

DELTA EMD

AUDITED CONSOLIDATED RESULTS FOR THE YEAR ENDED 27 DECEMBER 2017

SUMMARISED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Note	Audited year to December 2017 R'000	Audited year to December 2016 R'000
	6 203	9 374
Interest received		
	2 299	1 370
Rental and other income		
	(2 320)	(1 920)
Administrative expenses		
(Expenses)/income related to discontinuation of business	(2 223)	3 784
Profit for the year before taxation	3 959	12 608
Taxation	(623)	1 341
Profit for the year	3 336	13 949
Total comprehensive profit for the year	3 336	13 949
Attributable to equity holders of parent company		
Profit for the year	3 336	13 949
Total comprehensive profit for the year	3 336	13 949
Profit attributable to ordinary shareholders	3 336	13 949
Number of shares in issue ('000)	49 166	49 166
Weighted number of shares in issue ('000)	49 166	49 166
Attributable earnings per share (cents)		
– basic and diluted	6,8	28,4
Dividend per share (cents)	–	100,0

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Audited year to December 2017 R'000	Audited year to December 2016 R'000
ASSETS		
Current assets		
Trade and other receivables	808	928
Bank balances and cash	80 649	103 830
Taxation receivable	–	141
Non-current assets held for sale	25 949	25 949
Total assets	107 406	130 848
EQUITY AND LIABILITIES		
Total shareholders' funds	95 352	92 016
Current liabilities		
Trade and other payables	3 283	22 797
Short-term provisions	8 763	16 035
Taxation payable	8	–
Total equity and liabilities	107 406	130 848
Net asset value per share (cents)	194	187

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

	Audited year to December 2017 R'000	Audited year to December 2016 R'000
Cash (utilised)/generated from trading	(2 244)	3 234
Movement in current and non-current provision	(7 273)	(40 776)
Increase in working capital	(19 393)	(4 139)
Cash utilised by operations	(28 910)	(41 681)
Interest received	6 203	9 374
Taxation paid	(474)	(252)
Cash outflow from operating activities	(23 181)	(32 559)
Dividend paid – ordinary	–	(49 163)
Net decrease in cash and cash equivalents	(23 181)	(81 722)
Cash and cash equivalents at beginning of year	103 830	185 552
Cash and cash equivalents at end of year	80 649	103 830

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital and premium R'000	Accumulated profit R'000	Total R'000
Balance at 27 December 2015	4 856	122 326	127 182
Profit for the year	–	13 949	13 949
Dividend paid	–	(49 163)	(49 163)
Prior year unclaimed dividend reversed	–	48	48
Balance at 27 December 2016	4 856	87 160	92 016
Profit for the year	–	3 336	3 336
Balance at 27 December 2017	4 856	90 496	95 352

NOTES

	Audited year to December 2017 R'000	Audited year to December 2016 R'000
1. Reconciliation between attributable earnings and headline earnings		
Profit attributable to ordinary shareholders	3 336	13 949
Headline earnings attributable to ordinary shareholders	3 336	13 949
Attributable headline earnings per share – basic and diluted	6,8	28,4

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 2017 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. 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 International Financial Reporting Standards (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 statements have been prepared in accordance with the requirements of the JSE limited Listings Requirements for preliminary financial statements, and the requirements of the Companies Act applicable to summarised consolidated financial statements. The Listings Requirements require preliminary reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of IFRS, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council, and as a minimum contain the information required by IAS 34: Interim Financial Reporting.

The auditors, Deloitte & Touche, have issued their unmodified opinion on the Groups' financial statements for the year ended 27 December 2017. 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 consolidated and separate 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 preliminary report has been derived from the consolidated financial statements and consistent in all material respects, with the consolidated financial statements. Copies of their unmodified audit reports on these summarised consolidated financial statements and consolidated financial statements together with the accompanying financial information are available for inspection at the company's registered office. Any reference to future financial performance included in this announcement, has not been audited or reported on by the company's auditors. The auditor does not report on the commentary hereon. Shareholders are 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.

COMMENTARY UNAUDITED

The Group realised a profit for the year of R3.3 million (2016: R13.9 million). The main contributors to the profit were interest earned, rental and the reversal of certain provisions, as was the case during the prior year.

Total interest earned for the year on cash investments was R6.2 million.

The Group's expenses related to the discontinuation of the business primarily included management costs of R2.1 million (2016: R4.1 million); site operating costs of R4.0 million (2016: R4.7 million); and administration costs of R2.1 million (2016: R2.9 million). Income resulting from the reversal of provisions totalled R6.1 million (2016: R15.6 million).

Net cash utilised by operations during the year totalled R28.9 million (2016: R41.6 million) and included the R20 million paid during the year for the purchase during 2016 of a portion of the plant site formerly leased.

The Group's year-end cash balances decreased by R23.2 million from R103.8 million to R80.6 million, reflecting the R20 million payment and operating expenses.

Total assets of the Group at year-end, including cash balances, totalled R107.4 million (2016: R130.8 million). Net asset value per share at year-end was 194 cents (2016: 187 cents).

The directors are not aware of any material event which occurred after the reporting date up to the date of this report.

PROSPECT

The only remaining non-current asset held by the Group is the former plant site located in Nelspruit.

During the year, remediation of the Nelspruit plant site continued in terms of the order received during December 2015 from the Department of Environmental Affairs.

The former plant site has been actively marketed for a period of 20 months and no substantial, unconditional offers have been received to date. Efforts to market and sell the site continue.

Ongoing costs for the management of the former plant site and the Group continue to be closely managed. Work continues to prepare the Company for possible de-listing and de-registration.

DIRECTORATE

No Change.

PREPARER OF FINANCIAL STATEMENTS

These summarised consolidated financial statements and the full set of 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 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 set of financial statements from the registered office of the Delta EMD Limited.

TG Atkinson

28 February 2018

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

Transferred Secretaries

Computershare Investor Services Proprietary Limited

Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196

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)

Sponsor: Deloitte & Touche Sponsor Services Proprietary Limited

Released on 28 February 2018