

UNAUDITED CONDENSED RESULTS FOR THE SIX MONTHS ENDED 27 JUNE 2015

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| Note | Unaudited six months to June 2015 R'000 | Unaudited six months to June 2014 R'000 | Audited year to December 2014 R'000 |
|---|---|---|---|
| Revenue | 15 211 | 120 265 | 283 922 |
| Gross profit | 2 988 | 43 068 | 119 671 |
| Net investment income | 6 400 | 2 958 | 6 859 |
| Under recovery of manufacturing overheads | - | (12 382) | (12 258) |
| Distribution expenses | (1 865) | (11 381) | (25 668) |
| Administrative expenses | (9 759) | (30 795) | (70 717) |
| Expenses related to discontinuation of business | (8 601) | (89 470) | (175 283) |
| Other | 85 | (1 915) | (3 152) |
| Profit on sale of assets | 896 | 8 | 23 257 |
| Impairment raised | - | - | (33 085) |
| Net foreign exchange gains | 966 | 1 719 | 7 264 |
| Loss before taxation | (8 890) | (98 190) | (163 112) |
| Taxation | - | (928) | 10 193 |
| Loss for the period | (8 890) | (99 118) | (152 919) |
| Other comprehensive income | | | |
| Increase in foreign currency translation reserve | - | 1 308 | 430 |
| Reversal of prior year foreign currency translation reserve | 4 650 | - | - |
| Total comprehensive loss for the period | (4 240) | (97 810) | (152 489) |
| Attributable to equity holders of parent company | | | |
| Loss for the period | (8 890) | (99 118) | (152 919) |
| Total comprehensive loss for the period | (4 240) | (97 810) | (152 489) |
| Headline loss attributable to ordinary shareholders | (9 535) | (99 126) | (145 843) |
| Number of shares in issue ('000) | 49 166 | 49 166 | 49 166 |
| Weighted number of shares in issue ('000) | 49 166 | 49 166 | 49 166 |
| Attributable earnings per share (cents) | | | |
| - basic and diluted | (18,0) | (201,6) | (311,0) |
| Dividend per share (cents) | 250,0 | - | - |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | Unaudited six months to June 2015 R'000 | Unaudited six months to June 2014 R'000 | Audited year to December 2014 R'000 |
|--|---|---|---|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | - | 128 016 | 53 774 |
| Other non-current asset | - | 2 754 | - |
| Current assets | | | |
| - Inventories | 2 403 | 111 972 | 14 676 |
| - Trade and other receivables | 8 470 | 53 953 | 78 315 |
| - Bank balances and cash | 241 171 | 134 001 | 227 378 |
| - Taxation receivable | 101 | - | 101 |
| Non-current assets held for sale | 11 810 | 17 485 | 45 466 |
| Total assets | 263 955 | 448 181 | 419 710 |
| EQUITY AND LIABILITIES | | | |
| Total shareholders' funds | 160 166 | 346 468 | 291 970 |
| Non-current liabilities | | | |
| Deferred taxation liabilities | - | 10 988 | - |
| Non-current provisions | 6 168 | 7 427 | 5 228 |
| Current liabilities | | | |
| - Trade and other payables | 5 549 | 83 256 | 25 301 |
| - Short-term provisions | 92 064 | - | 97 065 |
| - Taxation payable | 8 | 42 | 8 |
| Non-current liabilities held for sale | - | - | 138 |
| Total equity and liabilities | 263 955 | 448 181 | 419 710 |
| Net asset value per share (cents) | 326 | 705 | 594 |

