MARSHALL MONTEAGLE PLC

2013

STRIVING FOR OPTIMUM PERFORMANCE

Marshall Monteagle

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Directors

E. J. BEALE, *Non-executive Chairman*, age 53

Edward Beale was appointed to the Board on 27th February 2013. He is a member, previously chairman, of the Corporate Governance Committee of the Quoted Companies Alliance. He is a non-executive director of Finsbury Food Group Plc, Western Selection P.L.C, Halogen Holdings P.L.C. and Hartim Limited. He was a member of the body responsible for setting accounting standards for the UK for six years to 31st August 2013. He is a Chartered Accountant and is the Chief Executive of City Group P.L.C., the Company's secretary and administrator.

D.C. MARSHALL, *Chief Executive*, age 69

David Marshall has been a Director and Chief Executive of Marshall Monteagle PLC since 2009. He resides in South Africa, where he has extensive interests in listed trading, financial and property companies. In recent years, he has taken a leading role in the reorganisation and development of medium sized listed companies in the U.K. and overseas. He is also a director of a number of listed English companies, being chairman of London Finance & Investment Group P.L.C. and Western Selection P.L.C. and a non-executive director of Creston plc, Finsbury Food Group Plc and Northbridge Industrial Services PLC. He is chairman of Halogen Holdings P.L.C.

L. H. MARSHALL, *Finance Director*, age 42

Lloyd Marshall was appointed a Director of Marshall Monteagle PLC in 2010. He has extensive investment portfolio and property management experience and is a director of various Group subsidiary companies in Europe, U.S.A. and South Africa. He is also a non-executive director of London Finance & Investment Group P.L.C., Halogen Holdings P.L.C. and Hartim Limited.

R.C. KERR, *Non-executive Director*, age 64 † *

Rory Kerr was appointed a Director of Marshall Monteagle PLC in 2010. He resides in Dublin and is qualified as a South African attorney, notary and conveyancer, as well as an English and an Irish solicitor. He is a partner of the legal services practice of Maitland. He also serves on the boards of some publicly listed investment funds. In addition, he acts as a trustee of Employee Share Incentive Plans of certain publicly listed companies and as a protector or member of advisory boards in relation to a number of family trusts.

M.A. PESCO, *Non-executive Director* aged 43 † *

Mark Pesco is the Managing Director of First Names Group in Jersey and has been a Director of Marshall Monteagle PLC since 2009. He qualified as a Chartered Accountant with PricewaterhouseCoopers ("PwC") and was a director of PwC prior to joining First Names (Jersey) Limited, initially as a Client Services Director. He has significant experience in the administration of trusts and corporate structures in both a personal capacity and as a Director of First Names (Jersey) Limited, as well as being a professional trustee to high net worth individuals and families across many different trusts with wide ranging commercial interests and with beneficiaries with different circumstances and requirements.

B.C.B. NEWMAN, *Non-executive Director*, age 47 † *

Ben Newman was appointed on 1 August 2013 and is a Director of First Names Group in Jersey. Ben joined First Names in 2008 and he has over 20 years experience in private client fiduciary trust and treasury management. Ben is a graduate of Oxford Brookes University and holds a diploma in International Trust Management, with distinction. Ben is also a member of the Society of Trust and Estate Practitioners.

† Member of the Audit Committee

* Member of the Remuneration Committee

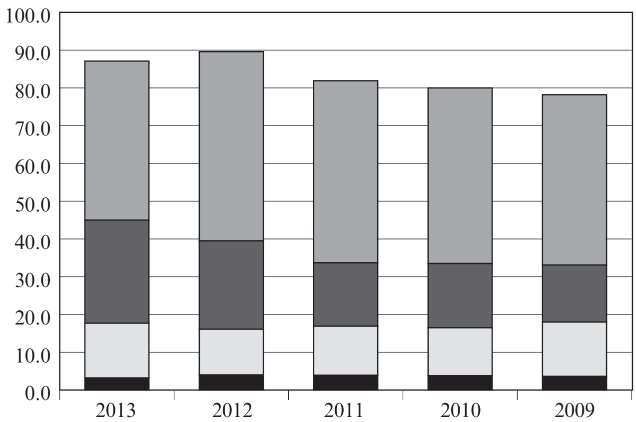
Results in Brief, Analysis of Assets and Financial Calendar

RESULTS IN BRIEF

	Group 2013 US$000	2012 US$000
Revenue	**209,767**	210,183
Operating profit	**8,315**	8,650
Profit before tax and non-controlling interests	**10,792**	9,263
Profit after tax and non-controlling interests	**5,505**	5,055
	US cents	US cents
Basic earnings per share	**15.4**	14.1
Headline earnings per share (see Note 7)	**6.4**	12.7
Net assets per share attributable to shareholders	**US$1.82**	US$1.81
Interim dividend (paid in July 2013)	**US 1.70c**	US 1.60c
Final dividend (to be paid in February 2014)	**US 1.80c**	US 1.70c
	US 3.50c	US 3.30c

ANALYSIS OF ASSETS, NET OF CURRENT LIABILITIES
before long term finance and non-controlling interests

	2013 US$m	2012 US$m
South Africa	**42.1**	50.1
Europe	**27.3**	23.4
United States	**14.5**	12.1
Australia	**3.2**	4.0
	87.1	89.6



	2013 US$m	2012 US$m	2011 US$m	2010 US$m	2009 US$m
Financed by:					
Shareholders' equity	**65.3**	64.9	60.1	57.7	56.4
Non-controlling interests	**9.2**	10.9	10.3	11.8	10.2
Long term finance	**12.6**	13.8	11.5	10.5	11.6
	87.1	89.6	81.9	80.0	78.2

FINANCIAL CALENDAR

Financial year-end	30th September 2013
Preliminary announcement of results	20th December 2013

SHARE INFORMATION
The Company has 35,857,512 shares in issue which are listed on the JSE and the share price at 12th February 2014, the latest practical date, was R8.11.

Business Review

for the year ended 30th September 2013

Introduction

The Directors report results for the year ended 30th September 2013, a year characterised by significant currency movements and a challenging consumer environment in the countries in which the Group operates.

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.K., Europe, U.S.A. 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 30th September 2013 declined marginally to US$209,767,000 compared to US$210,183,000. Had currencies remained constant, sales would have increased by 13%. Operating profit is lower at US$8,315,000 from US$8,650,000, a decrease of 4%.

- Group profit before tax increased by 17% to US$10,792,000 from US$9,263,000. The directors declared a second interim (final) dividend of 1.8 US cents, (2012 – 1.70 US cents) making a total of 3.50 US cents (2012 – 3.30 US cents) for the year.

- Net assets attributable to shareholders increased by 1% to US$1.82 per share from US$1.81 at 30th September 2012. US$0.97 of net assets per share – 53% (2012 – 46%) are held in Europe and U.S.A. The remaining assets, equivalent to US$0.85 per share – 47% (2012 – 54%) are held predominantly in South Africa.

Import and Distribution

Profits from our import and distribution business in food and household consumer products were broadly in line with the prior year. Consumer confidence remains very low by historical standards and multiple retailers continue to apply pressure on their supplier base. These resilient results were achieved despite volatile raw material pricing, inconsistent availability of certain product lines 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, Indian Ocean Islands and Australia. We remain committed to working with suppliers of quality raw materials, skilled technologists and first world production facilities. Despite the challenging economic environment, the business has made a promising start to the new financial year and is well positioned for the future.

Our coffee business had a far more challenging year and volumes were down on the prior year. The business continues to market its products to multiple retailers and the hospitality sector in South Africa. We have taken a strategic decision to invest further in the business so that we can capitalise on opportunities in the local market place.

Our tool and machinery import and distribution businesses had another challenging year, but managed to secure a few large tenders resulting in increased sales and a much improved contribution to the Group. Discretionary spending and consumer sentiment remains weak and management anticipate that trading will continue to be subdued during 2014.

Property Portfolio
Our large multi-tenanted industrial property in San Diego was fully let most of the year resulting in an increase in rental income. The commercial and industrial property market in Southern California is showing signs of stabilising after a period of declining rents and higher than usual vacancy rates. We remain a long term holder of this quality asset.

The Group's South African commercial and light industrial property portfolio had a satisfactory year. Vacancy levels continued to remain below national averages and consequently the value of the portfolio appreciated during the year.

Investment Portfolio
Investors continue to obsess about Federal Reserve policy and when the central bank will start to scale back its quantitative easing program. Whilst we pay little attention to this issue, we are strongly of the view that monetary stimulus in the world's largest economy is only in its infancy and will more than likely be increased in the medium term. We continue to hold a concentrated list of quality international equities. Most of these companies we have held for a very long time and we believe they will outperform their peers in the long term. Volatility during the month of June 2013 provided an opportunity to add to many of our holdings with funds from the equity portfolio that was disposed of during the prior year by a South African subsidiary. The remainder of these funds are to be invested in the near term.

Halogen Holdings P.L.C. (unlisted associate)
Halogen Holdings continues to hold a substantial stake in Heartstone Inns, a developing UK group of country pubs specialising in quality food. Heartstone currently owns and manages nine rural pubs. Management recently disposed of a non-core unit at a healthy gain and also purchased a new unit which is more in fitting with the strategy of the company. The Heartstone board are looking at raising further capital to acquire additional units.

Post Balance Sheet Events
During October 2013 one of the Group's properties in the Cape, South Africa, was disposed of for an amount of $1,291,000. The property was not on the market, however following an attractive offer, the Board decided it would be in the best interest of the Group to dispose of the asset. Most of the proceeds have been applied to reduce the mortgage bond on another Group property in South Africa.

Our coffee company has historically traded on a very low capital base, however during the month of December 2013 the Board took the decision to invest a further $1,700,000 in the business. The funding will provide additional working capital to the business and also allow management to look at other opportunities in the sector.

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.

During the year the Board was further strengthened by the appointment of Ben Newman. Mr Newman is Client Services Director of First Names Group based in Jersey and brings a wealth of experience in international finance. He is a member of the audit committee and the remuneration committee.

Prospects
The Board are cautious about the year ahead. Despite substantial stimulus measures taken by the world's largest economies, global growth continues to disappoint. We also concern ourselves that extended periods of artificially low interest rates will increase volatility and have further unintended consequences. 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	**D.C. Marshall,**
Chairman	*Chief Executive*

4th February 2014

Consolidated Statement of Total Comprehensive Income
for the year ended 30th September

	Notes	2013 US$000	2012 US$000
Profit or Loss:			
Group revenue	3	**209,767**	210,183
Operating costs		**(201,452)**	(201,533)
Operating profit	4	**8,315**	8,650
Share of associated company's and joint venture's results		**(32)**	(196)
Income from other investments – dividends		**460**	518
– interest		**467**	835
Interest paid		**(2,986)**	(2,533)
Exchange losses		**(350)**	(276)
Other income	5	**4,918**	2,265
Profit before tax	3	**10,792**	9,263
Taxation	6	**(4,137)**	(2,671)
Profit after tax		**6,655**	6,592
Profit attributable to owners of the parent		**5,505**	5,055
Profit attributable to non-controlling interests		**1,150**	1,537
Basic and fully diluted earnings per share (US cents)	7	**15.4c**	14.1c
Other Comprehensive Income:			
Exchange differences on translation into US Dollars of the financial statements of foreign entities	23(b)	**(7,372)**	(1,363)
Unrealised gain on revaluation of available for sale investments, net of applicable tax	14	**1,913**	2,502
Reclassification of previously recognised profits on disposal of available for sale investments	14	**(213)**	(721)
Commercial property fair value adjustments, net of applicable tax	10	**(129)**	394
Total Other Comprehensive Income		**(5,801)**	812
Total Comprehensive Income		**854**	7,404
Total Comprehensive Income attributable to owners of the parent		**1,697**	5,908
Total Comprehensive Income attributable to non-controlling interests		**(843)**	1,496

The notes on pages 10 to 33 form part of these Financial Statements.

