

Brikor makes a profitable turnaround

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Brikor, which is in provisional liquidation and whose Alt-X shares are suspended, on Monday (2 December) said its interim results reflect its profitable turnaround.



Brikor says higher brick sales, along with sales of its coal, have helped it return to profitability.
Image: Brikor

The manufacturer and supplier of building and construction materials reported that its fully diluted headline earnings per share for the six months to August rose almost threefold to 3.8c, from 1.3c in the same period last year.

In July, Brikor reported a return to profitability for the year to February; however, the group failed to submit the financial statements within the regulatory three-month period.

"Revenue for the six months to August grew 48% to R155.4m in a competitive operating environment thanks largely to the addition of coal sales and the increased sales of bricks," Brikor said.

The mining and sale of coal, through its Ilangabi subsidiary, is a new contributor to the group. The segment contributed operating profit before interest and tax of R18.4m, making it the largest segment in the group in terms of profits.

Brikor's operating expenses increased by 13% to R16.9m while the group's operating profit before interest and tax improved 59% to R36.6m.

"The results reflect the profitable turnaround of the group," said Brikor, adding that it was benefiting from an improvement in market conditions and had positioned itself to extrapolate maximum benefits from such improvements.

Brikor was expecting improved results for the next reporting period as well. In July, Brikor's shares were suspended as it was placed in provisional liquidation and the court date for the liquidation hearing has is 16 May next year.

The legal dispute leading to Brikor's provisional liquidation is between the group and its banker, FirstRand and relates to default clauses of the bank's financial agreements with the company.

Earlier this year Brikor's said the group had focused on improving its financial position by focusing on its core operations. This included reducing costs, commissioning of coal operations through its subsidiary, and the sale of non-core assets.

Brikor said at its interim results presentation that these factors had positively influenced the interim results.

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