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

| | Unaudited six month to June 2015 R'000 | Unaudited six months to June 2014 R'000 | Audited year to December 2014 R'000 |
|---|--|---|---|
| Cash (utilised) by trading | (20 077) | (98 549) | (57 994) |
| Decrease in working capital | 62 230 | 120 344 | 135 511 |
| Cash generated by operations | 42 153 | 21 795 | 77 517 |
| Net investment income | 6 400 | 2 958 | 6 859 |
| Taxation paid | - | (7 704) | (7 705) |
| Cash inflow from operating activities | 48 553 | 17 049 | 76 671 |
| Replacement capital expenditure | - | (3 981) | (3 875) |
| Decrease in non-current asset | - | (480) | 2 274 |
| Proceeds on sale of assets | 88 163 | 26 | 30 999 |
| Net cash inflow before financing activities | 136 716 | 12 614 | 106 069 |
| Dividend paid - ordinary | (122 914) | - | - |
| Net increase in cash and cash equivalents | 13 802 | 12 614 | 106 069 |
| Cash and cash equivalents at beginning of period | 227 378 | 121 128 | 121 128 |
| Currency translation of cash in foreign subsidiary | (9) | 259 | 181 |
| Cash and cash equivalents at end of period | 241 171 | 134 001 | 227 378 |

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | Share capital and premium R'000 | Foreign currency translation reserve R'000 | Accumulated profit R'000 | Total R'000 |
|---|---|--|--------------------------------|----------------|
| Balance at 27 December 2013 | 4 856 | 4 220 | 435 202 | 444 278 |
| Total comprehensive loss for the period | - | 1 308 | (99 118) | (97 810) |
| Balance at 27 June 2014 | 4 856 | 5 528 | 336 084 | 346 468 |
| Total comprehensive loss for the period | - | (878) | (53 801) | (54 679) |
| Prior year unclaimed dividend reversed | - | - | 181 | 181 |
| Balance at 27 December 2014 | 4 856 | 4 650 | 282 464 | 291 970 |
| Loss for the period | - | - | (8 890) | (8 890) |
| Reversal of prior year foreign currency translation reserve | - | (4 650) | 4 650 | - |
| Dividend paid | - | - | (122 914) | (122 914) |
| Balance at 27 June 2015 | 4 856 | - | 155 310 | 160 166 |

NOTES

| | Unaudited six months to June 2015 R'000 | Unaudited six months to June 2014 R'000 | Audited year to December 2014 R'000 |
|--|---|---|---|
| 1. Reconciliation between attributable loss and headline loss | | | |
| Attributable loss after taxation | (8 890) | (99 118) | (152 919) |
| Impairment raised | - | - | 33 085 |
| Profit on sale of fixed assets | (896) | (8) | (23 257) |
| Taxation effect raised/(reversed) | 251 | - | (2 752) |
| Headline earnings attributable to ordinary shareholders | (9 535) | (99 126) | (145 843) |
| Attributable headline loss per share | | | |
| - basic and diluted | (19,4) | (201,6) | (296,6) |
| 2. Basis of presentation | | | |
| The Group is domiciled in South Africa. The unaudited condensed consolidated financial results at and for the period ended 27 June 2015 comprise the company and its subsidiaries (the "Group"). | | | |
| The Group's principal accounting policies have been applied consistently over the current and prior financial years. | | | |
| 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 during 2014 and 2015. The decision was approved at the Annual General Meeting of the company held on 9 May 2014. The company will be wound down and deregistered 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 International Financial Reporting Standards 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 consolidated 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 accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council as well as, requirements by IAS 34 Interim Financial Reporting. | | | |
| | | | |
| | 2015 | 2014 | 2014 |
| | R'000 | R'000 | R'000 |
| 3. Commitments | | | |
| Capital commitments - authorised but not contracted | - | - | - |
| Capital commitments - contracted | - | 2 675 | - |
| | - | 2 675 | - |
| Operating lease commitment | 89 | 1 860 | 2 368 |

COMMENTARY - Unaudited

The Group's results for the period ended 27 June 2015 (the "period") reflect the actions taken with respect to the discontinuation of the business, which include the sale of final product inventory and the expenses incurred or accrued relating to the discontinuation. The results also include the sale of certain assets which were finalised during the period.

