



## FINANCIAL REVIEW

- The Group reported a loss for the period of R2 013 million (including impairments of R1 494 million) compared to a loss of R2 253 million in the prior period
- R602 million of mining assets sold during the period
- All mining contracts being exited in order to monetise asset base
- Net asset value post conversion of debt is positive R357 million at 31 August 2017

## SALIENT FEATURES

- enX restructuring implemented on 12 October 2017
- Settlement of external banking debt in November 2017
- Initial investment in Last Mile Fund ("LMF") completed post period end

## INTRODUCTION

The period under review has been both eventful and challenging for eXtract Group Limited ("eXtract" or "Group"), with the Group transitioning into its new form and subsequently changing the strategic direction of the Group from a contract miner to an investment fund as led by management and the new board of directors.

The disposal of the Fleet Management and Logistics and Industrial Equipment divisions to enX Group Limited ("enX") was completed and effective from 8 November 2016 and the remaining Group was supported by various mezzanine funding instruments ("Corporate disposal Group" or "enX transaction").

These funding instruments were subsequently restructured in line with the new strategy, as reported in April 2017, subject to shareholder approval which was obtained on 10 August 2017. At the date of this report, all suspensive conditions to the restructure were met and the restructure had been fully implemented.

## SALE OF END OF LIFE AND EXCESS ASSETS

On 11 July 2016, shareholders approved the sale of specified excess assets (refer to SENS announcement dated 11 July 2016 and related circular dated 10 June 2016). On 10 August 2017, shareholders approved the sale of all remaining assets in line with the new strategy.

Asset sales have progressed well with R725 million sold during the period to 31 August 2017 and a further R441 million of sales secured post period-end to October 2017.

## STRATEGIC REVIEW

Over the past 14 months the operating environment for contract mining has been particularly challenging, with the Group continuing to report operational losses at certain operations.

The difficult operating environment was further impacted by the termination of the Boteti contract in Botswana (refer to the SENS announcement dated 5 December 2016), together with the PPM contract proving to be suboptimal and Tharisa Minerals Proprietary Limited ("Tharisa") notifying the Group of its intention to pursue an owner operator model.

As a result, the remaining contracts could not be responsibly sustained due to their short-term nature and therefore a decision was made to exit or not renew any of the Group's remaining profitable contracts. All contracts will be concluded by 30 November 2017 and the Group will then focus on the monetisation of its assets held for sale to settle outstanding debt obligations and transition into a focused mining fund.

Pursuant to the strategic review process as detailed below, a number of key outcomes have been identified and the implementation is on track.

### Key items implemented to date include:

- the termination of all mining contracts with only two remaining operational contracts which will end in November 2017;
- conclusion of the Tharisa asset sale, with funds of R278 million flowing on 5 October 2017;
- the disposal of further excess assets (R441 million post period end);
- significant reduction of eXtract's overhead costs, including a reduction in headcount;
- changes to the Board and management of eXtract; and
- conversion of R1 877 million of enX debt into equity in October 2017.

It is the intention of management to apply all proceeds from asset sales to reduce banking debt, provide seed capital to the LMF, and to pay down the remaining enX debt over the next 12 to 18 months.

## FUTURE STRATEGY

As communicated earlier in the year, all surplus cash generated will be utilised in the following manner:

- Initial investment of seed capital to the value of R25 million into the LMF (completed);
- Settlement of SA banking term debt of R330 million (completed);
- Repayment of R100 million to enX expected by February 2018;
- Further investment of R80 million into the LMF;
- Settlement of the remaining enX debt of R150 million within the next 12 to 18 months; and
- Investment of the remainder of the cash generated into the LMF or other opportunities as the need may arise.

The LMF is a fund created by Mr Bernard Swanepoel and Mr Clinton Halsey, eXtract Group and African Rainbow Capital ("ARC") with the purpose of making high return investments within the resources and supply sectors. It is expected that the funding of such opportunities may also result in eXtract being able to utilise select assets held for sale which may yield a better return in-use than outright sale.

ARC will seed the fund with an initial R92.5 million, eXtract with an initial R25 million, and a combined R12.5 million by Mr Swanepoel and Mr Halsey. ARC has approved matching financing as and when eXtract's monetisation of assets process releases additional cash over the next 12 to 18 months.

eXtract will continue to focus on the following in the short to medium term:

- Reduction of external debt;
- Responsible exit of all operations; and
- Monetisation of assets held for sale.

In its goal of creating shareholder value, the Board will in parallel look to further transform the Company should any attractive opportunities arise.

