

# DELTA EMD

## UNAUDITED CONDENSED RESULTS FOR THE SIX MONTHS ENDED 27 JUNE 2018

### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited six months to June 2018 R'000	Unaudited six months to June 2017 R'000	Audited year to December 2017 R'000
Interest received	2 774	3 182	6 203
Administrative expenses	(1 089)	(1 147)	(2 320)
Expenses related to shut down of business	(2 521)	(4 517)	(2 223)
Impairment on assets held for sale	(15 949)	–	–
Rental and other income	1 207	878	2 299
<b>(Loss)/profit for the period before taxation</b>	<b>(15 578)</b>	<b>(1 604)</b>	<b>3 959</b>
Taxation	–	(587)	(623)
(Loss)/profit for the period	(15 578)	(2 191)	3 336
Total comprehensive (loss)/profit for the period	(15 578)	(2 191)	3 336
<b>Attributable to equity holders of parent company</b>			
(Loss)/profit for the period	(15 578)	(2 191)	3 336
Total comprehensive (loss)/profit for the period	(15 578)	(2 191)	3 336
Number of shares in issue ('000)	49 166	49 166	49 166
Diluted and weighted number of shares in issue ('000)	49 166	49 166	49 166
Attributable (loss)/profit per share (cents)			
– basic and diluted	(31.7)	(4.5)	6.8

### CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited six months to June 2018 R'000	Unaudited six months to June 2017 R'000	Audited year to December 2017 R'000
<b>ASSETS</b>			
<b>Current assets</b>			
Trade and other receivables	1 037	945	808
Bank balances and cash	78 561	80 997	80 649
Taxation receivable	–	141	–
<b>Non-current assets held for sale</b>	<b>10 000</b>	<b>25 949</b>	<b>25 949</b>
<b>Total assets</b>	<b>89 598</b>	<b>108 032</b>	<b>107 406</b>
<b>EQUITY AND LIABILITIES</b>			
Total shareholders' funds	79 774	89 825	95 352
<b>Non-current liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	2 687	2 808	3 283
Short-term provisions	7 129	15 399	8 763
Taxation payable	8	–	8
<b>Total equity and liabilities</b>	<b>89 598</b>	<b>108 032</b>	<b>107 406</b>
<b>Net asset value per share (cents)</b>	<b>162</b>	<b>183</b>	<b>194</b>

### CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited six months to June 2018 R'000	Unaudited six months to June 2017 R'000	Audited year to December 2017 R'000
<b>Cash utilised by trading</b>	<b>(2 404)</b>	<b>(4 784)</b>	<b>(2 244)</b>
Movement in current and non-current provision	(1 633)	(638)	(7 273)
Increase in working capital	(825)	(20 006)	(19 393)
<b>Cash utilised by operations</b>	<b>(4 862)</b>	<b>(25 428)</b>	<b>(28 910)</b>
Net interest received	2 774	3 182	6 203
Taxation paid	–	(587)	(474)
<b>Cash outflow from operating activities</b>	<b>(2 088)</b>	<b>(22 833)</b>	<b>(23 181)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(2 088)</b>	<b>(22 833)</b>	<b>(23 181)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>80 649</b>	<b>103 830</b>	<b>103 830</b>
<b>Cash and cash equivalents at end of period</b>	<b>78 561</b>	<b>80 997</b>	<b>80 649</b>

### CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital and premium R'000	Accumulated profit R'000	Total R'000
<b>Balance at 27 December 2016</b>	<b>4 856</b>	<b>87 160</b>	<b>92 016</b>
Loss for the period	–	(2 191)	(2 191)
<b>Balance at 27 June 2017</b>	<b>4 856</b>	<b>84 969</b>	<b>89 825</b>
Profit for the period	–	5 527	5 527
<b>Balance at 27 December 2017</b>	<b>4 856</b>	<b>90 496</b>	<b>95 352</b>
Loss for the period	–	(15 578)	(15 578)
<b>Balance at 27 June 2018</b>	<b>4 856</b>	<b>74 918</b>	<b>79 774</b>

