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

Provisional reviewed results for the year ended 30th September 2019 and proposed dividend declaration

Chairman's Statement

Marshall Monteagle is an Investment Company. It is listed on the Johannesburg Stock Exchange and has a broad and diversified range of investments. The investments fall broadly into the following categories:

- Blue Chip International listed companies;
- Industrial Property in the United States of America and South Africa; and
- Financing and Trading Companies that operate on an international basis.

The Company's objective is to invest for the long term to generate reliable profits, cash flow and dividends for our shareholders; thereby achieving capital growth for the benefit of all stakeholders. The performance of the Group's investments is monitored and regularly reviewed by the Board.

Marshall Monteagle's group of trading companies are held in associated or subsidiary companies, each led by experienced and entrepreneurial executives. The trading companies have made substantial investment in their workforce and continue to diversify the Group's international trading base by representing world-wide suppliers of fast moving consumable goods to growing emerging markets.

The Group employs over 1000 men and women and this year's results could not have been achieved without the hard work of all our employees. On behalf of the Board, I would like to thank them for their continued contribution and dedication.

Marshall Monteagle announced plans to sell its 50% interest in Monteagle Africa on 4th October 2019. Monteagle Africa's business is trade in Fast Moving Consumer Goods (FMCG), primarily to Spar; a market that has grown substantially over the past few years. Following an approach from Spar we have agreed to sell our 50% interest to them. The current low interest regimes of developed markets in North America and Europe must be expected to end at some point and interest rates to rise. By realising Marshall Monteagle's investment in Monteagle Africa, the Group will maintain the balance of investments and provide additional liquidity to support the growth of other trading businesses. The profits from the sale of this investment will be booked in the year ending 30th September 2020.

Looking to the future, there will surely be change and uncertainty, as well as new opportunities. The conditions that have led to the significant growth of Marshall Monteagle over the last twenty years will be different. Fluctuations in local economies and currencies will continue to have an impact on performance. The strategic investment policy of listed investments, property and growing businesses run by ambitious managers, has served all stakeholders well. This policy may be led by new faces in the future but with caution and integrity, it should lead to a prosperous future for all.

Business Review

The Directors are pleased to report the following results for the year ended 30th September 2019.

Results of operations

- Net assets per share attributable to shareholders are US$2.37 (2018 – US$2.25). Net assets per share have increased, reflecting increases in operating profits.
- A final dividend of US$1.9 cents per share will be paid in January 2020 (2018 – US$1.9 cents) bringing dividends for the year to US$3.8 cents (2018 – US$3.8 cents).
- Group revenue including discontinued operations increased by 2.9% to US$429,459,000 compared with the same period last year. In constant currency terms (i.e. translated at prior year exchange rates) revenue increased by 10.7% to US$461,779,000.
- Revenue on continuing operations decreased by 3% to US$198,599,000. In constant currency terms revenue increased by 1.4%.
- Group profit before tax including discontinued operations decreased by 7.1% to US$13,161,000, and in constant currency terms decreased by 1.7% to US$13,933,000.

- Profit before tax on continuing operations decreased by 13.1% to US$6,186,000 and in constant currency terms decreased by 12.2% to US$6,257,000.
- Headline earnings of US$19.1 cents per share were 7.7% lower when compared with the restated US$20.7 cents per share in the same period last year.
- Basic earnings per share of US$21.6 cents per share were 20.3% lower when compared with the restated US$27.1 cents per share in the same period last year, in a large part due to a higher tax charge.

Import and Distribution
The continuing FMCG import and distribution businesses provide a procurement, supply chain and risk management service to multiple retailers, wholesalers and manufacturers throughout Southern and Central Africa and South America. They are performing well in a highly competitive and challenging global retail market. Currency and raw material markets remain volatile and these market conditions are expected to continue into the New Year. These factors combined with increasing competition will continue to constrain profitability, and this may be reflected in the future results of this operating segment. This division continues to constantly review its shipping and supply-chain to ensure that it remains the most cost effective solution from factory to shelf. The division remains committed to working with suppliers of quality raw materials, skilled technologists and first world production facilities.

The Coffee business performed well within a challenging environment, despite increased competition and consumers being increasingly price conscious. The business has managed to increase sales in South African Rand terms by freezing prices and launching new products successfully. The political and economic environment in South Africa continues to affect trading conditions detrimentally in our Coffee business, with the greatest impact on the Coffee business being the fall in value of the South Africa Rand against the Dollar. Daily monitoring, combined with focussed trading remain critical as exchange rate and coffee price volatility continue to put pressure on margins.