## SUBSEQUENT EVENTS

Subsequent to period-end, the following material events occurred:

- enX debt conversion agreement became unconditional on 28 September 2017;
- Tharisa asset sale was unconditionally approved on 22 September 2017;
- Confirmation of the exit of the Mogalakwena and Aganang contracts at

end November 2017;

- Sales of assets of R441 million to end of October 2017; and
- Settlement of the SA banking term debt of R330 million.

## SOLVENCY AND LIQUIDITY

The board is satisfied that after the conversion of the enX mezzanine debt and preference share instruments into equity the Group is solvent for the foreseeable future, even though the liabilities are greater than the assets at 31 August 2017. The conversion agreement was unconditional at 28 September 2017 and fully implemented in November 2017.

The board is further satisfied that the strategies to address the liquidity and refinancing risks, including the de-gearing strategy, are on track and are being effectively addressed.

Management has been proactive in addressing the immediate liquidity concerns and the achievement of the strategic plan which is critical to the Group meeting its repayment obligations.

## DIVIDEND

The board has not declared a dividend given the Group's performance and change in strategy. It is noted that a dividend in specie was paid in November 2016 relating to the enX transaction.

## GOING CONCERN

The results presented for the eXtract Group have been prepared on the assumption that the eXtract Group, as a whole, will continue to operate as a going concern. This assumption is aligned with the unconditional agreement relating to the enX conversion of debt which results in the Group returning to a positive net asset value position of R357 million and the current cash flow projections around asset sales and revenues. The Group has sufficient cash resources and banking facilities to settle debts as they arise.

## DIRECTOR CHANGES

There have been no changes to the board since 30 June 2017, other than the resignation of DAG Chadinha effective 31 December 2017.

By order of the board

ZB Swanepoel  
Executive Chairman

CS Halsey  
Interim CEO

28 November 2017

## AUDITED SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at

	31 August 2017 Rm	30 June 2016 Rm
<b>ASSETS</b>		
<b>Non-current assets</b>	-	2 201
Intangible assets	-	37
Property, plant and equipment	-	77
Leasing assets	-	2 044
Deferred tax assets	-	41
Finance lease receivables	-	1
Other investments and loans	-	1
<b>Current assets</b>	1 267	9 321
Finance lease receivables	-	1
Inventories	15	87
Trade and other receivables	313	952
Taxation in advance	-	6
Cash and cash equivalents	109	148
Assets held for sale <sup>(2)</sup>	830	8 127
<b>Total assets</b>	1 267	11 522
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves</b>		
Stated capital	1 891	1 839
Other reserves	325	449
Accumulated loss	(3 736)	(688)
(Deficit)/equity attributable to owners of the parent	(1 520)	1 600
Non-controlling interests	-	29
<b>Total (deficit)/equity</b>	(1 520)	1 629
<b>Non-current liabilities</b>	1 891	2 588
Interest-bearing borrowings <sup>(3)</sup>	1 877	2 539
Deferred tax liabilities	14	49
<b>Current liabilities</b>	896	7 305
Current portion of interest-bearing borrowings <sup>(3)</sup>	-	92
Trade, other payables and provisions	226	675
Current tax liabilities	-	15
Liabilities associated with assets held for sale <sup>(2)</sup>	670	6 523
<b>Total equity and liabilities</b>	1 267	11 522

## AUDITED SUMMARISED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	for the 14 months ended 31 August 2017 Rm	for the 12 months ended 30 June 2016 Rm
Loss for the period	(2 013)	(2 253)
<b>Total other comprehensive (loss)/income for the period, net of taxation</b>		
<b>Items that may be reclassified subsequently to profit or loss</b>	(72)	132
Exchange differences on translation of foreign subsidiaries	(72)	124
Net fair value gain on cash flow hedges and other fair value reserves	-	8
<b>Total comprehensive loss for the period, net of taxation</b>	(2 085)	(2 121)
<b>Attributable to:</b>		
Owners of the parent	(2 087)	(2 125)
Non-controlling interests	2	4
	(2 085)	(2 121)