Consolidated Statement of Changes in Equity
for the year ended 30th September

	Ordinary share capital US$000	Share premium US$000	Other reserves US$000	Retained earnings US$000	Total shareholders US$000	Non-controlling interests US$000	Group total US$000
Year ended 30th September 2012							
Balances at start of year	8,964	23,606	1,102	26,422	60,094	10,285	70,379
Transactions with shareholders							
Dividends paid	–	–	–	(1,148)	(1,148)	(923)	(2,071)
Total comprehensive income	–	–	2,323	3,585	5,908	1,496	7,404
Balances at end of year	8,964	23,606	3,425	28,859	64,854	10,858	75,712
Year ended 30th September 2013							
Balances at start of year	**8,964**	**23,606**	**3,425**	**28,859**	**64,854**	**10,858**	**75,712**
Transactions with shareholders	**–**	**–**	**–**	**(1,219)**	**(1,219)**	**(816)**	**(2,035)**
Dividends paid (note 8)							
Total comprehensive income	**–**	**–**	**(613)**	**2,310**	**1,697**	**(843)**	**854**
Balances at end of year	**8,964**	**23,606**	**2,812**	**29,950**	**65,332**	**9,199**	**74,531**

The notes on pages 10 to 33 form part of these Financial Statements.

Consolidated Statement of Financial Position
at 30th September

	Notes	**2013** **US$000**	2012 US$000
Assets			
Non-current assets			
Investment property	9	**29,483**	29,925
Property, plant and equipment	10	**8,223**	9,926
Goodwill	11	**234**	286
Deferred taxation	20	**383**	920
Investment in associated company	12	**1,501**	1,679
Investment in joint venture	13	**278**	173
Investments	14	**18,104**	14,653
		58,206	57,562
Current assets			
Inventories	15	**26,383**	28,249
Accounts receivable	16	**30,039**	40,838
Other financial assets	28	**404**	121
Tax recoverable		**98**	484
Cash and bank balances	25	**14,329**	15,859
		71,253	85,551
Non-current assets held for resale	17	**1,291**	–
Total assets		**130,750**	143,113
Current liabilities			
Accounts payable	18	**(36,392)**	(47,519)
Other financial liabilities	28	**–**	(85)
Tax payable		**(1,366)**	(225)
Total current liabilities		**(37,758)**	(47,829)
Net current assets		**34,786**	37,722
Total assets less current liabilities		**92,992**	95,284
Non current liabilities			
Accounts payable	19	**(12,589)**	(13,811)
Deferred taxation	20	**(5,872)**	(5,761)
		74,531	75,712
Capital and reserves			
Called up share capital	21	**8,964**	8,964
Share premium account	22	**23,606**	23,606
Other reserves	23	**2,227**	3,425
Other reserves relevant to non-current asset held for resale	23	**585**	–
Retained earnings of the company		**29,950**	28,859
Equity attributable to owners of the parent		**65,332**	64,854
Non-controlling interests		**9,199**	10,858
		74,531	75,712

Approved and authorised for issue by the Board on 4th February 2014

E.J. BEALE
Chairman

D.C. Marshall
Chief Executive

The notes on pages 10 to 33 form part of these Financial Statements.

Consolidated Statement of Cash Flow
for the year ended 30th September

	Notes	2013 US$000	2012 US$000
Revenue		**209,767**	210,183
Operating costs		**(201,452)**	(201,533)
Operating activities			
Operating profit		**8,315**	8,650
Adjustment			
Depreciation	10	**652**	887
Changes in working capital			
Increase in inventories		**(3,092)**	(3,026)
Decrease/(increase) in debtors		**4,141**	(9,345)
(Increase)/decrease in creditors		**(2,864)**	3,923
Cash generated by operations		**7,152**	1,089
Interest paid		**(2,986)**	(2,533)
Taxation paid		**(1,566)**	(2,503)
Cash inflow/(outflow) from operating activities		**2,600**	(3,947)
Investment activities			
Purchase of and improvements to tangible non-current assets	9 & 10	**(1,193)**	(797)
Proceeds of disposal of tangible assets		**754**	117
Acquisition of investments	14	**(3,624)**	(877)
Investment in associate		–	(365)
Investment in joint venture		–	(173)
Proceeds of disposal of investments		**2,352**	5,230
Dividends received		**460**	518
Interest received		**467**	835
Cash (outflow)/inflow from investment activities		**(784)**	4,488
Cash inflow before financing		**1,816**	541
Financing activities			
(Decrease)/increase in long term debt		**(249)**	2,281
Cost of delisting subsidiary		–	(14)
Dividends paid – Group shareholders	8	**(1,219)**	(1,148)
Dividends paid – non-controlling interests of subsidiaries		**(120)**	(923)
Cash (outflow)/inflow from financing activities		**(1,588)**	196
Increase in cash and cash equivalents	25	**228**	737
Cash and cash equivalents at 1st October		**12,173**	11,538
Effect of foreign exchange rate changes		**(399)**	(102)
Cash and cash equivalents at 30th September	25 & 2(o)	**12,002**	12,173

The notes on pages 10 to 33 form part of these Financial Statements.

1. General

The Company is incorporated as a public limited company in Jersey, Channel Islands. In view of the international nature of the Group's operations, and as permitted by Jersey law, the amounts shown in these Consolidated Financial Statements are presented in United States dollars (US$), which is the functional currency of the Group.

2. Accounting Policies

(a) Statement of Compliance and basis of preparation

These Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB), JSE Listing Requirements and in accordance with Article 105 of the Companies (Jersey) Law, 1991.

The preparation of Financial Statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The most significant estimates and assumptions relate to the residual value and lives of tangible assets; recognition of deferred tax assets based on recoverability; and any possible impairment of assets.

The estimates and underlying assumptions are reviewed on a regular basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and in future periods if applicable. The most significant techniques for estimation are described in the accounting policies below.

At the date of authorisation of these Consolidated Financial Statements the IASB and the International Financial Reporting Interpretations Committee (IFRIC) have issued new standards and interpretations and amended or revised standards, as set out in note 30, which do not apply to the reporting period covered by these financial statements. None of these new standards, amendments and interpretations are expected to be material to the Group's Consolidated Financial Statements. The relevant revised standards will be adopted in the Group's financial statements for the year beginning 1 October 2013.

The principal accounting policies of the Group, which are set out below, comply with IFRS in all respects and with Jersey legal requirements. These policies have been consistently applied.

(b) Basis of Consolidation

The consolidated Financial Statements, which have been prepared on the Historical Cost basis except for the revaluation of certain non-current assets and financial instruments, incorporate the Financial Statements of the Company and its subsidiary undertakings (all of which are companies), being those companies in which the Group, directly or indirectly, has an interest and is able to exercise control over the operations. Separate disclosure is made of non-controlling interests.

The results of subsidiaries acquired during the year are included from the date of acquisition and for those subsidiaries disposed of during the year up to the date of disposal. On acquisition, the purchase consideration is allocated over the fair values of net tangible assets. Gains on bargain purchases arising on consolidation are recognised on acquisition. Such gains arise when an entity is acquired for a consideration that is below the fair value of the entity being acquired.

All inter-group transactions and balances are eliminated on consolidation.

(c) Associated Companies

An associated company is one in which the Group's interest is substantial and which the Group does not control but over which it is able to exercise a significant influence, having due regard to the disposition of the other shareholdings.

The Consolidated Statement of Comprehensive Income includes the Group's share of the results of associates (equity accounting). The results of associates acquired during the year are included from the date of acquisition.

2. Accounting Policies (continued)

(c) Associated Companies (continued)

The results of associates disposed of during the year are included up to the date of disposal. The carrying value of associates in the Consolidated Statement of Financial Position is cost plus share of undistributed post acquisition retained reserves.

After application of the equity method, including recognising the associate's results, the Group applies IAS 39 *Financial Instruments: Recognition and Measurement* to determine whether it is necessary to recognise any additional impairment loss with respect to its net investment in the associate or joint venture. The entity also applies IAS 39 to determine whether any additional impairment loss is recognised with respect to its interest in the associate or joint venture that does not constitute part of the net investment and the amount of that impairment loss.

(d) Joint Ventures

A joint venture is one in which the Group has joint control and is entitled to a share of the ventures results.

The Group accounts for its interest in joint ventures on an equity accounting basis.

(e) Revenue

Revenue comprises the value receivable for the sale of goods (such as tools and non-perishable foodstuffs) and property income. Revenue is stated after eliminating sales within the Group.

Rental income on properties is recognised on a straight line basis over the lease term.

Revenue is recognised when, in respect of goods, the significant risks and rewards of ownership have passed to the buyer, and in respect of services the proportion of services performed to date as a percentage of the total services to be carried out.

Revenue is included when it and the related costs can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Group.

(f) Interest and Dividends

Interest is recognised using the effective interest rate method.

Dividends are recognised when the shareholder's right to receive payment has been established.

(g) Impairment, Depreciation and Revaluation

(i) Impairment

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If there is any indication that an asset may be impaired, its recoverable amount is estimated and any impairment loss recognised immediately. The recoverable amount is the higher of it's fair value less costs to sell or its value in use.

(ii) Investment Properties

Investment properties are those held to earn rental income and/or for capital growth. These properties are initially recognised at cost and subsequently at fair value. These properties are independently valued on an open market basis on a regular basis. Open market value is defined as the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction, after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

Changes in fair value are included as part of profit and loss and credited to fair value reserve as non-distributable. These properties are not depreciated; all maintenance and running costs are charged in operating costs in the year that they occur.

(iii) Commercial Property

These are properties which are held for use in the production and supply of goods or services and/or for administrative purposes. They are carried at revalued amounts, less any subsequent depreciation or subsequent impairment losses. They are revalued on a regular basis. Any surplus on revaluation in excess of any deficit previously written off in respect of that property is taken to other comprehensive income. Any excess of deficits arising over existing related other reserves are taken to other comprehensive income. On disposal of revalued assets, amounts in other reserves relating to that asset are transferred to retained earnings.

2. Accounting Policies (continued)

(iv) Plant and Equipment

Plant and equipment, vehicles and furniture are carried at cost less depreciation calculated on the straight line method at the following annual rates:

Plant	10%
Equipment	20% – 50%
Vehicles	20%
Commercial property	10% – 20%

Depreciation has been calculated on the straight line basis to write off the cost, less any expected residual value, of non-current assets over their useful lives. On disposal, gains or losses are included in profit and loss.

(h) Investments

Listed shares held by the Group that are traded in an active market are classified as being "available for sale" and are stated at fair value.

Gains and losses on disposal of investments are included in profit and loss, and changes in fair value are included as Other Comprehensive Income, in the Consolidated Statement of Total Comprehensive Income.

On disposal previously recognised fair value adjustments are reclassified from Other Comprehensive Income to profit and loss.

(i) Goodwill

Goodwill is recognised on the acquisition of an enterprise and is reviewed annually for impairment on fair value less costs to sell.

(j) Inventories

Inventories (primarily tools and non-perishable foodstuffs) are measured at the lower of cost and net realisable value. Cost is determined on the first-in, first-out method for all inventories having a similar nature and use to the entity. The value of raw materials and finished goods comprises all of the costs of purchase, conversion and other costs incurred in bringing the inventory to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated completion and selling costs incurred to make the sale. Obsolete, redundant and slow moving inventories are identified on a regular basis and are written down to their estimated realisable values.

(k) Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case it is also recognised in other comprehensive income or directly in equity, respectively.

Current Income Tax

Current tax is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at the reporting date in the countries where the Company and its subsidiaries, joint ventures and associates operate and generate taxable income, and any adjustment to tax payable in respect of previous years. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred Tax

Deferred tax is recognised using the liability method, providing for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements for financial reporting purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of an asset or liability; a transaction (other than a business combination) that at the time of the transaction affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at tax rates (and laws) that have been enacted or substantively enacted at the reporting date and are expected to apply to temporary differences when they reverse.

2. Accounting Policies (continued)

(k) Taxation (continued)

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current income tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

Deferred tax is provided on temporary differences arising on investments in subsidiaries, associates and joint ventures except for deferred tax liabilities where the timing of the reversal of the temporary differences is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred tax asset is recognised for unused tax losses of deductible temporary differences only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(l) Leases

Where the substance of a lease transfers substantially all of the risks and rewards incidental to ownership, it is a finance lease. If a lease is not a finance lease it is classified as an operating lease.

The Group as a finance lessor – lease income is recognised on a straight line basis, based on a pattern reflecting a constant periodic rate of return on the net investment in the lease. Finance lease receivables are recognised in the Statement of Financial Position.

The Group as a finance lessee – the costs of leasing other assets (the finance charge element of the lease payment) are allocated to each period of the lease to produce a constant periodic rate on the remaining balance of the liability. The leased assets and lease liabilities are recognised in the Consolidated Statement of Financial Position.

