THUKELA REFRACTORIES ISITHEBE PROPRIETARY LIMITED
(Registration Number: 2006/030203/07)

(PREVIOUSLY RHI ISITHEBE PROPRIETARY LIMITED)
AUDITED ANNUAL FINANCIAL STATEMENTS
31 MARCH 2015

THUKELA REFRACTORIES ISITHEBE PROPRIETARY LIMITED
(Registration Number: 2006/030203/07)
FINANCIAL STATEMENTS
31 March 2015

Contents

The financial statements have been prepared and reviewed by Gareth Owen, CA(SA).

Statement of directors' responsibility

The directors are responsible for the maintenance of adequate accounting records and the preparation and integrity of the financial statements and related information. The auditor is responsible for reporting on the fair presentation of the financial statements. The financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

The directors are also responsible for the company's systems of internal financial control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability of the company's assets, and to prevent and detect misstatement and loss. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the period under review.

The financial statements have been prepared on the basis that all operations of the company will be discontinued during the financial year ended 31 March 2016. Refer to the Report of the directors for further information.

Directors approval of financial statements

The financial statements set out on pages 4 - 34 and supplementary schedule set out on 35 - 37 were approved by the directors on 15 April 2015 and are signed on its behalf by:

M M Murugappan

MM Murugappan
Director

K Srinivasan
Director

Deloitte.

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Durban 4000
South Africa

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Registered Auditors
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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDER OF THUKELA REFRACTORIES ISITHEBE PROPRIETARY LIMITED

We have audited the financial statements of Thukela Refractories Isithebe Proprietary Limited set out on pages 7 to 34 which comprises the statement of financial position at 31 March 2015, the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the annual financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these annual financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the company as at 31 March 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDER OF THUKELA REFRACTORIES ISITHEBE PROPRIETARY LIMITED (continued)

Emphasis of matter

Without qualifying our opinion, we draw attention to the disclosure in note 25 to the financial statements regarding the proposed voluntary wind-up of the entity's operations. The company has ceased trading and is in the process of realising its assets and settling its liabilities. The company has incurred continued losses amounting to R54 332 519 for the year ended 31 March 2015 and R35 510 587 for the year ended 31 March 2014.

Other reports required by the Companies Act

As part of our audit of the financial statements for the year ended 31 March 2015, we have read the Report of the Directors, for the purpose of identifying whether there are material inconsistencies between this report and the audited financial statements.

This report is the responsibility of the respective preparers. Based on reading this report we have not identified material inconsistencies between this report and the audited financial statements. However, we have not audited this report and accordingly do not express an opinion on this report.

Other matters - Supplementary information

Without qualifying our opinion, we draw attention to the fact that the supplementary information as set out on pages 35 to 37 does not form part of the financial statements and is presented as additional information. We have not audited this information and accordingly we do not express an opinion thereon.

Deloitte & Touche

Deloitte & Touche
Registered Auditor
Per: Abubakr Essack CA (SA)
Partner
18 May 2015

THUKELA REFRACTORIES ISITHEBE PROPRIETARY LIMITED
REPORT OF THE DIRECTORS
for the year ended 31 March 2015

The directors have pleasure in presenting their report on the activities of the company for the year ended 31 March 2015.

General review

The company is incorporated in South Africa. It operated a minerals fusion plant at Isithebe, KwaZulu-Natal.

The company continued to record losses in the current year. Markets for the company's products remain negatively affected by the international recession. The Radex Heraklith Industry (RHI) sale agreement terminated during the course of the year, with no realistic possibility for renewal. In these very depressed conditions, the directors proposed to close down the company's operations.

The Nozzle Filling Material, Refractories & Fusion Plant operations were discontinued in December 2014, January 2015 and July 2014 respectively.

The Board approved the sale of the POW plant to M/s Calderys South Africa (Pty) Ltd, a member of the IMERYS group, at fair value.

The Refractories & Fusion plants are to be sold to the intermediate holding company, Carborundum Universal Limited, at fair value.

Retrenchment of all staff was concluded by March 2015. A combination of voluntary and negotiated retrenchment, in terms of the Labour Act, was amicably settled. Key people were contracted on fixed one or two month contracts. Other administrative processes in this regard are in progress.

Financial results

The results of the Company and the Company's operations for the year ended 31st March 2015 are fully disclosed in the accompanying financial statements.

The accounts of the Company were prepared and presented in accordance with the requirements of IFRS and the auditors have given their report thereon.