## DISCONTINUED AUDITED SUMMARISED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	for the 14 months ended 31 August 2017 Rm	for the 12 months ended 30 June 2016* Rm
<b>Discontinued operations Revenue</b>	5 418	9 530
<b>Profit from operations before depreciation and amortisation</b>	635	2 457
Depreciation and amortisation	(330)	(1 906)
Profit on disposal of property, plant and equipment	-	6
<b>Operating profit</b>	305	557
Net foreign exchange (losses)/gains	(36)	1
Fair value gains recycled from equity	44	-
Net impairment of assets <sup>(4)</sup>	(1 494)	(1 498)
IFRS 5 adjustment	(448)	(719)
<b>Loss before net finance costs</b>	(1 629)	(1 659)
Net finance costs <sup>(6)</sup>	(340)	(606)
Finance costs	(353)	(651)
Finance income	13	45
<b>Loss before taxation</b>	(1 969)	(2 265)
Income tax	22	12
<b>Loss for the period</b>	(1 947)	(2 253)
Loss on sale of subsidiaries	(3)	-
Deconsolidation of subsidiary <sup>(7)</sup>	(63)	-
<b>Total loss for the period from discontinued operations</b>	(2 013)	(2 253)
<b>Attributable to:</b>		
Owners of the parent	(2 015)	(2 257)
- Loss for the period from continuing operations	-	-
- Loss for the period from discontinued operations	(2 015)	(2 257)
Non-controlling interests	2	4
<b>Loss for the period</b>	(2 013)	(2 253)
	Cents	Cents
<b>Loss per share from discontinued operations<sup>(11)</sup></b>	(423.2)	(576.8)
- Basic and diluted loss per share	(423.2)	(576.8)

\* Amounts represented to show all operations in comparative results as discontinuing operations.

## AUDITED SUMMARISED CONSOLIDATED STATEMENT OF DISCONTINUED CASH FLOWS

	for the 14 months ended 31 August 2017 Rm	for the 12 months ended 30 June 2016 Rm
<b>Cash flows from operating activities</b>		
Cash generated from operations before working capital movements	740	2 606
Working capital movements	594	827
<b>Cash generated from operations</b>	1 334	3 433
Finance income	13	45
Finance costs	(353)	(651)
Taxation paid	(45)	(101)
<b>Net cash flows from operating activities</b>	949	2 726
<b>Cash flows from investing activities</b>		
(Acquisition)/disposal of businesses	(11)	42
Net capital disposals	(211)	(2 295)
Movement in finance lease receivables	36	(6)
Proceeds on disposal of other investments and loans	-	2
<b>Net cash flows from investing activities</b>	(186)	(2 257)
<b>Cash flows from financing activities</b>		
Repurchase of non-controlling interest	-	(16)
Issue of shares	37	-
Conversion of treasury shares	15	-
Dividends paid to minorities	(2)	(7)
Net decrease in interest-bearing borrowings	(995)	(324)
<b>Net cash flows from financing activities</b>	(945)	(347)
<b>Net (decrease)/increase in cash and cash equivalents</b>	(182)	122
<b>Effect of exchange rate translation on cash and cash equivalents</b>	(20)	9
<b>Derecognition of cash and cash equivalents</b>	(23)	-
<b>Cash and cash equivalents at beginning of period</b>	334	203
<b>Cash and cash equivalents at end of period</b>	109	334

	Stated capital Rm	Other reserves Rm	Retained (loss)/income Rm	Non-controlling interest Rm	Total Rm
<b>Balance at 1 July 2015</b>	<b>1 839</b>	<b>330</b>	<b>1 569</b>	<b>32</b>	<b>3 770</b>
Total comprehensive loss for the period	-	132	(2 257)	4	(2 121)
Loss for the period	-	-	(2 257)	4	(2 253)
Other comprehensive income for the period, net of taxation	-	132	-	-	132
Net share-based payment movement	-	5	-	-	5
Dividends paid	-	-	-	(7)	(7)
Vesting of share incentive scheme	-	(1)	-	-	(1)
Goodwill reserve arising on additional interest in subsidiary	-	(16)	-	-	(16)
Deferred taxation directly in equity	-	(1)	-	-	(1)
<b>Balance at 30 June 2016</b>	<b>1 839</b>	<b>449</b>	<b>(688)</b>	<b>29</b>	<b>1 629</b>
Total comprehensive loss for the period	-	(72)	(2 015)	2	(2 085)
Loss for the period	-	-	(2 015)	2	(2 013)
Other comprehensive loss for the period, net of taxation	-	(72)	-	-	(72)
Vesting of share incentive scheme	-	(4)	-	-	(4)
New issue of stated capital*	37	-	-	-	37
Conversion of treasury shares	15	-	-	-	15
Dividend paid	-	-	-	(2)	(2)
Dividend in specie	-	-	(1 022)	-	(1 022)
Realisation of translation reserve	-	(32)	-	-	(32)
Reversal of share-based payment reserve	-	(17)	17	-	-
Transfer within categories of reserves	-	23	(23)	-	-
Disposal of subsidiary	-	(27)	-	(29)	(56)
Deferred taxation directly in equity	-	5	(5)	-	-
<b>Balance at 31 August 2017</b>	<b>1 891</b>	<b>325</b>	<b>(3 736)</b>	<b>-</b>	<b>(1 520)</b>

\* On 16 November 2016 101 400 000 shares were issued at R1 each. These were fair valued at R37 million.

