

MARSHALL MONTEAGLE PLC

REPORT & ACCOUNTS 2015



STRIVING FOR OPTIMUM
PERFORMANCE



Marshall Monteagle PLC

Annual Report and Consolidated Financial Statements for the year ended 30th September 2015

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Marshall Monteagle PLC

(Incorporated in Jersey)

Registered No. 102785

Directors

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

Edward Beale was appointed to the Board in February 2014. He is a member, previously chairman, of the Corporate Governance Expert Group of the UK based Quoted Companies Alliance. He is a non-executive director of Finsbury Food Group Plc., Western Selection P.L.C., Swallowfield Plc., Heartstone Inns Limited and Hartim Limited. He was a member of the Accounting Standards Board, the body responsible for setting accounting standards for the UK for six years to 31st August 2014. He is a Chartered Accountant and is the Chief Executive of City Group P.L.C., the Group's Company Secretary.

D.C. MARSHALL, *Chief Executive*

David Marshall has been a Director and Chief Executive of the Company 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 chairman of London Finance & Investment Group P.L.C. and Western Selection P.L.C. and a non-executive director of Northbridge Industrial Services PLC.

L. H. MARSHALL, *Finance Director*

Lloyd Marshall was appointed a Director 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. Lloyd is also a non-executive director of London Finance & Investment Group P.L.C. and Hartim Limited.

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

Rory Kerr joined the Board 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. Rory is a consultant to 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 trustee or protector of a number of family trusts.

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

Ben Newman, a Director of First Names (Jersey) Limited, was appointed to the Board in August 2014 and is Chairman of the Audit and Remuneration Committees. 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.

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

Mark Pesco is the Managing Director of First Names (Jersey) Limited and has been a Director of the Company since 2009. He qualified as a Chartered Accountant with PricewaterhouseCoopers ("PwC") and was a director of PwC prior to joining First Names Jersey, 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.

† Member of the Audit Committee

* Member of the Remuneration Committee

Results in Brief, Analysis of Assets and Financial Calendar

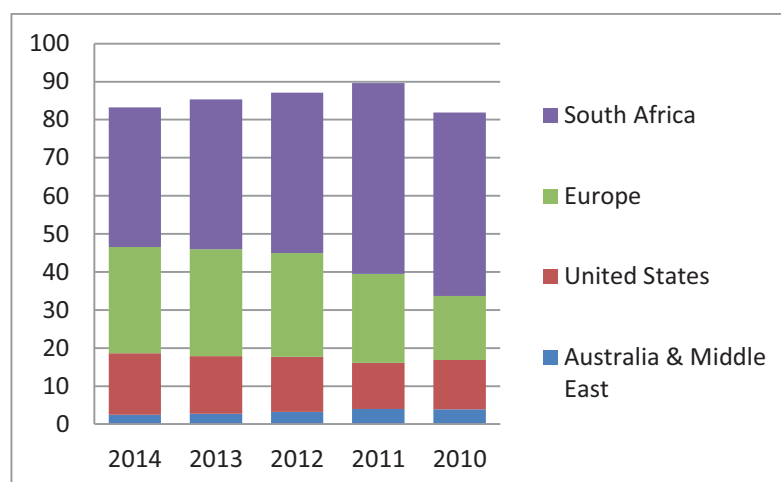
RESULTS IN BRIEF

	Group 2015 US\$000	2014 US\$000
Revenue	260,595	212,339
Profit before tax and non-controlling interests	9,296	7,305
Profit after tax and non-controlling interests	4,819	3,297
	US\$ cents	US\$ cents
Basic earnings per share	13.4	9.2
Net assets per share attributable to shareholders	US\$1.75	US\$1.81
Interim dividend (paid in July 2015)	US\$1.80c	US\$1.80c
Second interim (final) dividend (declared and to be paid on 5 th February 2016)	US\$1.80c	US\$1.80c
	US\$3.60c	US\$3.60c

ANALYSIS OF ASSETS, NET OF CURRENT LIABILITIES

before long term finance and non-controlling interests

	2015 US\$m	2014 US\$m
South Africa	36.6	39.3
Europe	28.0	28.1
United States	16.1	15.2
Australia	1.9	2.7
Middle East	0.6	-
	83.2	85.3



	2015 US\$m	2014 US\$m	2013 US\$m	2012 US\$m	2011 US\$m
Financed by:					
Shareholders' equity	62.9	65.0	65.3	64.9	60.1
Non-controlling interests	8.6	9.4	9.2	10.9	10.3
Long term finance	11.7	10.9	12.6	13.8	11.5
	83.2	85.3	87.1	89.6	81.9

FINANCIAL CALENDAR

Financial year-end	30 th September 2015
Preliminary announcement of results	23 rd December 2015

SHARE INFORMATION

The Company has 35,857,512 shares in issue which are listed on the JSE Limited ("JSE") and the share price at 18th February 2016, the latest practicable date, was ZAR 17.40.

Business Review

For the year ended 30th September 2015

Introduction

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

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

Results

- Group revenue for the twelve months to 30th September 2015 increased by 23% to US\$260,595,000 compared to US\$212,339,000. Had currencies remained constant sales would have increased by 37%.
- Group profit before tax increased by 27% to US\$9,296,000 from US\$7,305,000. The increase includes higher investment property revaluations, US\$2,313,000 compared with US\$887,000 the previous year.
- Headline earnings per share increased 38% to 8.7 US cents (2014 – 6.3 US cents).
- The Directors have declared a second interim (final) dividend of 1.8 US cents, (2014 – 1.8 US cents) making a total of 3.6 US cents (2014 – 3.6 US cents) for the year. Details and salient dates of the dividend were published on 12th January 2016
- Net assets attributable to shareholders decreased by 3% from US\$64,971,000 (US\$1.81 per share) to US\$62,864,000 (US\$1.75 per share) at 30th September 2015, due to adverse changes in the exchange rate between the USD and the ZAR. US\$1.00 of net assets per share – 57% (2014 – 55%) are held in Europe, U.S.A., Middle East and Australia. The remaining assets, equivalent to US\$0.75 per share – 43% (2014 – 45%) are held in South Africa.