The Group as an operating lessor – lease income is recognised on a straight line basis over the term of the lease. The difference between amounts recognised and contractual income is recognised as an operating lease asset.

The Group as an operating lessee – the costs of leasing other assets are charged to profit or loss on a straight line basis over the term of the lease. The difference between amounts recognised and contractual income is recognised as an operating lease liability.

(m) Employee Costs

The costs of short term employee benefits are recognised in the period in which the service is rendered.

The policy of the Group is to provide retirement benefits through defined contribution schemes, for which the Group has no further liability. Current contributions to pension funds are charged in operating costs as incurred.

(n) Foreign Currencies

All exchange gains and losses on settlement of foreign currency transactions or the translation of monetary assets and liabilities at reporting date exchange rates are included in the profit or loss of the relevant Group company.

On consolidation, total comprehensive income statements of companies expressed in a currency other than US$ are translated at average monthly rates of exchange for the year, which are deemed to reflect with reasonable accuracy the changes in exchange rates over the year.

Assets and liabilities denominated in foreign currencies at the reporting date are translated at the rates of exchange at the reporting date.

Differences on translation arising in changes in the US$ value of overseas net assets held at the beginning of the accounting period to that at the end of the period are included in the Other Comprehensive Income.

The exchange loss or profit arising from the difference in the average monthly rates used for the profit or loss and the rates at the reporting date used in the Consolidated Statement of Financial Position purposes is shown in Other Comprehensive Income.

2. Accounting Policies (continued)

(n) Foreign Currencies (continued)

The rates used are:

		Statement of Total Comprehensive Income		Statement of Financial Position	
		2013	2012	**2013**	2012
		US$	US$	**US$**	US$
Australia –	Aus$1 =	**0.985**	1.037	**0.935**	1.040
South Africa –	ZAR1 =	**0.107**	0.124	**0.099**	0.121
Europe –	€1 =	**1.315**	1.300	**1.354**	1.287
United Kingdom –	£1 =	**1.559**	1.584	**1.619**	1.615

(o) Cash and Cash Equivalents

For the purposes of the Consolidated Statement of Cash Flow, cash and cash equivalents comprise cash in hand, deposits held at call with banks, and investments in money market instruments net of bank overdrafts. In the Statement of Financial Position bank overdrafts are included in accounts payable. Where a right of offset exists account balances are aggregated.

(p) Financial Instruments

Financial Assets

Regular purchases and sales of financial assets are recognised on the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownerships.

The principal financial assets are the portfolio investments and the investments in associates, cash and bank balances and the accounts receivable. The listed investments are stated at fair value; cash and bank balances are recorded at amortised cost; accounts receivable are initially valued at cost and subsequently valued at amortised cost, using the effective interest method.

Financial Liabilities

Financial liabilities are classified according to the substance of the contractual agreements entered into. The principal financial liabilities are bank loans and accounts payable, which are initially valued at cost, and subsequently at amortised cost, using the effective interest method.

Derivative Financial Instruments

Derivative financial instruments, which are not designated as hedging instruments, consisting of foreign exchange contracts and interest rate swaps, are initially measured at fair value on the contract date, and are re-measured to fair value at subsequent reporting dates.

Derivatives are classified as financial assets at fair value through profit and loss. Fair value is determined by market value quotes received from independent financial institutions. Changes in the fair value of derivative financial instruments are recognised in profit and loss as they arise.

(q) Segmental Reporting

Operating segments are reported in a manner consistent with internal reporting provided to the Group Board which is responsible for allocating resources and assessing performance of the operating segments. Details of the attribution to segments of income, assets and liabilities are set out in note 3.

(r) Going Concern

The Directors have established that there have been no events not in the ordinary course of business since the reporting date; all borrowing facilities are still in place; the substantial liquid resources held in the share portfolios are still available; and that there have been no major capital expenditure nor acquisitions since the reporting date. The Directors therefore believe that the going concern basis is appropriate for the Group.

3. Segmental Reporting

For management purposes the Group is organised on a worldwide basis into the following main business segments:

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.
Other activities	Mainly transactions relating to the share portfolios, profits on disposals of tangible and intangible non-current assets and local head office costs.

There are no sales between business 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 cash balances, taxation and borrowings. Capital expenditure comprises additions to property, plant and equipment.

Segmental analysis of results	**2013 US$000**		2012 US$000	
	Revenue	**Result**	Revenue	Result
Import and distribution *	**205,490**	**7,636**	205,641	7,913
Property	**4,265**	**1,966**	4,526	1,664
Other activities **	**12**	**(710)**	16	150
	209,767	**8,892**	210,183	9,727
Share of associate's and joint venture's results		**(32)**		(196)
Interest paid		**(2,986)**		(2,533)
		5,874		6,998
Other income		**4,918**		2,265
Profit before tax		**10,792**		9,263

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

	2013	2012
Company A	**95,022**	109,658
Company B	**11,621**	33,443

** Revenue of "Other activities" excludes dividend income and the proceeds of sales of investments and tangible assets, the profits of which are included in "Other income".

	Assets US$000	**Liabilities US$000**	**Net assets/ (liabilities) US$000**	**Capital expenditure US$000**	**Depreciation charge US$000**
Segmental analysis of net assets 30th September 2013					
Import and distribution	**63,297**	**(30,910)**	**32,387**	**1,058**	**593**
Property	**32,924**	**(1,120)**	**31,803**	**135**	**46**
Associate – Other	**1,501**	**–**	**1,501**	**–**	**–**
Other activities (including investments)	**18,218**	**(611)**	**17,608**	**–**	**–**
Unallocated (including cash, tax and debt)	**14,810**	**(23,578)**	**(8,768)**	**–**	**13**
Consolidated total	**130,750**	**(56,219)**	**74,531**	**1,193**	**652**

3. Segmental Reporting (continued)

	Assets US$000	Liabilities US$000	Net assets/ (liabilities) US$000	Capital expenditure US$000	Depreciation charge US$000
Segmental analysis of net assets 30th September 2012					
Import and distribution	76,589	(46,143)	30,446	673	679
Property	33,685	(1,240)	32,445	124	194
Associate – Other	1,679	–	1,679	–	–
Other activities (including investments)	15,275	(223)	15,052	–	–
Unallocated (including cash, tax and debt)	15,885	(19,795)	(3,910)	–	14
Consolidated total	143,113	(67,401)	75,712	797	887

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.

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.

	2013 Group revenue US$000	**2013 Total net assets US$000**	**2013 Capital expenditure US$000**	2012 Group revenue US$000	2012 Total net assets US$000	2012 Capital expenditure US$000
Europe	**30,510**	**24,084**	**–**	37,099	24,137	–
Australia	**1,815**	**3,069**	**8**	2,353	3,790	29
United States	**1,032**	**8,973**	**129**	951	6,384	–
Total outside South Africa	**33,357**	**36,126**	**137**	40,403	34,311	29
South Africa	**176,410**	**38,405**	**1,056**	169,780	41,401	768
Total	**209,767**	**74,531**	**1,193**	210,183	75,712	797

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

4. Operating Profit

	2013 US$000	2012 US$000
Operating profit of US$8,315,000 (*2012 – US$8,650,000*) is stated after deducting:		
Depreciation	**652**	887
Operating lease costs		
Premises	**983**	908
Plant, equipment and vehicles	**58**	56
Employee benefits	**11,197**	12,455
Including contributions to post employment plans of US$392,000 *(2012 - US$435,000)*		
Auditors' fees of the Company and its subsidiaries		
Audit related	**451**	425
Other	**11**	3

5. Other Income

	2013	2012
	US$000	US$000
Income		
Investment property revaluations (see note 23)	**4,476**	1,214
Fair value adjustments on derivative instruments	**26**	14
Gain on disposal of non-current tangible assets	**87**	–
Profit on disposal of investments	**329**	1,052
Total income	**4,918**	2,280
Expense		
Reorganisation costs	**–**	(15)
Net income	**4,918**	2,265

6. Taxation

Corporate tax – current year	**2,495**	1,710
– prior years	**628**	–
Withholding tax	**–**	459
Deferred taxation (note 20)	**1,014**	502
	4,137	2,671

Reconciliation of the expected tax charge of Group companies to the actual tax charge is as follows:

Expected tax charge at standard statutory rates *	**3,521**	2,375
Withholding taxes	**22**	459
Effect of non-standard rates of tax **	**(42)**	(104)
Losses unrelieved/(utilised) ***	**49**	(59)
Over provisions in prior years	**628**	–
Other differences	**(41)**	–
	4,137	2,671

* The expected tax charge is the aggregate of that in each national jurisdiction. There have been no significant changes in the tax rates in any of the jurisdictions in which the Group operates.

** Differing rates of tax arise when certain items of profits are subject to lower rates or exemptions from the basic statutory rates.

*** Tax losses which are probably not recoverable and cannot be transferred between the various areas of operation are expensed.

7. Earnings Per Share

Basic and headline earnings per share are based on basic and headline earnings respectively. Both basic and headline earnings are calculated on 35,857,512 shares, being the weighted average number of shares in issue.

Basic earnings per share	**15.4c**	14.1c
Headline earnings per share	**6.4c**	12.7c
Reconciliation between basic and headline earnings	**US$000**	US$000
Basic earnings	**5,505**	5,055
Adjusted for, net of applicable tax:		
Investment property revaluations	**(3,359)**	(1,214)
Reclassification of previously recognised losses on disposal of available for sale investments	**213**	721
Profit on disposal of non-current tangible assets	**(53)**	–
Headline earnings	**2,306**	4,562

8. Dividends

	2013 US$000	2012 US$000
Interim		
1.7 US cents per share *(2012 – US 1.6c)*	**609**	574
Second interim (final) dividend in respect of prior year 1.7 US cents per share (2012 – US 1.6c)	**610**	574
Total dividends paid in the year 3.4 US cents *(2012 – 3.2 US cents)*	**1,219**	1,148

A second interim (final) dividend of US$ 1.80 cents per share for the year ended 30th September 2013 (2012 – 1.70 US cents) has been declared and will be paid on 14th February 2014 to those shareholders on the register at the close of business on 7th February 2014.

9. Investment Properties

	2013 US$000	2012 US$000
Brought forward 1st October:		
At fair value	**29,925**	29,065
Translation adjustment (note 23)	**(3,756)**	(442)
	26,169	28,623
Fair value adjustments	**4,476**	1,214
Reclassified – available for sale	**(1,291)**	–
Lease smoothing adjustment	**–**	(25)
Improvement expenditure	**129**	113
Balances carried forward 30th September - at fair value	**29,483**	29,925
Analysis of net book value:		
United States	**10,727**	9,130
South Africa	**18,756**	20,795
	29,483	29,925

The investment properties were valued at 30th September 2013; in the United States by D. Asaro, Senior Vice President of Cassidy Turley, in San Diego; and in South Africa by Roger Hunting MRICS DIP T.P. MIV(SA) and S. Wolffs MIV(SA) of C.B. Richard Ellis in Durban, all suitably independent valuers, experienced in the location and category of the property being valued, at current market values, on an open market basis.

A deduction from the valuation amounts is made for the amortised lease receivables recognised in the statement of financial position in terms of IAS17 (leases).

All properties were rent producing, and operating costs of US$2,299,000 (2012 – US$2,862,000) are recognised in profit or loss.

Certain investment properties were mortgaged at 30th September 2013 to secure long term finance (see note 19).

