

Marshall Monteagle PLC  
(Incorporated in Jersey)  
(Registration number: 102785)  
(External registration number: 2010/024031/10)  
JSE Code: MMP ISIN: JE00B5N88T08  
("Marshall Monteagle" or "the Company" or "the Group")

## **Provisional announcement of reviewed results for the year ended 30th September 2015 and proposed dividend declaration**

### **Introduction**

The Directors report satisfactory results for the year ended 30th September 2015, a year characterised by stiff currency headwinds and a challenging economic environment.

Marshall Monteagle's objective is to achieve capital growth internationally and pay a steadily progressive dividend over the long term from a diversified range of investments. The Group holds portfolios of leading investments in the U.S.A., U.K., Europe and the Far East as well as commercial properties in the U.S.A. and South Africa. The Group's import and distribution businesses operate internationally and in South Africa it has interests in food processing and logistics.

### **Results**

- Group revenue for the twelve months to 30<sup>th</sup> September 2015 increased by 23% to US\$260,595,000 compared to US\$212,339,000. Had currencies remained constant sales would have increased by 37%.
- Group profit before tax increased by 27% to US\$9,296,000 from US\$7,305,000. The increase includes higher investment property revaluations, US\$2,313,000 compared with US\$887,000 the previous year.
- Headline earnings per share increased 38% to 8.7 US cents (2014 – 6.3 US cents).
- The directors are proposing a second interim (final) dividend of 1.8 US cents, (2014 – 1.8 US cents) making a total of 3.6 US cents (2014 – 3.6 US cents) for the year. Details and salient dates of the dividend will be published in due course.
- Net assets attributable to shareholders decreased by 3% from US\$64,971,000 (US\$1.81 per share) to US\$62,864,000 (US\$1.75 per share) at 30<sup>th</sup> September 2015, due to adverse changes in the exchange rate between the USD and the ZAR. US\$1.00 of net assets per share – 57% (2014 – 55%) are held in Europe, U.S.A., Middle East and Australia. The remaining assets, equivalent to US\$0.75 per share – 43% (2014 – 45%) are held in South Africa.

### **Import and Distribution**

Turnover and profits from our import and distribution businesses in food and household consumer products increased over the prior year. The consumer environment remains challenging and multiple retailers continue to apply pressure on their supplier base. These pleasing results were achieved despite volatile raw material pricing and significant currency movements during the year. This division continues to provide procurement, supply chain and risk management services to multiple retailers, wholesalers and manufacturers in Southern and Central Africa, South America, the Middle East and China. We remain committed to working with suppliers of quality raw materials, skilled technologists and first world production facilities.

Our Metals and Minerals business has made extremely good progress during the year developing new partnerships with miners and end users. Commodity prices have reached a sixteen year low and the significant reduction in demand from China continues to put downward pressure on metal and mineral prices making this an extremely challenging business. This division provides fully integrated logistics, finance and shipping services to the Southern African mining industry and is placing significant focus on chrome and manganese. We are committed to partnering with producers who require a professional all encompassing solution from collection ex mine through to delivery to end users on an international basis.

Profits from our tool and machinery import and distribution businesses were lower during the year despite a modest increase in turnover. Management expect trading conditions in the core business to remain tough in the near term, but are anticipating an improvement in contribution from the pipe division during 2016.

### **Property Portfolio**

Rental income from our large multi-tenanted industrial property in San Diego increased during the year and the property continues to enjoy a very low vacancy rate. The commercial and industrial property market in Southern California remains buoyant and our aim in the medium term is to acquire another asset in the area.

The Group's South African commercial and light industrial property portfolio had a satisfactory year despite a struggling local economy, additional capital expenditure requirements and above inflation infrastructure costs.

### **Investment Portfolio**

Equity markets were subject to volatility during the year, in the most part influenced by the deteriorating situation in China. Our portfolio performed relatively well under the circumstances and as in prior years our portfolio turnover remained very low. We continue to hold a concentrated list of quality international equities that we believe will outperform the market in the long term.