Import and Distribution

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

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

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

Property Portfolio

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

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

Business Review

For the year ended 30th September 2015

Investment Portfolio

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

Halogen Holdings Limited (unlisted associate)

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

Post Balance Sheet Events

On 1 September 2015 we announced the disposal of six industrial properties in Durban, South Africa, for an amount of US\$7.5 million. Effective transfer of the properties in the local deeds registry took place on 1 February 2016 and we await settlement from our attorneys. After deduction of costs and taxes of approximately US\$2.2 million net proceeds are estimated to be US\$5.3 million.

Dividend

The directors are proposing a second interim (final) dividend of 1.8 US cents, (2014 – 1.8 US cents) making a total of 3.6 US cents (2014 – 3.6 US cents) for the year. Details and salient dates of the dividend were published on 12th January 2016

Changes to the Board

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

Group Personnel

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

Prospects

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

E. J. Beale
Chairman

D.C. Marshall
Chief Executive

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30th September

	Notes	2015 US\$000	2014 US\$000
Profit or Loss:			
Group revenue	3	260,595	212,339
Other income	4	3,659	2,261
		<u>264,254</u>	<u>214,600</u>
Change in inventories of finished goods and work in progress		6,614	5,126
Finished goods, raw materials and consumables		(214,738)	(168,303)
Employee benefit expense		(15,156)	(13,019)
Depreciation and amortisation expense	11	(835)	(724)
Other expenses	5	(28,489)	(28,831)
Share of associated companies and joint venture's results		(16)	740
Finance expense		(2,338)	(2,284)
		<u>9,296</u>	<u>7,305</u>
Profit before tax	3		
Taxation	6	(2,630)	(2,273)
Profit after tax		<u>6,666</u>	<u>5,032</u>
Profit attributable to owners of the parent		4,819	3,297
Profit attributable to non-controlling interests		1,847	1,735
Basic and fully diluted earnings per share (US cents)	7	13.4c	9.2c

Other Comprehensive (Expense)/Income :-

Items that may be reclassified subsequently to profit and loss :-

Exchange differences on translation into US Dollars of the financial statements of foreign entities	23	(7,441)	(4,258)
Unrealised gain on revaluation of available for sale investments, net of applicable tax	15	(414)	1,076
Reclassification of previously recognised profits on disposal of available for sale investments	15	(149)	(170)
Total of items that may be reclassified		<u>(8,004)</u>	<u>(3,352)</u>
Items that will not be reclassified subsequently to profit and loss :-			
Commercial property fair value adjustments, net of applicable tax	11	322	227
Share of associated company's other income		444	-
		<u>766</u>	<u>227</u>
Total Other Comprehensive Expense		<u>(7,238)</u>	<u>(3,125)</u>
Total Comprehensive Income		<u>(572)</u>	<u>1,907</u>

Total Comprehensive Income attributable to owners of the parent	(816)	930
Total Comprehensive Income attributable to non-controlling interests	244	977

The notes on pages 10 to 36 form part of these Financial Statements.

Consolidated Statement of Changes in Equity

	Ordinary share Capital Note 20 US\$000	Share premium Note 21 US\$000	Other reserves Note 22 US\$000	Retained earnings US\$000	Total shareholders	Non- controlling interests US\$000	Group Total US\$000
Year ended 30th September 2014							
Profit after tax	-	-	(550)	3,847	3,297	1,735	5,032
Other comprehensive expense	-	-	(2,367)	-	(2,367)	(758)	(3,125)
Total Comprehensive Income	-	-	(2,917)	3,847	930	977	1,907
Transactions with shareholders							
Dividends paid	-	-	-	(1,291)	(1,291)	(728)	(2,019)
Balances at start of year	8,964	23,606	2,812	29,950	65,332	9,199	74,531
Balances at end of year	8,964	23,606	(105)	32,506	64,971	9,448	74,419
Year ended 30th September 2015							
Profit after tax	-	-	4,879	(60)	4,819	1,847	6,666
Other comprehensive expense	-	-	(5,635)	-	(5,635)	(1,603)	(7,238)
Total Comprehensive Income	-	-	(756)	(60)	(816)	244	(572)
Transactions with shareholders							
Dividends paid (note 8)	-	-	-	(1,291)	(1,291)	(1,116)	(2,407)
Balances at start of year	8,964	23,606	(105)	32,506	64,971	9,448	74,419
Balances at end of year	8,964	23,606	(861)	31,155	62,864	8,576	71,440

The notes on pages 10 to 36 form part of these Financial Statements

Consolidated Statement of Financial Position

at 30 th September		2015	2014
	Notes	US\$000	US\$000
Assets			
Non-current assets			
Investment property	9	27,472	28,374
Property, plant and equipment	11	8,919	8,763
Goodwill	12	179	220
Intangible assets	13	521	637
Deferred taxation	19	1,140	920
Investment in associated companies	14	2,383	2,006
Investments	15	20,042	19,547
		<u>60,656</u>	<u>60,467</u>
Current assets			
Inventories	16	28,859	28,113
Accounts receivable	17	38,641	37,272
Other financial assets	27	187	326
Tax recoverable		158	169
Cash and bank balances	24	18,644	14,438
		<u>86,489</u>	<u>80,318</u>
Total assets		<u>147,145</u>	<u>140,785</u>
Current liabilities			
Financial liabilities falling due within one year	18	(55,807)	(47,306)
Tax payable		(1,903)	(1,591)
Total current liabilities		<u>(57,710)</u>	<u>(48,897)</u>
Net current assets		<u>28,779</u>	<u>31,421</u>
Total assets less current liabilities		<u>89,435</u>	<u>91,888</u>
Non-current liabilities			
Financial Liabilities falling due after more than one year	18	(11,671)	(10,872)
Deferred taxation	19	(6,324)	(6,597)
Total non-current liabilities		<u>(17,995)</u>	<u>(17,469)</u>
		<u>71,440</u>	<u>74,419</u>
Capital and reserves			
Called up share capital	20	8,964	8,964
Share premium account	21	23,606	23,606
Other reserves	22	(861)	(105)
Retained earnings		<u>31,155</u>	<u>32,506</u>
Equity attributable to owners of the parent		<u>62,864</u>	<u>64,971</u>
Non-controlling interests		<u>8,576</u>	<u>9,448</u>
		<u>71,440</u>	<u>74,419</u>

Approved and authorised for issue by the Board on 1st February 2016

E.J. BEALE
Chairman

D.C. MARSHALL
Chief Executive

The notes on pages 10 to 36 form part of these Financial Statements.