Marshall Monteagle owns 50% of Monteagle Logistics Limited, with the other 50% owned by management. However, we no longer have a majority of directors on this board following additional appointments to the board, and as a result this company has ceased to be accounted for as a subsidiary. From February 2019 it has been accounted for as an associate. This change has no impact on earnings or shareholders' funds. The services provided by this business are an important part of the full service offering to FMCG customers.

The Metals and Minerals business provides a fully integrated marketing, logistics, finance and shipping service to the South African mining industry. It continues to make extremely good progress and is developing new partnerships with miners in Southern Africa and end users on an international basis. During the twelve months under review the producer and end-user markets that it trades in have remained reasonably in balance and the business has achieved a pleasing increase in turnover and volumes shipped. This division is committed to partnering with producers who require a professional all-encompassing solution from collection ex mine through to delivery to end users on an international basis.

Sales in the Tool & Machinery business achieved 9% growth in South African Rand terms. But trading conditions and consumer spending continue to be challenging. These factors, combined with increased competition, have put pressure on margins. The business continues to work hard on the supply chain in order to bring innovation and value to our customers. However, in order to concentrate on the African market, Marshall Monteagle has sold its 50% interest in the Dubai based Tool and Machinery business at its net asset value ($323,000).

The Group continues to fund the additional working capital requirements of these growing trading businesses from its cash recourses. The Group's cash balances and the proceeds of disposal of Monteagle Africa will support growth in this segment of the business.

Investment Portfolio
We continue to hold a list of quality listed international equities that are expected to outperform the market in the long term. During the year the value of share prices remained stable with a small increase of US$39,000 (2018: loss of US$135,000) mainly due to increased local currency market prices being offset by adverse currency movements. With the additional investment of US$331,000 the portfolio had a market value at the year-end of US$31,662,000 (2018 – US$31,292,000).

Property Portfolio
Rental income from our large multi-tenanted industrial property in San Diego has continued to grow and the property remains fully let, though rental rates have stabilized and remained level over recent quarters. The market for purchase of a commercial and industrial property in Southern California remains competitive and speculative, though the market has also shown signs of a potential deceleration in the coming years. We have suspended our proactive search to invest further in similar property in the region until market valuations reach a more sensible level. The Group's South African commercial and light industrial property portfolio has

achieved a steady return in a very adverse economic climate. The Group is maintaining its focus on administrative and operating efficiencies while the demand for premises decreases in light of the uncertainty surrounding the economy. The Group's property portfolio was revalued at US$24,066,000, an increase of US$501,000 compared with the same period last year.

Dividend

The Directors are proposing a final dividend of 1.9 US cents, (2018 – 1.9 US cents) making a total of 3.8 US cents (2018 – 3.8 US cents) for the year. Full details of the dividend will be published on 23rd December 2019. The salient dates are as follows

Last day to trade	Tuesday 7 January 2020
Shares trade ex-dividend	Wednesday 8 January 2020
Record date	Friday 10 January 2020
Pay date	Friday 17 January 2020

No dematerialisation or rematerialisation of share certificates, nor transfer of shares between the registers in Jersey and South Africa will take place between Wednesday 8 January 2020 and Friday 10 January 2020, both dates inclusive.

