DELTA EMD

AUDITED CONSOLIDATED RESULTS AND CASH DIVIDEND DECLARATION FOR THE YEAR ENDED 27 DECEMBER 2014

SUMMARISED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	**Audited Year to December 2014 R'000**	Audited Year to December 2013 R'000
Revenue		**283 922**	375 187
Gross profit		**119 671**	129 220
Investment income		**6 859**	6 073
Under recovery of manufacturing overheads		**(12 258)**	(29 422)
Distribution expenses		**(25 668)**	(34 469)
Administrative expenses		**(70 717)**	(39 214)
Expenses related to discontinuation of business		**(175 283)**	–
Other		**(3 152)**	(8 799)
Profit on sale of assets		**23 257**	46
Impairments raised		**(33 085)**	(121 655)
Net foreign exchange gains		**7 264**	4 535
Loss before taxation		**(163 112)**	(93 685)
Taxation		**10 193**	24 568
Loss for the year		**(152 919)**	(69 117)
Other comprehensive income			
Increase in foreign currency translation reserve		**430**	924
Total comprehensive loss for the year		**(152 489)**	(68 193)
Attributable to equity holders of parent company			
Loss for the year		**(152 919)**	(69 117)
Total comprehensive loss for the year		**(152 489)**	(68 193)
Headline (loss)/earnings attributable to ordinary shareholders	1	**(145 843)**	18 538
Number of shares in issue ('000)		**49 166**	49 166
Weighted dilutive number of shares in issue ('000)		**49 166**	49 166
Loss per share (cents)			
– basic and diluted		**(311.0)**	(140.6)
Dividend per share (cents)		**–**	25.0

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Audited Year to December 2014 R'000	Audited Year to December 2013 R'000
ASSETS		
Non-current assets		
Property, plant and equipment	**53 774**	132 774
Other non-current asset	**–**	2 274
Current assets		
– Inventories	**14 676**	161 672
– Trade and other receivables	**78 315**	112 507
– Bank balances and cash	**227 378**	121 128
– Taxation receivable	**101**	–
Non-current assets held for sale	**45 466**	13 182
Total assets	**419 710**	543 537
EQUITY AND LIABILITIES		
Total shareholders' funds	**291 970**	444 278
Non-current liabilities		
Deferred taxation liabilities	**–**	10 060
Non-current provisions	**5 228**	7 294
Current liabilities		
– Trade and other payables	**25 301**	71 160
– Short-term provisions	**97 065**	3 000
– Taxation payable	**8**	7 745
Non-current liabilities held for sale	**138**	–
Total equity and liabilities	**419 710**	543 537
Net asset value per share (cents)	**594**	904

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

	Audited Year to December 2014 R'000	Audited Year to December 2013 R'000
Cash (utilised from)/generated by trading	**(57 994)**	42 313
Decrease/(Increase) in working capital	**135 511**	(39 182)
Cash generated by operations	**77 517**	3 131
Net interest received	**6 859**	6 073
Taxation paid	**(7 705)**	(14 890)
Cash inflow/(outflow) from operating activities	**76 671**	(5 686)
Replacement capital expenditure	**(3 875)**	(15 844)
Decrease in other non-current asset	**2 274**	1 017
Proceeds on sale of assets	**30 999**	53
Net cash inflow/(outflow) before financing activities	**106 069**	(20 460)
Dividend paid – ordinary	**–**	(12 291)
Net increase/(decrease) in cash and cash equivalents	**106 069**	(32 751)
Cash and cash equivalents at beginning of year	**121 128**	153 622
Currency translation of cash in foreign subsidiary	**181**	257
Cash and cash equivalents at end of year	**227 378**	121 128

SUMMARISED 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 2012	4 856	3 296	516 294	**524 446**
Total comprehensive loss for the year	–	924	(69 117)	**(68 193)**
Dividend paid	–	–	(12 291)	**(12 291)**
Prior year unclaimed dividend reversed	–	–	316	**316**
Balance at 27 December 2013	4 856	4 220	435 202	**444 278**
Total comprehensive loss for the year	–	430	(152 919)	**(152 489)**
Prior year unclaimed dividend reversed	–	–	181	**181**
Balance at 27 December 2014	4 856	4 650	282 464	**291 970**