Consolidated Statement of Cash Flow

for the year ended 30 th September		2015	2014
	Notes	US\$000	US\$000
Revenue		260,595	212,339
Operating, other costs and finance expense		<u>(251,299)</u>	<u>(205,034)</u>
Profit before tax		9,296	7,305
Adjustments			
Depreciation	11	835	724
Share of associates and joint ventures		16	(740)
Finance expense		2,338	2,284
Other income		(3,659)	(2,261)
Other expense – loss on tangible assets		2	7
Other expense - impairment		<u>246</u>	<u>286</u>
		9,074	7,605
Changes in working capital			
Increase in inventories		(5,800)	(3,512)
Decrease/(Increase) in debtors		(6,966)	(8,792)
(Decrease)/Increase in creditors		<u>11,606</u>	<u>11,919</u>
Cash generated by operations		7,914	7,220
Finance expense		(2,338)	(2,284)
Taxation paid		<u>(1,544)</u>	<u>(1,565)</u>
Cash inflow from operating activities		4,032	3,371
Investment activities			
Purchase of and improvements to tangible non-current assets	9&11	(2,705)	(1,315)
Proceeds of disposal of tangible assets		84	36
Acquisition of investments	15	(2,088)	(1,659)
Acquisition of associated company		-	(77)
Purchase of intangible assets		-	(310)
Proceeds of disposal of investments		1,165	1,349
Dividends received		519	504
Interest received		<u>712</u>	<u>555</u>
Cash outflow from investment activities		(2,313)	(917)
Cash inflow before financing		1,719	2,454
Financing activities			
Increase/(Decrease) in long term debt		1,153	(1,707)
Dividends paid - Group shareholders	8	(1,291)	(1,291)
Dividends paid - non-controlling interests of subsidiaries		<u>(1,116)</u>	<u>(728)</u>
Cash outflow from financing activities		(1,254)	(3,726)
Increase/(Decrease) in cash and cash equivalents	24	465	(1,272)
Cash and cash equivalents at 1 st October		10,340	12,002
Effect of foreign exchange rate changes		<u>(737)</u>	<u>(390)</u>
Cash and cash equivalents at 30th September	24&2(v)	10,068	10,340

The notes on pages 10 to 36 form part of these Financial Statements.

Notes to the Consolidated Financial Statements

For the year ended 30th September 2015

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), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Pronouncements as issued by the Financial Reporting Council, JSE Listing Requirements and in accordance with Article 105 of the Companies (Jersey) Law, 1991.

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 31, which do not apply to the reporting period covered by these financial statements. The Directors have considered the impact of the adoption of these Standards and Interpretations and have determined that while changes may be required to some accounting policies and disclosures, such changes will not be material to an assessment of the business. The relevant revised standards will be adopted in the Group's financial statements for the year beginning 1 October 2015.

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) Estimates and Judgements

The Group is required, in conformity with IFRS, to make estimates and judgements concerning the future that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These estimates and judgements are based on historical experience and other factors, including expectations of future events 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. The resulting accounting estimates will, by definition, seldom equal the related results. The estimates, judgements 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 estimates and judgements relate to the valuation of properties; residual value and lives of tangible assets; recognition of deferred tax assets based on recoverability; and any possible impairment of assets.

(c) Basis of Consolidation

Subsidiaries included in these financial statements are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred assets. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the balance sheet.

(d) Associates

Associates are entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting after initially being recognised at cost.

2. ACCOUNTING POLICIES (continued)

(e) Joint Ventures

The classification of a joint arrangement as a joint venture or joint operations depends on the contractual rights and obligations of each investor.

Interests in joint ventures are accounted for using the equity method after initially being recognised at cost. The Group has no joint operations.

(f) Equity method

Under the equity method of accounting, the investment is recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying value of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated, unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying value of equity-accounted investments is tested for impairment in accordance with the policies adopted by the Group.

(g) 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, in proportion to 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.

(h) 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.

(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 its fair value less costs to sell or its value in use.

(j) 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.

(k) Commercial Property

Commercial properties 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.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 30th September 2015

2. ACCOUNTING POLICIES (continued)

(l) 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 (excluding land)	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. Residual values and useful lives are assessed annually.

(m) 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 market bid prices (which are considered to be their 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.

(n) Goodwill

Goodwill is recognised on the acquisition of an enterprise and is initially measured at cost and subsequently carried at cost less any impairment losses and undergoes an impairment review annually. If there is an indication of impairment then an impairment test is performed.

(o) Intangible assets

Separately acquired intangible assets are initially measured at cost. They are subsequently carried at cost less any impairment losses and undergoes an impairment review annually. If there is an indication of impairment then an impairment test is performed.

(p) Inventories

Inventories (primarily tools and non-perishable foodstuffs) are measured at the lower of cost and net realisable value. 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.

(q) 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 which case it is 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)

Deferred Tax (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 arising on temporary differences in deductibles 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.

(r) 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 (in respect of investment properties) - 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 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.

(s) 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.

(t) 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.

The rates used are:

		Statement of Total Comprehensive Income		Statement of Financial Position	
		2015	2014	2015	2014
		US\$	US\$	US\$	US\$
Australia -	Aus\$1 =	0.776	0.915	0.702	0.875
South Africa -	ZAR1 =	0.083	0.094	0.072	0.089
Europe -	€1 =	1.168	1.352	1.116	1.263
United Kingdom -	£1 =	1.541	1.659	1.515	1.621

Notes to the Consolidated Financial Statements (Continued)

For the year ended 30th September 2015

2. ACCOUNTING POLICIES (continued)

(u) 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. Where a right of offset exists account balances are aggregated.

(v) Financial Instruments

Fair Value hierarchy

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

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

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

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

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

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 based on listed prices; cash and bank balances are recorded at amortised cost; accounts receivable are initially valued at fair value 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 fair value, and subsequently at amortised cost, using the effective interest method. These carrying values approximate to their fair values. The value of non-current financial liabilities is 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.

Derivative Financial Instruments

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

Derivatives are classified as financial assets or liabilities 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.

(w) 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.

(x) 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 grouped by similar businesses and services:

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

There are no sales between business segments and businesses carrying out similar trades and services are grouped in the same segments. Segment assets consist of property, plant and equipment, inventories and receivables and exclude cash balances. Segment liabilities are operating liabilities and exclude items such as taxation and borrowings. Unallocated assets and liabilities are cash balances, taxation and borrowings. Capital expenditure comprises additions to property, plant and equipment.