By order of the Board
City Group PLC, Company Secretary
20 December 2019

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30th September	**Notes**	**2019 US$000**	Restated for IFRS 5 and 9 2018 US$000	Restated for IFRS 5 2018 US$000
Profit or Loss				
Group revenue	**1**	**198,599**	204,765	204,765
Other income	**2**	**3,323**	5,572	5,572
		201,922	210,337	210,337
Increase/(Decrease) in inventories of finished goods and work in progress		**939**	(1,952)	(1,952)
Cost of finished goods, raw materials and consumables		**(143,815)**	(152,117)	(152,117)
Employee benefit expenses		**(9,036)**	(11,872)	(11,872)
Depreciation expenses		**(520)**	(865)	(865)
Other expenses	**3**	**(41,332)**	(34,285)	(34,133)
Share of associated companies results		**20**	-	-
Finance expense		**(1,992)**	(2,122)	(2,122)
Profit before tax		**6,186**	7,124	7,276
Taxation		**(2,084)**	(1,244)	(1,108)
Profit for the year on continuing operations		**4,102**	5,880	6,168
Profit after tax on discontinued operations		**6,975**	7,050	7,050
Profit for the year		**11,077**	12,930	13,218
Profit attributable to owners of the parent		**7,730**	9,723	10,011
Profit attributable to non-controlling interests		**3,347**	3,207	3,207
Basic and fully diluted earnings per share on continuing operations (US cents)	**5**	**11.0c**	15.9c	16.7c
Other Comprehensive Income/(Expense) on continuing operations: -				
Items that may be reclassified subsequently to profit or loss: -				
Exchange differences on translation into US Dollars of the financial statements of foreign entities		**(2,800)**	(1,881)	(1,881)
Unrealised gain on revaluation of available for sale investments		**-**	-	51
Less applicable tax		**-**	-	(136)
Reclassification of previously recognised profits on disposal of available for sale investments		**-**	-	(203)
Total of items that may be reclassified		**(2,800)**	(1,881)	(2,169)
Items that will not be reclassified subsequently to profit or loss: -				
Commercial property fair value adjustments		**137**	325	325
Less applicable tax		**(27)**	(86)	(86)
		110	239	239
Other Comprehensive Income on discontinued operations		**16**	52	52
Total Other Comprehensive Income		**(2,674)**	(1,590)	(1,878)
Total Comprehensive Income		**8,403**	11,340	11,340
Total Comprehensive Income attributable to owners of the parent		**5,857**	8,640	8,640
Total Comprehensive Income attributable to non-controlling interests		**2,546**	2,700	2,700

Condensed Consolidated Statement of Changes in Equity

	Called up share capital	Share premium	Other reserves	Retained earnings	Total Shareholders' interests	Non-controlling interests	Group Total
Restated for IFRS 9	US$000	US$000	US$000	US$000	US$000	US$000	US$000
Year ended 30th September 2018							
Profit after tax	-	-	1,908	7,815	9,723	3,207	12,930
Other Comprehensive Expense	-	-	(1,083)	-	(1,083)	(507)	(1,590)
Total Comprehensive Income	-	-	825	7,815	8,640	2,700	11,340
Dividends paid	-	-	-	(1,363)	(1,363)	(1,321)	(2,684)
IFRS 9 adjustment (note 11)	-	-	-	(61)	(61)	-	(61)
Balances at start of year	8,964	23,606	(773)	41,460	73,257	9,040	82,297
Balances at end of year (restated)	8,964	23,606	52	47,851	80,473	10,419	90,892
Year ended 30th September 2019							
Profit after tax-	**-**	**-**	**593**	**7,137**	**7,730**	**3,347**	**11,077**
Other Comprehensive Expense	**-**	**-**	**(936)**	**(937)**	**(1,873)**	**(801)**	**(2,674)**
Total Comprehensive (Expense)/Income	**-**	**-**	**(343)**	**6,200**	**5,857**	**2,546**	**8,403**
Transactions with shareholders							
Disposal and loss of subsidiaries (notes 4b/4c)	**-**	**-**	**-**	**-**	**-**	**(795)**	**(795)**
Dividends paid	**-**	**-**	**-**	**(1,364)**	**(1,364)**	**(1,719)**	**(3,083)**
Balances at start of year	**8,964**	**23,606**	**52**	**47,851**	**80,473**	**10,419**	**90,892**
Balances at end of year	**8,964**	**23,606**	**(291)**	**52,687**	**84,966**	**10,451**	**95,417**

Condensed Consolidated Statement of Financial Position

at 30th September	Notes	2019 Reviewed US$000	2018 Audited Restated US$000
Assets			
Non-current assets			
Investment property		**24,066**	23,565
Property, plant and equipment		**7,188**	11,524
Goodwill		**-**	175
Intangible assets		**-**	668
Deferred taxation		**999**	1,901
Investments in associated company		**409**	192
Investments	**6**	**31,662**	31,292
		64,324	69,317
Current assets			
Inventories		**24,729**	29,409
Accounts receivable	**7**	**22,907**	67,528
Other financial assets		**662**	969
Tax recoverable		**372**	138
Cash and cash equivalents	**9**	**22,654**	18,482
		71,324	116,526
Assets held for sale	**4a**	**41,488**	-
Total assets		**177,136**	185,843
Current liabilities			
Bank overdrafts		**(6,637)**	(12,571)
Financial liabilities		**(22,501)**	(59,930)
Other financial liabilities		**(36)**	(305)
Tax payable		**(473)**	(498)
		(29,647)	(73,304)
Liabilities held for sale	**4a**	**(31,987)**	-
Net current assets		**51,178**	43,222
Total assets less current liabilities		**115,502**	112,539
Non-current liabilities			
Financial liabilities	**7**	**(12,834)**	(14,903)
Deferred taxation		**(7,251)**	(6,744)
Total non-current liabilities		**(20,085)**	(21,647)
		95,417	90,892
Capital and reserves			
Called up share capital		**8,964**	8,964
Share premium account		**23,606**	23,606
Other reserves		**(291)**	52
Retained earnings		**52,687**	47,851
Equity attributable to owners of the parent		**84,966**	80,473
Non-controlling interests		**10,451**	10,419
Total Equity		**95,417**	90,892