### **Halogen Holdings Limited (unlisted associate)**

Halogen Holdings continues to hold a substantial stake in Heartstone Inns, a developing UK group of country pubs specialising in quality food. The board of Halogen are in the process of winding up the company and subsequent to the year end our holding has been replaced by a direct holding in Heartstone Inns Limited which will be accounted for as an investment.

### **Post Balance Sheet Events**

On 1 September 2015 we announced the disposal of six industrial properties in Durban, South Africa, for an amount of US\$7.5 million. The required bank guarantee in favour of our attorney has been lodged and completion of the transaction is expected early in the New Year. After deduction of costs and taxes of approximately US\$2.2 million net proceeds are estimated to be US\$5.3 million.

### **Dividend**

The directors are proposing a second interim (final) dividend of 1.8 US cents, (2014 – 1.8 US cents) making a total of 3.6 US cents (2014 – 3.6 US cents) for the year. Details and salient dates of the dividend will be published in due course.

### **Changes to the Board**

There were no changes to the Board during the year under review.

### **Group Personnel**

These results could not have been achieved without the hard work of all our employees and the Board thank them most sincerely for their efforts and contribution during the year.

### **Prospects**

The Board remain cautious about the upcoming year and expect to see continued volatility in emerging market economies and currencies. However, our conservative policies and strong balance sheet give us confidence that we can continue to enhance shareholder value in the long term.

### **E. J. Beale**

Chairman

D.C. Marshall

Chief Executive

## **Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income**

**for the year ended 30th September**

	<b>2015</b>	2014
	<b>Reviewed</b>	Audited
	<b>US\$000</b>	US\$000
<b>Profit or Loss:</b>		
Group revenue	<b>260,595</b>	212,339
Other income	<b>3,659</b>	2,261
	<b><u>264,254</u></b>	<u>214,600</u>

Change in inventories of finished goods and work in progress	6,61	5,126
Finished goods, raw materials and consumables	(214,738)	(168,303)
Employees benefit expense	(15,156)	(13,019)
Depreciation and amortisation expense	(835)	(724)
Other expenses	(28,489)	(28,831)
Share of associated companies' and joint venture's results	(16)	740
Finance expense	(2,338)	(2,284)
Profit before tax	9,296	7,305
Taxation	(2,630)	(2,273)
<b>Profit after tax</b>	<b>6,666</b>	<b>5,032</b>

Profit attributable to owners of the parent	4,819	3,297
Profit attributable to non-controlling interests	1,847	1,735

Basic and fully diluted earnings per share (US cents)	13.4c	9.2c
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**Other Comprehensive (Expense)/Income :-**

Exchange differences on translation into US Dollars of the financial statements of foreign entities	(7,441)	(4,258)
Unrealised (loss)/gain on revaluation of available for sale investments, net of applicable tax	(414)	1,076
Reclassification of previously recognised profits on disposal of available for sale investments	(149)	(170)
Total of items that may be reclassified	(8,004)	(3,352)
Items that will not be reclassified subsequently to profit and loss :-		
Commercial property fair value adjustments, net of applicable tax	322	227
Share of associated company's other comprehensive income		-
		227
<b>Total Other Comprehensive Expense</b>	<b>(7,238)</b>	<b>(3,125)</b>
<b>Total Comprehensive (Expense)/Income</b>	<b>(572)</b>	<b>1,907</b>

<b>Total Comprehensive (Expense)/Income attributable to owners of the parent</b>	<b>(816)</b>	<b>930</b>
<b>Total Comprehensive Income attributable to non-controlling interests</b>	<b>244</b>	<b>977</b>