10. Property, Plant and Equipment

Year ended 30th September 2013	Plant US$000	Equipment US$000	Vehicles US$000	Commercial property US$000	**2013 Total US$000**
At cost or valuation					
Brought forward 1st October:					
At cost or valuation	1,726	2,767	1,782	6,950	**13,225**
Translation adjustment (note 23)	(168)	(330)	(233)	(721)	**(1,452)**
	1,558	2,437	1,549	6,229	**11,773**
Revaluations *	–	–	–	(201)	**(201)**
Additions	305	286	402	70	**1,063**
Disposals	–	(838)	(326)	–	**(1,164)**
Balances carried forward 30th September	1,863	1,885	1,625	6,098	**11,471**
Depreciation					
Brought forward 1st October	975	1,455	700	169	**3,299**
Translation adjustment	(38)	(211)	(80)	(18)	**(347)**
	937	1,244	620	151	**2,952**
Charge for the year	208	227	201	16	**652**
Translation adjustment	(14)	(16)	(13)	(1)	**(44)**
Disposals	(23)	(187)	(102)	–	**(312)**
Balances carried forward 30th September	1,108	1,268	706	166	**3,248**
Net book value 30th September 2013	755	617	919	5,932	**8,223**

Year ended 30th September 2012	Plant US$000	Equipment US$000	Vehicles US$000	Commercial property US$000	2012 Total US$000
At cost or valuation					
Brought forward 1st October:					
At cost or valuation	1,554	2,673	1,622	6,546	12,395
Translation adjustment (note 23)	(16)	(41)	(16)	(106)	(179)
	1,538	2,632	1,606	6,440	12,216
Revaluations *	–	–	–	500	500
Additions	217	176	281	10	684
Disposals	(29)	(41)	(105)	–	(175)
Balances carried forward 30th September	1,726	2,767	1,782	6,950	13,225
Depreciation					
Brought forward 1st October	676	1,308	499	–	2,483
Translation adjustment	11	(27)	(2)	–	(18)
	687	1,281	497	–	2,465
Charge for the year	295	192	226	174	887
Translation adjustment	(7)	(5)	(5)	(5)	(22)
Disposals	–	(13)	(18)	–	(31)
Balances carried forward 30th September	975	1,455	700	169	3,299
Net book value 30th September 2012	751	1,312	1,082	6,781	9,926

* Taxation – The revaluation of US$201,000 (2012 – US$500,000) is shown in Other Comprehensive Income net of deferred tax of US$72,000 (2012 – US$106,000).

10. Property, Plant and Equipment (continued)

	2013 US$000	2012 US$000
Analysis of net book value:		
South Africa	**6,302**	7,835
Australia & other	**1,921**	2,091
	8,223	9,926

Commercial properties with a carrying value of US$6,869,000 were mortgaged at 30th September 2013 to secure long term finance (see note 19).

The commercial properties were valued on 30th September 2013 by Roger Hunting MRICS DIP T.P. MIV(SA) and S. Wolffs MIV(SA) of C.B. Richard Ellis in Durban, suitably independent valuers, experienced in the location and category of the property being valued, at current market values, on an open market basis. The carrying value of the revalued commercial property under the cost model would have been US$2,689,000.

11. Goodwill

	2013	2012
Balance brought forward 1 October	**286**	525
Translation adjustment (see note 23)	**(52)**	–
Return of purchase consideration	**–**	(239)
Balance carried forward 30th September	**234**	286

No impairment arises following the annual assessment of the fair value of goodwill, on a fair value less costs to sell basis, taking account of the underlying net assets and trading results of the company. An error discovered on the original purchase price was recovered from the vendor in the previous year.

12. Investment in Associated Company

	2013	2012
Balance brought forward 1st October	**1,679**	1,511
Additional investment	**–**	364
Share of result for the year	**(178)**	(196)
Balance carried forward 30th September	**1,501**	1,679

	Percentage of equity held	
Held by Marshall Monteagle PLC		
Halogen Holdings P.L.C.	**46.9%**	46.9%

Incorporated and operating in England, unlisted.
Activity – Holding company

The Company subscribed for preference shares in Halogen, issued as part of a fundraising by that company for its associate, Heartstone in the previous year. The Company's interest in Halogen has not changed following the additional investment.

There are no restrictions on this investment.

The company had no revenue in 2013 *(2012 – nil)*.
Unaudited consolidated loss for year ended 30th September 2013 £236,000 *(2012 - £264,000)*.
Total assets at 30th September 2013 – £2,035,000 *(2012 - £2,271,000)*.
Total liabilities at 30th September 2013 – £540,000 *(2012 - £525,000)*.
Unaudited consolidated reserves at 30th September 2013 £1,510,000 *(2012 - £1,746,000)*.

13. Investments in Joint Venture

	2013 US$000	2012 US$000
Balance brought forward 1st October	**173**	–
Translation adjustment	**(31)**	–
Share of result for the year	**136**	22
Investment during year	**–**	151
Balances carried forward 30th September	**278**	173

The Group accounts for its interest in Monteagle Merchanting Services (Pty) Ltd, a company registered and trading in South Africa, providing sales and merchanting services, as a joint venture on an equity basis. The joint venture had revenue of US$2,909,000 and expenses of US$2,641,000 in the year. There are no contingent liabilities or capital commitments in respect of the joint venture and no restrictions on this investment.

The Group share of the assets and liabilities of the joint venture are:

	2013	2012
Non-current assets	**535**	252
Current assets	**740**	203
Current liabilities	**949**	48
Long term liabilities	**–**	234

14. Investments

General Portfolio	Listed at fair value US$000	Unlisted at cost US$000	2013 Total US$000	2012 Total US$000
Balance brought forward 1st October	**14,366**	**287**	**14,653**	16,252
Translation adjustment	**–**	**(1)**	**(1)**	(226)
	14,366	**286**	**14,652**	16,026
Additions	**3,624**	**–**	**3,624**	877
Disposals	**(2,023)**	**–**	**(2,023)**	(4,179)
Fair value adjustments *	**2,066**	**–**	**2,066**	2,650
Recycled fair value adjustments *	**(215)**	**–**	**(215)**	(721)
Net book value 30th September 2013	**17,818**	**286**	**18,104**	
Net book value 30th September 2012	14,366	287		14,653

* Taxation - The fair value adjustment of US$2,066,000 *(2012 – US$2,650,000)* is shown in Other Comprehensive Income net of deferred tax of US$153,000 *(2012 – US$148,000)*. The recycled fair value is included net of deferred tax of US$2,000 *(2012 – no tax effect)*.

Geographical analysis:

	2013	2012
General portfolio		
Listed in:		
UK	**4,295**	3,646
USA	**5,988**	4,046
Europe	**3,993**	3,739
Switzerland	**2,450**	1,948
Japan	**1,092**	987
	17,818	14,366
Unlisted – Europe and other	**286**	287
	18,104	14,653

The parent company's listed portfolio investments, with a value of US$5,024,000 are pledged to secure an overdraft facility of US$3,093,000, which is unused at the reporting date (see note 18).

All fair values of listed financial instruments are obtained from listed share prices and are therefore classified as Level 1 in terms of fair value hierarchy in IFRS 7.

14. Investments (continued)

Unlisted investments are carried at cost as fair value cannot be measured reliably. The balance relates to an investment in a company which provides trade finance to importers and exporters. As an equity investment it is not practical to attempt to predict future cash flows.

15. Inventory

	2013	2012
	US$000	US$000
Raw Materials	**1,003**	1,070
Finished Goods	**25,380**	27,179
	26,383	28,249

There were no material provisions against delinquent inventories at 30th September 2013 (2012 – same). The amount of inventories charged to income during the year amounted to US$31,741,000 (2012 - US$25,982,000). Inventory valued at US$1,490,000 is pledged to Firstrand Bank Limited as security for loans. The balance of inventory, to a value of US$13,694,000 is pledged to Gerber Finance Inc. for receivables finance. General notarial bonds in favour of Reichmans (Pty) Ltd exist up to a maximum value of US$15,900,000, ranking below the preceeding bonds.

16. Accounts Receivable

Trade debtors	**29,132**	39,813
Amounts due from associated company and joint venture	**173**	12
Deferred operating lease income	**267**	138
Other debtors	**467**	875
	30,039	40,838

Aged analysis of trade debtors not impaired but overdue by:

One month	**5,583**	6,230
Two months	**1,672**	2,149
Three months	**648**	1,030
Four months and over	**230**	249

There were no material provisions for impaired receivables at 30th September 2013 (2012 – same). The amount due from the associate, joint venture and those from other debtors were not overdue.

A Rand bank facility, currently utilised to US$198,000 (2012 – undrawn), is secured by letters of surety, equivalent to US$3,283,000 (2012 – US$3,521,000), from a South African subsidiary over the accounts receivable and inventories of that company.

17. Non-Current Assets Held For Resale

A decision was made to sell an Investment Property in Cape Town, South Africa, meeting the definition of a non-current asset held for sale. The remaining mortgage bond liability of US$90,000 has also been reclassified accordingly. An amount of US$585,000 of the fair value reserve relevant to the property has been separately disclosed.

	2013 US$000	2012 US$000
Assets		
Investment property	**1,291**	–

18. Accounts Payable

	2013	2012
Amounts falling due within one year:		
Bank loans and overdrafts	**2,327**	3,686
Trade creditors, including bills payable and acceptance credits	**29,968**	39,510
Other creditors and short term portions of secured loans	**2,694**	3,269
Interest bearing borrowing related to Non-current asset held for sale	**90**	–
Accruals	**1,313**	1,054
	36,392	47,519

Trade creditors equivalent to US$348,000 (2012 - US$201,000) are secured over the trade debtors and inventory of an Australian subsidiary of US$1,734,000 (2012 - US$2,346,000) and overdraft facilities, which are unutilised (2012 – unutilised), are secured over the Australian property and Australian bank deposits.

19. Accounts Payable

	2013	2012
Amounts falling due after more than one year:		
Secured loans – South Africa – banks (South African Rand)	**3,720**	5,340
– United States (US Dollar)	**5,568**	5,681
– Europe (US Dollar)	**3,170**	2,600
– Interest rate derivative obligations – (South African Rand)	**19**	138
– Capitalised lease obligations – (Australian dollar)	**112**	52
	12,589	13,811

Long-term finance in the United States and South Africa is secured by mortgages on certain local investment properties and investments (see notes 9 and 10).

The principal rates of interest on loans are commercial rates – United States 6.07%, South Africa between 11.45% and 8.50%.

20. Deferred Taxation

	2013 US$000	2012 US$000
Deferred tax assets		
Timing differences arising from:-		
Lease liabilities	**6**	268
Accruals	**145**	531
Derivatives	**–**	106
Losses recoverable	**168**	–
Other	**64**	15
	383	920
Deferred tax liabilities		
Timing differences arising from:-		
Surplus on investment property valuations	**5,201**	4,464
Surplus on commercial property valuation	**543**	780
Fair value adjustments to investments	**388**	237
Lease receivables	**53**	64
Available losses	**(246)**	–
Other	**(67)**	216
Balance carried forward 30th September	**5,872**	5,761
Reconciliation of movement		
Disclosed as asset	**920**	412
Disclosed as liability	**(5,761)**	(4,519)
Balance at 1st October	**(4,841)**	(4,107)
Exchange	**444**	22
Deferred taxation charged to profit	**(1,014)**	(502)
Increase in surplus on revaluation of investment properties	**(1,118)**	(330)
Increase in available losses	**98**	(236)
Increase in accruals	**146**	74
Deferred taxation charged to profit arises from:	**(1,014)**	(502)
Increase in lease assets and liabilities	**(13)**	(28)
Increase in derivatives	**(46)**	20
Other	**(81)**	(2)
Deferred tax charged to Other Comprehensive Income:-		
Decrease/(increase) in surplus on revaluation of commercial properties	**73**	(106)
Increase in fair value adjustments to investments	**(151)**	(148)
	(5,489)	(4,841)
Disclosed as asset	**383**	920
Disclosed as liability	**(5,872)**	(5,761)

21. Share Capital

	Number	US$000
Authorised		
Shares of US 25 cents each	40,000,000	**10,000**
Issued and fully paid		
At 30th September 2012 and 2013	35,857,512	**8,964**

Each ordinary share carries one vote. There are no encumbrances on the issued shares and the unissued shares are under the control of the Directors, as authorised at the Annual General Meeting.