Condensed Consolidated Statement of Cash Flows

For the year ended 30th September	2019 Reviewed US$000	2018 Audited Restated US$000
Operating activities		
Profit for the year	**11,077**	12,930
Adjustments		
Taxation	**4,329**	2,957
Depreciation	**1,048**	1,283
Share of associated companies' results	**(80)**	(51)
Interest paid	**2,379**	2,174
Other income	**(3,303)**	(5,434)
Other expense	**1,191**	1,785
	16,641	15,644
Changes in working capital		
Increase in inventories	**(3,146)**	(1,575)
Decrease/(increase) in receivables	**7,341**	(13,054)
Increase in payables	**1,301**	2,055
Cash generated by operations	**22,137**	3,070
Interest paid	**(2,379)**	(2,174)
Taxation paid	**(3,765)**	(3,670)
Cash inflow/(outflow) from operating activities	**15,993**	(2,774)
Investment activities		
Purchase of and improvements to tangible non-current assets	**(1,445)**	(2,311)
Proceeds of disposal of tangible assets	**227**	87
Purchase of software	**(13)**	(55)
Acquisition of investments	**(331)**	(5,686)
Proceeds of disposal of investments	**-**	2,145
Proceeds of disposal of subsidiary	**323**	-
Move of subsidiary to associate	**(1,046)**	-
Dividends received	**1,041**	853
Interest received	**821**	1,067
Cash outflow from investment activities	**(423)**	(3,900)
Cash inflow/(outflow) before financing	**15,570**	(6,674)
Financing activities		
Drawdown of new long-term loans	**117**	1,273
Repayment of long term loans	**(119)**	(182)
Dividends paid to Group shareholders	**(1,364)**	(1,363)
Dividends paid to non-controlling interests of subsidiaries	**(1,719)**	(1,321)
Cash outflow from financing activities	**(3,085)**	(1,593)
Increase/(decrease) in cash and cash equivalents	**12,485**	(8,267)
Cash and cash equivalents at 1st October	**5,911**	14,337
Effect of foreign exchange rate changes	**(77)**	(159)
Cash and cash equivalents at 30th September	**18,319**	5,911
Cash and cash equivalents on discontinued operations	**(2,302)**	-
Cash and cash equivalents on continuing operations	**16,017**	5,911

EXPLANATORY NOTES

1. SEGMENTAL REPORTING

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

Import and distribution	Trade in metal and minerals, tools, food and household consumer products primarily imports to, and exports from, South Africa.
Property	Investment properties in U.S.A. and South Africa.
Investments in associated companies	Companies involved in marketing and logistics.
Excluded from the segmental analysis are Other activities	Mainly transactions relating to the share portfolios, profits on disposals of tangible and intangible non-current assets, local head office costs and interest.

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

			Restated	
	2019		2018	
Segmental analysis of results	**Revenue US$000**	**Profit/(loss) US$000**	Revenue US$000	Profit/(loss) US$000
Import and distribution *	**195,503**	**6,224**	201,651	6,025
Property	**3,096**	**891**	3,114	966
Share of associated companies results	**-**	**20**	-	-
Continuing operations	**198,599**	**7,135**	204,765	6,991
Other expenses		**(2,280)**		(3,317)
Other income		**3,323**		5,572
Finance expense		**(1,992)**		(2,122)
Profit on continuing operations before tax		**6,186**		7,124
Discontinued operations				
Import and distributions	**230,860**	**6,975**	212,434	7,050
	429,459		417,199	
Profit for the year before tax on continuing and discontinued operations		**13,161**		14,174

