



BRIKOR LIMITED

("Brikor") or ("the Company") or ("the Group")

(Incorporated in the Republic of South Africa)

Registration number: 1998/013247/06

JSE code: BIK

ISIN: ZAE000101945

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL RESULTS

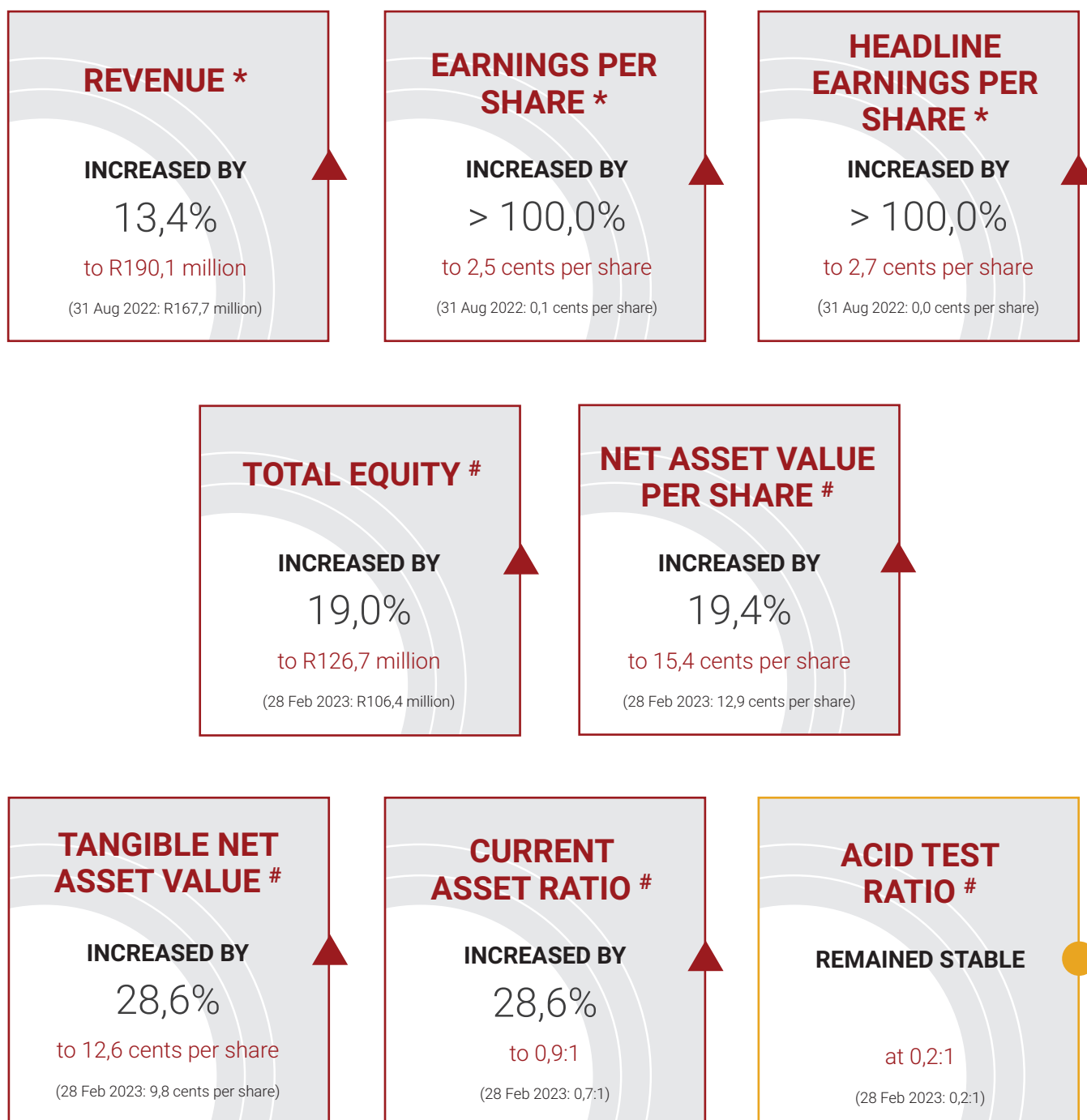
for the six months ended 31 August 2023



PREPARED BY:

The unaudited condensed consolidated interim financial results (“interim financial results” or “results”) for the six-month period ended 31 August 2023 were prepared by Joaret Botha CA(SA), Financial Director.

FINANCIAL INDICATORS



* Increase and/or decrease in financial indicators in comparison to the six-month period ended 31 August 2022.

Increase and/or decrease in financial indicators in comparison to the balances as at 28 February 2023.



COMMENTARY

OVERVIEW

Brikor is a diverse manufacturer and supplier of building and construction materials used across a broad spectrum of application from low-cost housing to residential, commercial, industrial, civil engineering and infrastructure projects. The Group operates through two segments, namely Bricks and Coal (the latter being through its wholly owned subsidiary, Ilangabi Investments 12 (Pty) Ltd).

The directors of Brikor Limited ("Brikor") are pleased to present the unaudited condensed consolidated interim results for the six months ended 31 August 2023. The Group delivered an exceptional performance for the period ended 31 August 2023, with profit before earnings from its associate increasing to R13,1 million (H1 F2023: loss before earnings from its associate of R1,7 million). The Group realised an overall profit of R20,2 million (H1 F2023 R0,6 million). The Group continued to focus on its commitment to reduce risk and support sustainability for its stakeholders.

DIRECTORS' RESPONSIBILITY

The directors take full responsibility for the preparation of the unaudited condensed consolidated interim financial results and confirm that the financial information has been correctly extracted from the underlying financial statements.

FINANCIAL OVERVIEW

Revenue increased to R190,1 million (H1 F2023: R167,7 million) for the reporting period, with the Group realising a profit before earnings from its associate of R13,1 million (H1 F2023: loss of R1,7 million). The investment in associate contributed positive returns of R7,2 million (H1 F2023: R2,3 million) to the profit for the reporting period.

REVENUE

Bricks segment

Revenue in the Bricks segment increased by 16,6% to R132,5 million (H1 F2023: R113,7 million). The Bricks segment continued to perform at exceptional levels during the reporting period. The increase in revenue was a direct result of Brikor's exceptional sales team combined with the availability and quality of saleable products. Adequate planning, sufficient inventory levels and continued focus on efficiencies in the production process have also contributed to the availability of saleable product and the resultant increase in revenue.

Coal segment

Revenue in the Coal segment increased by 6,6% to R57,6 million (H1 F2023: R54,0 million). The increase in revenue was mainly as a result of an inflationary increase in selling prices with sales quantities being in line with the previous reporting period.

GROSS PROFIT

Overall, gross profit increased by 126,2% to R52,1 million (H1 F2023: R23,0 million) with the gross profit percentage increasing to 27,4% (H1 F2023: 13,7%).

Bricks segment

Gross profit in the Bricks segment increased by 67,1% to R40,8 million (H1 F2023: R24,4 million) with the gross profit percentage increasing to 30,8% (H1 2023: 21,5%). Gross profit increased as a direct result of the increase in revenue, whilst production and operating costs remained stable.

Coal segment

Gross profit in the Coal segment increased significantly to R11,4 million (H1 2023: gross loss of R1,4 million). During the reporting period, the Group entered into a mining consulting service agreement in order to improve its current mining operations. The stripping activities performed during this period exposed a significant portion of coal which resulted in an increase in work in progress. The increased work in progress resulted in a credit to cost of sales which, together with the increase in revenue, yielded higher gross profits for the Coal segment.