Share capital & dividends

No additional share capital was issued during the year. No dividend was declared and none is recommended (2014: nil)

Property, plant and equipment

Property, plant and equipment and intangible assets purchased to maintain operations amounted to R18 701 (2014: 291 503).

Subsequent events

No other events or circumstance of a material nature have occurred between the reporting date and the date of this report.

Going concern

The company incurred a total comprehensive loss of R 54.3 million (2014: total comprehensive loss of R35.5 million).

The financial statements have not been prepared on the going concern basis for the reasons discussed in the general review above. The directors do not believe that the company will continue in operational existence for the foreseeable future.

Tangible and intangible assets were assessed for impairment losses and written down to their recoverable amounts.

Stock was provisioned to eliminate obsolete stock and cases where net realisable value was exceeded.

All other assets and liabilities are recognised at fair value.

Provisions for site rehabilitation, cleaning costs and onerous lease contract penalties were raised and are considered to be adequate.

The holding company, CUMI International Ltd, will continue to provide financial and operational support to the company until all assets are realised and liabilities settled.

Shareholding

The company's shareholding is as follows:

	2015	2014
CUMI International Limited, Cyprus	100%	100%

Details of the Company's holding company, ultimate holding company and other related parties to the company are set out in note 19 to these financial statements.

Auditors

The auditors of the company for the period under review were Deloitte & Touche whose business and postal addresses were as follows:

Business & Postal address:

Deloitte & Touche Place
2 Pencarrow Crescent
La Lucia Ridge Office Estate
Durban
KwaZulu-Natal
4051

Directors' interest in contracts

No material contracts in which the directors have an interest were entered into in the current or prior period.

THUKELA REFRACTORIES ISITHEBE PROPRIETARY LIMITED
REPORT OF THE DIRECTORS (continued)
for the year ended 31 March 2015

Directors
The directors of the company during the period under review and up to the date of this report were as follows:

MM Murugappan +
K Srinivasan +
S Rangarajan +
Sergey Kostrov **
K Rattay

+ Indian * Austrian ** Russian

Secretary

The secretary of the company is Gareth Owen whose business and postal address during the period under review and up to the date of this report is the same as the registered office and postal addresses below.

Registered office and postal address

The registered office and postal address of the company are as follows:

Registered office	Postal address
1 Yellow Street	Private bag X6046
Isithebe	Mandini
4491	4490
South Africa	South Africa

On behalf of the board of directors

MM Murugappan

MM Murugappan
Chairman
Chennai, India
30th April 2015

THUKELA REFRACTORIES ISITHEBE PROPRIETARY LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the year ended 31 March 2015

	Notes	2015 R	2014 R
Revenue	4	77 325 619	87 343 940
Cost of sales	5	(77 600 849)	(94 526 874)
Gross loss		(275 230)	(7 182 934)
Operating expenses net of other operating income		(5 793 562)	(20 728 398)
Administration expenses		(5 473 196)	(6 961 343)
Loss before closure and other related costs	6	(11 541 988)	(34 872 675)
Closure and other related costs	26	(42 122 838)	-
Loss from operations		(53 664 826)	(34 872 675)
Finance income	7	-	15
Finance expense	7	(1 442 893)	(769 476)
Loss before taxation		(55 107 719	(35 642 136)
Taxation	17	-	-
Loss for the year/period		(55 107 719)	(35 642 136)
Other comprehensive income (loss)			
Items that may be reclassified subsequently to profit or loss:			
Long term employee retirement benefit transferred	14.1	775 200	-
Actuarial gain (loss) recognised	14.4	-	131 549
Total comprehensive loss for the year		(54 332 519)	(35 510 587)

THUKELA REFRACTORIES ISITHEBE PROPRIETARY LIMITED
STATEMENT OF FINANCIAL POSITION
at 31 March 2015

	Notes	2015 R	2014
ASSETS			
Non-current assets			
Property, plant and equipment	8	17 459 049	43 786 654
Intangible assets	9	-	156 791
Total non-current assets		17 459 049	43 943 445
Current assets			
Inventories	10	4 313 558	39 271 014
Trade and other receivables	11	1 083 310	29 077 021
Amounts owing by group companies	12	503 568	801 283
Cash and cash equivalents	24	3 658	812 110
Total current assets		5 904 094	69 961 428
Total assets		23 363 143	113 904 873
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital and premium	13	192 983 500	192 983 500
Accumulated loss		(180 224 938)	(125 892 419)
Total equity		12 758 562	67 091 081
Non-current liabilities			
Long-term employee benefit obligations	14	-	752 200
Total non-current liabilities		-	752 200
Current liabilities			
Trade and other payables	16	7 763 566	27 399 281
Bank overdraft	24	2 841 015	18 467 108
Amounts owing to group companies	12	-	195 203
Total current liabilities		10 604 581	46 061 592
Total equity and liabilities		23 363 143	113 904 873