Revenue totalled R15,2 million for the period (2014: R120,3 million) and included the sale of all remaining product inventory.

The amount which will eventually be incurred in connection with the decontamination, demolition and remediation of the Nelspruit plant remains dependent upon approval of the decommissioning plan as submitted to the Department of Environmental Affairs. Regulatory review of the plan proposed for the decontamination and remediation of the Nelspruit plant site is proceeding as planned and approval of the plan is expected to be granted during 2015.

Net expenses relating to the discontinuation of the business totalled R8,6 million for the period (2014: R89,5 million), including retrenchments, retention incentives, a lease termination, and sundry revenue from the sale of waste materials.

Agreements for the sale and salvage of the majority of the Nelspruit plant and equipment, with a book value of R35,2 million, were concluded during the period. All suspensive conditions for these agreements were fulfilled by 27 June 2015.

Assets classified as non-current assets held for sale (net book value: R11,8 million) include the Nelspruit plant site land and the research and development plant and laboratory. The sale of the research and development plant and laboratory (net book value R5,0 million) was concluded in August at net book value.

The R92,1 million short-term provisions (December 2014: R97,1 million) relate to provisions for remaining retrenchment costs (R9,1 million), incentives (R22,7 million), an estimated settlement related to the former use of a landfill site (R22,3 million), an estimate for the decontamination, demolition and remediation of the Nelspruit plant site (R31,7 million), and settlement of lease termination (R6,3 million).

The Group's period-end cash balance increased by R13,8 million to R241,2 million (December 2014: R227,4 million).

Net cash utilised by operations for the period totalled R20,1 million (2014: R98,5 million). Working capital decreased during the period by R62,2 million (2014: R120,3 million), and proceeds from sales of assets totalled R88,2 million (2014: Nil), and included Nelspruit plant and equipment.

Net investment income received totalled R6,4 million (2014: R3,0 million).

Loss for the period totalled R8,9 million (2014: R99,1 million), and the loss per share was 18,0 cents (2014: 201,6 cents). Headline loss per share for the period was 19,4 cents (2014: 201,6 cents).

PROSPECT

The salvaging of plant and equipment from the Nelspruit site continues and will be followed by demolition of remaining structures. Resolution of the Company's remaining environmental responsibilities awaits regulatory reviews and approvals and completion of required remediation. The Company has resolved most outstanding commercial and contractual obligations, and continues to market the Nelspruit plant site. The Board intends to declare appropriate dividends to shareholders when the resolution of the matters is reasonably certain.

DIRECTORATE

On 14 May 2015 the following changes to the Board of Directors were made:

Mr Praveen Baijnath resigned as Chief Executive Officer.

Mr Baijnath was appointed a Non-independent, Non-executive Director.

Mr Johan Seymore, the Chief Financial Officer and Executive Director of the Board, has been appointed Acting Chief Executive Officer and has resigned as Chief Financial Officer and Company Secretary.

Mrs Emma Nel has been appointed Acting Chief Financial Officer and Company Secretary.

PREPARER OF FINANCIAL STATEMENTS

These condensed consolidated financial statements have been prepared under the supervision of E Nel CA(SA) in her capacity as Acting Chief Financial Officer of the Group.

TG Atkinson

(Chairman)
Johannesburg
2 September 2015

J Seymore

(Acting Chief Executive Officer)

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

Transfer Secretaries

Computershare Investor Services Proprietary Limited
70 Marshall Street, Johannesburg, 2001, PO Box 61051, Marshalltown, 2107

Directors

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

Non-executive: TG Atkinson* (Chairman) *USA, P Baijnath

Executive: JS Seymore, CA(SA) (Acting Chief Executive Officer), EJ Nel CA(SA) (Acting Chief Financial Officer)

Sponsor: Rand Merchant Bank (A division of FirstRand Bank Limited)

Released on 3 September 2015