COMMENTARY

(continued)

OPERATING PROFIT BEFORE INTEREST, TAXATION AND EARNINGS FROM ASSOCIATE

The Group realised an operating profit before interest, taxation and earnings from associate of R26,8 million (H1 F2023: R1,3 million). The Bricks segment realised an operating profit before interest and taxation R17,1 million (H1 F2023: R12,1 million), whilst the Coal segment realised an operating profit before interest and taxation of R9,8 million (H1 F2023: operating loss before interest and taxation of R10,8 million).

Other income, administrative expenses, distribution and other expenses increased by 16,6% in comparison to the previous corresponding reporting period. The increase in administrative expenses was attributable to professional, legal and secretarial fees incurred in respect of the acquisition of securities by Nikkel Trading 392 (Pty) Ltd and subsequent offer to minority shareholders as well as the contract mining and coal off-take agreement.

EARNINGS PER SHARE AND HEADLINE EARNINGS PER SHARE

Earnings per share increased by 2 400,0% to 2,5 cents per share (H1 F2023: 0,1 cents per share), mainly due to the significant increase in profit for the reporting period. Profit for the period increased as a direct result of increased revenue in the Bricks segment, whilst production and operating costs remained stable. Headline earnings per share increased by 100,0% to 2,7 cents per share (H1 F2023: 2,7 cents per share).

NET ASSET AND TANGIBLE ASSET VALUES

The net asset value per share increased by 19,4% to 15,4 cents per share (28 February 2023: 12,9 cents per share), and the net tangible asset value per share increased by 28,6% to 12,6 cents per share (28 February 2023: 9,8 cents per share).

CAPITAL EXPENDITURE

No major capital investments were made during the current reporting period.

GOING CONCERN

The unaudited condensed consolidated interim financial results for the six-month period ended 31 August 2023 have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that adequate cash is generated by operations and the necessary funds be available to finance future operations and that the realisation of the sale of assets, settlement of liabilities, contingent obligations and commitments occur in the ordinary course of business. 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 indicate that the Group will operate as a going concern for the foreseeable future – refer to note 13.

DIVIDEND

No dividend has been declared for the six months ended 31 August 2023.

LITIGATION

Further particulars relating to litigation in which the Group is involved are disclosed in note 10.

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 and practices (as applicable to Brikor), set out in the King Report of Corporate Governance for South Africa – 2016 (King IV™), are implemented on an apply and explain basis.



COMMENTARY

(continued)

CORPORATE ACTIVITY

Corporate activities during and after the reporting period relate to the following three activities:

1. Acquisition of securities by Nikkel Trading 392 (Pty) Ltd ("NT392") and offer to minority shareholders;
2. Interim mining consulting services agreement; and
3. Contract mining and coal off-take agreement, including a Circular to shareholders with regards to the proposed related party transaction.

ACQUISITION OF SECURITIES AND OFFER TO MINORITY SHAREHOLDERS

As announced on SENS on 17 April 2023 and further cautionary announcements published on 1 March 2023, 21 February 2023, 10 January 2023, 30 November 2022 and 20 October 2022, respectively, shareholders were advised that NT392 had entered into written agreements with some of the major Brikor shareholders to acquire in aggregate Brikor shares, constituting 67,7% of the entire issued share capital of Brikor, at a price of 17 cents per Brikor share, in two tranches.

On 17 April 2023, Brikor received formal notification in the prescribed form that NT392 had acquired further shares in Brikor resulting in them owning 34,2% of the entire issued share capital of Brikor. The acquisition of further Brikor shares was conditional on a number of suspensive conditions, including, *inter alia*, regulatory approval from the Competition Authorities.

On 4 August 2023, shareholders were advised that regulatory approval for the intermediate joint merger filing between NT392 and Brikor had been received from the Competition Commission with certain conditions. NT392 confirmed in writing that the conditions were acceptable to them and, therefore, the suspensive conditions for the further acquisition of Brikor shares had been fulfilled.

A Firm Intention Announcement was released on SENS on 12 September 2023 ("Firm Intention Announcement") and the further announcements dated 10 October 2023 and 16 October 2023, respectively, in which it was advised that NT392 had acquired additional Brikor shares at a price of 17 cents per Brikor share so that NT392 now owns 68,01% of the entire issued share capital of Brikor.

In the Firm Intention Announcement shareholders were advised that as NT392 acquired more than 35% of the entire issued share capital of the Company, NT392 is required to make a mandatory offer to all the remaining shareholders of the Company ("Mandatory Offer") pursuant to section 123 of the Companies Act, No.71 of 2008 ("Companies Act"), for a cash offer consideration of 17 cents per Brikor ordinary share ("Offer Consideration").

Shareholders are also referred to the announcement released on SENS on 16 October 2023 in which shareholders were advised that an extension was granted by the Takeover Regulation Panel ("TRP") for the distribution of the offer circular in relation to the Mandatory Offer ("Circular") until 8 November 2023. Shareholders are advised that the TRP has, on application, granted a further extension of 15 business days to the posting date of the Circular, such that the Circular must be issued on or around 29 November 2023.

At the date of this report, the Circular together with the Independent Expert's report have not yet been issued.

INTERIM MINING CONSULTING SERVICES AGREEMENT

TCQ Mining and Brikor have, with effect from 20 June 2023, entered into a three-month interim mining consulting services agreement ("Interim consulting agreement") for an amount of R13,7 million, for the purposes of advising and supporting Brikor in improving its current mining operations.

The interim consulting agreement is a service agreement and, therefore, no assets are the subject of this agreement and no profits are attributable to the assets.

The value of the interim consulting agreement is less than 10% of Brikor's market capitalisation and, therefore, in terms of section 10.6(b) read with section 21.12 (a) of the JSE Listings Requirements, it is not regarded as a related party transaction and shareholders' approval was, therefore, not required.

COMMENTARY

(continued)

CONTRACT MINING AND COAL OFF-TAKE AGREEMENT

As announced on SENS on 3 July 2023, shareholders were advised that Brikor had entered into a contract mining and coal purchase agreement ("the Agreement") on 30 June 2023 with TCQ Mining (Pty) Ltd ("TCQ Mining"), a wholly owned subsidiary of Nikkel Trading 392 (Pty) Ltd ("NT392"), Ilangabi Investments 12 (Pty) Ltd ("Ilangabi"), and Kopanela Mining (Pty) Ltd ("Kopanela"), a subsidiary of Brikor, in terms of which:

- (i) TCQ Mining will provide contract mining services to Brikor; and
- (ii) Brikor, Ilangabi and Kopanela will sell all coal mined by TCQ Mining in on or under the Grootfontein Mining Area and the Vlakfontien Mining Area as defined below. ("the Transaction").

NT392 is a material shareholder in Brikor and the Transaction, accordingly, constitutes a related party transaction in terms of the JSE Listings Requirements.

The Transaction was a category 1 transaction in terms of section 9 of the JSE Listing Requirements and required a circular to be sent to shareholders and approval by shareholders of the Transaction. The Transaction was also a related party transaction in terms of section 10.1 of the JSE Listing Requirements, as Nikkel Trading is a material shareholder of Brikor, and subject to all the provisions of section 10.4 of the JSE Listing Requirements.

The Circular was posted to shareholders subsequent to the reporting date. The Transaction was approved by shareholders on 18 October 2023.