THUKELA REFRACTORIES ISITHEBE PROPRIETARY LIMITED
STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March 2015

	Share capital	Share premium	Accumulated loss	Total
	R	R	R	R
Balance at 31 March 2013	2 452	183 228 548	(90 381 832)	92 849 168
Share issue	2	9 752 498	-	9 752 500
Total comprehensive loss for the period	-	-	(35 510 587)	(35 510 587)
Balance at 31 March 2014	2 454	192 981 046	(125 892 419)	67 091 081
Total comprehensive loss for the year	-	-	(54 332 519)	(54 332 519)
Balance at 31 March 2015	2 454	192 981 046	(180 224 938)	12 758 562

THUKELA REFRACTORIES ISITHEBE PROPRIETARY LIMITED
STATEMENT OF CASH FLOWS
for the year ended 31 March 2015

	Notes	2015 R	2014 R
Operating activities			
Cash outflows generated from/(utilised in) operations	23	10 392 370	(24 583 781)
Finance income		-	15
Finance expense		(1 442 893)	(769 476)
Net cash utilised in operating activities		8 949 477	(25 353 242)
Investing activities			
Additions to property, plant and equipment		(9 585)	(291 503)
Proceeds from disposal of property and equipment		5 886 865	69 835
Additions to intangible assets		(9 116)	(46 979)
Net cash utilised in investing activities		5 868 164	(268 647)
Financing activities			
Increase in share capital		-	9 752 500
Net cash generated in financing activities		-	9 752 500
Net decrease in cash and cash equivalents		14 817 641	(15 869 389)
Cash and cash equivalents at beginning of the year		(17 654 998)	(1 785 609)
Cash and cash equivalents at end of the year	24	(2 837 357)	(17 654 998)

1. Presentation of annual financial statements

Adoption of new and revised international financial reporting standards with no significant effect on the financial statements

Revised

IAS 1	Presentation of Financial Statements: Amendments resulting from annual improvements 2009-2011 cycle (comparative information)
IAS 16	Property, Plant and Equipment: Amendments resulting from annual improvements 2009-2011 cycle (servicing equipment)
IAS 19	Employee Benefits: Amended standard resulting from the post-employment benefits and termination benefits project

Standards and interpretations in issue not yet adopted

At the date of authorisation of these financial statements, the following new and revised standards and interpretations were in issue, but not yet effective:

New		Effective date for annual periods beginning on or after:
IFRS 9	Financial Instruments: classification and Measurement	1 January 2018
IFRS 14	Regulatory Deferral Accounts	1 January 2016
IFRS 15	Revenue from contracts with customers	1 January 2017

Revised

IFRS 5	Non-Current Assets Held for Sale and Discontinued Operations: Amendments resulting from September 2014 annual improvements to IFRSs	1 January 2016
IFRS 7	Financial Instruments Disclosures: Deferral of mandatory effective date of IFRS 9 and amendments to transition disclosures	1 January 2018
IFRS 7	Financial Instruments Disclosures: Additional hedge accounting disclosures resulting from the introduction of the hedge accounting chapter in IFRS 9	1 January 2018
IFRS 7	Financial Instruments Disclosures: Amendments resulting from September 2014 annual improvements to IFRSs	1 January 2016
IFRS 13	Fair Value Measurement: Amendments resulting from annual improvements 2010-2012 cycle (short-term receivables and payables)	1 July 2014
IFRS 13	Fair Value Measurement: Amendments resulting from annual improvements 2011-2013 cycle (scope of the portfolio exception in paragraph 52)	1 July 2014
IAS 1	Presentation of Financial Statements: Amendments resulting from the disclosure initiative	1 January 2016
IAS 19	Employee Benefits: Define benefit plan – employee contribution	1 July 2014
IAS – 24	Related party Disclosures: Amendment resulting from annual improvements 2010-2012 cycle (management entities)	1 July 2014

