

### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months to 31 August 2015 R'000	Restated Six months to 31 August 2014 R'000
Revenue	58 694	60 764
Turnover	58 348	59 832
Cost of sales	(39 548)	(40 737)
Gross profit	18 800	19 095
Operating expenses	(18 974)	(18 593)
Depreciation and amortisation	(1 580)	(826)
Operating loss	(1 754)	(324)
Finance costs	(672)	(615)
Loss before income tax	(2 426)	(939)
Income tax expense	105	480
Loss for the period from continuing operations	(2 321)	(459)
<b>Other comprehensive income</b>		
Movement in foreign currency translation reserve	(836)	302
<b>Total comprehensive income for the six months</b>	<b>(3 157)</b>	<b>(157)</b>
<b>Loss per ordinary share</b>		
– basic and diluted (cents)	(28,5)	(5,6)
<b>Headline loss per ordinary share</b>		
– basic and diluted (cents)	(28,5)	(3,0)

### CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Six months to 31 August 2015 R'000	12 months to 28 February 2015 R'000
<b>Assets</b>		
<b>Non-current assets</b>	<b>36 675</b>	<b>38 087</b>
Property, plant and equipment	35 172	36 638
Goodwill	437	437
Intangibles	1 066	1 012
<b>Current assets</b>	<b>36 351</b>	<b>42 057</b>
Inventories	17 985	18 027
Trade receivables and prepayments	15 482	18 698
Amount due by holding company	–	2 932
Current income tax receivable	2 073	1 774
Cash and cash equivalents	811	626
<b>Total assets</b>	<b>73 026</b>	<b>80 144</b>
<b>Equity and liabilities</b>		
<b>Total shareholders' equity</b>	<b>42 258</b>	<b>43 903</b>
Ordinary shares and premium	6 871	6 871
Reserves	35 387	37 032
<b>Liabilities</b>		
<b>Non-current liabilities</b>	<b>8 028</b>	<b>8 035</b>
Borrowings	3 154	3 088
Deferred tax liabilities	4 874	4 947
<b>Current liabilities</b>	<b>22 740</b>	<b>28 206</b>
Trade and other payables	15 427	17 393
Borrowings	1 499	3 087
Loans from group companies	375	–
Shareholders for dividends	60	1 518
Cash and cash equivalents	5 379	6 208
<b>Total equity and liabilities</b>	<b>73 026</b>	<b>80 144</b>
<b>Net asset value per share (cents)</b>	<b>518,9</b>	<b>539,2</b>

### CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months to 31 August 2015 R'000	Restated Six months to 31 August 2014 R'000
Cash flows from operating activities	(146)	(2 167)
Cash flows from investing activities	2 969	2 575
Cash flows from financing activities	(1 522)	(1 272)
Net increase/(decrease) in cash and cash equivalents	1 301	(864)
Cash and cash equivalents at beginning of period	(5 583)	(223)
Effect of exchange rate movement on cash balances	(286)	(717)
<b>Cash and cash equivalents at end of period</b>	<b>(4 568)</b>	<b>(1 804)</b>

### CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Six months to 31 August 2015 R'000	Restated Six months to 31 August 2014 R'000
Ordinary shares	407	407
Share premium	6 464	6 464
Foreign currency translation reserve	106	(843)
Opening balance	(730)	(541)
Movement for the year	836	(302)
Revaluation reserve	10 708	8 082
Opening balance	10 868	8 082
Movement for the year	(1 660)	–
Retained earnings	24 573	26 868
Opening balance	26 894	28 141
Total comprehensive income for the year	(2 321)	(459)
Dividends paid	–	(814)
<b>Total shareholders' equity</b>	<b>42 258</b>	<b>40 978</b>

### DIVIDENDS

<b>Dividend declared per ordinary share (cents)</b>	
– interim	10

### SUPPLEMENTARY INFORMATION

	Six months to 31 August 2015 R'000	Restated Six months to 31 August 2014 R'000
Capital expenditure	214	989

### OPERATING SEGMENTS

	Six months to 31 August 2015 R'000	Restated Six months to 31 August 2014 R'000
<b>Segment turnover</b>		
Special lubricants and allied chemicals	55 097	57 316
External customers	13 863	13 441
Local customers	41 234	43 875
Lubricant powders/Metal powders	2 529	4 266
External customers	1 660	2 763
Local customers	869	1 503
Other	2 018	2 331
External customers	2 018	2 331
Reconciling items	(1 296)	(4 081)
External customers	(1 046)	(3 566)
Local customers	(250)	(515)
	<b>58 348</b>	<b>59 832</b>

	Six months to 31 August 2015 R'000	Restated Six months to 31 August 2014 R'000
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<b>Segment result</b>		
Special lubricants and allied chemicals	(2 359)	(760)
Lubricant powders/Metal powders	(26)	(53)
Other	781	639
Reconciling items	(150)	(150)
	<b>(1 754)</b>	<b>(324)</b>

	Six months to 31 August 2015 R'000	12 months to 28 February 2015 R'000
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<b>Segment assets</b>		
Special lubricants and allied chemicals	50 091	65 607
Lubricant powders/Metal powders	12 832	12 288
Other	21 126	28 612
Reconciling items	(11 023)	(26 363)
	<b>73 026</b>	<b>80 144</b>