Segmental analysis of results	2015		2014 (Restated)	
	Revenue US\$000	Result US\$000	Revenue US\$000	Result US\$000
Import and distribution *	256,646	8,057	208,275	6,681
Property	3,949	1,601	4,064	1,665
Share of associated companies and joint venture's results	-	(16)	-	740
	<u>260,595</u>	<u>9,642</u>	<u>212,339</u>	<u>9,086</u>
Other Expense		(1,667)		(1,758)
Other Income		3,659		2,261
Interest paid		(2,338)		(2,284)
Profit before tax		<u>9,296</u>		<u>7,305</u>

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

	2015 US\$000	2014 US\$000
Company A	133,074	103,464
Company B	37,598	29,702

Notes to the Consolidated Financial Statements (Continued)

For the year ended 30th September 2015

3. SEGMENTAL REPORTING (continued)

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

Segmental analysis of net assets 30th September 2014

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

Secondary reporting format – geographical segments

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 of part of the Group's import and distribution business.
Middle East	Location of part of the Group's import and distribution business.
United States	Part of the Group's property portfolio and some of the Group's investment portfolio are located here.
South Africa	Location of the bulk of the Group's import and distribution business and part of the Group's property portfolio.

	2015			2014		
	Group revenue US\$000	Total Net assets US\$000	Capital Expenditure US\$000	Group Revenue US\$000	Total net assets US\$000	Capital expenditure US\$000
Europe	36,867	22,421	-	30,506	24,555	-
Australia	1,472	1,682	1	1,526	2,588	26
Middle East	4,829	591	-	-	-	-
United States	1,139	10,821	223	1,055	9,778	118
Total outside South Africa	44,307	35,515	224	33,087	36,921	144
South Africa	216,288	35,925	2,481	179,252	37,498	1,171
Total	<u>260,595</u>	<u>71,440</u>	<u>2,705</u>	<u>212,339</u>	<u>74,419</u>	<u>1,315</u>

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

4. OTHER INCOME

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

5. OTHER EXPENSES

	2015 US\$000	2014 US\$000
Expense		
Impairment of investment	-	(286)
Impairment of plant	(215)	-
Loss on disposal of non-current tangible assets	(2)	(7)
	<u>(248)</u>	<u>(293)</u>
Exchange losses	-	(135)
Administration and other expenses	(28,241)	(28,403)
	<u>(28,489)</u>	<u>(28,831)</u>
Administration and other expenses include :-		
Operating lease costs		
Premises	1,417	1,565
Plant, equipment and vehicles	64	83
Auditors' fees of the Company and its subsidiaries		
Audit related	456	502
Other	11	9

6. TAXATION

	2015 US\$000	2014 US\$000
Corporate tax – current year	2,673	2,350
– prior years	12	20
Deferred taxation (note 19)	(55)	(97)
	<u>2,630</u>	<u>2,273</u>
Reconciliation of the expected tax charge of Group companies to the actual tax charge is as follows:		
Profit before taxation	9,296	7,305
Effective tax rate	28.8%	32.2%
Corporate tax – current year	2,673	2,350
Expected tax charge at standard statutory rates *	2,506	2,316
Withholding taxes	37	33
Effect of non-standard rates of tax **	(29)	(145)
Losses unrelieved ***	103	71
(Over)/Under provisions in prior years	(12)	20
Other differences	25	(22)
	<u>2,630</u>	<u>2,273</u>

* The expected tax charge is the applicable standard tax rates in each national jurisdiction multiplied by the profit before tax in each national jurisdiction. There have been no significant changes in the tax rates in any of the jurisdictions in which the Group operates.

** Certain items of income or expenditure are subject to tax at rates which differ from the standard rates in the jurisdiction.

*** Tax losses are recognised only to the extent it is probable that future taxable profit will be available against which the benefits can be realised.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 30th September 2015

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.

	2015	2014
Basic earnings per share	<u>13.4c</u>	<u>9.2c</u>
Headline earnings per share	<u>8.7c</u>	<u>6.3c</u>
Reconciliation between basic and headline earnings	US\$000	US\$000
<i>Basic earnings</i>	4,819	3,297
<i>Adjusted for:</i>		
Investment property revaluation, net of tax effect	(1,812)	(695)
Gain on bargain purchase of joint venture, net tax	-	(168)
Impairment of non-current asset	246	-
Reclassification of previously recognised gains on disposal of available for sale investments	(149)	(170)
Loss on disposal of non-current tangible assets	2	7
Headline earnings	<u>3,106</u>	<u>2,271</u>

8. DIVIDENDS

	2015	2014
	US\$000	US\$000
Interim		
1.8 US cents per share (2014 – US 1.8c)	645	645
Second interim (final) dividend in respect of prior year		
1.8 US cents per share (2014 – US 1.8c)	646	646
Total dividends paid in the year 3.6 US cents (2014 – 3.6 US cents)	<u>1,291</u>	<u>1,291</u>

A second interim (final) dividend of US\$1.80 cents per share for the year ended 30th September 2015 (2014 US\$ – 1.80 cents) has been declared.

9. INVESTMENT PROPERTIES

	2015 US\$000	2014 US\$000
Brought forward 1 st October:		
At fair value	28,374	29,483
Translation adjustment (note 2 (t))	(3,477)	(2,114)
	<u>24,897</u>	<u>27,369</u>
Fair value adjustments	2,313	887
Improvement expenditure	262	118
Balances carried forward 30 th September - at fair value	<u>27,472</u>	<u>28,374</u>
Analysis of net book value:		
United States	11,289	10,791
South Africa	16,183	17,583
	<u>27,472</u>	<u>28,374</u>
 Amounts recognised in profit or loss for investment properties:-	 2015 US\$000	 2014 US\$000
Rental income	3,949	4,064
Direct operating expenses from property that generated rental income	(2,348)	(2,399)
	<u>1,601</u>	<u>1,665</u>
Fair value recognised in other income	2,313	887
	<u>3,914</u>	<u>2,552</u>

All properties were rent producing. Certain investment properties were mortgaged at 30th September 2015 to secure long term finance (see note 20). A deduction from the valuation amount is made for the amortised lease receivables recognised in the statement of financial position in terms of IAS17 (leases).