### NOTES

	Unaudited six months to June 2018 R'000	Unaudited six months to June 2017 R'000	Audited year to December 2017 R'000
<b>1. Reconciliation between attributable earnings and headline earnings</b>			
Attributable (loss)/profit after taxation	(15 578)	(2 191)	3 336
Impairment on asset held for sale	15 949	–	–
<b>Headline earnings/(loss) attributable to ordinary shareholders</b>	<b>371</b>	<b>(2 191)</b>	<b>3 336</b>
Attributable headline earnings/(loss) per share			
– basic and diluted	0.8	(4.5)	6.8
<b>2. Basis of presentation</b>			
The Group is domiciled in South Africa. The unaudited condensed consolidated financial results at and for the period ended 27 June 2018 comprise the company and its subsidiaries (the "Group").			
The Group's principal accounting policies are in terms of IFRS and have been applied consistently over the current and prior financial periods.			
On 5 March 2014 the company announced that the board of directors had taken the decision, subject to approval by the company's shareholders, to discontinue the operations in a phased and orderly manner during 2014 and to realise value for the company's assets between 2014 – 2018. The decision was approved at the Annual General Meeting of the company held on 9 May 2014. The company will be wound down and de-registered in due course. The above information highlights that the going concern principle is not applicable in the preparation of the company's financial statements. When the company ceases trading the directors are of the opinion that the company will be in a position to discharge all of its liabilities, due to the company's cash resources and to recover the assets at their carrying amounts. The effect, if any, of preparing the financial statements, other than on the going concern basis will be negligible. Consequently the financial statements have been prepared on a basis consistent with IFRS which among other things, requires writing assets down to their recoverable amounts. It also requires recognising a liability for contractual commitments that may have become onerous as a consequence of the decision to cease trading.			
The Group's condensed financial results have been prepared in accordance with the requirements of the JSE Limited Listings Requirements for interim reports, and the requirements of the Companies Act applicable to condensed financial statements. The Listings Requirements require interim reports to be prepared in terms of IAS 34: Interim Financial Reporting, as well as the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council. For all the financial assets and liabilities, the carrying value approximates the fair value.			

### COMMENTARY

The Group realised a loss for the period before taxation of R15.6 million compared to a loss of R1.6 million for the same period last year. The loss reported resulted from an impairment of R15.9 million that was raised on the assets held for sale. The income for the period totalled R4 million (2017: R4 million) and was comprised of R2.8 million in interest earned, and R1.2 million in rental income. Ongoing cost for the Nelspruit plant paid during the period totalled R2.5 million (2017: R4.5 million). Net cash utilised by operations during the period totalled R4.9 million (2017: R25.4 million). The Group's period end cash balances decreased by R2 million from R80.6 million to R78.6 million. The only remaining non-current asset held by the Group is the former plant site located in Nelspruit. The directors have, based on experience trying to sell the plant site during the past several years and based on realisable prices from potential buyers, decided to impair the value of the plant site from R25 949 000 to R10 000 000, resulting in an impairment expense of 32.4 cents per share.

### SUBSEQUENT EVENT

On 14 September 2018 the Group announced on SENS that the company has entered into a conditional sales agreement to dispose of the entire issued share capital of EMD Investments (Proprietary) Limited to Viridi Developments Proprietary Limited ("Viridi"), which in turn will result in the indirect disposal of the Nelspruit plant site held by Delta EMD (Proprietary) Limited, a subsidiary of EMD Investments (Proprietary) Limited. The half year figures include the plant site as the only asset held for sale and do not make provision for the sale of the shares EMD Investments (Proprietary) Limited.

The agreed cash purchase price is the aggregate sum of R12 500 000 (twelve million five hundred thousand rand). The cash purchase price of R12 500 000 includes a cash balance totalling R9 047 648 that will remain in the disposed entities when sold, R5 000 000 of this cash will be utilised for ongoing operations and R4 047 648 cash will be utilised to settle the liabilities remaining in the entities after the transaction. Should the transaction be approved by shareholders it may result in an estimated further loss to the company, before the cost of the circular, of approximately R3.7 million.

The directors have decided to seek shareholder approval of the proposed sale. A circular will be provided to shareholders in due course and the directors anticipate that if all conditions precedent are satisfied the sale will complete during December 2018. The cost for the preparation of this circular and other cost related to the closure of the transaction will also be an additional charge to the company.

Any forward-looking comments in this announcement have not been reviewed nor reported on by the company's auditors.

### DIRECTORATE

No change.

### PREPARER OF FINANCIAL STATEMENTS

These condensed consolidated financial statement have been prepared by EJ Nel CA(SA) in her capacity as Financial Director of the Group.

TG Atkinson

EJ Nel (Financial director)

28 September 2018

### DELTA EMD LIMITED

Registration number 1919/006020/06  
Income tax number 9375057719  
Share code: DTA ISIN: ZAE000132817  
("DELTA EMD" or "the Group")

### Registered office

15 Heyneke Street, Industrial Site, Nelspruit, 1200

### Transferred Secretaries

Computershare Investor Services Proprietary Limited  
Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196

### Directors

**Independent non-executive:** AC Hicks, BR Wright, L Matteucci

**Non-executive:** P Bajjnath

**Executive Chairman:** TG Atkinson\* (Chairman) \*USA

**Executive:** EJ Nel CA(SA) (Financial Director)

**Sponsor:** Deloitte & Touche Sponsor Services Proprietary Limited