

DELTA EMD

AUDITED CONSOLIDATED RESULTS AND CASH DIVIDEND DECLARATION FOR THE YEAR ENDED 27 DECEMBER 2015

SUMMARISED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Audited year to December 2015 R'000	Audited year to December 2014 R'000
Revenue	15 211	283 922
Gross profit	2 988	119 671
Interest received	13 223	6 859
Interest paid	(714)	-
Under recovery of manufacturing overheads	-	(12 258)
Distribution expenses	(1 465)	(25 668)
Administrative expenses	(8 389)	(70 717)
Expenses related to shutdown of business	(42 217)	(175 283)
Other income/(expenses)	1 694	(1 963)
Pappas Quarry and related expenses	(16 203)	(1 189)
Profit on sale of assets	9 899	23 257
Impairment raised	-	(33 085)
Net foreign exchange gains	839	7 264
Loss for the year before taxation	(40 345)	(163 112)
Taxation	(1 545)	10 193
Loss for the year	(41 890)	(152 919)
Other comprehensive income		
Items that may be re classified subsequently to profit or loss:		
Reclassification adjustments relating to foreign operations disposed of in the year	4 650	-
Increase in foreign currency translation reserve	-	430
Total comprehensive loss for the year	(37 240)	(152 489)
Attributable to equity holders of parent company		
Loss for the year	(41 890)	(152 919)
Total comprehensive loss for the year	(37 240)	(152 489)
Headline (loss) attributable to ordinary shareholders	(51 789)	(145 843)
Number of shares in issue ('000)	49 166	49 166
Weighted number of shares in issue ('000)	49 166	49 166
Attributable loss per share (cents)		
- basic and diluted	(85,2)	(311,0)
Dividend per share (cents)	250,0	-

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Audited year to December 2015 R'000	Audited year to December 2014 R'000
ASSETS		
Non-current assets		
Property, plant and equipment	-	53 774
Current assets		
- Inventories	-	14 676
- Trade and other receivables	2 616	78 315
Bank balances and cash	185 553	227 378
Taxation receivable	100	101
Assets held for sale	25 949	45 466
Total assets	214 219	419 710
EQUITY AND LIABILITIES		
Total shareholders' funds	127 182	291 970
Non-current liabilities		
Non-current provisions	-	5 228
Current liabilities		
- Trade and other payables	28 672	25 301
- Short-term provisions	56 812	97 065
- Taxation payable	1 553	8
Non-current liabilities held for sale	-	138
Total equity and liabilities	214 219	419 710
Net asset value per share (cents)	259	594

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

	Audited year to December 2015 R'000	Audited year to December 2014 R'000
Cash (utilised) from trading	(62 753)	(58 130)
Movement in current and non-current provisions	(45 474)	-
Decrease in working capital	93 607	135 647
Cash (utilised)/generated by operations	(14 620)	77 517
Net interest received	12 509	6 859
Taxation paid	-	(7 705)
Cash (outflow)/inflow from operating activities	(2 111)	76 671
Capital expenditure	(20 000)	(3 875)
Decrease in non-current asset	-	2 274
Proceeds on sale of assets	103 189	30 999
Net cash inflow before financing activities	81 078	106 069
Dividend paid - ordinary	(122 914)	-
Net (decrease)/increase in cash and cash equivalents	(41 836)	106 069
Cash and cash equivalents at beginning of year	227 378	121 128
Currency translation of cash in foreign subsidiary	11	181
Cash and cash equivalents at end of year	185 553	227 378

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 2013 (Audited)	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 (Audited)	4 856	4 650	282 464	291 970
Loss for the year	-	-	(41 890)	(41 890)
Reclassification adjustments relating to foreign operations disposed of in the year	-	(4 650)	4 650	-
Dividend paid	-	-	(122 914)	(122 914)
Prior year unclaimed dividend reversed	-	-	16	16
Balance at 27 December 2015 (Audited)	4 856	-	122 326	127 182

NOTES

1. Reconciliation between attributable loss and headline loss

	Audited year to December 2015 R'000	Audited year to December 2014 R'000
Attributable (loss) after taxation	(41 890)	(152 919)
Impairment raised	-	33 085
Profit on sale of assets	(9 899)	(23 257)
Taxation effect (reversed)	-	(2 752)
Headline loss attributable to ordinary shareholders	(51 789)	(145 843)
Attributable headline loss per share		
- basic and diluted	(105,3)	(296,6)

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 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 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 summarised 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 provisional 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), 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, the information required by IAS 34 Interim Financial Reporting.

The auditors, Deloitte & Touche, have issued their modified opinion on the Groups' financial statements for the year ended 27 December 2015. The auditor's report contains an emphasis of matter paragraph regarding the basis of preparation used to prepare the consolidated and separate financial statement in the current year: "Without qualifying our opinion, we draw attention to the basis of preparation note, Note 1.2, in the financial statements 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 financial statements and consistent in all material respects, with the Group 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 annual financial statements as well as a modified audit opinion for this extract from the annual financial statements. Any reference to future financial performance included in this announcement, has not been reviewed or reported on by the company's auditors. The auditor's report does not report on the commentary hereon. 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 the auditor's report together with the accompanying financial information from the company's registered office.