As lessor, the Group had projected future rental income within one year of US\$1,864,000 (2014 – US\$2,229,000) and within two to five years of US\$1,733,000 (2014 – US\$2,386,000), 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.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 30th September 2015

10. VALUATION INPUTS

There has been no change in the valuation techniques used during the year.

Investment properties

The Group considers all of its investment properties to fall within Level 3 of the fair value hierarchy, as defined by IFRS13. All properties are completed investment properties, none are under development. The investment properties were valued at 30th September 2015; in the United States by D. Asaro, Senior Vice President of Cassidy Turley, in San Diego; and in South Africa by Tim Moulder FRICS FIV (SA) of Broll Advisory Service (Pty) Ltd, a member of the C.B. Ellis Affiliate Network and A Ridsdale BA of Ridsdale and associates Estates Agents, all suitably independent valuers, experienced in the location and category of the property being valued, at current market values, on an open market basis. In determining the valuations as at 30th September, 2015, the approach used has been to project income for a 5-year period (based on contractual arrangements) from which forecasted expenses are deducted to arrive at the net annual income which is discounted to present value. The sum of these discounted yearly values is added to the residual value which is the anticipated selling price of the property at commencement of year 6 also discounted to present value. In determining the valuations, the valuer referred to current market conditions, recent sales and rental transactions of similar properties in similar geographical locations. In estimating the fair value of the properties, the highest and best use of the property is their current use.

Commercial properties

The valuations are based on various unobservable inputs, including older evidence and recent sales of similar properties. The commercial properties were valued on 30th September 2015 by Tim Moulder FRICS FIV (SA) of Broll Advisory Service (Pty) Ltd, a member of the C.B. Ellis Affiliate Network and A Ridsdale BA of Ridsdale and associates Estates Agents, suitably independent valuers, experienced in the location and category of the property being valued, at current market values, on an open market basis. The sensitivity of these valuations is dependent on fluctuations in the availability of similar properties at the point of valuation and changes in the specific inputs are detailed below.

Any assumptions made by the valuer are reviewed by the Board for their reasonableness. The principal assumptions are:

Description	Unobservable Input Rates	Range of inputs (probability- weighted average)		Effect on fair value of an increase in the unobservable input rate
		2014 %	2015 %	
a)South Africa				
Investment properties	Discount	16.6/17.75	16.25/17.75	Decrease
	Reversionary capitalisation	11.25/12.5	11.0/12.5	Decrease
	Capitalisation	12	10.5/12	Decrease
	Expense growth	7	7	Increase
	Rental growth	6	6	Increase
Commercial properties	Net rent (ZAR)	36.24	42.04	Increase
	Capitalisation rate	9.25	9.25	Decrease
	Open market selling price (ZAR per square metre)	15,000	16,000	Increase
b)United States				
Investment Properties	Vacancy	10	10	Decrease
	Capitalisation	7	7	Decrease
c) Australia				
Commercial Properties	Open market selling price(Aus dollar per square meter)	722	722	Increase

11. PROPERTY, PLANT AND EQUIPMENT

	Plant	Equipment	Vehicles	Commercial Property Land	Buildings	2015 Total US\$000
	US\$000	US\$000	US\$000	US\$000	US\$000	US\$000
Year Ended 30th September 2015						
At cost or valuation						
Brought forward 1 st October						
At cost or valuation	1,964	2,835	1,419	1,749	3,996	11,963
Translation adjustment (note 2(t))	(364)	(518)	(266)	(310)	(742)	(2,200)
	1,600	2,317	1,153	1,439	3,254	9,763
Revaluations *	-	-	-	178	185	363
Impairment	-	-	-	-	(215)	(215)
Additions	381	742	334	174	812	2,443
Disposals	(114)	(73)	(129)	-	-	(316)
Balances carried forward 30 th September	1,867	2,986	1,358	1,791	4,036	12,038
Depreciation						
Brought forward 1 st October	1,144	1,409	647	-	-	3,200
Translation adjustment (note 2(t))	(206)	(255)	(118)	-	-	(579)
	938	1,154	529	-	-	2,621
Charge for the year	182	469	184	-	-	835
Translation adjustment (note 2(t))	(25)	(59)	(23)	-	-	(107)
Disposals	(115)	(41)	(74)	-	-	(230)
Balances carried forward 30 th September	980	1,523	616	-	-	3,119
Net book value 30 th September 2015	887	1,463	742	1,791	4,036	8,919
	Plant	Equipment	Vehicles	Commercial Property Land	Building	2014
	US\$000	US\$000	US\$000	US\$000	US\$000	US\$000
Year Ended 30th September 2014						
At cost or valuation						
Brought forward 1 st October						
At cost or valuation	1,863	1,885	1,625	1,818	4,280	11,471
Translation adjustment (note 2(t))	(173)	(206)	(161)	(171)	(428)	(1,139)
	1,690	1,679	1,464	1,647	3,852	10,332
Revaluations *	-	-	-	102	227	329
Acquisitions	-	561	-	-	-	561
Additions	350	662	185	-	-	1,197
Disposals	(76)	(67)	(230)	-	(83)	(456)
Balances carried forward 30 th September	1,964	2,835	1,419	1,749	3,996	11,963
Depreciation						
Brought forward 1 st October	1,108	1,268	706	-	166	3,248
Translation adjustment (note 2(t))	(101)	(140)	(60)	-	(11)	(312)
	1,007	1,128	646	-	155	2,936
Charge for the year	162	352	197	-	13	724
Translation adjustment (note 2(t))	(9)	(21)	(11)	-	(1)	(42)
Disposals	(16)	(50)	(185)	-	(167)	(418)
Balances carried forward 30 th September	1,144	1,409	647	-	-	3,200
Net book value 30 th September 2014	820	1,426	772	1,749	3,996	8,763

* The revaluation of US\$363,000 (2014 – US\$329,000) is shown in Other Comprehensive Income net of deferred tax of US\$41,000 (2014 – US\$102,000).

Notes to the Consolidated Financial Statements (Continued)

For the year ended 30th September 2015

11. PROPERTY, PLANT AND EQUIPMENT (Continued)

	2015 US\$000	2014 US\$000
Analysis of net book value:		
South Africa		
Commercial property	4,833	4,394
Other	<u>3,037</u>	<u>3,028</u>
	<u>7,870</u>	<u>7,422</u>
Australia & other		
Commercial property	893	1,138
Other	<u>156</u>	<u>203</u>
	<u>1,049</u>	<u>1,341</u>
Total	<u>8,919</u>	<u>8,763</u>

Details of commercial property valuation methods and inputs are detailed in note 10.