EVENTS AFTER THE REPORTING DATE

Refer to note 12, Subsequent events, for further details regarding the related party transaction and the Circular posted to shareholders.

PROSPECTS AND OPPORTUNITIES

The Bricks segment is still performing exceptionally and the outlook for the remainder of the year remains positive. The Coal segment is expected to make a positive contribution for the remainder of the year and we look forward to capitalising on the benefits of the contract mining and coal off-take agreement.

The Board remains confident about the potential which can be unlocked from the Group in order to create value for stakeholders and capitalise on synergies between various entities within the Group.

For and on behalf of the Board of Directors

Allan Pellow

Independent Non-Executive Chairperson

Garnett Parkin

Chief Executive Officer

Joaret Botha

Financial Director

Nigel

20 November 2023



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 August 2023

	Notes	Unaudited as at 31 August 2023 R'000	Unaudited as at 31 August 2022 R'000	Audited as at 28 February 2023 R'000
ASSETS				
Non-current assets		219 055	172 104	217 023
Property, plant and equipment		114 202	60 169	109 908
Intangible assets		3 582	3 516	3 731
Restricted financial assets	2	19 729	25 318	26 696
Investment in associate	3	62 081	58 407	54 906
Deferred tax asset	4	19 461	24 694	21 782
Current assets		99 125	105 658	93 120
Inventories	5	72 331	57 448	63 787
Trade and other receivables		26 375	34 762	27 582
Cash and cash equivalents		183	12 166	463
Taxation		236	1 282	1 288
Assets held-for-sale		4 792	4 608	4 792
Total assets		322 972	282 370	314 935
EQUITY AND LIABILITIES				
Equity attributable to equity holders of the Company		126 673	112 902	106 426
Stated capital		257 192	257 192	257 192
Accumulated loss		(130 519)	(144 290)	(150 766)
Total liabilities		196 299	169 468	208 509
Non-current liabilities		79 808	64 794	84 365
Lease liability	6	11 829	638	13 517
Vendor loans	7	4 094	8 908	6 720
Loans and borrowings	8	5 745	939	8 013
Provisions for environmental restoration		55 387	54 309	55 166
Deferred tax liability	4	2 753	–	949
Current liabilities		113 743	102 266	121 552
Short-term portion of lease liability	6	11 523	2 507	18 863
Short-term portion of shareholders' loans		–	4 405	2 017
Short-term portion of vendor loans	7	5 307	5 325	5 125
Short-term portion of loans and borrowings	8	6 514	1 193	9 974
Trade and other payables		77 642	78 804	75 572
Taxation		7 614	6 120	6 355
Bank overdraft		5 143	3 912	3 646
Liabilities directly associated with assets held-for-sale		2 748	2 408	2 592
Total equity and liabilities		322 972	282 370	314 935

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 31 August 2023

	Notes	Unaudited 6 months ended 31 August 2023 R'000	Unaudited 6 months ended 31 August 2022 R'000	Audited year ended 28 February 2023 R'000
Revenue		190 078	167 689	311 733
Cost of sales		(137 958)	(144 646)	(261 218)
Gross profit		52 120	23 043	50 515
Other income		4 416	3 459	7 678
Administrative expenses		(23 767)	(18 329)	(35 851)
Distribution expenses		(4 233)	(4 263)	(8 193)
Other expenses		(1 719)	(2 566)	(4 251)
Operating profit before interest, taxation and earnings from associate		26 817	1 344	9 898
Finance income		70	216	425
Finance costs		(7 379)	(3 738)	(11 614)
Profit/(loss) before taxation and earnings from associate		19 508	(2 178)	(1 291)
Taxation		(6 436)	456	(3 406)
Profit/(loss) for the period before earnings from associate		13 072	(1 722)	(4 697)
Share of income from associate	3	7 175	2 330	(1 171)
Profit/(loss) for the period		20 247	608	(5 868)
Total comprehensive income for the period attributable to owners of the Company		20 247	608	(5 868)
		Cents	Cents	Cents
EARNINGS PER SHARE	9			
Basic and diluted earnings per share		2,5	0,1	(0,7)
Headline and diluted headline earnings per share		2,7	0,0	(0,1)



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 31 August 2023

	Unaudited 6 months ended 31 August 2023 R'000	Unaudited 6 months ended 31 August 2022 R'000	Audited year ended 28 February 2023 R'000
Stated capital	273 092	273 092	273 092
Treasury shares	(15 900)	(15 900)	(15 900)
Accumulated loss at the beginning of the period	(150 766)	(144 898)	(144 898)
Total comprehensive income for the period	20 247	608	(5 868)
Total	126 673	112 902	106 426

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 31 August 2023

	Unaudited 6 months ended 31 August 2023 R'000	Unaudited 6 months ended 31 August 2022 R'000	Audited year ended 28 February 2023 R'000
Cash flows from operating activities	12 597	6 895	11 101
Cash generated from operations	18 050	8 528	16 844
Finance income	70	214	368
Finance costs	(5 523)	(1 847)	(6 111)
Cash flows from/(to) investing activities	2 264	978	(2 479)
Additions to property, plant and equipment	(2 772)	(889)	(4 928)
Proceeds on disposal of plant and equipment	1 261	2 189	3 106
Additions to intangible assets	(37)	(510)	(845)
Proceeds from restricted financial assets	3 812	188	188
Cash flows to financing activities	(16 638)	(4 782)	(16 968)
Lease capital repayments	(6 446)	(2 165)	(7 269)
Loans received	-	2 500	2 500
Loans and borrowings repaid	(5 730)	(369)	(2 675)
Vendor loans repaid	(2 445)	(2 442)	-
Shareholders' loans repaid	(2 017)	(2 306)	(9 524)
Net increase/(decrease) in cash and cash equivalents	(1 777)	3 091	(8 346)
Cash and cash equivalents at beginning of the period	(3 183)	5 163	5 163
Cash and cash equivalents at end of the period	(4 960)	8 254	(3 183)

SEGMENT REVENUE AND RESULTS

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

SEGMENT PROFIT RECONCILIATION

	Bricks R'000	Coal R'000	Other* R'000	Total R'000
SIX MONTHS ENDED 31 AUGUST 2023 – UNAUDITED				
Total revenue	132 491	72 303	–	204 794
Intersegment revenue	–	(14 716)	–	(14 716)
Reportable segment revenue	132 491	57 587	–	190 078
– Clay products	112 184	1 850	–	114 034
– Coal	–	55 737	–	55 737
– Transportation services and ancillary products	20 307	–	–	20 307
Gross profit	40 751	11 369	–	52 120
Other income	1 159	3 257	–	4 416
Operating profit before interest and taxation	17 059	9 758	–	26 817
Segment assets and liabilities				
Segment assets	160 268	74 459	88 245	322 972
Segment liabilities	(112 829)	(53 765)	(29 705)	(196 299)
Other segment information				
Depreciation and amortisation included in cost of sales and operating expenditure	(3 995)	(6 547)	–	(10 542)
Additions to non-current assets	2 772	–	–	2 772
SIX MONTHS ENDED 31 AUGUST 2022 – UNAUDITED				
Total revenue	113 670	65 333	–	179 003
Intersegment revenue	–	(11 314)	–	(11 314)
Reportable segment revenue	113 670	54 019	–	167 689
– Clay products	95 108	71	–	95 179
– Coal	–	53 939	–	53 939
– Transportation services and ancillary products	18 562	9	–	18 571
Gross profit/(loss)	24 394	(1 351)	–	23 043
Other income	1 863	1 596	–	3 459
Operating profit/(loss) before interest and taxation	12 116	(10 772)	–	1 344
Segment assets and liabilities				
Segment assets	94 629	84 683	103 058	282 370
Segment current liabilities	(84 979)	(50 493)	(33 996)	(169 468)
Other segment information				
Depreciation and amortisation included in cost of sales and operating expenditure	(2 929)	(3 031)	–	(5 960)
Additions to non-current assets	820	69	–	889

* Other segment relates to non-segment-specific assets and liabilities which include the assets and liabilities classified as held-for-sale as well as investment in associates.