	2015 R'000	2014 R'000
Operating lease commitment	8	2 368

COMMENTARY - UNAUDITED

The Group's results for the year ended 27 December 2015 reflect the actions taken toward the discontinuation of the Group's business, including the sale of inventory, profits and losses on the disposal of assets, and the expenses incurred or accrued relating to the discontinuation. Revenue totalled R15.2 million (2014: R283.9 million) and included the sale of all remaining inventory, resulting in a gross profit of R3.0 million (2014: 119.7 million). Distribution expenses totalled R1.5 million (2014: R25.7 million), and administrative expenses totalled R8.4 million (2014: R70.7 million). The Group's expenses relating to the discontinuation of the business totalled R42.2 million (2014: R175.3 million), including salaries and wages, general works, energy costs and retention incentives.

The Company paid Manganese Metal Company R37.5 million in full settlement of its contractual obligations related to the Pappas Quarry waste disposal facility. R22.3 million had been provided for those obligations during 2014.

The Group realised a profit of R9.9 million on the sale of assets having a book value of R93.2 million. Losses for the year totalled R41.8 million (2014: R152.9), and losses per share totalled 85.2 cents (2014: 311 cents). Headline losses per share for the year were 105.3 cents (2014: 296.6 cents).

Net cash utilised by operations during the year totalled R14.6 million (2014: cash generated R77.5 million). Working capital decreased by R93.6 million (2014: R135.5 million), and proceeds from sales of assets totalled R103.2 million (2014: R31.0 million). The Group also paid a R2.50 per share dividend resulting in a R122.9 million cash outflow.

The Group's year-end cash balances decreased by R41.8 million and totalled R185.6 million at year-end (2014: R227.4 million).

The assets classified at year-end as non-current assets held for sale include the Nelspruit land parcels owned by the Company and those parcels historically leased and during the year purchased by the company from Manganese Metal Company, and have a total net book value of R 25.9 million.

At year-end, short-term provisions totalled R56.8 million (December 2014: R97.1 million) and include provisions for retrenchment costs (R7.0 million), retention incentives (R12.4 million), and the demolition and rehabilitation of the Nelspruit plant site (R37.2 million). During December 2015, the Company received a definitive remediation order for the Nelspruit plant site from the Department of Environmental Affairs.

PROSPECT

The salvage and removal of the remaining assets at the Nelspruit plant site are expected to be completed during the first quarter of 2016, and the demolition of remaining structures and rehabilitation of the plant site will follow and are expected to be completed during the second quarter of 2016. On 14 October 2015 shareholders were advised that the Group had entered into an agreement for the sale of the Nelspruit plant site. The Group was advised on 12 February 2016 that the purchaser had terminated the agreement. The Group will recommence marketing the site and will continue with the demolition and rehabilitation now underway.

Following the sale of the Nelspruit plant site the Group expects to delist and deregister the Company and to pay a final dividend.

CASH DIVIDEND DECLARATION

The Group is pleased to announce the declaration of a final gross cash dividend of 100 cents (85 cents net of dividend withholding tax) per ordinary share for the year ended 27 December 2015.

The dividend has been declared from income reserves. A dividend withholding tax of 15% will be applicable to all shareholders who are not exempt. The issue share capital at the declaration date is 49 165 553 ordinary shares.

The salient dates are as follows:

Last day of trade to receive a dividend	Friday, 11 March 2016
Trading "ex dividend" commences:	Monday, 14 March 2016
Record date:	Friday, 18 March 2016
Payment date:	Tuesday, 22 March 2016

Share certificates may not be dematerialised or rematerialised between Monday, 14 March 2016 and Friday, 18 March 2016 both days inclusive.

DIRECTORATE

On 14 May 2015, the following changes to the Board of Directors were made: Mr Praveen Baijnath resigned as Chief Executive, and Mr Baijnath was appointed a Non-independent, Non-executive Director. Mr Johan Seymore was appointed Acting Chief Executive, and Mrs Emma Nel was appointed Acting Chief Financial Officer and Company Secretary.

On 27 November 2015, Mr Johan Seymore passed away and thereafter the following changes were made: Mr Todd Atkinson was appointed Executive Chairman, Mrs Emma Nel was appointed Financial Director and Company Secretary, and Mr Collin Naicker was appointed as Operational Director.

PREPARER OF FINANCIAL STATEMENTS

These summarised consolidated financial statements have been prepared by EJ Nel CA(SA) in her capacity as Financial Director 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.

SG Atkinson
22 February 2016

EJ Nel (Financial Director)

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: P Baijnath

Executive Chairman: TG Atkinson* (Chairman) *USA

Executive: EJ Nel (CA)SA (Financial Director), C Naicker (Operations Director)

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

Released on 22 February 2016