NOTES

		Audited Year to December 2014 R'000	Audited Year to December 2013 R'000
1.	**Reconciliation between attributable earnings and headline earnings**		
	Loss after taxation	**(152 919)**	(69 117)
	Impairments raised	**33 085**	121 655
	Profit on sale of assets	**(23 257)**	(46)
	Taxation effect (reversed)	**(2 752)**	(33 954)
	Headline (loss)/earnings attributable to ordinary shareholders	**145 843**	18 538
	Headline (loss)/earnings per share	**(145 843)**	
	– basic & diluted	**(296.6)**	37.7

2. Basis of presentation

The Group is domiciled in South Africa. The audited summarised consolidated financial results at and for the year ended 27 December 2014 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 operations in a phased and orderly manner during 2014 and to realise value for the company's assets during 2014 and 2015. This 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 would 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 summarised consolidated financial results have been prepared in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports, and the requirements of the Companies Act applicable to summary financial statements. The Listings Requirements require provisional 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 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 auditors, Deloitte & Touche, have issued their modified opinion on the Group's consolidated financial statements for the year ended 27 December 2014. The auditor's report contained an emphasis of matter paragraph regarding the basis of preparation used to prepare the consolidated and separate financial statements in the current year. The audit was conducted in accordance with International Standards on Auditing. This provisional report has been derived from the Group's consolidated financial statements and is consistent in all material respects with the Group's consolidated financial statements. A copy of their audit reports are available for inspection at the Company's registered office. The auditors have issued a modified opinion for the consolidated financial statements as well as a modified audit opinion for this extract from the consolidated financial statements. Any reference to future financial performance included in this announcement has not been reviewed or reported on by the Company's auditors.

		2014 R'000	2013 R'000
3.	**Commitments**		
	Capital commitments – Authorised but not contracted	**–**	7 007
	Capital commitments – Contracted	**–**	2 815
		–	9 822
	Operating lease commitment	**2 368**	3 038

COMMENTARY - Unaudited

Shareholders at the Group's annual general meeting held on 9 May 2014 voted in favour of a resolution approving the board's decision to discontinue the Group's business and realise value for the Group's assets during 2014 and 2015.

The Group's results for the year ended 27 December 2014 (the "year") reflect the actions taken with respect to the discontinuation of the business, which include reduced production and sales volumes, as well as expenses incurred or accrued relating to the discontinuation. The results also include the sales of certain assets which were finalised during the year.

Revenue totaled R283.9 million for the year (2013: R375.2 million).All work in progress was converted into inventory with the majority of inventory being sold during the year. Remaining inventory will be sold by the end of March 2015.

Production at the electrolytic cells was discontinued during April 2014 and all manufacturing overhead costs thereafter were accounted for as administrative expenses.

IFRS reporting standards require that where a probability of a future liability exists, a provision of the current best estimate need be used as basis for raising a provision.

To comply with this requirement a provision of R40 million was raised for the remaining expense still to be quantified which relates to the decontamination, demolition and remediation of the Nelspruit production site. The magnitude of the expense is dependent on the approval of the decommissioning plan as submitted to the Department of Economic Development, Environmental and Tourism, as well as reaching an agreement with respect to our obligation required in terms of the termination of the Nelspruit manufacturing site lease agreement.

The Group's expenses relating to the discontinuation of its business totalled R175.3 million for the year including provisions for inventory impairment (R30.0 million), retrenchments (R41.3 million), employees outplacement and upskilling (R3.1 million), retention incentives (R11.8 million), an estimated settlement related to the former use of a landfill site (R15.0 million), external advisors and consultants (R9.8 million), environmental assessments and preparation of the required environmental reports (R5.4 million), an estimate for decontamination, demolition and remediation of the Nelspruit plant site(R40.0 million) and settlement of long-term contracts (R4.0 million).