SEGMENT REVENUE AND RESULTS

(continued)

	Bricks R'000	Coal R'000	Other * R'000	Total R'000
YEAR ENDED 28 FEBRUARY 2023 – AUDITED				
Total revenue	211 625	122 034	–	333 659
Intersegment revenue	–	(21 926)	–	(21 926)
Reportable segment revenue	211 625	100 108	–	311 733
– Clay products	176 664	50	–	176 714
– Coal	–	99 990	–	99 990
– Transportation services and ancillary products	34 961	68	–	35 029
Gross profit	46 455	4 060	–	50 515
Other income	3 772	3 906	–	7 678
Operating profit/(loss) before interest and taxation	15 718	(5 820)	–	9 898
Segment assets and liabilities				
Segment assets	111 205	119 006	85 179	315 390
Segment current liabilities	(120 654)	(57 895)	(29 960)	(208 509)
Other segment information				
Depreciation and amortisation included in cost of sales and operating expenditure	(8 893)	(6 056)	–	(14 949)
Additions to non-current assets	21 645	38 687	–	60 332

* Other segment relates to non-segment-specific assets and liabilities which include the assets and liabilities classified as held-for-sale as well as investment in associates.

Factors used to identify segments are based on product line and divisional structuring. This is also how the Group reports financial results to the chief operating decision maker on a monthly basis.

The reportable segments are:

- Coal, which includes mining and sale of coal; and
- Bricks, which includes manufacturing and sale of bricks.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 1. Segment results include revenue and expenses directly related to an operating segment but excludes net finance charges and taxation which cannot be allocated to any specific segment. Segment trading profit is defined as operating profit, excluding items of capital nature, and is the basis on which management assesses performance.

Reportable segment revenue relates to external customers only. Revenue is derived solely from South African customers, within the region in which the Group is situated. Therefore, no additional geographical areas have been identified.

The Bricks and Coal segments are the only regulatory environments in which the Group operates, i.e., manufacturing and mining.

No individual customer contributed to more than 10% of the Group's revenue.

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

- all assets are allocated to reportable segments other than investment in associates, non-current assets held-for-sale, tax assets, deferred tax assets and cash and cash equivalents.
- all liabilities are allocated to reportable segments other than general borrowings, shareholders' loans, deferred taxation, taxation and bank overdraft facilities and liabilities associated with assets held-for-sale.

NOTES TO THE Unaudited condensed consolidated INTERIM FINANCIAL STATEMENTS

for the six months ended 31 August 2023

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements for the six months ended 31 August 2023 are prepared in accordance with the requirements of the JSE Listings Requirements for interim reports and the requirements of the Companies Act of South Africa. The Listings Requirements require interim reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the 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 unaudited condensed consolidated interim financial statements are in terms of IFRS and are consistent with those applied in the previous consolidated annual financial statements.

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

2. RESTRICTED FINANCIAL ASSETS

RESTRICTED INVESTMENTS

Liberty Life New Growth Rehabilitation Plan Trust at fair value through profit or loss

Included in restricted investments are financial assets that are designated at fair value through profit or loss because they are managed on a fair value basis. These investments are valued based on the observable market value of the underlying pool of equity investments as determined by the financial services provider at each reporting date. The fair value is calculated with reference to the underlying equity instruments.

The Liberty Life New Growth Rehabilitation Plant Trust is a dedicated environmental trust to fund the estimated cost of rehabilitation at the end of life of mine. The amounts contributed to these funds are included in non-current assets and are measured at fair value through profit or loss. Fair value gains or losses are taken directly to profit or loss under other income or other expenses.

The fair value of the restricted investments is quoted level 2 financial instruments.

Financial assets measured at amortised cost

Included in restricted financial assets are investments in Nedbank Limited and Leopont Rehabilitation Trust that are classified as financial assets measured at amortised cost. Measured at amortised cost financial assets are initially recognised at fair value plus any directly attributable transaction costs and are subsequently measured at amortised cost less any allowances for impairment losses.



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(continued)

for the six months ended 31 August 2023

2. RESTRICTED FINANCIAL ASSETS (continued)

Investment in Guardrisk Cell Captive – Funding of environmental rehabilitation activities

During the current year, the Group made a decision to change its method of providing for environmental rehabilitation from funding in a specific rehabilitation trust to financial guarantees, which is an allowed method in terms of the National Environmental Management Act. A new ring-fenced policy relating to the funds was concluded. In this regard the rehabilitation trust directly transferred a total amount of R25,4 million (inclusive of VAT) to the new ring-fenced policy with Guardrisk in terms of which Guardrisk issued rehabilitation financial guarantees. The funds are ring-fenced for the sole objective of future rehabilitation during and at the end of the relevant life of mine. All the required approvals for the change in method and transfer of the rehabilitation trust funds were obtained from the Department of Mineral Resources and Energy ("DMRE") and a thorough consideration of the tax and legal impacts were completed prior to the funds being transferred to Guardrisk.

Environmental rehabilitation payments to reduce the environmental rehabilitation obligations and ongoing rehabilitation expenditure are mostly funded by cash from operations.

Guardrisk has guarantees in issue amounting to R34,1 million to the DMRE on behalf of the Company related to the environmental obligations. The funds for environmental rehabilitation in the cell captive serve as collateral for these guarantees.

Funds invested in the Guardrisk Cell Captive, held within Guardrisk Insurance Company Limited or Guardrisk are non-derivative financial assets categorised as financial assets measured at fair value through profit or loss as the funds are invested by Guardrisk in liquid money market funds. These assets are initially measured at fair value and subsequent changes in fair value are recognised in profit or loss as they arise and are included in other income or other expenses. The investments in Guardrisk are for the sole use of environmental financial guarantees.

The investment in the Guardrisk Cell Captive is for the sole use as determined in the insurance policies and are, therefore, included in non-current assets.