22. Share Premium Account

At 30th September 2012 and 2013	**23,606**

23. Other Reserves

	2013 US$000	2012 US$000
(a) Fair value reserve		
Balance brought forward 1st October	**8,982**	5,512
Other comprehensive income		
Unrealised gains on investments	**1,913**	2,502
Reclassified losses on investments	**(213)**	(721)
Commercial property revaluations	**(138)**	394
Less non-controlling interests share of valuations	**77**	(175)
Comprehensive income (see note 2 g ii)		
Investment property revaluations	**4,476**	1,214
Deferred taxation on revaluations	**(1,454)**	(330)
Transfer from retained earnings	**–**	586
	13,643	8,982
(b) Exchange reserve		
Balance brought forward 1st October	**(5,557)**	(4,410)
Other comprehensive income*	**(7,372)**	(1,363)
Less minority share	**2,098**	216
	(10,831)	(5,557)
Total other reserves	**2,812**	3,425

Balance attributable to non-current asset held for sale	**585**	–
Other	**2,227**	3,425
	2,812	3,425

*Other comprehensive income movement comprises:

Translation of comprehensive income from average rates of exchange to those at the reporting date	**(393)**	(99)
Translation differences arising on the conversion of opening balances for –		
Investment properties	**(3,756)**	(442)
Other non-current tangible assets	**(1,479)**	(139)
Investments	**(1)**	(226)
Inventories	**(4,959)**	(341)
Trade and other receivables	**(4,351)**	(435)
Trade and other payables	**7,593**	399
Cash and cash equivalents	**(399)**	(102)
Taxation	**373**	22
Other comprehensive income arises from:	**(7,372)**	(1,363)

24. Reserves

The following describes the nature and purpose of each reserve within shareholders' equity:-

Reserve	Description and purpose.
Share capital	Amount subscribed for share capital at nominal value.
Share premium	Amount subscribed for share capital in excess of nominal value.
Other reserves	Cumulative fair values adjustments to property and investments and exchange arising on the translation of foreign entities. Distribution of these reserves to members is determined on the degree of realisation of the underlying transactions.
Retained earnings	Cumulative net gains and losses recognised in the Statement of Total Comprehensive Income.

Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders. No changes were made in the objectives, policies or processes during the year ended 30th September 2013.

Capital is defined as the Company's ordinary share capital and reserves as detailed above.

The Company requires its subsidiaries to pay annual dividends sufficient to support the Company's dividend policy. Other than this the Company does not actively manage its capital, instead its focus is on managing its investments.

25. Notes to Cash Flow Statement

(a) Analysis of net funds

	2012 US$000	Exchange Movements US$000	Cash flow Movement US$000	**2013** **US$000**
Cash at bank and in hand	15,859	(968)	(562)	**14,329**
Bank overdrafts (note 18)	(3,686)	569	790	**(2,327)**
	12,173	(399)	228	**12,002**

(b) Analysis of funds by currency

	2012 US$000	Exchange Movements US$000	Cash flow Movement US$000	**2013** **US$000**
United States Dollars	8,254	–	(1,070)	**7,184**
Swiss Francs	1,773	70	(234)	**1,609**
Australian Dollars	545	(56)	169	**658**
South African Rands	1,909	(398)	1,069	**2,580**
Euros	(260)	(15)	(22)	**(297)**
Pounds Sterling	(48)	–	316	**268**
	12,173	(399)	228	**12,002**

(c) Credit risk

Cash and cash equivalents include all cash balances and highly liquid deposits with a maturity of three months or less and are maintained with recognised financial institutions. Surplus cash balances are placed on deposit at market rates. An analysis by currency is set out above.

26. Related Parties

	2013	2012
	US$000	US$000
Related party fees	**318**	410

Related party fees
Mr. D.C. Marshall, Mr. L.H. Marshall and Mr. E.J. Beale are directors of City Group P.L.C., the Group's Secretary, to which fees of US$168,000 *(2012 – US$185,000)* were paid. At the reporting date there were no balances due to or from City Group. Fees are agreed at arms length and settlement is within normal credit terms.

R.C. Kerr is a partner of the legal services practice of Maitland, to which group fees of US$120,000 were paid in the year *(2012 – US$154,000)*. At the reporting date there were no balances due to or from Maitland. Fees are agreed at arms length and settlement is within normal credit terms.

Mr. B.C.B. Newman and Mr M.A. Pesco are directors of First Names (Jersey) Limited, to which fees of US$30,000 were paid in the year *(2012 - US$71,000)*. At the reporting date there was a balance due to First Names (Jersey) Limited of US$6,000 *(2012 – US$6,000)*. Fees are agreed at arms length and settlement is within normal credit terms.

Other than as disclosed above no Director, or parties who were considered as key management, was interested in any contract between the Directors, the Company and any other related party that subsisted during or at the end of the financial year. Related party transactions are identified and evaluated from a register regularly updated by the company secretary.

The key management team, including non-executive directors, of 7 *(2012 – 5)* consisting of E.J Beale, R.C. Kerr, D.C. Marshall, L.H. Marshall, M.A. Pesco and B.C.B. Newman, and Mr J. M Robotham, until his retirement, received total remuneration for the year of:

Short term benefits	**480**	534
Other benefits – medical insurance and car benefit	**–**	25

Detail of the remuneration of the Directors is set out on page 35 in the Report of the Directors.

27. Group Commitments and Contingent Liabilities

At 30th September 2013 the Group had commitments as lessee of US$325,000 *(2012 – US$199,000)* within one year and US$791,000 *(2012 – US$866,000)* in two to five years.

As lessor, the Group had projected future rental income within one year of US$2,844,000 *(2012 – US$3,107,000)* and within two to five years of US$2,985,000 *(2012 – US$2,732,000)*, under non-cancellable operating leases on properties.

There are options to renew the lease agreements if agreed by both parties. Escalation clauses are included within the lease agreements. There are no contingent rentals or options to purchase and no restrictions are imposed in terms of dividends or additional debt or further leasing.

The Group had no material commitments for authorised capital expenditure contracted *(2012 – nil)* at the reporting date.

Full provision has been made for potential liabilities at the reporting date under forward exchange contracts.

Interest rate swap derivative agreements entered into in respect of South African borrowings are at fixed rates of 11.45%, 11.45%, 11.40% per annum until 30 October 2015, 1 February 2016 and 4 December 2020 respectively. These agreements have been fair valued and marked to market at the reporting date.

28. Financial Instruments and Risk Management

The categories of financial instruments used by the Company are:

	2013 US$000	2012 US$000
Financial assets		
Available for sale		
Investments*	**18,104**	14,653
At fair value through profit & loss		
Other financial assets* – deferred finance lease income	**281**	121
– derivative foreign exchange financial instrument	**123**	–
Loans and accounts receivable		
Trade and other receivables	**30,039**	40,838
Cash at bank	**14,329**	15,859
Financial liabilities		
Loans and accounts payable		
Trade and other payables – due within one year	**33,368**	43,833
– borrowings due after more than one year	**12,570**	13,760
– derivative financial instruments due after more than one year	**19**	51
Bank overdrafts	**2,328**	3,686
At fair value through profit & loss		
Other financial liabilities *	**–**	85

* Listed investments, other financial assets and other financial liabilities are classified as Level 1, in terms of the fair value hierarchy in IFRS 7 except for derivatives which are classified as Level 2.

Gains on investments are shown in other comprehensive income. Gains on other financial assets and liabilities are taken to profit and loss.

Fair value of financial instruments

The carrying amounts of the accounts receivable reported in the Consolidated Statement of Financial Position approximate their fair values at the year-end. Non-current financial liabilities are stated at fair value, calculated by discounting their future cash flows at the market rate that reflects current interest rates. Where the effects of discounting are immaterial, no discounting is applied. Other financial liabilities are classified as financial liabilities at amortised cost. Where the effects of discounting are immaterial, no discounting is applied. The fair value of these financial instruments is approximate to their amortised cost.

The Group enters into finance leasing arrangements for certain equipment. The average term is five years and the interest rate is fixed at the start of the lease term. The fair value of the Group's gross investment in finance leases at the reporting date was US$281,000.

Credit risk management

Credit risk is the risk of financial loss to the Group if a counterparty to a financial instrument fails to meet its contractual obligations. Concentrations of credit risk consist principally of trade receivables and temporary cash investments. The Group does not consider there to be any significant risk regarding balances with associates or joint ventures, which are accounted for in accordance with accounting policy notes 2(c) and 2(d). All of the portfolio investments are in highly liquid stocks and there is no concentration of investment in any one company. Customers are subject to credit verification procedures and balances are monitored on an ongoing basis. The ageing profile of trade receivables is shown in note 16 and indicates that the Group's exposure to bad debts is not material. Cash and cash equivalents represent surplus funds on current bank accounts. These funds are held by financial institutions of high quality and standing. At the year-end the Directors do not consider there to be any significant concentration of credit risk for which adequate provision has not been made.

28. Financial Instruments and Risk Management (continued)

Interest rate risk profile

Exposure to interest rate risk arises in the normal course of the Group's business and applies mainly to cash deposits and financing. The Group's objective is to achieve the best rates available, adopting a policy of ensuring that its exposure to changes in interest rates on surplus funds is short-term. The fair value or future cashflows of a financial instrument liabilities will not fluctuate with changes in market interest rates as they are fixed and the risk is therefore minimal The principal rates on long-term borrowings for the year were at fixed rates between 7.70% and 11.21% in South Africa and 6.1% in the United States. The Group secures short-term finance at variable rates on the best commercial terms, in South Africa based on Prime Rate, which ranged between 11.45% and 8.50% and in Europe at rates between 1.50% and 1.90%.

There are no investments in fixed interest stock and the majority of the Company's investment portfolio consists of equity investments, for which an interest rate profile is not relevant. Interest is not charged on trade and other receivables nor incurred on trade and other payables.

An interest rate change of 1% would be reasonably possible and would result, based on the liabilities shown in the Statement of Financial Position, in a change in the net charge in the current and prior year by approximately US$37,000 *(2012 – US$105,000)*.

Currency risk

The Group currency risk arising on the portion of purchases transacted in foreign currencies is monitored on an ongoing basis with forward cover being arranged for significant transactions. The contracts for forward cover are economic hedging and the Group is not able to apply hedge accounting.

The values of the Group interests in South Africa and Australia, detailed in note 3, are exposed to fluctuations in exchange rates. A 1% movement in the exchange rates used to translate these interests at the reporting date would be reasonably possible and would reduce or increase asset values and shareholders' funds by US$497,000 *(2012 – US$485,000)*.

Market risk

The fair values of the investments within the portfolios are determined by the prices available from the markets on which the investments involved are traded. Unlisted investments are stated at cost.

The Company maintains a spread of investments over various sectors and monitors performance continuously as described above. The majority of the financial assets (investments) are in companies with good market liquidity.

Reviews for indications of permanent impairment are carried out at least annually. The Directors believe that the exposure to market price risk from these activities is acceptable in the Company's circumstances.

A 1% decrease in the value of the listed investments detailed in note 14 would be reasonably possible and would result in the fair values of investments decreasing by US$181,000 *(2012 – US$147,000)* and a corresponding decrease in other reserves. A 1% increase is also reasonably possible and would, on the same basis, increase fair values and increase other reserves.

Liquidity risk

The Group monitors the risk of a shortage of funds by considering the maturity of both its financial investments and financial assets and projected cash flows from operations. The objective is to maintain a balance between a continuity of funding and flexibility through the use of bank overdrafts, loans and inter-company funding.

28. Financial Instruments and Risk Management (continued)

Liabilities are repayable over the following periods and adequate liquid assets and facilities are available to the Group to meet these liabilities as they fall due.

	2013 US$000	2012 US$000
Liabilities falling due		
Within twelve months – accounts payable	**35,696**	47,519
– tax payable	**1,366**	225
Between one and five years	**1,471**	6,329
Over five years – by instalments	**11,118**	7,483
	49,651	61,556
Liquid assets		
Cash and cash equivalents	**14,329**	15,859
Listed investments	**18,104**	14,653
Trade and other receivables	**30,038**	40,838
	62,471	71,350

29. Subsidiaries

The following companies, which are the principal active subsidiaries of Marshall Monteagle PLC, have been included in the Consolidated Financial Statements of the Group, being those companies in which the Group, directly or indirectly, has an interest and is able to exercise control over the operations. These entities have year ends coterminous with that of the Company, unless otherwise stated.