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

	2019 US$000	2018 US$000
Customer A	**29,216**	28,262
Customer B	**36,159**	31,198

1. SEGMENTAL REPORTING (continued)

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

	Assets US$000	Liabilities US$000	Net assets US$000	Capital expenditure US$000	Depreciation charge US$000
Segmental analysis of net assets 30th September 2019					
Import and distribution	**54,059**	**(21,093)**	**32,966**	**623**	**(493)**
Property	**25,283**	**(680)**	**24,603**	**29**	**(4)**
Investment in associated companies	**409**	**-**	**409**	**-**	**-**
Unallocated (including investments, cash, tax and debt)	**55,897**	**(27,959)**	**27,938**	**-**	**(23)**
Consolidated total on continuing operations	**135,648**	**(49,732)**	**85,916**	**652**	**(520)**
Discontinued operations – held for sale	**41,488**	**(31,987)**	**9,501**	**793**	**(528)**
Consolidated total	**177,136**	**(81,719)**	**95,417**	**1,445**	**(1,048)**
Segmental analysis of net assets 30th September 2018					
Import and distribution	108,814	(58,709)	50,105	2,288	(1,145)
Property	24,397	(669)	23,728	23	(2)
Investment in associated companies	192	-	192	-	-
Unallocated (including investments, cash, tax and debt)	52,440	(35,573)	16,867	-	-
Consolidated total	185,843	(94,951)	90,892	2,311	(1,147)

Secondary Reporting Format – Geographical Segments

The Group operates in the following geographic areas.

Europe	Location for part of the Group’s import and distribution business, the non-trading parent company and most of the Group's investment portfolio.
Middle East	Location for part of the Group’s import and distribution business in prior year.
United States	Location for part of the Group's property portfolio and some of the Group’s investment portfolio.
South Africa	Location for part of the Group's import and distribution business and part of the Group’s property portfolio.

Segmental analysis at 30th September 2019	Group revenue US$000	Non-Current assets US$000	Assets US$000	Liabilities US$000
Europe	**106,560**	**118**	**59,309**	**(17,786)**
United States	**1,372**	**13,402**	**27,293**	**(10,811)**
Total outside South Africa	**107,932**	**13,520**	**86,602**	**(28,597)**
South Africa	**90,667**	**17,734**	**49,046**	**(21,135)**
Total continuing operations	**198,599**	**31,254**	**135,648**	**(49,732)**
Discontinued operations – South Africa	**230,860**	**3,756**	**41,488**	**(31,987)**
Total	**429,459**	**35,010**	**177,136**	**(81,719)**

1. SEGMENTAL REPORTING (continued)

Segmental analysis at 30th September 2018	Group revenue US$000	Non-Current assets US$000	Assets US$000	Liabilities US$000
Europe	79,783	140	58,029	(20,372)
Middle East	4,439	3	1,072	(489)
United States	1,254	12,694	26,525	(10,523)
Total outside South Africa	85,476	12,837	85,626	(31,384)
South Africa	331,723	23,287	100,217	(63,567)
Total	417,199	36,124	185,843	(94,951)

Assets and liabilities are shown by the geographical area in which the assets are located. Non-current assets exclude investments and deferred tax.

Group revenue for continuing operations disaggregated by product type

		2019 US$000	Restated 2018 US$000
Import & Distribution	FMCG excluding Coffee	**94,914**	117,673
	FMCG Coffee	**8,096**	8,645
	FMCG Total	**103,010**	126,318
	Metals & Minerals	**64,698**	41,021
	Tool and Machinery	**27,795**	34,311
		195,503	201,650
Property		**3,096**	3,114
Total		**198,599**	204,765

All revenue from discontinued operations relates to revenue derived from FMCG excluding coffee activity.

2. OTHER INCOME

	2019 US$000	Restated 2018 US$000
Fair value adjustments on investment property	**1,225**	3,202
Gain on disposal on non-current tangible assets	**-**	13
Reversal of impairment on non-current asset	**42**	10
Fair value adjustment on investments	**39**	-
Fair value adjustments on forward foreign exchange contracts	**28**	-
Dividend income	**872**	819
Interest income	**505**	942
Other income	**340**	272
Exchange gains	**272**	91
Profit on disposal of investments	**-**	232
Total other income in continuing operations	**3,323**	5,572
Other income in discontinued operations	**121**	241
	3,444	5,813

3. OTHER EXPENSES

	2019 US$000	Restated 2018 US$000
Fair value adjustment on investments	**-**	(152)
Loss on disposal of investments	**-**	(324)
Loss on disposal of non-current tangible assets	**(27)**	(33)
Fair value adjustments and losses on disposal	**(27)**	(509)
Exchange losses	**(1,164)**	(1,232)
Reorganisation costs	**(57)**	-
Metals and Minerals freight and clearing expenses	**(15,879)**	(8,695)
Administration and other expenses	**(24,205)**	(23,849)
Total other expenses on continuing operations	**(41,332)**	(34,285)
Other expenses in discontinued operations	**(11,974)**	(13,549)
	(53,306)	(47,834)