	Unaudited 6 months ended 31 August 2023 R'000	Unaudited 6 months ended 31 August 2022 R'000	Audited year ended 28 February 2023 R'000
Liberty Life New Growth Rehabilitation Plan Trust	116	23 946	25 324
Opening balance	25 324	24 911	24 911
Unrealised net fair value (losses)/gains	148	(965)	413
Transfer to investment in Guardrisk Cell Captive	(25 356)	–	–
The proceeds from these funds are intended to fund environmental rehabilitation obligations and they are not available for general purposes of the Group.			
Investment in Guardrisk Cell Captive	18 241	–	–
Opening balance	–	–	–
Transfer to Guardrisk	22 049	–	–
Guarantees cancelled	(3 812)	–	–
Unrealised net fair value (losses)/gains	4	–	–
The proceeds from these funds are intended to fund environmental rehabilitation obligations and they are not available for general purposes of the Group.			
Leopont Rehabilitation Trust – Absa fixed deposit	1 372	1 372	1 372
The proceeds from these funds are intended to fund environmental rehabilitation obligations and they are not available for general purposes of the Group.			
	19 729	25 318	26 696

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(continued)

for the six months ended 31 August 2023

3. INVESTMENT IN ASSOCIATE

	Unaudited 6 months ended 31 August 2023 R'000	Unaudited 6 months ended 31 August 2022 R'000	Audited year ended 28 February 2023 R'000
Reconciliation of investment in associate			
1 March	54 906	56 077	56 077
Share of income from associate	7 175	2 330	(1 171)
	62 081	58 407	54 906

The sellers have granted Brikor an irrevocable right and option from the effective date until 30 April 2023 to call the remaining 60 shares in Zingaro Holdings (Pty) Ltd ("Zingaro") from the Sellers for a purchase consideration of R90 000 000 in the aggregate, which purchase consideration shall be discharged by the allotment and issue by Brikor of 600 000 000 ordinary shares in Brikor to the Sellers at an issue price of 15 cents per Brikor share, i.e., in exchange for a fixed number of Brikor shares.

The 40% acquisition of Zingaro is unconditional in all respects. Brikor did not elect to purchase the remaining 60 shares, as per the option agreement, before 30 April 2023 and continues to hold 40% shares in Zingaro.

Details of material associates

Based on the evaluation of the impairment indicators as per IAS 28 – Investment in Associates and Joint Ventures, management has not identified any impairment indicators. No impairment was, therefore, raised during the reporting period.

Zingaro Holdings had a 30 June year-end. The year-end has been changed to February during the 2022 financial year to be in line with the Group. Separate financial statements were compiled for the six months ended 31 August 2023, which were used in the preparation of these condensed consolidated interim financial statements.



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(continued)

for the six months ended 31 August 2023

3. INVESTMENT IN ASSOCIATE (continued)

Summarised financial information in respect of Brikor's associate, reflecting 100% of the underlying associate's relevant figures, is set out below. The summarised financial information shown represents amounts from the associate's financial statements that were prepared in accordance with IFRS.

	Unaudited 6 months ended 31 August 2023 R'000	Unaudited 6 months ended 31 August 2022 R'000	Audited year ended 28 February 2023 R'000
Non-current assets	267 179	263 198	228 207
Current assets	71 460	105 356	64 960
Non-current liabilities	(151 517)	(175 172)	(147 019)
Current liabilities	(87 355)	(85 571)	(57 470)
Non-controlling interest	1 946	(15 281)	(4 902)
<i>The above assets and liabilities include the following:</i>			
Cash and cash equivalents	10 144	15 062	14 022
Current financial liabilities	(74 586)	(71 491)	(40 255)
Non-current financial liabilities	(141 580)	(155 597)	(134 495)
Net assets	101 713	92 530	83 776
Brikor's ownership interest	40%	40%	40%

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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for the six months ended 31 August 2023

3. INVESTMENT IN ASSOCIATE (continued)

Summarised profit or loss in respect of Brikor's associate, reflecting 100% of the underlying associate's relevant figures for the six months ended 31 August 2023, including Group adjustments relating to alignment of accounting policies or fair value adjustments, is set out below.

	Unaudited 6 months ended 31 August 2023 R'000	Unaudited 6 months ended 31 August 2022 R'000	Audited year ended 28 February 2023 R'000
Revenue	108 276	110 646	204 030
Profit for the period	11 089	3 893	(15 240)
– Profit attributable to owners of the parent	17 938	5 826	(2 928)
– Profit attributable to non-controlling interest	(6 849)	(1 933)	(12 312)
Other comprehensive income for the period	–	–	–
Total comprehensive income for the period	11 089	3 893	(15 240)
– Total comprehensive income attributable to owners of the parent	17 938	5 826	(2 928)
– Total comprehensive income attributable to non-controlling interest	(6 849)	(1 933)	(12 312)
<i>The above profit for the period includes the following:</i>			
Depreciation	7 159	7 256	13 418
Interest income	48	163	1 369
Finance cost	5 512	4 488	10 408
Taxation expense	5 255	1 952	5 099



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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for the six months ended 31 August 2023

4. DEFERRED TAX ASSET/(LIABILITY)

	Unaudited 6 months ended 31 August 2023 R'000	Unaudited 6 months ended 31 August 2022 R'000	Audited year ended 28 February 2023 R'000
Reconciliation of deferred tax asset			
At beginning of the period	21 782	25 069	25 069
Originating and reversing temporary differences	3 099	787	200
Calculated tax losses (utilised)/created	(5 420)	(3 523)	(3 487)
	19 461	22 333	21 782
Deferred tax asset			
<i>Comprising:</i>			
Property, plant and equipment	1 392	17	154
Provisions	10 176	8 843	8 843
Payments received in advance	714	835	1 775
Leases	(84)	(9)	(1 673)
Contributions to rehabilitation trust funds	(1 335)	(1 335)	(1 335)
Calculated tax losses	8 598	13 982	14 018
	19 461	22 333	21 782

The Group does not have any unrecognised deferred tax assets relating to assessed losses for any of the reporting periods disclosed above. Included in the assessed loss balance carried forward from the previous financial years is an amount of R13 million relating to a reduced assessment on the income tax assessment for the 2020 financial year. The case is still open for finalisation with SARS. Management is not in agreement with the difference and has submitted all necessary documentation to SARS.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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for the six months ended 31 August 2023

4. DEFERRED TAX ASSET/(LIABILITY) (continued)

DEFERRED TAX ASSET RECOVERABILITY ANALYSIS

The following table is the analysis of the movement of the deferred tax asset over the last four and a half years:

	Unaudited 6 months ended 31 August 2023 R'000	Audited year ended 28 February 2023 R'000	Audited year ended 28 February 2022 R'000	Audited year ended 29 February 2021 R'000	Audited year ended 28 February 2020 R'000
Calculated tax losses					
Opening balance	14 018	17 505	20 993	22 161	21 640
(Utilised)/created	(5 420)	(3 487)	(3 488)	(1 168)	521
Closing balance calculated tax losses	8 598	14 018	17 505	20 993	22 161
Temporary differences					
Opening balance	7 764	7 564	6 473	5 530	5 197
(Utilised)/created	3 099	200	1 091	943	333
Closing balance temporary differences	10 863	7 764	7 564	6 473	5 530
Total deferred tax asset	19 461	21 782	25 069	27 466	27 691

Current period taxable profits yielded a decrease in the deferred tax asset of R5,4 million whereas current temporary differences yielded an increase in the deferred tax asset of R3,1 million.

Management's current forward-looking budgets and forecast have determined that the deferred tax asset's recoverability remained probable and it is expected to be recovered in approximately five to eight years.