(a) Wholly-owned	**Principal Activities**
(i) Incorporated and operating in England:	
Monteagle Properties (UK) Limited	Investment holding
The following company is a wholly owned subsidiary of Monteagle Properties (UK) Limited:	
(ii) Incorporated and operating in San Diego, United States of America:	
Monteagle Inc	Property
(iii) Incorporated in British Virgin Islands and operating internationally:	
Monteagle International Finance Limited	Consultancy and management
(iv) Incorporated in Jersey, Channel Islands and operating internationally:	
Monteagle Merchant Group Limited	Investment holding

The following companies are active subsidiaries of Monteagle Merchant Group Limited:

Wholly-Owned:	
Incorporated in Jersey and operating internationally:	
Monteagle International Limited	Importer
Incorporated and operating in South Africa:	
Monteagle Property Holdings Limited	Property holding
Monteagle Merchant Group Southern Holdings Limited	Investment holding
Monteagle Merchant Group Southern Holdings 2 Limited	Investment holding
Global Coffee Exports Limited	Import/export
Incorporated in Guernsey and operating internationally	
High Altitude Coffee Company Limited (formerly Coffee Roasters International Limited)	Coffee roasting

29. Subsidiaries (continued)

Owned 50.1%	
Incorporated and operating in South Africa:	
L & G Tool and Machinery Distributors Limited	Importer and distributor of hand tools and machinery
Incorporated in Jersey and operating internationally:	
Shanghai Tool Exports Corporation Limited	Importer and distributor of hand tools and machinery
(v) Incorporated in South Africa and operating internationally	
Merchant & Industrial Properties Limited	Investment holding
The following company is the active subsidiary of Merchant & Industrial Properties Limited:	
Marshalls Internal Limited	Investment holding
The following company is the active subsidiary of Marshalls Internal Limited:	
Marshalls Group Limited	Investment holding
The following company is the active subsidiary of Marshalls Group Limited:	
Marshalls Parking (Pty) Limited	Property holding

(b) Other subsidiaries of Marshall Monteagle PLC

(i) Incorporated and operating in Australia	
Queensland Tool and Machinery Distributors Pty Ltd (owned 50.1%)	Importers and distributors of hand tools and machinery
QTM Property Holdings Ltd (owned 50.1%)	Property holding
(ii) Incorporated and operating in South Africa:	
Monteagle Logistics Limited (owned 50.0%)	Warehousing and services
Monteagle Africa Limited (owned 50.0%)	Distributor

30.International Financial Reporting Standards

As indicated in note 2, at the date of authorisation of these financial statements the IASB and the International Financial Reporting Interpretations Committee (IFRIC) have issued interpretations and amended or revised standards, to be applied to financial statements with periods commencing either on or after 1st October 2012 as follows:

Standard	Details of Amendment	Annual periods beginning on or after
IFRS 1: First time adoption of International Financial Reporting Standards	Annual Improvements 2009-2011 Cycle – amendments to borrowing costs	1 January 2013
IFRS 7: Financial Instruments: Disclosures	Amendments require entities to disclose gross amounts subject to rights of set-off, amounts set off in accordance with the accounting standards followed, and the related net credit exposure. This information will help investors understand the extent to which an entity has set off in its balance sheet and the effect of rights of set-off on the entity's rights and obligations.	1 January 2013
IFRS 10: Consolidated Financial Statements	New standard that replaces the consolidation requirements in SIC-12 *Consolidation – Special Purpose Entities* and IAS 27 *Consolidated and Separate Financial Statements*. Standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company and provides additional guidance to assist in the determination of control where this is difficult to assess.	1 January 2013 1 January 2013
	Amendments to the transitional guidance of IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements* and IFRS 12 *Disclosure of Interests in Other Entities*, thus limiting the requirements to provide adjusted comparative information.	
	IFRS 10 exception to the principle that all subsidiaries must be consolidated. Entities meeting the definition of 'Investment Entities' must be accounted for at fair value under IFRS 9 *Financial Instruments*, or IAS 39, *Financial Instruments*: *Recognition and Measurement*.	1 January 2014
IFRS 11: Joint Arrangements	New standard that deals with the accounting for joint arrangements and focuses on the rights and obligations of the arrangement, rather than its legal form. Standard requires a single method for accounting for interest in jointly controlled entities.	1 January 2013
IFRS 12: Disclosure of Interests in Other Entities	New and comprehensive standard on disclosure requirements for all forms of interests in other entities including joint arrangements, associates, special purpose vehicles and other off reporting date vehicles.	1 January 2013

30. International Financial Reporting Standards (continued)

Standard	Details of Amendment	Annual periods beginning on or after
IFRS 13: Fair Value Measurement	New guidance on fair value measurement and disclosure requirements.	1 January 2013
IAS 1: Presentation of Financial Statements	Amendments clarifying the requirements for comparative information including minimum and additional comparative information required.	1 January 2013
IAS 16: Property, Plant and Equipment	Amendments to the recognition and classification of servicing equipment.	1 July 2013
	Consequential amendments resulting from the issue of IFRS 10, 11 and 12.	1 January 2013
IAS 19: Employee Benefits	Consequential amendments from changes to IAS 27 Consolidated and Separate Financial Statements (Clarification on the transition rules in respect of the disposal or partial disposal of an interest in a foreign operation).	1 July 2013
IAS 27: Consolidated and Separate Financial Statements	Consequential amendments resulting from the issue of IFRS 10, 11 and 12.	1 January 2013
	Requirement to account for 'Investment Entities' at fair value under IFRS 9, Financial Instruments, or IFRS 39, Instruments: Recognition and Measurement.	1 January 2014
IAS 28 Investments in Associates	Consequential amendments resulting from the issue of IFRS 10, 11 an 12.	1 July 2013
IAS 32: Financial Instruments Presentation	Amendments require entities to disclose gross amounts subject to rights of set-off, amounts set off in accordance with the accounting standards followed, and the related net credit exposure. This information will help investors understand the extent to which an entity has set off in its balance sheet and the effects of rights of set-off on the entity's rights and obligations.	1 January 2013
IAS 39 Financial Instruments: Recognition and Measurement	New requirements to group together items within OCI that may be reclassified to the profit or loss section of the income statement in order to facilitate the assessment of their impact on the overall performance of an entity.	1 July 2013

The Directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Company.

The Directors submit their report and the audited Consolidated Financial Statements for the year ended 30th September 2013.

PRINCIPAL ACTIVITIES

The Company is incorporated as a public limited company in Jersey, Channel Islands. Its activities in Jersey comprise the central supervision and control of the Group's investments in its operating subsidiaries and the administration of a general investment portfolio. The Company's shares are listed on the JSE Limited.

The Group owns a commercial property in the United States of America, and in Australia it operates as a specialist importer and distributor of hand tools and machinery.

In South Africa the Group owns and manages multi-tenanted rent producing properties. In South Africa and Europe it operates trading businesses involved in the importation and distribution of hand tools, machinery and non-perishable food products and coffee roasting, importing and exporting.

OPERATING REVIEW

The Group profit, after tax and non-controlling interests, was US$5,505,000, compared to US$5,055,000 for the previous year. Earnings per share were 15.4 US cents (2012 – 14.1 US cents). A detailed review of the Group's operations is made in the Business Review. A detailed analysis of the Group's operations is set out in note 3 on pages 15 to 16.

DIVIDENDS

An interim dividend of 1.70 US cents (2012 – 1.60 US cents) was declared payable on 13th July 2013.

A second interim (final) dividend of 1.80 US cents per share for the year ended 30th September 2013 (2012 – 1.70 US cents) will be paid on 14th February 2014 to those shareholders on the register at the close of business on 7th February 2014.

DIRECTORS

A list of the present Directors of the Company is shown on page 2.

In accordance with the Articles of Association, Mr. B.C.B. Newman offers himself for election having been appointed as a Director since the last Annual General Meeting.

In accordance with the Articles of Association, Mr R.C. Kerr and Mr. L.H. Marshall retire by rotation and, being eligible, offer themselves for re-election at the Annual General Meeting.

The share interests of the Directors who held office during the year were as follows:

	30th September 2013		30th September 2012	
	Beneficial	**Non-beneficial**	Beneficial	Non-beneficial
E.J. Beale	**–**	**–**	–	–
R.C. Kerr	**20,000**	**10,000**	20,000	10,000
D.C. Marshall	**710,000**	**16,614,300***	1,637,550	15,654,300*
L.H. Marshall	**–**	**–**	–	–
M.A. Pesco	**–**	**–**	–	–
B.C.B. Newman	**–**	**–**	–	–
J.M. Robotham (until his retirement 26th March 2013)	**152,000**	**16,101,850***	152,000	15,531,850*

*These non-beneficial holdings arise, wholly or partly, because the individuals concerned were also directors or trustees of entities that hold shares in the Company.

Since the reporting date and the date of this report there have been no changes in the above holdings.

There are no contracts of service with any of the Directors.

DIRECTORS (continued)

The remuneration paid to, or receivable by, the Directors for the year and the previous year, is as follows:-

				2013	2012
		Parent Company Directors fee US$000	Other US$000	**Total US$000**	Total US$000
E.J. Beale	*Non-executive*	19	–	**19**	–
R.C. Kerr	*Non-executive*	23	–	**23**	22
L.H. Marshall	*Executive*	23	168	**191**	193
D.C. Marshall †	*Executive*	23	196	**219**	267
M.A. Pesco	*Non-executive*	23	–	**23**	22
B.C.B. Newman	*Non-executive*	–	–	**–**	–
J.M. Robotham	*Non-executive*	5	–	**5**	30
Total		116	364	**480**	534

†Mr. D.C. Marshall ceded US$22,000 of his fees for the year *(2012 – US$22,000)* to an overseas company which supplies his services and in which none of the Directors is interested, save that the directors of that company are two Jersey registered corporate entities and Mr. M.A. Pesco and Mr B.C.B. Newman are a director of each of them.

No other payments or benefits were paid to, or receivable by, the Directors.

COMPANY SECRETARY

In accordance with the JSE Listings Requirements, the Board has conducted an annual assessment to satisfy itself on the competence, qualifications and experience of City Group P.L.C., the company secretary, and that it is satisfied that there is an arm's length relationship between the Board and the company secretary and that the company secretary is not a director. Although City Group P.L.C. and the Company have directors in common, the related party is disclosed in note 26 to these accounts and the Board is satisfied that any potential conflict can be managed.

SUBSTANTIAL INTERESTS

At the date of this report, the following holdings represented 5% and over of the issued share capital of the Company:

	Shares	%
Clearstream Operations Prague	13,859,856	38.7
La Roche & Company Banquiers	2,833,650	7.9
Corwil Investments Holdings (Pty) Limited	2,051,512	5.7

The Company has not been notified of any other shareholdings that exceeded the threshold of 5%, in the capital of the Company. There is no ultimate controlling party.

ANALYSIS OF SHAREHOLDINGS

Details of the Directors' interests can be found on page 34. At the date of this report, the disclosure of public and non-public holdings was as follows:

	Shareholders	Shares	%
Non-public shareholdings – Directors' interests	7	19,774,436	55
Public shareholdings	666	16,083,076	45
	673	35,857,512	100.0

SHARE CAPITAL

There have been no changes in issued share capital during the year.

The Company does not have a share incentive scheme.

There were no issues of shares for cash during the year under review. The Board is putting to its shareholders a Special Resolution (resolution number 8). This special resolution will grant the Company a general authority for the repurchase by the Company or any of its subsidiaries of shares issued by the Company, which authority shall be valid until the earlier of the next annual general meeting of the Company or the variation or revocation of such general authority by special resolution by any subsequent general meeting of the Company, provided that the general authority shall not exceed beyond fifteen months from the date of this annual general meeting. The effect of the special resolution will be to reduce the number of shares in issue. In terms of the JSE Listings Requirements any general repurchase by the Company must, inter alia, be limited to a maximum of 20% of the Company's issued share capital in any one financial year of that class at the time the authority is granted.

Pursuant to and in terms of the JSE Listings Requirements, the board of directors of the Company hereby state that:

- the intention of the directors of the Company is to utilise the general authority to repurchase shares in the Company if at some future date the cash recourses of the Company are in excess of its requirements or there are other good grounds for doing so. In this regard the directors will take account of, inter alia, an appropriate capitalisation structure for the Company, the long-term cash needs of the Company, and the interest of the Company;
- In determining the method by which the Company intends to repurchase its shares, the maximum number of shares to be repurchased and the date on which such repurchase will take place, the directors of the Company will only make the repurchase if they are of the opinion that:
  - the Company and its subsidiaries will, after the repurchase of the shares, be able to pay their debts as they become due in the ordinary course of the business for the next twelve months;
  - the consolidated assets of the Company and its subsidiaries, fairly valued in accordance with IFRS and recognised and measured in accordance with the accounting policies used in the latest audited financial statements will, after the repurchase, be in excess of the consolidated liabilities of the Company and its subsidiaries for the next twelve months after the date of this notice of the annual general meeting;
  - the issued share capital and reserves of the Company and its subsidiaries will, after the repurchase of the shares, be adequate for ordinary business purposes of the Company or any acquiring subsidiary for the next twelve months;
  - the working capital available to the Company and its or any acquiring subsidiaries will, after the repurchase, be sufficient for ordinary business requirements for the next twelve months;
  - The Company may not enter the market to proceed with the repurchase until the Company's Sponsor has confirmed the adequacy of the Company's working capital for the purposes of undertaking a repurchase of shares in writing to the JSE as required in terms of schedule 25 of the JSE Listings Requirements.