NOTES

(1) Basis of preparation

The audited provisional consolidated financial statements for the fourteen months ended 31 August 2017 have been prepared in accordance with and containing the information required by IAS 34: Interim Financial Reporting, as well as the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council, the JSE Limited Listings Requirements and the South African Companies Act. The accounting policies and their application are consistent, in all material respects, with those detailed in eXtract's (previously Eqsra Holdings Limited) 2016 annual consolidated financial statements, except for the adoption on 1 July 2016 of those new, revised and amended standards and interpretations detailed therein.

The adoption of the new and amended statements of generally accepted accounting practice, interpretations of statements of generally accepted accounting practice, and improvements project amendments did not have a material impact on the Group.

	Audited 31 August 2017 Rm	Audited 30 June 2016 Rm
<b>(2) Assets classified as held for sale</b>		
Property, plant and equipment	52	-
Leasing assets	778	809
Corporate transaction disposal group	-	7 318
	<b>830</b>	<b>8 127</b>
<b>Liabilities directly associated with assets held for sale</b>		
Interest-bearing borrowings	375	238
Current taxation liabilities	45	74
enX mezzanine debt	250	-
Corporate transaction disposal group	-	6 211
	<b>670</b>	<b>6 523</b>

Assets held for sale comprise assets in South Africa of R696 million (June 2016: R298 million) and assets in Mozambique of R134 million (June 2016: R511 million).

Of the R830 million of assets held for sale, sales amounting to R441 million have been concluded post period-end to end October 2017. Management believe that the sales of the remainder of the assets are highly probable within the next 12 months.

**Audited corporate transaction disposal statement of financial position**

	Disposal statement of financial position 8 November 2016 Rm	30 June 2016 Rm
<b>ASSETS</b>		
Intangible assets	3	-
Property, plant and equipment	257	273
Leasing assets	5 056	5 573
Other investments and loans	30	12
Finance lease receivables	2	36
Inventories	853	819
Trade and other receivables and derivatives	646	883
<b>Operating assets</b>	<b>6 847</b>	<b>7 596</b>
Taxation in advance	58	23
Cash and cash equivalents	75	186
Unallocated loss on sale from the corporate transaction	(487)	(487)
<b>Total assets</b>	<b>6 493</b>	<b>7 318</b>
<b>LIABILITIES</b>		
Trade and other payables and derivatives	1 153	1 194
Interest-bearing borrowings	6 575	6 854
Loans due from Contract Mining entities	(2 853)	(2 403)
<b>Operating liabilities</b>	<b>4 875</b>	<b>5 645</b>
Deferred tax liabilities	411	498
Current tax liabilities	114	68
<b>Total liabilities</b>	<b>5 400</b>	<b>6 211</b>

The sale of the Fleet Management and Logistics division and the Industrial Equipment division to enX took place on 8 November 2016. The disposal balance sheet is disclosed above.

As part of the corporate transaction, subsidiaries of eXtract in the Fleet Management and Logistics and Industrial Equipment divisions were transferred to enX on the effective date. The assets and associated liabilities were disclosed as held for sale at 30 June 2016.

(3) Interest-bearing borrowings

	Audited 31 August 2017 Rm	Audited 30 June 2016 Rm
<b>Facility breakdown</b>		
External debt	-	236
enX mezzanine debt	1 277	-
Preference shares	600	-
Intercompany loans	-	2 395
	<b>1 877</b>	<b>2 631</b>

The enX transaction was executed for a consideration of ordinary share capital of R101 million (R37 million fair value), preference share capital of R600 million and subordinated mezzanine debt of R1 656 million. The total debt and preference share capital at 31 August 2017 amounts to R2 127 million, of which R1 877 million was approved for conversion to equity on 10 August 2017. The remaining debt will be settled from asset sales.

	Audited 31 August 2017 Rm	Audited 30 June 2016 Rm
<b>(4) Capital commitments</b>		
- Contracted	-	429
- Authorised by directors but not contracted	-	50
		<b>379</b>
Guarantees	<b>2</b>	10

(5) Fair value hierarchy disclosures

There are no financial asset and liabilities that are recognised and subsequently measured at fair value, analysed by valuation technique.