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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for the six months ended 31 August 2023

4. DEFERRED TAX ASSET/(LIABILITY) (continued)

	Unaudited 6 months ended 31 August 2023 R'000	Unaudited 6 months ended 31 August 2022 R'000	Audited year ended 28 February 2023 R'000
Reconciliation of deferred tax asset/(liability)			
At beginning of the period	(949)	(830)	(830)
Originating and reversing temporary differences	(22)	574	(119)
Calculated tax losses (utilised)/created	(1 782)	2 617	–
	(2 753)	2 361	(949)
Deferred tax asset			
<i>Comprising:</i>			
Property, plant and equipment	(3 337)	(4 194)	(3 285)
Provisions	4 852	5 062	4 823
Contributions to rehabilitation trust funds	(4 635)	(4 635)	(4 635)
Calculated tax losses	367	6 128	2 148
	(2 753)	2 361	(949)

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(continued)

for the six months ended 31 August 2023

5. INVENTORIES

	Unaudited 6 months ended 31 August 2023 R'000	Unaudited 6 months ended 31 August 2022 R'000	Audited year ended 28 February 2023 R'000
Raw materials	5 128	210	1 102
Work in progress	37 670	33 356	30 233
Finished goods	27 158	21 904	29 772
Consumables	2 375	1 978	2 680
	72 331	57 448	63 787

Impairments

Inventory totalling R14,8 million was written down to their net realisable value of R11,7 million during the six months ended 31 August 2023. There were no net realisable value adjustments during the six months ended 31 August 2022 or for the year ended 28 February 2023.



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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for the six months ended 31 August 2023

6. LEASE LIABILITY

	Unaudited 6 months ended 31 August 2023 R'000	Unaudited 6 months ended 31 August 2022 R'000	Audited year ended 28 February 2023 R'000
Lease liability – Manitou	3 304	3 145	5 244
The first lease commenced on 15 January 2021 until 15 January 2023. During February 2022 and February 2023, the Group entered into additional leases for another 24-month period. The Group has the intention to rent the equipment for the entire lease term. Lease payments as per the contract were used in determining the lease liability and right-of-use asset.			
When measuring the lease liabilities and right-of-use assets relating to the forklifts, the Group discounted the lease payments using the incremental borrowing rate at 1 February 2021, 1 February 2022 and 1 February 2023, respectively, being the prime interest rate plus 0,98%.			
Lease liability – Boutique Leasing Company (Pty) Ltd (“BLC”)	18 095	–	21 876
During October 2022, the Group entered into a lease agreement with BLC where the Group rents mining equipment for a period of 36 months and motor vehicles for a period of 60 months on a rent-to-own basis. The Group has the intention to rent the equipment for the entire lease term after which ownership of the equipment and motor vehicles will transfer to the Group. The interest rate implicit in the lease ranges between 7,95% and 16,7%.			
Lease liability – Goscor Finance (Pty) Ltd (“Goscor”)	1 953	–	5 260
During November 2022, the Group entered into a lease agreement with Goscor where the Group rents mining equipment for a period of 36 months on a rent-to-own basis. The Group has the intention to rent the equipment for the entire lease term after which ownership of the equipment will transfer to the Group. The interest rate implicit in the lease is 17,1%.			
	23 352	3 145	32 380
Presented as:			
Non-current liabilities	11 829	638	13 517
Current liabilities	11 523	2 507	18 863
	23 352	3 145	32 380
Reconciliation of lease liability			
Balance at 1 March	32 380	5 312	5 312
Additions to right-of-use assets	–	–	34 337
Leases cancelled	(2 582)	–	–
Lease payments	(8 634)	(2 348)	(9 297)
Interest expenses	2 188	181	2 028
	23 352	3 145	32 380

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(continued)

for the six months ended 31 August 2023

7. VENDOR LOANS

	Unaudited 6 months ended 31 August 2023 R'000	Unaudited 6 months ended 31 August 2022 R'000	Audited year ended 28 February 2023 R'000
Acquisition of Zingaro Holdings (Pty) Ltd on 2 March 2021 through the following loan accounts:			
Loan – EJ Mac Master			
Opening balance	3 949	5 559	5 559
Add: Interest	186	186	390
Less: Payments	(1 000)	(1 000)	(2 000)
	3 135	4 745	3 949
Loan – L Mac Master			
Opening balance	3 948	5 558	5 558
Add: Interest	185	186	390
Less: Payments	(1 000)	(1 000)	(2 000)
	3 133	4 744	3 948
Loan – PB Buys			
Opening balance	3 948	5 558	5 558
Add: Interest	185	186	390
Less: Payments	(1 000)	(1 000)	(2 000)
	3 133	4 744	3 948
Total vendor loans	9 401	14 233	11 845
The above loans bear interest at the prime rate less 1%, calculated and compounded quarterly in arrears with effect from the effective date until the date upon which the subject loan has been repaid in full to the sellers. The respective loans are payable in monthly instalments of R0,2 million (including capital and interest) each. The subject loan outstanding as at the fifth anniversary of the effective date shall be paid by Brikor to the sellers within 10 business days after the fifth anniversary of the effective date. In addition, Brikor has the right to repay the outstanding subject loan from time to time in greater instalments and more frequently.			
Presented as:			
Non-current liabilities			
At amortised cost	4 094	8 908	6 720
Current liabilities			
At amortised cost	5 307	5 325	5 125
	9 401	14 233	11 845



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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for the six months ended 31 August 2023

8. LOANS AND BORROWINGS

	Unaudited 6 months ended 31 August 2023 R'000	Unaudited 6 months ended 31 August 2022 R'000	Audited year ended 28 February 2023 R'000
Loan – C Sardinha			
Ilangabi Investments 12 (Pty) Ltd entered into a loan agreement with C Sardinha during April 2022. The loan is repayable in monthly instalments of R0,1 million and interest is charged at 8%, compounded monthly.			
Loans at 1 March	1 768	2 500	2 500
<i>Add: Interest</i>	64	72	148
<i>Less: Payments</i>	(550)	(440)	(880)
	1 282	2 132	1 768
Instalment Sale Agreement – Nedbank Limited			
The Company entered into an instalment sale agreement with Nedbank during October 2022 for the purchase of two LOVOL excavators. Interest is charged at the prime rate plus 0,85%, compounded monthly in arrears, and the loan is repayable in monthly instalments of R0,2 million over a period of 60 months. Ownership in the assets will remain vested in the bank until all amounts due have been paid.			
Loans at 1 March	9 653	–	9 774
<i>Add: Interest</i>	450	–	402
<i>Less: Payments</i>	(3 015)	–	(523)
	7 088	–	9 653
Instalment Sale Agreement – CNH Industrial and Construction SA (Pty) Ltd (“CNH”)			
Loans at 1 March	6 566	–	8 177
<i>Add: Interest</i>	348	–	394
<i>Less: Payments</i>	(3 025)	–	(2 005)
	3 889	–	6 566
	12 259	–	17 987
Presented as:			
Non-current liabilities			
At amortised cost	5 745	939	8 013
Current liabilities			
At amortised cost	6 514	1 193	9 974
	12 259	2 132	17 987

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(continued)

for the six months ended 31 August 2023

9. EARNINGS PER SHARE

	Unaudited 6 months ended 31 August 2023 R'000	Unaudited 6 months ended 31 August 2022 R'000	Audited year ended 28 February 2023 R'000
Basic and diluted profit	20 247	608	(5 868)
(Profit)/loss on disposal of property, plant and equipment *	(861)	(686)	(962)
Impairment of assets *	3 085	–	(183)
Loss on scrapping of property, plant and equipment *	7	67	386
Loss on disposal of property, plant and equipment by associate (net of tax)	–	–	5 448
Headline and diluted headline profit	22 478	(11)	(1 179)

* These reconciling items do not have related tax implications and, therefore, only the gross amounts are taken into account in the reconciliation.