## Condensed Consolidated Statement of Changes in Equity

	Ordinary share capital	Share premium	Other reserves	Retained earnings	Total Shareholders	Non- controlling interests	Group Total
	US\$000	US\$000	US\$000	US\$000	US\$000	US\$000	US\$000
<b>Year ended 30<sup>th</sup> September 2014</b>							
Profit after tax	-	-	(550)	3,847	3,297	1,735	5,032
Other comprehensive expense	-	-	(2,367)	-	(2,367)	(758)	(3,125)
<b>Total Comprehensive Income</b>	<b>-</b>	<b>-</b>	<b>(2,917)</b>	<b>3,847</b>	<b>930</b>	<b>977</b>	<b>1,907</b>
Transactions with shareholders							
Dividends paid	-	-	-	(1,291)	(1,291)	(728)	(2,019)
Balances at start of year	8,964	23,606	2,812	29,950	65,332	9,199	74,531
<b>Balances at end of year</b>	<b>8,964</b>	<b>23,606</b>	<b>(105)</b>	<b>32,506</b>	<b>64,971</b>	<b>9,448</b>	<b>74,419</b>
<b>Year ended 30<sup>th</sup> September 2015</b>							
Profit after tax	-	-	4,879	(60)	4,819	1,847	6,666
Other Comprehensive expense	-	-	(5,635)	-	(5,635)	(1,603)	(7,238)
<b>Total Comprehensive Income</b>	<b>-</b>	<b>-</b>	<b>(756)</b>	<b>(60)</b>	<b>(816)</b>	<b>244</b>	<b>(572)</b>
Transactions with shareholders							
Dividends paid	-	-	-	(1,291)	(1,291)	(1,116)	(2,407)
Balances at start of year	8,964	23,606	(105)	32,506	64,971	9,448	74,419
<b>Balances at end of year</b>	<b>8,964</b>	<b>23,606</b>	<b>(861)</b>	<b>31,155</b>	<b>62,864</b>	<b>8,576</b>	<b>71,440</b>



## Condensed Consolidated Statement of Financial Position

at 30th September

	2015 Reviewed US\$000	2014 Audited US\$000
<b>Assets</b>		
<b>Non current assets</b>		
Investment property	27,472	28,374
Property, plant and equipment	8,919	8,763
Goodwill	179	220
Intangible assets	521	637
Deferred taxation	1,140	920
Investment in associated companies	2,383	2,006
Investments	20,042	19,547
	<u>60,656</u>	<u>60,467</u>
<b>Current assets</b>		
Inventories	28,859	28,113
Accounts receivable	38,641	37,272
Other financial assets	187	326
Tax recoverable	158	169
Cash and bank balances	18,644	14,438
	<u>86,489</u>	<u>80,318</u>
Total assets	<u>147,145</u>	<u>140,785</u>
<b>Current liabilities</b>		
Financial liabilities falling due within one year	(55,807)	(47,306)
Tax payable	(1,903)	(1,591)
Total current liabilities	<u>(57,710)</u>	<u>(48,897)</u>
Net current assets	<u>28,779</u>	<u>31,421</u>
<b>Total assets less current liabilities</b>	<b>89,435</b>	91,888
<b>Non current liabilities</b>		
Financial liabilities falling due after more than one year	(11,671)	(10,872)
Deferred taxation	(6,324)	(6,597)
	<u>(17,995)</u>	<u>(17,469)</u>
<b>Net assets</b>	<u>71,440</u>	<u>74,419</u>
<b>Capital and reserves</b>		
Called up share capital	8,964	8,964
Share premium account	23,606	23,606
Other reserves	(861)	(105)
Retained earnings	31,155	32,506
	<u>62,864</u>	<u>64,971</u>
<b>Shareholders' funds</b>	<b>62,864</b>	64,971
<b>Non-controlling interests</b>	<u>8,576</u>	<u>9,448</u>
	<u>71,440</u>	<u>74,419</u>