	2019 US$000	2018 US$000
Administration and other expenses include:		
Marketing and sales expenses	**1,498**	4,273
Operating lease costs:		
Premises	**921**	3,220
Plant, equipment and vehicles	**267**	203
Auditors' fees of the Company and its subsidiaries		
Audit related	**437**	417

4. DISCONTINUED OPERATIONS AND MOVE OF SUBSIDIARY TO ASSOCIATE

a) Monteagle Africa Limited

During the year, the directors took a decision to sell their 50.1% shareholding in Monteagle Africa Limited. Consequently, the investment held in Monteagle Africa Limited as well as indirect investment held via Monteagle Africa, namely Monteagle Merchandising Propriety Limited – 50% and Gayle Henderson Marketing Propriety limited -20%, have been disclosed as current assets held for sale at year end and their associated liabilities also classified as held for sale.

The relevant income and expenditure related to these entities have been disclosed under discontinued operations in the statement of profit and loss.

	2019 US$000
Assets held for sale	
Property, plant and equipment	**3,281**
Deferred taxation	**647**
Intangible assets	**475**
Investments in associated company	**198**
Inventories	**5,880**
Accounts receivable	**28,672**
Cash and cash equivalents	**2,302**
Tax recoverable	**7**
Derivatives	**26**
	41,488

4. DISCONTINUED OPERATIONS AND MOVE OF SUBSIDIARY TO ASSOCIATE (continued)

	2019 US$000
Liabilities held for sale	
Overdraft	**-**
Tax payable	**(52)**
Borrowings	**(268)**
Lease Liabilities	**(65)**
Trade and other payables	**(31,602)**
	(31,987)

	2019 US$000	2018 US$000
Comprehensive income		
Revenue	**230,860**	212,434
Cost of sales	**(199,757)**	(181,047)
Other income	**121**	241
Operating and other expenses	**(21,770)**	(22,728)
Share of associate profits – Gayle Henderson Marketing Propriety Limited	**60**	51
Finance costs	**(387)**	(52)
Profit before tax	**9,127**	8,899
Taxation	**(2,152)**	(1,849)
Profit after tax	**6,975**	7,050
Other comprehensive income		
Gains on property revaluation – net of tax	**16**	52
Cashflows from discontinued operations		
Operating activities	**7,299**	(512)
Investing activities	**(572)**	(1,208)
Financing activities	**(1,587)**	(1,641)
Net cash inflows/(outflows) on discontinued operations	**5,140**	(3,361)

b) LMA Limited

The Group also sold its holdings in LMA Global DWC Limited for its net asset value of $323,000 which has been received in full.

Details of disposal

	US$000
Property, plant and equipment	**3**
Accounts receivable	**869**
Cash and cash equivalents	**263**
Trade and other payables	**(489)**
Minority interest	**(323)**
Net disposal	**323**

4. DISCONTINUED OPERATIONS AND MOVE OF SUBSIDIARY TO ASSOCIATE (continued)

c) Monteagle Logistics Ltd

During the year Monteagle Logistics Limited became an associate as a result of changes in board composition. This is illustrated in the table below.

Investment in associated companies	**2019 US$000**	2018 US$000
Balance brought forward 1st October	**192**	187
Translation adjustment on balance brought forward	**(13)**	(9)
Share of net asset value of former subsidiary – now accounted for as associate	**472**	-
Share of results for the year	**20**	51
Translation adjustment on results for the year	**(1)**	(4)
Dividends received	**(82)**	(33)
Transferred to assets held for sale	**(179)**	-
Balance carried forward 30th September	**409**	192

Investment in associate held		
Gayle Henderson Marketing Proprietary Limited – Marketing company Incorporated and operating in South Africa, unlisted *	**26%**	26%
Monteagle Logistics Limited – Incorporated and operating in South Africa	**50%**	-

*Included in assets held for sale

5. EARNINGS PER SHARE

	2019	Restated 2018
Basic earnings per share on continuing operations	**US$11.0c**	US$15.9c
Basic earnings per share on discontinued operations	**US$10.6c**	US$11.2c
Basic and fully diluted earnings per share	**US$21.6c**	US$27.1c
Headline basic earnings per share on continuing operations	**US$8.5c**	US$9.5c
Headline basic earnings per share on discontinued operations	**US$10.6c**	US$11.2c
Headline basic and fully diluted earnings per share on continuing and discontinued operations	**US$19.1c**	US$20.7c
Basic earnings on continuing and discontinued operations	**7,730**	9,723
Share of profit on discontinued operations	**(3,789)**	(4,013)
Basic earnings on continuing operations	**3,941**	5,710

Earnings per share and headline earnings per share are based on the result attributable to shareholders of the Group and on the weighted average of shares in issue of 35,857,512 (2018 – 35,857,512). There are no dilutive equity instruments in issue.

