitation provisions pertaining to each property respectively.

GOING CONCERN

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

The cash flow forecast and current management results indicates that the group will operate as a going concern for the foreseeable future.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the annual general meeting of the shareholders of Brikor will be held at Heidelberg Kloof Lodge, Heidelberg Kloof Estate, Stand 31, Heidelberg at 11:00 on 28th July 2017 (SA time) to deal with the business as set out in the notice of annual general meeting in the annual report.

DATE OF PUBLICATION OF THIS REPORT

Wednesday, January 18, 2017

G Parkin

Chief Executive Officer

Nigel

Wednesday, January 18, 2017

A Hanekom

Financial

director

CORPORATE INFORMATION

Directors: PM McDonald (Chairman)*; PS Moyanga (Lead independent director)^; G Parkin (CEO); A Hanekom (FD); L Hani^; CB 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

Facsimile: (011) 739 9021

Company secretary: CIS Company Secretaries (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