Number of shares

	Unaudited 6 months ended 31 August 2023 '000	Unaudited 6 months ended 31 August 2022 '000	Audited year ended 28 February 2023 '000
Weighted average number of shares	822 342	822 342	822 342
Diluted weighted average number of shares	822 342	822 342	822 342



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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for the six months ended 31 August 2023

10. CONTINGENCIES

CONTINGENT LIABILITIES

Environmental rehabilitation

The Group's operations are located in Nigel and are in close proximity to the Blesbokspruit watercourse (the Blesbokspruit watercourse is classified as a RAMSAR site in terms of the RAMSAR convention on wetlands of international importance). The precise particulars of the operations' 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 Blesbokspruit watercourse, and allowing for the current rehabilitation approach that was consistently applied for Vlakfontein, Plant 1 and Plant 3, further analysis and monitoring would be required in assessing the potential future impact on water quality that might occur, after the closure.

The proximity assessment and results from the water monitoring are 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. In addition, the nature and extent for the direction of surface run-off still need to be fully understood. The cost determination of water quality-related effects and water use requirements (in terms of the National Water Act) remain uncertain at this stage and cannot be reasonably quantified.

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

Pending court cases

Court case 1

Ilangabi Investments 12 (Pty) Ltd is currently a party to a litigation process instituted against the company as a result of events dating back to 2015. The case has been ongoing for the past seven years and management is of the opinion that it is not likely that the case would result in a material outflow of economic benefits. The case has been submitted to the High Court and the outcome as well as potential financial impact cannot be measured reliably at the date of these condensed consolidated interim financial statements.

The above action has been defended and a plea has been delivered on behalf of Ilangabi and both parties have made discovery. Pleadings have closed and discovery has been made by both parties. The next steps will be convening a pre-trial conference. It remains difficult to estimate the costs that will be associated with the case due to pre-trial preparation that will be required, should the plaintiffs pursue the matter to trial. No changes occurred since the previous reporting period.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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for the six months ended 31 August 2023

11. RELATED PARTIES

IDENTIFICATION OF MATERIAL RELATED PARTIES

Shareholders of Brikor Limited (Company) holding 5% or more of issued share capital at 25 August 2023:

Nikkel Trade 392 (Pty) Ltd	34,23%
E Meiring	15,39%
G Parkin	12,78%

Subsidiaries

Ilangabi Investments 12 (Pty) Ltd is the only significant subsidiary of the Group, is wholly-owned and is incorporated and operates in South Africa only.

The only restrictions applicable to the Group and its subsidiaries relate to the provision of inter-company financial assistance as well as provision of financial assistance to related and inter-related parties of the Company. Special resolutions to effect these matters have not been approved by 75% of the shareholders at the previous Annual General Meeting.

Relationships	Related director/shareholder
<i>Entities controlled by directors and/or significantly influenced by a shareholder</i>	
Elgar Share Trust	E Parkin, G Parkin
Zingaro Holdings (Pty) Ltd	E Mac Master, L Mac Master, P Buys
Zingaro Trade 85 (Pty) Ltd	E Mac Master, PZ Mtethwa
TCQ Mining (Pty) Ltd	Nikkel Trade 392 (Pty) Ltd
Scarletkor (Pty) Ltd	Nikkel Trade 392 (Pty) Ltd



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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for the six months ended 31 August 2023

11. RELATED PARTIES (continued)

		Unaudited 6 months ended 31 August 2023 R'000	Unaudited 6 months ended 31 August 2022 R'000	Audited year ended 28 February 2023 R'000
RELATED PARTY BALANCES				
Loan accounts – owing to related parties				
Estate late GvN Parkin		–	(4 405)	(2 017)
<i>Unsecured, interest at 7,59% p.a., monthly repayments of R0,4 million.</i>				
E Mac Master		(3 135)	(4 745)	(3 949)
<i>Bears interest at the prime rate less 1%, calculated and compounded quarterly in arrears. The loan is payable in monthly instalments of R0,2 million (including capital and interest).</i>				
L Mac Master		(3 133)	(4 744)	(3 948)
<i>Bears interest at the prime rate less 1%, calculated and compounded quarterly in arrears. The loan is payable in monthly instalments of R0,2 million (including capital and interest).</i>				
PB Buys		(3 133)	(4 744)	(3 948)
<i>Bears interest at the prime rate less 1%, calculated and compounded quarterly in arrears. The loan is payable in monthly instalments of R0,2 million (including capital and interest).</i>				
Amounts included in trade and other receivable/(trade and other payables) regarding related parties				
Scarlett Sun 33 (Pty) Ltd	Surface rights	–	(228)	(168)
Zingaro Holdings (Pty) Ltd	Bricks and rental income	273	180	207
Zingaro Trade 85 (Pty) Ltd	Coal and diesel	2 377	2 377	2 377
Zingaro Trade 85 (Pty) Ltd	Machinery rentals and transport	(1 927)	(1 927)	(1 927)
Zingaro Holdings (Pty) Ltd	Machinery rentals and transport	(3 544)	(8 785)	(3 131)
Scarletkor (Pty) Ltd	Surface rights	(273)	–	–
TCQ Mining (Pty) Ltd	Mining Consulting Services	(10 120)	–	–

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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for the six months ended 31 August 2023

11. RELATED PARTIES (continued)

		Unaudited 6 months ended 31 August 2023 R'000	Unaudited 6 months ended 31 August 2022 R'000	Audited year ended 28 February 2023 R'000
Related party transactions				
<i>Interest paid</i>				
Estate late GvN Parkin	On loan account	(36)	(207)	(331)
E Mac Master	On loan account	(186)	(186)	(390)
L Mac Master	On loan account	(185)	(186)	(390)
PB Buys	On loan account	(185)	(186)	(390)
<i>Purchases from related parties</i>				
Scarlett Sun 33 (Pty) Ltd	Surface rights	(798)	(1 036)	(2 176)
Zingaro Trade 85 (Pty) Ltd	Machinery rentals and transport	-	(40)	(40)
Zingaro Holdings (Pty) Ltd	Transport	(8 330)	(20 760)	(28 397)
Scarletkor (Pty) Ltd	Surface rights	(1 286)	-	-
TCQ Mining (Pty) Ltd	Mining Consulting Services	(8 800)	-	-
<i>Sales to related parties</i>				
Zingaro Holdings (Pty) Ltd	Bricks	-	74	780
Zingaro Holdings (Pty) Ltd	Rental income	(436)	399	-
Zingaro Trade 85 (Pty) Ltd	Coal and diesel	-	1 257	-



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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for the six months ended 31 August 2023

12. SUBSEQUENT EVENTS

ACQUISITION OF SECURITIES AND OFFER TO MINORITY SHAREHOLDERS

Shareholders are referred to the Firm Intention Announcement released on SENS on 12 September 2023 ("Firm Intention Announcement") and the further announcements dated 10 October 2023 and 16 October 2023, respectively, in which it was advised that Nikkel Trading 392 (Pty) Ltd ("NT392") had acquired additional Brikor shares at a price of 17 cents per Brikor share so that NT392 now owns 68,01% of the entire issued share capital of Brikor.

In the Firm Intention Announcement shareholders were advised that as NT392 acquired more than 35% of the entire issued share capital of the Company, NT392 is required to make a mandatory offer to all the remaining shareholders of the Company ("Mandatory Offer") pursuant to section 123 of the Companies Act, No.71 of 2008 ("Companies Act"), for a cash offer consideration of 17 cents per Brikor ordinary share ("Offer Consideration").