Commercial properties with a carrying value of US\$5,807,000 were mortgaged at 30th September 2015 to secure long comparative term finance (see note 18).

The carrying value of the revalued commercial property under the cost model would have been US\$2,823,000 (2014 – US\$2,395,000).

12. GOODWILL

	2015 US\$000	2014 US\$000
Balance brought forward 1 st October	220	234
Translation adjustment (see note 2 (t))	(41)	(26)
Additions/acquisitions during year	-	12
Balance carried forward 30 th September	<u>179</u>	<u>220</u>

No impairment arises following the annual assessment of impairment of goodwill, on a fair value less costs to sell basis, based on the net assets and profitability of the business, and the absence of any indications of impairment and there was no impairment in previous years.

13. INTANGIBLE ASSETS

	2015 US\$000	2014 US\$000
Customer lists		
Balance brought forward 1 st October	637	-
Translation adjustment (see note 2(t))	(116)	-
Acquired during year	-	327
Additions during year	-	310
Balance carried forward 30 th September	<u>521</u>	<u>637</u>

No impairment arises following the annual assessment of impairment of intangibles, on a fair value less costs to sell basis, taking account of the underlying net assets and trading results of the company and there was no impairment in previous years.

14. INVESTMENT IN ASSOCIATED COMPANIES

	2015 US\$000	2014 US\$000
Balance brought forward 1 st October	2,006	1,501
Translation adjustment (see note 2 (t))	(51)	-
Acquisition	-	77
Share of results for the year	(16)	428
Share of other comprehensive income	444	-
Balance carried forward 30 th September	<u>2,383</u>	<u>2,006</u>

Percentage of equity held

a) Held by Marshall Monteagle PLC

Halogen Holdings Limited – Holding company
Incorporated and operating in England, unlisted.

46.9% 46.9%

Halogen Holdings Limited had no revenue in 2015 (2014 – nil), and its unaudited consolidated profit for year ended 30th September 2015 was £663,000 (2014 – £434,000) at 30th September 2015 the company had total net assets of £3,180,000 (2014 - £2,502,000), total liabilities of £593,000 (2014 - £558,000) and unaudited consolidated reserves of £2,607,000 (2014 - £1,944,000).

Percentage of equity held

b) Held by Monteagle Group Southern Holdings 2 Limited

Gail Hendersen Marketing Proprietary Limited – Marketing company
Incorporated and operating in South Africa, unlisted.

26.0% 26.0%

The company generated revenue of ZAR11, 808,000 (2014 - ZAR 5,743,000) and had an unaudited profit for year ended 30th September 2015 ZAR2, 495,000 (2014 - ZAR 805,000). Total assets at 30th September 2015 were ZAR4, 107,000 (2014 - ZAR 2,795,700), current liabilities were nil (2014 - nil) and unaudited reserves were ZAR3, 609,000 (2014 - ZAR 2,795,700).

There are no restrictions on these investments.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 30th September 2015

15. INVESTMENTS

General Portfolio – Listed at fair value	2015 Total US\$000	2014 Total US\$000
Balance brought forward 1 st October	19,547	18,104
Additions	2,088	1,659
Disposals	(957)	(1,038)
Impairment	-	(286)
Fair value adjustments *	(487)	1,278
Recycled fair value adjustments *	(149)	(170)
Net book value 30th September	20,042	19,547

*The fair value adjustment of US\$487,000 (2014 – US\$1,278,000) is shown in Other Comprehensive Income net of deferred tax of US\$73,000 (2014 – US\$202,000). The recycled fair value is included net of deferred tax of US\$ nil (2014 – US\$ nil).

Geographical analysis:

General portfolio

Listed in:

UK	4,773	4,684
USA	7,510	7,080
Europe	4,238	4,085
Switzerland	2,327	2,571
Japan	1,194	1,127
	20,042	19,547

The parent company's listed portfolio investments, with a value of US\$6,103,000 are pledged to secure an overdraft facility of US\$3,661,000, of which US\$1,229,000 is drawn at the reporting date (see note 17).

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 13.

16. INVENTORY

	2015 US\$000	2014 US\$000
Raw Materials	2,538	2,246
Finished Goods	26,321	25,867
	28,859	28,113

There were no material provisions against delinquent inventories at 30th September 2015 (2014 – nil). Inventory valued at US\$1,085,000 is pledged to Firststrand Bank Limited as security for loans. Inventory, to a value of US\$11,329,000 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\$6,509,000, ranking below the preceding bonds.

17. ACCOUNTS RECEIVABLE

	2015 US\$000	2014 US\$000
Trade debtors	36,553	35,632
Amounts due from associated company and joint venture	13	7
Deferred operating lease income on properties	364	397
Other debtors	1,711	1,236
	<u>38,641</u>	<u>37,272</u>
Aged analysis of trade debtors not impaired but overdue by:		
One month	2,048	2,375
Two months	1,131	1,314
Three months	662	751
Four months and over	554	644

There were no material provisions for impaired receivables at 30th September 2015 (2014 – nil). The amount due from the associate, joint venture and those from other debtors were not overdue. Trade debtors valued at US\$7,032,000 (2014 - nil) are pledged to FNB Corporate, a division of FirstRand Bank Ltd. and Reichmans (Pty) Ltd.

18. FINANCIAL LIABILITIES

	2015 US\$000	2014 US\$000
Amounts falling due within one year:		
Bank loans and overdrafts	8,576	4,098
Trade creditors, including bills payable and acceptance credits	43,710	38,997
Other creditors and short term portions of secured loans	1,993	2,576
Other financial liabilities	293	310
Accruals	1,235	1,325
	<u>55,807</u>	<u>47,306</u>

Trade creditors equivalent to US\$260,000 (2014 - US\$225,000) are secured over the trade debtors and inventory of an Australian subsidiary of US\$1,311,000 (2014 - US\$1,449,000) and overdraft facilities, which are unutilised (2014 - unutilised), are secured over the Australian property and Australian bank deposits. The parent company's listed portfolio investments, with a value of US\$6,103,000 are pledged to secure an overdraft facility of US\$3,661,000, of which US\$1,229,000 is drawn at the reporting date.