  The JSE Listings Requirements require the following disclosure, some of which is already stated elsewhere in this annual report to which the notice of annual general meeting forms part:

  - general information in respect of directors and management (page 2), major shareholders (page 35), directors' interests in securities (page 34) and the share capital of the Company (page 35);
  - there has been no material change to the financial or trading position of the Company since the signature of the audit report and up to the date of the notice of annual general meeting;

- the Company is not involved in any legal or arbitration proceedings, nor are any proceedings pending or threatened of which the Company is aware that may have or have had in the previous 12 months, a material effect on the Group's financial position; and
- the directors, whose names are given on page 2 of the annual report to which the notice is attached, collectively and individually accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts that have been made and that the notice contains all the information required by law and the JSE Listings Requirements.

AUDITOR
A resolution to re-appoint Saffery Champness as Auditor will be proposed at the Annual General Meeting in accordance with Section 113(3) of the Companies (Jersey) Law 1991.

By order of the Board,
CITY GROUP P.L.C.
Group Secretaries

4th February 2014

CORPORATE GOVERNANCE

The Directors have reviewed the Company's compliance with the requirements of the King Code of Governance for South Africa 2009 ("King III"), which applies to all companies listed on the JSE in South Africa and have adopted procedures within the context of the Group and the financial and human resources currently available to the Group.

The Board of Directors continue to subscribe to the values of good corporate governance as set out in King III and are committed to the application of corporate governance best practices in the conduct of the Group's business. While the Board is of the opinion that the Group complies in all material respects with the principles embodied in King III, where specific principles have not been applied explanations for these are contained within the annual report.

Mr E.J. Beale took on the role of non-executive Chairman upon the retirement of Mr J.M. Robotham. The other directors during the year were Mr R.C. Kerr, Mr B.C.B. Newman and Mr. M.A. Pesco who are all independent non-executive Directors, and Mr D.C. Marshall, the Chief Executive Officer of the Group, and Mr. L.H. Marshall the Finance Director. The roles of Chairman and Chief Executive are separated. There is a schedule of matters reserved for the Board and its committees. The Audit Committee comprises Mr. Kerr, Mr Pesco and Mr Newman and their report is set out below. Mr Kerr, Mr Pesco and Mr Newman form the Remuneration Committee, which meets as required and is responsible for decisions on remuneration for Directors. Details of the Directors' interests in the Company and their remuneration are given in the Report of the Directors on pages 34 to 35.

To preserve the decentralised nature and entrepreneurial management style of the Group, group-wide operating policies are kept to a minimum.

The nomination of Directors is a matter for the entire Board and there is, therefore, no nomination committee.

The Board meets regularly and through an executive committee retains full and effective control over the Group. The Board met on four occasions during the year following a formal agenda. It met two further times by telephone for ad-hoc reasons. Attendance at board meetings during the year is shown in the following table:

	E .J. Beale	R.C. Kerr	D.C. Marshall	L.H. Marshall	M.A. Pesco	B.C.B. Newman
Board	3	2	3	4	3	1

Formal evaluation of the performance of the Board, its committees and individual directors has been performed. Changes have been made to the timings of meeting and board reports.

Remuneration of Directors is proposed by the Board. The remuneration of the Directors is included in the Report of the Directors on page 35 and is approved by the shareholders at the Annual General Meeting.

When appointing new Directors, the Board will take cognisance of its needs in terms of different skills, experience, diversity, size and demographics. On appointment a personally tailored induction programme will be prepared. A brief CV of all Directors is included in the annual report and Directors are required to retire by rotation every three years in accordance with the Company's Articles of Association thus ensuring continuity of experience and knowledge.

The Board as a whole have a working understanding of the effect of applicable laws, rules, codes and standards on the Group and its businesses. However, the diversity of group operations means that each individual Director does not have a working understanding of every applicable regulation. The Board promotes ethical behaviour throughout the Group's operations which should ensure automatic compliance with sensible regulations. Directors undertake individual CPD programmes to remain up to date in their sectors of expertise.

Board committees:
Audit Committee
The Audit Committee comprises three non-executive Directors. The Finance Director and the external auditors, who have unrestricted access to Mr. Pesco, the Chairman of the Committee, attend by invitation and management or independent third parties are invited to attend as appropriate. The Committee is responsible for reviewing the interim results and annual financial statements and associated announcements as well as understanding management's accounting processes and policies and the external auditor's involvement in these processes.

The specific responsibilities of the Committee include:

Internal control – reviewing the adequacy and effectiveness of management information and internal controls of the Company to support the Board in the discharge of its responsibilities and provide for the maintenance of proper accounting records and the reliability of financial information. Such a system of control can provide only reasonable and not absolute assurance against material misstatement or loss. Procedures are established which are designed to provide an effective system of internal financial control including the segregation of duties and management authorisation and review. In addition the Company safeguards its interests in the Group by appointing directors to the boards of the subsidiary and associated companies.

Financial reporting – reviewing the accounting policies adopted or any changes made and the measures introduced by management to enhance the accuracy and fair presentation of all matters proposed for inclusion in the annual accounts and any other reports prepared with reference to the affairs of the Company for external distribution or publication, including those required by any regulatory or supervisory authority.

External audit – recommending the appointment of external auditors for approval by the shareholders; reviewing their performance and monitoring their independence. The Committee also sets the principles for recommending the use of external auditors for non-audit purposes.

Finance Director – evaluating the performance of the Finance Director during the year under review and providing feedback in this regard to the board.

Liquidity and solvency assessment – reviewing a liquidity and solvency test and considering all reasonable financial circumstances of the Company at the time. This will include considering whether the assets of the Company, as fairly valued, equal or exceed the liabilities of the Company, as fairly valued, and whether the Company will be able to pay its debts as they become due in the ordinary course of business for a period of 12 months after the date on which the test is considered or in the case of a distribution, 12 months following that distribution.

Sustainability reporting – this has been considered and due to the de-centralised nature of the Group, sustainability issues are devolved to the management of the individual operating businesses of the Group.

The Group does not have a separate internal audit function due to the decentralised structure of the Group and diversity of operations, but the Committee exercises formal oversight through review of any matters brought to their attention by group auditors and others, and informal oversight by regular discussions with the Group executive directors and key management personnel of subsidiaries and City Group P.L.C.. Group directors sit on the boards of all subsidiaries. However, in accordance with the recommendations set out in King III, the establishment of an internal audit function will be re-considered at least annually.

With regard to the above:

- accounting policies, significant errors of judgement and extent of disclosures in the accounts have been reviewed;
- the scope, independence and objectivity of the external auditors was reviewed;
- the external audit firm, Saffery Champness, and audit partner Roy Angliss, are, in the Committee's opinion, independent of the Company and have been proposed to the shareholders for approval to be re-appointed as the Company's auditor for the 2014 financial year;
- on an ongoing basis, the Committee reviews and approves the fees proposed by the external auditor;
- to the best of the Committee’s knowledge and belief, the appointment of the external auditor complies

with the Jersey and South African companies acts, as amended, and with all other legislation relating to the appointment of external auditors;

- the nature and extent of non-audit services provided by the external auditor has been reviewed to ensure that the fees for such services do not become so significant as to call into question their independence;
- the nature and extent of non-audit services have been defined and pre-approved;
- nothing has come to the attention of the Committee to indicate that there has been a material breakdown in the systems of internal control during the year;
- the Committee is satisfied with the appropriateness of the expertise and experience of the Finance Director and his performance during the year; and
- at the date of this report, no complaints have been received relating to the accounting practices of the Company or to the content or auditing of the Company's financial statements, or to any related matter.

The Audit Committee met three times in the financial year and attendance at committee meetings during the year is shown in the following table:

	R.C. Kerr	M.A. Pesco	J.M. Robotham*	B.C.B Newman**
Committee	3	3	1	1

* Mr J.M. Robotham retired from the Committee on 26th March 2013.

** Mr. B.C.B. Newman was appointed to the Committee on 1st August 2013.

Remuneration Committee
The Remuneration Committee comprises three non-executive directors; other individuals such as the Directors and external advisers may be invited to attend for all or part of any meeting, as and when appropriate and necessary. The Committee is responsible for reviewing the remuneration of the Directors of the Group. The Committee met once during the year and both members attended the meeting.

IT Governance
Due to the de-centralised structure of the Group, IT is the responsibility of the operating subsidiaries who are also required to manage IT risk.

Risk Factors
The Group is exposed to the following principal operational risks:

Consumer demand – the Group's international trading operations depend directly or indirectly upon a certain level of consumer demand. The Group has, in the past, managed to grow sales despite reductions in consumer demand through expanding its product range. There is no certainty that it will be able to do so in reaction to a future slow down in consumer demand.

Reliance on key individuals – the Group's international trading operations, especially the smaller ones, are dependent on a limited number of key individuals. Should the Group lose their services for any reason, performance could be impacted in the short term. As the trading operations grow, the increasing size of their management teams reduces the dependence on key individuals.

Valuation of quoted investments – the Group has a substantial proportion of its net assets invested in global equities and while individual stock risk is diluted through the diversification in the portfolio, the Group is exposed to market risk which can lead to substantial co-ordinated reductions in the market values of the stocks in which the Group is invested. As a long term investor with a liquid financial position the Group is able to ride out short term reductions of this nature. However it remains exposed to long term reductions in market prices.

Property valuations – the Group owns a diversified portfolio of properties in South Africa and a multi-tenanted light industrial property in San Diego, California. The Group is exposed to risks resulting from major changes in property valuations, including the risk that asset backing falls and is no longer sufficient to secure borrowing facilities. The Group as a whole remains lightly geared and regularly reviews the headroom between its borrowing levels and the value of properties used to secure such borrowings.

Exchange rate risk – the Group's international trading operations limit exchange rate risks arising from buying and selling in different currencies through forward foreign currency purchases into when such commitments are entered into. The Group remains exposed to exchange rate risks on the valuation of its stock market and property investments and the working capital of its international trading subsidiaries. This risk is reduced through diversification and borrowings denominated in foreign currencies.

Changes in Regulatory environment – most of the Group's trading operations are based in South Africa and exchange controls apply in South Africa. There is a risk that future changes to South African exchange controls may restrict the extent to which these businesses can operate or may restrict the extent to which funds generated in South Africa may be remitted to Group companies based elsewhere. Other changes in regulation may have a material impact on the business environment and adversely affect the Group's operations or cash flow.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Jersey company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit and loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

GOING CONCERN

The Directors have established that there have been no events not in the ordinary course of business since the reporting date; all borrowing facilities are still in place; the substantial liquid resources held in the share portfolios are still available; and that there have been no major capital expenditure nor acquisitions since the reporting date. The Directors therefore believe that the going concern basis is appropriate for the Group.

Independent Auditor's Report

TO THE SHAREHOLDERS OF MARSHALL MONTEAGLE PLC

We have audited the financial statements of Marshall Monteagle PLC on pages 6 to 33 which comprise the Consolidated Statement of Total Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Cash Flow, the Consolidated Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting.

This report is made solely to the company's members, as a body, in accordance with Section 113(A) of The Companies (Jersey) Law, 1991. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor
As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

Opinion on financial statements
In our opinion the financial statements:

- give a true and fair view;
- are in accordance with International Financial Reporting Standards; and
- have been properly prepared in accordance with The Companies (Jersey) Law, 1991.

Roy Angliss
For and on behalf of Saffery Champness
Chartered Accountants
Guernsey, Channel Islands

6th February 2014

Addresses

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SPONSOR
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29 Scott Street,
Johannesburg, 2090.
South Africa

MARSHALL MONTEAGLE PLC

NOTICE is hereby given that the Annual General Meeting of Marshall Monteagle PLC ("the Company") will be held at its registered office at 3rd Floor, 37 Esplanade, St. Helier, Jersey, JE2 3QA on Tuesday, 1st April 2014 at 12 noon for the following purposes:

The minimum percentage of voting rights that is required for resolutions 1 to 7 to be passed is 50% of the voting rights plus one vote to be cast on each resolution.