Shareholders are also referred to the announcement released on SENS on 16 October 2023 in which shareholders were advised that an extension was granted by the Takeover Regulation Panel ("TRP") for the distribution of the offer circular in relation to the Mandatory Offer ("Circular") until 8 November 2023. Shareholders are advised that the TRP has, on application, granted a further extension of 15 business days to the posting date of the Circular, such that the Circular must be issued on or around 29 November 2023.

At the date of this report, the Circular together with the Independent Expert's report have not yet been issued.

CONTRACT MINING AND COAL OFF-TAKE AGREEMENT

As announced on SENS on 3 July 2023, shareholders were advised that Brikor had entered into a contract mining and coal purchase agreement ("the Agreement") on 30 June 2023 with TCQ Mining (Pty) Ltd ("TCQ Mining"), a wholly owned subsidiary of NT392, Ilangabi Investments 12 (Pty) Ltd ("Ilangabi"), and Kopanela Mining (Pty) Ltd ("Kopanela"), a subsidiary of Brikor, in terms of which:

- (i) TCQ Mining will provide contract mining services to Brikor; and
- (ii) Brikor, Ilangabi and Kopanela will sell all coal mined by TCQ Mining in, on or under the Grootfontein Mining Area and the Vlakfontien Mining Area as defined below. ("the Transaction").

NT392 is a material shareholder in Brikor and the Transaction, accordingly, constitutes a related party transaction in terms of the JSE Listings Requirements. The Transaction was a category 1 transaction in terms of section 9 of the JSE Listings Requirements and required a circular to be sent to shareholders and approval by shareholders of the Transaction. The Transaction was also a related party transaction in terms of section 10.1 of the JSE Listings Requirements, as NT392 is a material shareholder of Brikor, and subject to all the provisions of section 10.4 of the JSE Listing Requirements.

The Circular was posted to shareholders subsequent to the reporting date. The Transaction was approved by shareholders on 18 October 2023.

OTHER

Other than as disclosed above, management is not aware of any material events, which occurred subsequent to 31 August 2023, which require additional adjustment or disclosures.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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for the six months ended 31 August 2023

13. GOING CONCERN

The Group incurred a profit for the six months ended 31 August 2023 of R20,2 million (six months ended 31 August 2022: R0,6 million) and as of that date the Group is solvent as total assets exceeded total liabilities by R126,7 million (28 February 2023: R106,4 million).

The Group's current liabilities exceeded the current asset by R14,6 million as at 31 August 2023 in comparison to R28,4 million as at 28 February 2023, indicating significant improvement during the past six months.

A detailed analysis of the solvency and liquidity of the Group was performed, being cognisant of the current economic environment, high inflation and interest rates as well as increase in diesel and other input costs. The directors considered the financial performance of the Group to date of this report and have also prepared and interrogated budgets and cash flow forecasts for the twelve months subsequent to the reporting date. Based on the assessment, no material uncertainties have been identified in relation to the ability of the Group to remain a going concern for at least the next twelve months. The directors, thus, believe that the Group is in a sound financial position and that it will continue to operate as a going concern for the foreseeable future.

As such, the interim financial results have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

14. DIRECTORS' EMOLUMENTS

	Unaudited 6 months ended 31 August 2023 R'000	Unaudited 6 months ended 31 August 2022 R'000	Audited year ended 28 February 2023 R'000
Executive directors			
Short-term employee benefits	4 079	2 973	5 619
Non-executive directors			
Short-term fees	654	446	1 009



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for the six months ended 31 August 2023

15. SALIENT FEATURES

	Unaudited 6 months ended 31 August 2023 R'000	Unaudited 6 months ended 31 August 2022 R'000	Audited year ended 28 February 2023 R'000
Number of share in issue (excluding treasury shares) ('000)	822 342	822 342	822 342
Net asset value per share (cents)	15,4	13,7	12,9
Net tangible asset value per share (cents)	12,6	10,3	9,8
(Impairment)/Impairment reversals (R'000)	(3 085)	–	183
Employee costs (R'000)	(53 486)	(46 359)	(94 093)

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

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

Reconciliation of Earnings before Interest, Taxation, Depreciation, Amortisation, Impairments ("EBITDA")

	Unaudited 6 months ended 31 August 2023 R'000	Unaudited 6 months ended 31 August 2022 R'000	Audited year ended 28 February 2023 R'000
Operating profit/(loss) before interest, taxation and earnings from associate	26 817	1 344	9 898
Depreciation – cost of sales	9 046	4 743	12 330
Depreciation – other expenses	1 312	965	2 245
Amortisation – cost of sales	185	252	372
Impairments/(Impairment reversals)	3 085	–	(183)
	40 445	7 304	24 662

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(continued)

for the six months ended 31 August 2023

15. SALIENT FEATURES (continued)

SOLVENCY AND LIQUIDITY

	Unaudited as at 31 August 2023 R'000	Unaudited as at 31 August 2022 R'000	Audited as at 28 February 2023 R'000
STATEMENT OF FINANCIAL POSITION EXTRACTS			
Current assets			
Inventory	72 331	57 448	63 787
Trade and other receivables	26 375	34 762	27 582
Cash and cash equivalents	(4 960)	2 229	(9 124)
– Cash and cash equivalents	183	12 166	463
– Less: Restricted cash	–	(6 025)	(5 941)
– Overdraft	(5 143)	(3 912)	(3 646)
Taxation	236	1 282	1 288
Total current assets	93 982	95 721	83 533
Total current assets less inventory and restricted cash	21 651	38 273	19 746
Current liabilities			
Shareholders' loans	–	4 405	2 017
Short-term portion of vendor loan	5 307	5 325	5 125
Short-term portion of lease liabilities	11 523	2 507	18 863
Short term portion of loans and borrowings	6 514	1 193	9 974
Trade and other payables	77 642	78 804	75 572
Taxation	7 614	6 120	6 355
Total current liabilities	108 600	98 357	117 906
Current asset ratio	0,9	1,0	0,7
Acid test ratio	0,2	0,4	0,2

By order of the Board

Allan Pellow
Chairperson of the Board

Garnett Parkin
Chief Executive Officer

Joaret Botha
Financial Director

20 November 2023

CORPORATE INFORMATION

BRIKOR LIMITED

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

Registered office

1 Marievale Road
Vorsterskroon
Nigel 1490

(PO Box 884, Nigel 1490)
Telephone: 011 739 9000
Facsimile: 011 739 9021

DIRECTORS

Mr Allan Pellow (*Chairperson*) *
Ms Mamsy Mokate (*Lead Independent Director*) *
Mr Garnett Parkin (*Chief Executive Officer*)
Ms Joaret Botha (*Financial Director*)
Ms Funeka Mtsila *
Mr Steve Naudé *

* *Independent Non-Executive*

COMPANY SECRETARY

Fusion Corporate Secretarial Services (Pty) Ltd
Registration number 2007/008376/07
Suite E014
Midlands Office Park East
Mount Quray Street
Midlands Estate
Midstream 1692

(PO Box 68528, Highveld 0169)
Tel: (012) 749 6793
Fax: 086 616 6545

DESIGNATED ADVISER

Exchange Sponsors (2008) (Pty) Ltd
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AUDITORS

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119 Witch-Hazel Ave
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Centurion, 0157

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Docex 15, Centurion)

TRANSFER SECRETARIES

JSE Investor Services (Pty) Ltd
13th Floor
19 Ameshoff Street
Braamfontein
Johannesburg 2196

(PO Box 4844, Johannesburg 2000)

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