Reconciliation between basic and headline earnings per share	**2019 US$000**	Restated 2018 US$000
Basic earnings on continuing and discontinued operations	**7,730**	9,723
Adjusted for:		
Fair value adjustments on investment property, net of tax effect of US$354,000 (2018 – US$879,000)	**(871)**	(2,323)
Recovery of impairment of non-current assets	**(42)**	(10)
Net gain on disposal of subsidiary	**(40)**	-
Net loss on disposal of non-current tangible assets	**67**	20
Headline earnings	**6,844**	7,410

5. EARNINGS PER SHARE (continued)

	2019	Restated 2018
Reconciliation between basic and headline earnings per share on continuing operations	**US$000**	US$000
Basic earnings on continuing operations	**3,941**	5,710
Adjusted for:		
Fair value adjustments on investment property, net of tax effect of US$354,000 (2018 – US$879,000)	**(871)**	(2,323)
Recovery of impairment of non-current assets	**(42)**	(10)
Net loss/(profit) on disposal of non-current tangible assets	**27**	20
Headline earnings	**3,055**	3,397

6. INVESTMENTS

Investments include listed investments with a fair value of US$27,050,000 (2018 – US$26,481,000), seven-day treasury bills of US$2,000,000 (2018 – US$2,000,000) and an unlisted investment in Heartstone Inns Ltd ("Heartstone") with a fair value of US$2,612,000 (2018 – US$2,811,000). The change in fair value for both listed and unlisted investments in the year has been included in Other Income/Expenses though Profit or Loss. Listed investments have increased in value by US$238,000 (2018 – decrease of US$135,000) and the value of the investment in Heartstone has decreased by US$199,000 (2018 – increase of US$186,000).

The unlisted investment in Heartstone is carried at fair value which is calculated based on the net asset value per share at 30th September 2019 of US$1.77 less a discount of 10% to take into account the illiquidity of this holding in a private company, based upon management accounts. A change in the net asset value by 3% would change the fair value by US$78,000.

7. FINANCIAL INSTRUMENTS

The categories of financial instruments used by the Group are:

	Level in Fair Value hierarchy	2019 US$000	2018 US$000
Financial assets			
At fair value through Profit or Loss			
Investments – listed	1	**27,050**	26,481
– treasury bills	1	**2,000**	2,000
– unlisted	3	**2,612**	2,811
Forward foreign exchange contracts in Other financial assets	2	**335**	695
Loans and accounts receivable at amortised cost			
Accounts receivable	n/a	**22,907**	67,589
Accrued operating lease income on properties in Other financial assets	n/a	**327**	274
Cash at bank in Cash and cash equivalents	n/a	**22,222**	18,453
Money market funds in Cash and cash equivalents	n/a	**432**	29
Financial liabilities			
At amortised cost			
Trade and other payables - current – in Current financial liabilities	n/a	**22,402**	59,930
Bank loans - non-current secured	n/a	**7,434**	9,503
Other loans - non-current unsecured	n/a	**5,400**	5,400
Bank overdrafts in Current financial liabilities	n/a	**6,637**	12,571
Capitalised lease obligations in Other financial liabilities	n/a	**-**	89
At fair value through Profit or Loss			
Forward foreign exchange contracts in Other financial liabilities	2	**36**	216

7. FINANCIAL INSTRUMENTS (continued)

The fair value of forward foreign exchange contracts is determined by market value quotes received from independent financial institutions.

Accounts receivable and accounts payable due within one year are carried at amortised cost which approximates to their fair values at the year-end, as the effect of discounting would be insignificant.

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

8. SECURED LIABILITIES

Overdrafts of US$6,637,000 (2018 - US$12,571,000) are included in current liabilities. Certain Group long-term financial liabilities are secured on various properties and bear interest at commercial rates.