THUKELA REFRACTORIES ISITHEBE PROPRIETARY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2015

1. Presentation of annual financial statements (continued)

IAS 16	Property, Plant and Equipment: Amendments resulting from annual improvements 2010-2012 cycle (proportionate restatement of accumulated depreciation on revaluation)	1 July 2014
IAS 16	Property, Plant and Equipment: Amendments regarding the clarification of acceptable methods of depreciation and amortisation	1 January 2016
IAS 16	Property, Plant and Equipment: Amendments bringing bearer plants into the scope of IAS 16	1 January 2016
IAS 19	Employee Benefits: Defined benefit plans - employee contributions	1 July 2014
IAS 19	Employee Benefits: Amendments resulting from September 2014 annual improvements to IFRSs	1 January 2016
IAS 24	Related Party Disclosures: Amendments resulting from annual improvements 2010-2012 cycle (management entities)	1 July 2014
IAS 34	Interim Financial Reporting: Amendments resulting from September 2014 annual improvements to IFRSs	1 January 2016
IAS 38	Intangible Assets: Amendments resulting from annual improvements 2010-2012 cycle (proportionate restatement of accumulated depreciation on revaluation)	1 July 2014
IAS 38	Intangible Assets: Amendments regarding the clarification of acceptable methods of depreciation and amortisation	1 January 2016
IAS 39	Financial Instruments - Recognition and Measurement: IFRS 9 issued (hedge accounting amendments)	1 January 2018
IFRS 7	Financial Instruments Disclosure: Deferral of mandatory effective date of IFRS 9 and amendments to transition disclosure	Applies when IFRS 9 applies
IFRS 9	Financial Instruments: Reissue to include requirements for the classification and measurement of financial liabilities and incorporate existing derecognition requirements	Unknown
IFRS 9	Financial Instruments: Deferral of mandatory effective date of IFRS 9 and amendments to transition disclosure	Unknown
IFRS 9	Financial instruments: Reissue to incorporate a hedge accounting chapter	Unknown
IFRS 13	Fair Value Measurements: Amendments resulting from annual improvements 2010-2012 cycle (short-term receivables and payables)	1 July 2014
IFRS 13	Fair Value Measurements: Amendments resulting from annual improvements 2011-2013 cycle (scope of portfolio exception in paragraph 52)	1 July 2014
IAS 16	Property, Plant and Equipment: Amendments resulting from annual improvements 2010-2012 cycle (proportionate restatement of accumulated depreciation on revaluation)	1 July 2014

2. Summary of significant accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention, except for the valuation of certain financial instruments, which are carried at fair value.

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards and the Companies Act of South Africa. The principal accounting policies adopted in the preparation of these financial statements are set out below and are consistent in all material respects with those applied in the previous year.

Revenue

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest revenue

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Foreign currency transactions

Transactions in currencies other than the company's reporting currency (South African Rands) are initially recorded at the rates of exchange ruling on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rates ruling at the statement of financial position date. Exchange differences arising on the settlement of monetary items or on reporting enterprises monetary items at rates different from those that which they were initially recorded are recognised as income or expenses in the period in which they arise.

2. Summary of significant accounting policies (continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Retirement benefit costs

Contributions to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period. Actuarial gains and losses that exceed 10 per cent of the greater of the present value of the company's defined benefit obligation and the fair value of plan assets as at the end of the prior year are amortised over the expected average remaining working lives of the participating employees. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

The retirement benefit obligation recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service cost, and as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to unrecognised actuarial losses and past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

Leases

<u>Company as a lessee</u>

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Taxation

Income taxation expense represents the sum of the taxation currently payable and deferred taxation.

<u>Current taxation</u>

The taxation currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current taxation is calculated using taxation rates that have been enacted or substantively enacted by the reporting date.

2. Summary of significant accounting policies (continued)

Taxation (continued)

Deferred taxation

Deferred taxation is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding taxation bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method. Deferred taxation liabilities are generally recognised for all taxable temporary differences, and deferred taxation assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred taxation assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred taxation assets and liabilities are measured at the taxation rates that are expected to apply in the period in which the liability is settled or the asset realised, based on taxation rates (and taxation laws) that have been enacted or substantively enacted by the reporting date.

The deferred tax asset, comprising unused tax losses and unused tax credits, has not been recognised as the directors consider it improbable that the company will earn sufficient taxable profit in future to enable it to utilise the losses.

Current and deferred taxation for the period

Current and deferred taxation are recognised as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the taxation is also recognised directly in equity.

Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation. Depreciation is calculated using the straight line method over the estimated useful lives of the assets which are as follows:

Leasehold improvements	10 years
Plant and machinery	3 - 14 years
Furniture and fittings	5 - 10 years
Vehicles	2 - 3 years
Other equipment	3 - 5 years

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

Management reviews useful lives and residual values of assets annually to evaluate their appropriateness, and current and future depreciation charges are adjusted accordingly.