<b>Segment liabilities</b>		
Special lubricants and allied chemicals	24 848	38 353
Lubricant powders/Metal powders	3 166	3 259
Other	12 780	19 843
Reconciling items	(10 026)	(25 214)
	<b>30 768</b>	<b>36 241</b>

### RECONCILIATION OF HEADLINE EARNINGS

	Six months to 31 August 2015 R'000	Restated Six months to 31 August 2014 R'000
Loss attributable to shareholders	(2 321)	(459)
Loss on disposal of property, plant and equipment	–	303
Income tax effect on disposal	–	(85)
Headline loss	(2 321)	(241)
Weighted average number of ordinary shares in issue ('000)	8 143	8 143
Headline loss per ordinary share – basic and diluted (cents)	(28,5)	(3,0)

### BASIS OF PREPARATION AND ACCOUNTING POLICIES

The condensed consolidated financial statements for the six months ended 31 August 2015 have been prepared in accordance with International Financial Reporting Standards, IAS 34: *Interim Financial Reporting*, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Pronouncements as issued by the Financial Reporting Standards Council, as well as the requirements of the South African Companies Act and the JSE Listings Requirements.

The condensed consolidated interim financial statements do not include all the disclosures required for a full set of financial statements prepared in accordance with International Accounting Standards (IFRS) as issued by the International Accounting Standards Board.

The condensed consolidated interim financial statements appearing in this announcement are the responsibility of the directors and the directors take full responsibility for the preparation thereof. Robert Southey, Financial Manager, is responsible for this set of condensed consolidated interim financial statements and has supervised the preparation thereof in conjunction with the Executive Director, Kentin Welgemoed CA(SA).

The accounting policies applied in the preparation of these condensed consolidated interim financial statements are in terms of IFRS and are consistent with those applied in the consolidated annual financial statements for the year ended 28 February 2015.

### Restatement of comparative figures

During the finalisation of the financial statements for the year ended 28 February 2015, it became evident that certain accounting errors occurred following the implementation of a new ERP system in June 2014. Such errors also affected the results for the six months ended 31 August 2014 and it was necessary to restate the comparative figures in the Condensed Consolidated Comprehensive Financial Statement, reducing the total comprehensive income for the period by R1.7 million. In addition, in preparing the consolidated financial statements for the six months ended 31 August 2014, the figures for the foreign subsidiaries were converted to Rand using the incorrect exchange rate. This error resulted in an understatement of the consolidated revenue and comprehensive income by R1.8 million and R0.4 million respectively. The net restatement is as follows:

	R'000
Consolidated comprehensive income as previously reported	1 168
Accounting errors following the implementation of the new ERP system	(1 709)
Incorrect foreign exchange rate	384
Restated consolidated comprehensive loss	(157)

### COMMENTARY

#### POINTS OF INTEREST

- Sales down 2.5%.
- Depreciation up 91% due to large I.T. acquisitions associated with the ERP system and plant and machinery revaluations.
- Operating expenses well controlled and only up 2%.
- Cash flow positive for the six months.

#### EXECUTIVE CHAIRMAN'S STATEMENT

During the preparation of the Interim Accounts as at 31 August 2015 it became apparent that the figures for the 2014 period were incorrect.

Last year upon consolidation the figures in EURO in respect of our Netherlands subsidiary were not translated into SA Rands. It also came to light that various expenditures in the accounts had not been processed correctly.

We are satisfied that the consolidated statements now published together with the restatement of the comparative period figures are accurate.

The entire financial management team which produced the 2014 Interim Accounts has been replaced.

We also discovered that a deal was entered into by previous management, whereby products were being sold in large quantities at a substantial loss. This situation was immediately terminated when discovered.

In contrast, our new management is fully in control, with a significant turnaround experienced in the 2nd quarter.

There has been no material related party transactions during the period under review.

#### SEGMENTAL ANALYSIS

Due to a struggling economy, especially in the mining sector, Special Lubricants and Allied Chemicals revenue is down by 3,8%. Operating expenses are flat while depreciation is up due to additions, since August 2014, of Computer Equipment and software relating to the new ERP system as well as revaluations in Plant and Machinery in February 2015.

Lubricant Powders/Metal Powders revenue is down by 40,7%, but an increase in GP% reduced the effect on the Operating Loss. Reduced sales from exports are the result of a struggling world economy and timing differences with customer orders which we are expecting to catch up in the second half of the year. The decrease in local revenue is attributable to the timing of customer orders and some lost sales due to a major customer changing their own product formulation. Operating expenses and depreciation are flat compared to 2014.

The main contributing factor to profits in "Other" is the large increase in GP% in the European operation while our costs remained flat compared to 2014. Foreign exchange differences also account for some of the increases.

#### INTERIM DIVIDEND

No dividend has been declared nor are any proposed for the period reported on (2014: 10 cents).

By order of the Board

**Ms L Passmore**  
Company Secretary  
11 November 2015

#### Directors

RJW Spanjaard (*Executive Chairman*), Mr K Welgemoed, GF Cort, Mrs S Hari\*\*, BL Montgomery\*, CKT Palmer, Prof DP van der Nest\*\*

\*Non-executive \*\*Independent Non-executive

#### Registered office

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