9. CASH AND CASH EQUIVALENTS

Analysis of net funds	2018	Exchange movements	Cash Flow movement	Discontinued operations	**2019**
	US$000	US$000	US$000	US$000	**US$000**
Cash at bank and in hand	18,453	(624)	6,695	(2,302)	**22,222**
Money market funds	29	(2)	405	-	**432**
	18,482	(626)	7,100	(2,302)	**22,654**
Bank overdrafts	(12,571)	549	5,385	-	**(6,637)**
	5,911	(77)	12,485	(2,302)	**16,017**

10. EVENTS AFTER THE REPORTING DATE

During the financial year, the directors took the decision to sell the Group's 50% shareholding in Monteagle Africa Limited. Contracts for the sale were exchanged on 3rd October 2019 and completion has been delayed pending Competition Commission clearance. Sale proceeds of approximately US$10,000,000 are expected on completion and will be subject to tax at a rate of 22.5%.

11. BASIS OF PREPARATION

This provisional report has been prepared in accordance with the framework, concepts and the measurement and recognition requirements of International Financial Reporting Standards, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council of South Africa, the Listings Requirements of the JSE Limited, the financial reporting guides issued by the Accounting Practices Committee of the South African Institute of Chartered Accountants, and contains the information required by IAS 34 Interim Financial Reporting. The accounting policies applied in this provisional announcement are consistent with those adopted and disclosed in the Group's annual report for the year ended 30th September 2018, with the exception of the adoption of IFRS 9 and IFRS 15.

During the year the Group adopted **IFRS 9 Financial Instruments** which addresses the classification, measurement and derecognition of financial assets and financial liabilities, and introduces a new impairment model for financial assets. The standard replaces IAS 39 'Financial Instruments: Recognition and Measurement' and related interpretations.

The new Standard affected the classification and measurement of the 'Assets available for sale' which are now classified as 'Assets at fair value through profit or loss'. Changes in the fair values of these financial assets, previously recognised in the OCI, are recorded in Other income/expenses through profit and loss. Gains and losses realised on the sale of these financial assets are recorded in profit and loss to the extent of the difference between sale price and fair value previously reported. This change in accounting policy has no effect on the Statement of Financial Position.

IFRS 9 also replaced the 'incurred loss' model in IAS 39 with an 'expected credit loss' model. Under the new model, the Group assesses, on a forward-looking basis, the expected credit loss associated with its financial assets. Trade receivables are impaired using the simplified approach. The Group uses a matrix which is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and assessment of both the current and forecast conditions at the reporting date. This has resulted in a re-statement of the opening balances in the Statement of Financial Position by US$(61,000) and a negligible impact on the current year.

11. BASIS OF PREPARATION (continued)

The re-categorisation of unrealised fair value movements and the change to an incurred loss model changed Profit after tax for the year ended 30th September 2018 in the Income Statement from US$13,218,000 to US$12,930,000.

There is no significant impact on the Group's accounting for financial liabilities, as the new requirements only affect accounting for financial liabilities that are designated at fair value through profit or loss, and the value of these is not material for the Group.

IFRS 15 Revenue from contracts with customers, was also applied for the first time in the current year. Management performed an assessment in terms of the following criteria: unique contracts with customers were identified; various performance obligations in the contracts were separately identified (if applicable); transaction prices for the contracts were determined; and the transaction price was allocated to the applicable separately identifiable performance obligation (if applicable). The review concluded that the new standard has no material impact on the financial results of the Group.

Revenue from sale of goods to customers is recognised when goods are delivered to the location specified by the customer. For international trade that might be the port of loading or discharge, or delivery to the customer's premises. Deliveries to domestic customers are normally to the customer's premises. Payment terms are typically 60 to 90 days from the date of delivery. A disaggregation of revenue by product type has been included in Note 1.

IFRS 16 Leases specifies how a company reporting under IFRS will recognise, measure and disclose leases. The standard will primarily affect the accounting for the Group's operating leases where the Group is a lessee and is likely to have an insignificant impact on the financial statements. As at the reporting date, the Group has non-cancellable operating lease commitments of US$361,000. The Group intends to adopt this standard for the year end 30th September 2020.

Responsibility Statement

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

Review Report

This provisional report for the year ended 30th September 2019 was prepared under the supervision of the Financial Director, Mr E.J. Beale, and has been reviewed by the Company's auditor, Saffery Champness GAT LLP, who expressed an unmodified review conclusion thereon. The review opinion is available for inspection at the registered office of the Company. The audited annual report will be mailed to shareholders in January 2020.

20th December 2019
Johannesburg

Sponsor
Sasfin Capital (a member of the Sasfin Group)