	Audited 31 August 2017 Rm	Audited 30 June 2016* Rm
<b>(6) Impairment of assets</b>		
Impairment of leasing assets	1 411	1 351
Impairment of intangible assets	32	11
Impairment of restricted cash	18	-
Impairment of property, plant and equipment	33	77
Impairment of investments and loans	-	59
<b>Total impairments</b>	<b>1 494</b>	<b>1 498</b>

\* Amounts represented to show comparative results from discontinued operations.

(7) Deconsolidation of subsidiary

	Audited 31 August 2017 Rm	Audited 30 June 2016* Rm
<b>Discontinued operations</b>		
Gain on deconsolidation of subsidiary	156	-
Provision for liabilities (net of expected proceeds)	(67)	-
Impairment of inter-company loans	(152)	-
<b>Total</b>	<b>(63)</b>	<b>-</b>

The Karowe (Boteti) contract in Botswana was terminated and money withheld which resulted in the Botswana entity being placed into liquidation. The Group is therefore no longer in control of the subsidiary and it has been deconsolidated.

A deconsolidation gain was offset by the relevant impairment on inter-company loans and provision for liabilities for which guarantees were provided.

(8) Segmental disclosures

The results consist of two segments being the Contract Mining division and the corporate disposal group being the previous Eqsra entities (Eqsra Fleet Management and Eqsra Industrial Equipment).

	Audited 31 August 2017 Rm	Audited 30 June 2016* Rm
<b>Revenue</b>	<b>5 418</b>	<b>9 530</b>
Contract Mining	3 505	2 964
Corporate Disposal Group	1 913	6 566
<b>Operating profit</b>	<b>305</b>	<b>557</b>
Contract Mining	(239)	151
Corporate Disposal Group	575	406
<b>Loss before taxation</b>	<b>(1 969)</b>	<b>(2 265)</b>
Contract Mining	(1 946)	(620)
Corporate Disposal Group	-	(1 645)

The remaining balance sheet consists of only the Contract Mining division.

(9) Discontinued operations

All operations have been classified as discontinued in line with the Group strategy.

	Cents	Cents
<b>(10) Net (deficit)/asset value per share attributable to owner of the parent</b>	<b>(299.9)</b>	<b>394.6</b>

	Million	Million
<b>(11) Headline loss per share</b>		
<b>Reconciliation of discontinued headline earnings per share</b>		
Basic and diluted loss per share	(423.2)	(576.8)
Profit on sale of property, plant and equipment and leasing assets	-	(1.5)
Net impairments of assets	313.7	382.8
IFRS 5 fair value adjustment	94.1	183.7
Loss on sale of subsidiaries	0.7	-
Deconsolidation of subsidiary	13.3	-
Taxation effect	(13.3)	(18.1)
<b>Headline loss per share</b>	<b>(14.7)</b>	<b>(29.9)</b>

	Million	Million
<b>(12) Weighted average number of shares in issue for the period</b>		
<b>Number of ordinary shares</b>		
- in issue	506.9	405.5
- in issue (net of treasury shares)	498.6	391.3
Weighted average number of ordinary shares in issue during the period	476.2	391.3
- opening shares (net of treasury shares)	391.3	391.1
- additional shares issued	80.3	-
- disposal of treasury shares	4.6	0.2
Basic and diluted weighted average number of ordinary shares	476.2	391.3

(13) Significant judgements and estimates

The valuation of the equipment impaired was based on market values on a normalised sales basis and reflects management's best estimate of the recoverable amount.

(14) Summarised Report

This summarised report is extracted from audited information but is not itself audited. The directors take full responsibility for the preparation of the summarised report and for ensuring that the financial information has been correctly extracted from the underlying audited annual financial statements.

(15) The auditors

Deloitte & Touche have issued their unqualified audit report on the audited provisional consolidated financial statements for the 14 months ended 31 August 2017. The audit was conducted in accordance with International Standards on Audit Engagements.

A copy of their audit report is available for inspection at eXtract's registered office. Any reference to future financial performance included in this announcement, has not been audited or reported on by eXtract's auditors.

NAME AND REGISTRATION NUMBER	SENS Release date: 29 November 2017
EXTRACT GROUP LIMITED	EXECUTIVE DIRECTORS
1998/011672/06	ZB Swanepoel (Executive chairman)
JSE share code: EXG	CS Halsey (Interim CEO)
ISIN: ZAE000246013	DAG Chadinha (CFO) <sup>1</sup> CA(SA)
	( <sup>1</sup> Preparer of financial results)
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