1. To receive and adopt the Directors' Report and Audited Accounts for the year ended 30th September 2013.
2. To elect Mr B.C.B. Newman as a Director.
3. To re-elect Mr. R.C. Kerr as a Director.
4. To re-elect Mr. L.H. Marshall as a Director.
5. To approve, by way of a non-binding advisory vote, the remuneration philosophy of the Company as set out in the remuneration policy on page 38 of the annual report.
6. To re-appoint the auditor Saffery Champness and to authorise the Directors to determine their remuneration.

Special Business

7. To give, in terms of the Listings Requirements of the JSE Limited, the Directors of the Company general authority to issue ordinary shares of US$0.25 each for cash as and when suitable situations arise, subject to the following limitations:
   – that this authority shall not extend beyond 15 (fifteen) months from the date of this annual general meeting and is renewable at the next annual general meeting;
   – any such issue will only be made to public shareholders as defined in the JSE Listings Requirements and not to related parties;
   – the equity securities which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such securities or rights that are convertible into a class already in issue;
   – that issues in the aggregate in any one year may not exceed 15% of the number of shares of that class of the Company's issued share capital, including instruments which are compulsorily convertible into shares of that class;
   – that in determining the price at which an issue of shares will be made in terms of this authority, the maximum discount permitted will be 10% of the weighted average traded price of the shares in question, as determined over the 30 days prior to the date that the price of the issue is determined or agreed between the issuer and the party subscribing for the securities; and
   – after the Company has issued shares for cash which represent, on a cumulative basis within a financial year, 5% (five percent) or more of the number of shares in issue prior to that issue, the Company shall publish an announcement containing full details of the issue (including the number of shares issued, the average discount to the weighted average traded price of the shares over the 30 business days prior to the date that the price of the issue is agreed in writing between the issuer and the party subscribing for the shares and the effect of the issue on net asset value, net tangible asset value, earnings and headline earnings per share), or any other announcements that may be required in such regard in terms of the Listing Requirements of the JSE which may be applicable from time to time.

The minimum percentage of voting rights that is required for resolution 8 to be passed is 75% of the voting rights plus one vote to be cast on the resolution.

8. **Acquisition of own shares**

To consider and, if deemed fit, to pass with or without modification, the following special resolution:

"That the Company hereby approves the repurchase by the Company or any of its subsidiaries from time to time of the issued ordinary shares of the Company, upon such terms and conditions and in such amounts as the directors of the Company may from time to time determine, but subject to the memorandum of incorporation of the Company, the provisions of The Companies (Jersey) Law 1991 and the JSE Listings Requirements as presently constituted and which may be amended from time to time, and provided that:

- any such repurchase of shares shall be affected through the order book operated by the JSE trading system or other manner approved by the JSE and done without prior understanding or arrangement between the Company and the counterparty (reported trades are prohibited);
- this general authority shall only be valid until the Company's next annual general meeting, provided that it shall not extend beyond fifteen months from the date of passing of this special resolution;
- a paid press announcement containing full details of the repurchases will be published as soon as the Company and/or its subsidiaries has/have repurchased shares constituting, on a cumulative basis, 3% of the number of shares of the class of shares repurchased in issue at the time of granting of this general authority, and each time the Company acquires a further 3% of such shares thereafter;
- repurchases by the Company and its subsidiaries of shares in the share capital of the Company may not, in aggregate, exceed in any one financial year 20% (or 10% where such repurchases relate to the repurchase by a subsidiary) of the Company's issued share capital of the class of shares repurchased from the date of the grant of this general authority;
- at any point in time, the Company will only appoint one agent to affect any repurchase(s) on its behalf;
- in determining the price at which the Company's shares are repurchased by the Company or its subsidiaries in terms of this general authority, the maximum price at which such shares may be repurchased may not be greater than 10% above the weighted average of the market price at which such shares are traded on the JSE, as determined over the five business days immediately preceding the date of the repurchase of such shares by the Company or its subsidiaries;
- The Directors resolve that they authorised the repurchase, that the Company passed the solvency and liquidity test and that since the test was done there have been no material changes to the financial position of the Group; and
- The Company may not repurchase shares during a prohibited period as defined in paragraph 3.67 of the JSE Listings Requirements unless they have in place a repurchase programme where the dates and quantities of securities to be traded during the relevant period are fixed (not subject to any variation) and full details are disclosed in an announcement over SENS prior to the commencement of the prohibited period.

Further information about this resolution can be found in the Report of the Directors on pages 34 to 37.

Important dates to note:	**Date**
Record date for receipt of notice purposes	14th February 2014
Integrated annual report posted on	19th February 2014
Last day to trade in order to be eligible to participate in and vote at the annual general meeting	13th March 2014
Record date for voting purposes ("voting record date")	20th March 2014
Last day to lodge forms of proxy for the annual general meeting	28th March 2014
Annual general meeting at 12.00 p.m. (UK time)	1st April 2014
Results of annual general meeting released on SENS	1st April 2014

By order of the Board,

CITY GROUP P.L.C.
Group Secretary

3rd Floor,
37 Esplanade,
St. Helier, Jersey, JE2 3QA

4th February 2014

Notes:

(i) A member entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of the member, and that a proxy need not also be a member. Any company being a shareholder of the Company may execute a form of proxy under the hand of a duly authorised officer.

(ii) **A proxy form is enclosed with this document. You are requested to complete and return the form whether or not you intend to attend the Annual General Meeting.**

(iii) To be effective, the form of proxy, duly completed, must arrive at the registered office of the Company not less than forty-eight hours before the time fixed for the meeting. Proxies sent to the office of a transfer agent for forwarding to the Company, at shareholders' risk, must be received by the transfer agent not less than seven days before the meeting.

CHANGE OF ADDRESS

Shareholders are requested to advise the Jersey transfer agents, Computershare Investor Services (Jersey) Limited, or the South African transfer agents, Computershare Investor Services (Pty) Limited, of any change of address. The addresses of the Transfer Agents can be found on page 44.

King III Checklist

Principle number	Description	Compliance
1.1	The Board should provide effective leadership based on an ethical foundation.	✓
1.2	The Board should ensure that the company is and is seen to be a responsible corporate citizen.	✓
1.3	The Board should ensure that the company's ethics are managed effectively.	✓
2.1	The Board should act as the focal point for and custodian of corporate governance.	✓
2.2	The Board should appreciate that strategy, risk, performance and sustainability are inseparable.	✓
2.3	The Board should provide effective leadership based on an ethical foundation.	✓
2.4	The Board should ensure that the company is and is seen to be a responsible corporate citizen.	✓
2.5	The Board should ensure that the company's ethics are managed effectively.	✓
2.6	The Board should ensure that the company has an effective and independent Audit Committee.	✓
2.7	The Board should be responsible for the governance of risk.	✓
2.8	The Board should be responsible for information technology (IT) governance.	See 5 below
2.9	The Board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards.	See 6 below
2.10	The Board should ensure that there is an effective risk-based internal audit.	See 7 below
2.11	The Board should appreciate that stakeholders' perceptions affect the company's reputation.	✓
2.12	The Board should ensure the integrity of the company's integrated report.	✓
2.13	The Board should report on the effectiveness of the company's system of internal controls.	See 7 & 9 below
2.14	The Board and its directors should act in the best interests of the company.	✓
2.15	The Board should consider business rescue proceeding or other turnaround mechanisms as soon as the company is financially distressed as defined in the Act.	N/A
2.16	The Board should elect a chairman of the Board who is an independent non-executive director. The CEO of the company should not also fulfil the role of Chairman of the Board.	✓
2.17	The Board should appoint the Chief Executive Officer and establish a framework for the delegation of authority.	✓

Principle number	Description	Compliance
2.18	The Board should comprise a balance of power, with a majority of non-executive directors. The majority of non-executive directors should be independent.	✓
2.19	Directors should be appointed through a formal process.	There is no nomination committee, when the need arises the Board will act as such.
2.20	The induction of and ongoing training and development of directors should be conducted through formal processes.	No formal process: directors undertake their own continuing professional education and development programmes
2.21	The Board should be assisted by a competent, suitably qualified and experienced company secretary.	✓
2.22	The evaluation of the Board, its committees and the individual directors should be performed every year.	✓
2.23	The Board should delegate certain functions to well-structured committees but without abdicating its own responsibilities.	✓
2.24	A governance framework should be agreed between the group and its subsidiary boards.	✓
2.25	Companies should remunerate directors and executives fairly and responsibly.	✓
2.26	Companies should disclose the remuneration of each individual director and certain senior executives.	✓
2.27	Shareholders should approve the company's Remuneration Policy.	✓
3.1	The Board should ensure that the company has an effective and Independent Audit Committee.	✓
3.2	Audit Committee members should be suitably skilled and experienced independent nonexecutive directors.	✓
3.3	The Audit Committee should be chaired by an independent non-executive director.	✓
3.4	The Audit Committee should oversee integrated reporting.	✓
3.5	The Audit Committee should ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities.	✓ No coordination required, only assurance is from external auditors
3.6	The Audit Committee should satisfy itself of the expertise, resources and experience of the company's finance function.	✓
3.7	The Audit Committee should be responsible for overseeing of internal audit.	N/A
3.8	The Audit Committee should be an integral component of the risk management process.	✓

Principle number	Description	Compliance
3.9	The Audit Committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process.	✓
3.10	The Audit Committee should report to the Board and shareholders on how it has discharged its duties.	✓
4.1	The Board should be responsible for the governance of risk.	✓
4.2	The Board should determine the levels of risk tolerance.	✓
4.3	The Risk Committee or Audit Committee should assist the Board in carrying out its risk responsibilities.	✓
4.4	The Board should delegate to management the responsibility to design, implement and monitor the risk management plan.	✓
4.5	The Board should ensure that risk assessments are performed on a continual basis.	The decentralised structure of the group makes common policies across the Group inappropriate.
4.6	The Board should ensure that the frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks.	
4.7	The Board should ensure that management considers and implements appropriate risk responses.	
4.8	The Board should ensure continual risk monitoring by management.	Material risks are kept under review by subsidiary management and reported to the board
4.9	The Board should receive assurance regarding the effectiveness of the risk management process.	
4.10	The Board should ensure that there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosure to stakeholders.	✓
5.1	The Board should be responsible for information technology (IT) governance.	The decentralised structure of the group makes common policies across the group inappropriate
5.2	IT should be aligned with the performance and sustainability objectives of the company.	
5.3	The Board should delegate to management the responsibility for the implementation of an IT governance framework.	
5.4	The Board should monitor and evaluate significant IT investments and expenditure.	
5.5	IT should form an integral part of the company's risk management.	
5.6	The Board should ensure that information assets are managed effectively.	
5.7	A Risk Committee and Audit Committee should assist the Board in carrying out its IT responsibilities.	

King III Checklist (continued)

Principle number	Description	Compliance
6.1	The Board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards.	✓
6.2	The Board and each individual director should have a working understanding of the effect of the applicable laws, rules, codes and standards on the company and its business.	The board has general knowledge; detailed individual knowledge is not achievable due to the breadth of the group's operations.
6.3	Compliance risk should form an integral part of the company's risk management process.	✓
6.4	The Board should delegate to management the implementation of an effective compliance framework and processes.	✓
7.1	The Board should ensure that there is an effective risk-based internal audit.	The decentralised structure and diverse nature of the group makes an internal audit function inappropriate
7.2	Internal audit should follow a risk-based approach to its plan.	
7.3	Internal audit should provide a written assessment of the effectiveness of the company's system of internal control and risk management.	
7.4	The Audit Committee should be responsible for overseeing internal audit.	
7.5	Internal audit should be strategically positioned to achieve its objectives.	
8.1	The Board should appreciate that stakeholders' perception affect a company's reputation.	✓
8.2	The Board should delegate to management to pro-actively deal with stakeholder relationships.	✓
8.3	The Board should strive to achieve the appropriate balance between its various stakeholder groupings, in the best interests of the company.	✓
8.4	Companies should ensure the equitable treatment of shareholders.	✓
8.5	Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence.	✓
8.6	The Board should ensure that disputes are resolved as effectively, efficiently and expeditiously as possible.	✓
9.1	The Board should ensure the integrity of the company's integrated report.	✓
9.2	Sustainability reporting and disclosure should be integrated with the company's financial reporting.	✓
9.3	Sustainability reporting and disclosure should be independently assured.	✓

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Monteagle