## Condensed Consolidated Statement of Cash Flow

for the year ended 30th September

	2015 Reviewed US\$000	2014 Audited US\$000
<b>Revenue</b>	<b>260,595</b>	212,339

Operating, other costs and finance expense	<u>(251,299)</u>	<u>(205,034)</u>
<b>Profit before tax</b>	<b>9,296</b>	7,305
Adjustments		
Depreciation and amortisation	835	724
Share of associates and joint ventures	16	(740)
Finance expense	2,338	2,284
Other income	(3,659)	(2,261)
Other expense – loss on tangible assets	2	7
Other expense - impairment	246	286
	<u>9,074</u>	<u>7,605</u>
Changes in working capital		
Increase in inventories	(5,800)	(3,512)
(Increase) in debtors	(6,966)	(8,792)
Increase in creditors	11,606	11,919
Cash generated by operations	<u>7,914</u>	<u>7,220</u>
Finance expense	(2,338)	(2,284)
Taxation paid	(1,544)	(1,565)
Cash inflow from operating activities	<u>4,032</u>	<u>3,371</u>
<b>Investment activities</b>		
Purchase of and improvements to tangible non-current assets	(2,705)	(1,315)
Proceeds of disposal of tangible assets	84	36
Acquisition of investments	(2,088)	(1,659)
Acquisition of associated company	-	(77)
Purchase of intangible assets	-	(310)
Proceeds of disposal of investments	1,165	1,349
Dividends received	519	504
Interest received	712	555
Cash outflow from investment activities	<u>(2,313)</u>	<u>(917)</u>
Cash inflow before financing	<u>1,719</u>	<u>2,454</u>
<b>Financing activities</b>		
Increase/(Decrease) in long term debt	1,153	(1,707)
Dividends paid - Group shareholders	(1,291)	(1,291)
Dividends paid - non-controlling interests of subsidiaries	(1,116)	(728)
Cash outflow from financing activities	<u>(1,254)</u>	<u>(3,726)</u>
<b>Increase/(Decrease) in cash and cash equivalents</b>	<b>465</b>	<b>(1,272)</b>
Cash and cash equivalents at 1st October	<b>10,340</b>	12,002
Effect of foreign exchange rate changes	(737)	(390)
Cash and cash equivalents at 30th September	<u>10,068</u>	<u>10,340</u>

## EXPLANATORY NOTES

### SEGMENTAL REPORTING

For management purposes the Group is organised on a worldwide basis into the following main business segments grouped by similar businesses and services:

Import and distribution	Trade in tools, food and household consumer products primarily imports to, and exports from, South Africa.
Property	Investment properties in U.S.A. and South Africa.



Investments in associated companies      Companies involved in marketing and running country pubs.

Excluded from the segmental analysis are other activities      Mainly transactions relating to the share portfolios, profits on disposals of tangible and intangible non-current assets local head office costs, and interest.

There are no sales between business segments and businesses carrying out similar trade and services are grouped in the same segments.

Segment assets consist of property, plant and equipment, inventories and receivables and exclude cash balances. Segment liabilities are operating liabilities and exclude items such as taxation and borrowings. Unallocated assets and liabilities are investments, holding company assets and liabilities, cash balances, taxation and borrowings. Capital expenditure comprises additions to property, plant and equipment.

Segmental analysis of results	2015 US\$000		2014 US\$000	
	Revenue	Result	Revenue	Result
Import and distribution *	256,646	8,057	208,275	6,681
Property	3,949	1,601	4,064	1,665
Share of associated companies and joint venture's results	-	(16)	-	740
	<u>260,595</u>	<u>9,642</u>	<u>212,339</u>	<u>9,086</u>
Other Expense		(1,667)		(1,751)
Other Income		3,659		2,261
Interest paid		(2,338)		(2,284)
Profit before tax		<u>9,296</u>		<u>7,305</u>

- Includes sales to the Group's major customers representing 10% or more of Group revenue:

	2015	2014
Company A	133,074	103,464
Company B	37,598	29,702

	Assets US\$000	Liabilities US\$000	Net assets/ (liabilities) US\$000	Capital expenditure US\$000	Depreciation charge US\$000
<b>Segmental analysis of net assets 30th September 2015</b>					
Import and distribution	73,825	(47,728)	26,097	2,440	823
Property	29,333	(964)	28,369	265	12
Investment in associated companies	2,230	-	2,230	-	-
Unallocated (including cash, tax and debt)	<u>41,757</u>	<u>(27,013)</u>	<u>14,744</u>	<u>-</u>	<u>-</u>
Consolidated total	<u>147,145</u>	<u>(75,705)</u>	<u>71,440</u>	<u>2,705</u>	<u>835</u>

Segmental analysis of net assets 30th September 2014

	Assets	Liabilities	Net assets/ (liabilities)	Capital expenditure	Depreciation charge
Import and distribution	71,574	(39,948)	31,626	1,197	692
Property	30,542	(1,114)	29,428	118	32
Investment in associated companies	1,855	-	1,855	-	-
Unallocated (including cash, tax and debt)	<u>36,814</u>	<u>(25,304)</u>	<u>11,510</u>	<u>-</u>	<u>-</u>
Consolidated total	<u>140,785</u>	<u>(66,366)</u>	<u>74,419</u>	<u>1,315</u>	<u>724</u>

The Group operates in the following geographic areas.

Europe

Location of part of the Group's import and distribution business, the non-trading parent company and most of the Group's investment portfolio.

Australia

Location for part of the Group's import and distribution business.

Middle East

Location for part of the Group's import and distribution business.

United States

Part of the Group's property portfolio and some of the Group's investment portfolio are located here.

South Africa

Location of the bulk of the Group's import and distribution business and part of the Group's property portfolio.

	2015			2014		
	Group Revenue US\$000	Total Net assets US\$000	Capital expenditure US\$000	Group Revenue US\$000	Total net assets US\$000	Capital expenditure US\$000
Europe	36,867	22,421	-	30,506	24,555	-
Australia	1,472	1,682	1	1,526	2,588	26
Middle East	4,821	591	-	-	-	-
United States	1,139	10,821	223	1,055	9,778	118
Total outside South Africa	44,307	35,515	224	33,087	36,921	144
South Africa	216,288	35,925	2,481	179,252	37,498	1,171
	<b>260,595</b>	<b>71,440</b>	<b>2,705</b>	<b>212,339</b>	<b>74,419</b>	<b>1,315</b>

Total assets (before non-controlling interests) and capital expenditure are shown by the geographical area in which the assets are located.

	2015 US\$000	2014 US\$000
<b>Other income</b>		
Investment property revaluations	2,313	887
Fair value adjustments on derivative instruments	1	6
Dividend income	519	504
Interest income	712	555
Exchange gains	9	-
Profit on disposal of investments	105	309
Total income	<b>3,659</b>	<b>2,261</b>

## EARNINGS PER SHARE

	2015	2014
Basic earnings per share	<b>13.4c</b>	9.2c
Headline earnings per share	<b>8.7c</b>	6.3c

## Reconciliation between basic and headline earnings per share

	US\$000	US\$000
<i>Basic earnings</i>	4,819	3,297
<i>Adjusted for:</i>		
Investment property revaluations, net of tax effect	(1,812)	(695)
Gain on bargain purchase of joint venture, net of tax	-	(168)
Impairment of non-current assets	246	-
Reclassification of previously recognised gains on disposal of available for sale investments	(149)	(170)
Loss on disposal of non-current tangible assets	2	7
Headline earnings	<b>3,106</b>	<b>2,271</b>

## FINANCIAL INSTRUMENTS

The categories of financial instruments used by the Company are:

	2015 US\$000	2014 US\$000
<b>Financial assets</b>		
<i>Available for sale</i>		
Investments	20,042	19,547
<i>At fair value through profit &amp; loss</i>		
Deferred finance lease income	52	174

Contract foreign exchange financial instrument	<b>135</b>	152
Loans and accounts receivable		
Accounts receivable	<b>38,641</b>	37,272
Cash at bank	<b>18,644</b>	14,438
<b>Financial liabilities</b>		
Loans and accounts payable		
Trade and other payables - due within one year	<b>46,938</b>	42,898
- borrowings due after more than one year	<b>11,671</b>	10,872
<i>At fair value through profit &amp; loss</i>		
- contract financial instruments due after more than one year	-	10
Bank overdrafts	<b>8,576</b>	4,098
Other financial liabilities	<b>293</b>	310

### **Fair Value hierarchy**

IFRS13 requires disclosure of fair value measurements under the following hierarchy:

Listed prices (unadjusted) in active markets for identical assets or liabilities – Level 1

Inputs other than listed prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) – Level 2

Inputs for the asset or liability that are not based on observable market data (that is unobservable inputs) – Level 3

The level of fair value hierarchy within the asset or liability is categorised is determined on the basis of the lower input that is significant to the fair value measurement. Financial assets and liabilities are classified in their entirety into one of the three levels.

Listed investments are stated at fair value based on listed prices and are considered Level 1 financial instruments.

Foreign exchange contracts are considered Level 2 financial instruments. Fair value is determined by market value quotes received from independent financial institutions.

Accounts receivable and accounts payable due within one year are carried at amortised cost which approximates to their fair values at the year-end.

The carrying value of bank loans payable in more than one year approximates to their fair values. This is due to the loans all attracting market related interest rates, and thus the effect of discounting (using a market rate interest rate) when applying the effective interest rate method would result in no real difference between the fair value determined and the carrying value of the bank loans.

### **Notes:**

1. This provisional report has been prepared in accordance with the framework, concepts and the measurement and recognition requirements of International Financial Reporting Standards, applicable legal and regulatory requirements of The Companies (Jersey) Law, 1991, the Financial Reporting Pronouncements as issued by the Financial Reporting Council, the Listing Requirements of the JSE Limited and contains the information required by IAS 34 Interim Financial Reporting. The accounting policies applied in this provisional announcement are consistent with those adopted and disclosed in the Group's annual report for the year ended 30th September 2014.
2. Group capital expenditure in the year was US\$2,704,000 (2014 – US\$1,315,000). There were no capital expenditure commitments at 30th September 2015 (2014 – nil).
3. Overdrafts of US\$8,576,000 (2014 - US\$4,098,000) are included in current liabilities. Group long-term finance is secured on various properties and bears interest at commercial rates.
4. Earnings per share and headline earnings per share are based on the result attributable to shareholders of the Company and on the weighted average of shares in issue 35,857,512 (2014 – 35,857,512).

### **Responsibility Statement**

The directors take full responsibility for the preparation of the provisional report and the financial information has been correctly extracted from the underlying annual financial statements.

### **Review Report**

This provisional report for the year ended 30 September 2015 was prepared under the supervision of the Finance Director, Mr L H Marshall and has been reviewed by the Company's auditor, Saffery Champness. The review opinion is available for

inspection at the registered office of the Company. The review opinion confirms that nothing has come to the auditor's attention that might cause them to believe that the provisional financial statements in the provisional report were not prepared, in all material respects, in accordance with the framework, concepts and the measurement and recognition requirements of International Financial Reporting Standards, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee of South Africa and the Financial Reporting Pronouncements as issued by the Financial Reporting Council, the Companies (Jersey) Law, 1991, the listing requirements of the JSE Limited and contains the information required by IAS 34 Interim Financial Reporting. The audited annual report will be mailed to shareholders in early 2016.

23 December 2015

Johannesburg

Sponsor

Sasfin Capital (a division of Sasfin Bank Limited)