Amounts falling due after more than one year:

Secured loans: - South Africa - banks (South African Rand)	1,443	1,822
- United States (US Dollar)	5,316	5,445
- Europe (US Dollar)	3,900	3,500
- Capitalised lease obligations - (South African Rand)	809	-
- Capitalised lease obligations - (Australian dollar)	203	105
	<u>11,671</u>	<u>10,872</u>

Long-term finance in the United States and South Africa is secured by mortgages on certain local investment and commercial properties and investments (see notes 9, 11 and 15). Certain of these mortgages include standard terms regarding the assignment of lease, rent and payments under insurance policies.

The principal rates of interest on loans are commercial rates - United States 6.1%, South Africa between 12.25% and 8.7%.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 30th September 2015

19. DEFERRED TAXATION

	2015 US\$000	2014 US\$000
Deferred tax assets		
Timing differences arising from:-		
Lease liabilities	138	1
Accruals	534	336
Losses recoverable	385	560
Other	83	23
	<u>1,140</u>	<u>920</u>
Deferred tax liabilities		
Timing differences arising from:-		
Surplus on investment property valuations	5,026	5,046
Surplus on commercial property valuation	578	672
Fair value adjustments to investments	539	611
Lease receivables	57	44
Derivatives	-	97
Other	124	127
Balance carried forward 30 th September	<u>6,324</u>	<u>6,597</u>
Reconciliation of movement		
Disclosed as asset	920	383
Disclosed as liability	<u>(6,597)</u>	<u>(5,872)</u>
Balance at 1st October	<u>(5,677)</u>	<u>(5,489)</u>
Translation adjustment (See Note 2(t))	407	257
Liability arising from acquisition	-	(238)
Deferred taxation credited/(charged) to profit	55	97
Deferred tax charged to Other Comprehensive Income:-		
(Increase) in surplus on revaluation of commercial properties	(41)	(102)
Decrease/(Increase) in fair value adjustments to investments	72	(202)
	<u>(5,184)</u>	<u>(5,677)</u>
Disclosed as asset	1,140	920
Disclosed as liability	<u>(6,324)</u>	<u>(6,597)</u>
Deferred taxation credited/(charged) to profit arises from:		
Increase in surplus on revaluation of investment properties	(473)	(88)
Increase in available losses	179	109
Increase in accruals	309	71
Decrease/(Increase) in lease assets and liabilities	11	(14)
(Decrease)/Increase in derivatives	(1)	11
Other	30	8
	<u>55</u>	<u>97</u>

20. SHARE CAPITAL

	Number	US\$000
Authorised		
Shares of US 25 cents each	<u>40,000,000</u>	<u>10,000</u>
Issued and fully paid		
At 30 th September 2014 and 2015	<u>35,857,512</u>	<u>8,964</u>

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.

The Company has no unlisted shares.

21. SHARE PREMIUM ACCOUNT

At 30th September 2014 and 2015

US\$000
23,606

22. OTHER RESERVES

The following table shows a breakdown of the balance sheet line item “Other reserves” and the movement in the reserves during the year.

	Property Revaluation	Fair value of investments	Foreign currency translation	Total
	US\$000	US\$000	US\$000	US\$000
Other comprehensive income/(expense)				
Share of associates	-	444	-	444
Unrealised gains on investments	-	(414)	-	(414)
Reclassified profits on investments	-	(149)	-	(149)
Commercial property revaluations	322	-	-	322
Surplus on sale of property, investments, Plant and equipment released to profit and loss	-	-	-	-
Translation of comprehensive income from average rates of exchange to those at the reporting date	-	-	(522)	(522)
Translation differences arising on the conversion of opening balances	-	-	(6,919)	(6,919)
Less non-controlling interests share of valuations	(23)	-	-	(23)
Less non-controlling interests share of translation differences	-	-	1,626	1,626
Other Comprehensive Income, net of non- controlling interests	299	(119)	(5,815)	(5,635)
Comprehensive income				
Investment property revaluations	2,313	-	-	2,313
Deferred taxation on revaluations	(473)	-	-	(473)
Transfer translation differences from retained earnings	-	-	3,039	3,039
	1,840	-	3,039	4,879
Total movement	2,139	(119)	(2,776)	(756)
Balance brought forward 1 st October 2014	7,544	5,453	(13,102)	(105)
Balance carried forward 30 th September 2015	9,683	5,334	(15,878)	(861)

Notes to the Consolidated Financial Statements (Continued)

For the year ended 30th September 2015

22. OTHER RESERVES (continued)

	Property Revaluation	Fair value of investments	Foreign currency translation	Total
	US\$000	US\$000	US\$000	US\$000
Other comprehensive income/(expense)				
Unrealised gains on investments	-	1,076	-	1,076
Reclassified profits on investments	-	(170)	-	(170)
Commercial property revaluations	227	-	-	227
Translation of comprehensive income from average rates of exchange to those at the reporting date	-	-	(219)	(219)
Translation differences arising on the conversion of opening balances	-	-	(4,039)	(4,039)
Less non-controlling interests share of valuations	(95)	-	-	(95)
Less non-controlling interests share of translation differences	-	-	853	853
Other Comprehensive Income, net of non-controlling interests	132	906	(3,405)	(2,367)
Comprehensive income				
Investment property revaluations	887	-	-	887
Deferred taxation on revaluations	(88)	-	-	(88)
Transfer translation differences from retained earnings	-	-	1,134	1,134
Surplus on sale of property, investments, Plant and equipment released to profit and loss	(2,483)	-	-	(2,483)
	(1,684)	-	1,134	(550)
Total movement	(1,552)	906	(2,271)	(2,917)
Balance brought forward 1 st October 2013	9,096	4,547	(10,831)	2,812
Balance carried forward 30 th September 2014	7,544	5,453	(13,102)	(105)

	2015 US\$000	2014 US\$000
Translation of comprehensive income from average rates of exchange to those at the reporting date	(522)	(219)
Translation differences arising on the conversion of opening balances for -		
Investment properties	(3,477)	(2,050)
Other non-current assets	(1,837)	(778)
Inventories	(5,054)	(2,192)
Trade and other receivables	(5,209)	(2,312)
Trade and other payables	8,613	3,445
Cash and cash equivalents	(738)	(390)
Taxation	783	238
	(6,919)	(4,039)

23. 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	The amount subscribed for share capital in excess of nominal value.
Other reserves	Cumulative fair value 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 to the objectives, policies or processes during the year ended 30th September 2015.