Regulatory review of the Group's application for the regulatory approvals required for the decommissioning of the Nelspruit plant is proceeding as planned. Following the completion of detailed site assessments and the required stakeholder engagement process during October 2014 and November 2014, the final basic assessment report was submitted to the regulatory authorities during December 2014. Regulatory approval for the decommissioning of the Nelspruit plant is expected to be granted during the first quarter of 2015.

The sale of the majority of the Nelspruit assets (net book value: R53.8 million) must await decommissioning approval. Various loose assets, as well as assets not requiring the decommissioning approval, were sold during the second half of the year. The Group realised R23.3 million of profits on the sale of these assets (net book value: R7.8 million.

The Group undertook an impairment review of its assets in accordance with IAS 36 and determined to reduce the carrying value of the Black Rock Calciner plant to a fair value of R31.0 million, resulting in a pre-tax impairment of R33.1 million.

Assets classified as assets held for sale (net book value: R45.4 million) include the Black Rock Calciner plant and the former Australia plant site and redundant equipment at the Nelspruit plant.

An agreement for the sale of the Black Rock Calciner plant was signed on 4 December 2014. The agreement is subject to the fulfilment of certain suspensive conditions by 15 February 2015. An agreement for the sale of the Australian plant site was signed on 21 November 2014. The agreement is subject to the fulfilment of certain suspensive conditions by 3 March 2015.

Sales of assets, and any gains realised on those sales, will be accounted for as and when ownership transfers.

The R94.1 million increase in the Group's short-term provisions to R97.1 million (2013: R3.0 million) relates to provisions for remaining retrenchment costs (R18.1 million), incentives (R17.9 million), contract settlement (R4.0 million), an estimated settlement related to the former use of a landfill site (R15.0 million), an estimate of decontamination, demolition and remediation of the Nelspruit plant site and other miscellaneous provisions (R2.1 million).

The Group's year-end cash balance increased by R106.3 million to R227.4 million (2013: R121.1 million).

Net cash utilised by operations for the year totaled R58.0 million (2013 net cash generated: R42.3 million). Working capital decreased during the year by R135.5 million (2013 increase: R39.2 million), and proceeds on the sale of assets totaled R31.0 million (2013: Nil).

Interest received of R6.9 million was in line with prior year (2013: R6.1 million). The Group had a deferred tax credit of R10.2 million (2013 tax credit: R24.6 million).

Loss for the year totaled R152.9 million (2013: R69.1 million), and the loss per share was 311.0 cents (2013: 140.6 cents). Headline loss per share for the year was 296.6 cents (2013 headline earnings per share: 37.7 cents).

DIVIDEND - Unaudited

The Group is pleased to announce the declaration of a final gross cash dividend of 250 cents (212.50 cents net of dividend withholding tax) per ordinary share for the year ended 27 December 2014.

The dividend has been declared from income reserves and no secondary tax on companies' credits has been used. A dividend withholding tax of 15% will be applicable to all shareholders who are not exempt.

The issued share capital at the declaration date is 49 165 553 ordinary shares.

The salient dates are as follows:

Last day for trading to qualify and participate in the final dividend (and change of address of dividend Instructions):	Friday, 13 March 2015
Trading "ex dividend" commences:	Monday, 16 March 2015
Record date:	Friday, 20 March 2015
Dividend payment date:	Monday, 23 March 2015

Share certificates may not be dematerialised or rematerialised between Monday, 16 March 2015 and Friday, 20 March 2015, both days inclusive.

PREPARER OF FINANCIAL STATEMENTS

These summarised consolidated financial statements have been prepared under the supervision of JS Seymore CA(SA) in his capacity as Chief Financial Officer of the Group.

AVAILABILITY OF COMPLETE SET OF FINANCIAL STATEMENTS

Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of that report together with the accompanying set of financial statements from the registered office of the Delta EMD Ltd.

TG Atkinson
(Chairman)

P Baijnath
(Chief Executive Officer)

9 February 2015
Johannesburg

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

Executive: P Baijnath (Chief Executive Officer), JS Seymore, CA(SA) (Chief Financial Officer)

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