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 share capital and reserves, instead its focus is on managing its investments.

24. NOTES TO THE CASH FLOW STATEMENT

(a) Analysis of net funds	2014	Exchange Movements	Cash flow Movement	2015
	US\$000	US\$000	US\$000	US\$000
Cash at bank and in hand	14,438	(1,136)	5,342	18,644
Bank overdrafts (note 18)	(4,098)	399	(4,877)	(8,576)
	<u>10,340</u>	<u>(737)</u>	<u>465</u>	<u>10,068</u>
(b) Analysis of funds by currency	2014	Exchange Movements	Cash flow Movement	2015
	US\$000	US\$000	US\$000	US\$000
United States Dollars	6,844	-	(2,006)	4,838
Swiss Francs	595	(13)	(582)	-
Australian Dollars	360	(71)	(219)	70
South African Rands	1,784	(583)	1,436	2,637
Euros	139	(29)	2,150	2,260
Pounds Sterling	618	(41)	(314)	263
	<u>10,340</u>	<u>(737)</u>	<u>465</u>	<u>10,068</u>

Notes to the Consolidated Financial Statements (Continued)

For the year ended 30th September 2015

25. RELATED PARTIES

	2015	2014
	US\$000	US\$000
Related party fees (other than Directors' fees)	242	321

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 Company Secretary, to which fees of US\$206,000 (2014 – US\$208,000) were paid. At the reporting date there were no balances due to or from City Group. Fees are agreed at arm's length and settlement is due on receipt of invoice.

Mr. R.C. Kerr is a consultant to the legal services practice of Maitland, to which group fees of US\$12,000 were paid in the year (2014 – US\$78,000). At the reporting date there were no balances due to or from Maitland. Fees are agreed at arm's length and settlement is due on receipt of invoice.

Mr. B.C.B. Newman and Mr M.A. Pesco are directors of First Names (Jersey) Limited, to which fees of US\$25,000 were paid in the year (2014 - US\$35,000). At the reporting date there were no balances due to First Names (Jersey) Limited (2014 – Nil). Fees are agreed at arm's length and settlement is within 30 days of invoice.

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 6 (2014 – 6) consisting of E.J. Beale, R.C. Kerr, D.C. Marshall, L.H. Marshall, B.C.B. Newman and M.A. Pesco received total remuneration for the year consisting of short term benefits of US\$630,000 (2014 – US\$578,000).

The related companies within the Group are detailed in Note 29.

26. GROUP COMMITMENTS AND CONTINGENT LIABILITIES

At 30th September 2015 the Group had commitments as lessee of US\$426,000 (2014 – US\$329,000) within one year and US\$822,000 (2014 – US\$679,000) in two to five years.

The Group has no liabilities for pension funds as these are all contribution only schemes. The Group had no material commitments for authorised capital expenditure contracted (2014 – nil) at the reporting date.

Interest rate swap derivative agreements entered into in respect of South African borrowings at fixed rates were closed in October 2014.

27. FINANCIAL INSTRUMENTS

The categories of financial instruments used by the Company are:

	2015 US\$000	2014 US\$000
Financial assets		
<i>Available for sale</i>		
Investments	20,042	19,547
<i>At fair value through profit & loss</i>		
Deferred finance lease income	52	174
Contract foreign exchange financial instrument	135	152
 Loans and accounts receivable		
Accounts receivable	38,641	37,272
Cash at bank	18,644	14,438
Financial liabilities		
Loans and accounts payable		
Trade and other payables - due within one year	46,938	42,898
- borrowings due after more than one year	11,671	10,872
<i>At fair value through profit & loss</i>		
- contract financial instruments due after more than one year	-	10
Bank overdrafts	8,576	4,098
 Other financial liabilities	293	310

Fair Value Hierarchy

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

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

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

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

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

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

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

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

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

Notes to the Consolidated Financial Statements (Continued)

For the year ended 30th September 2015

28. RISK MANAGEMENT

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(d) and 2(e). 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 on-going basis. The ageing profile of trade receivables is shown in note 17 and indicates that the Group's risk 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.

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 financial instrument liabilities will not fluctuate with changes in market interest rates as interest rates are fixed and the risk is therefore minimal. The principal rates on long-term borrowings for the year were at fixed rates between 8.7% and 12.25% 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 9.25% and 9.50% and in Europe at rates between 1.5% and 1.9%.

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.

It is impossible to predict how interest rates will vary in the future although in the near term higher interest rates are likely. An interest rate change of 0.5% 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\$13,000 (2014 – US\$4,000).

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. Exchange rates used in the preparation of these accounts are included in note 2(t). It is impossible to predict how exchange rates will vary in the future. A 10% 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\$3,820,000 (2014 – US\$4,000,000).

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. Interest rate swap derivatives agreements entered into in respect of South African borrowings at fixed rates were closed in October 2014. 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.

It is impossible to predict how markets will perform in the future. A 5% 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\$1,002,000 (2014 - US\$975,000) and a corresponding decrease in other reserves. A 5% increase is also reasonably possible and would, on the same basis, increase fair values and increase other reserves.

28. RISK MANAGEMENT (continued)

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.

	2015 US\$000	2014 US\$000
Liabilities falling due		
Within twelve months - accounts payable	55,807	46,996
- tax payable	1,903	1,591
Between one and five years	1,633	1,241
Over five years	10,038	9,631
	<u>69,381</u>	<u>59,459</u>

There are no material differences between the discounted liabilities and their contractual amounts and they are repayable over the above periods. The effect of discounting (using a market related interest rate) when applying the effective interest rate method results in no real difference between a fair value determined and the actual carrying amount of the loans. Adequate liquid assets and facilities are available to the Group to meet these liabilities as they fall due.

	2015 US\$000	2014 US\$000
Liquid assets		
Cash and cash equivalents	18,644	14,438
Listed investments	20,042	19,547
Trade and other receivables	38,641	37,272
	<u>77,327</u>	<u>71,257</u>

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. The percentage of voting rights held is the same as the ownership percentage.

(a) Wholly-owned	Principal Activities
(i) Incorporated and operating in England: Monteagle International (UK) Ltd Monteagle Properties (UK) Limited	Importer Investment holding
(ii) Monteagle Inc., incorporated and operating in San Diego, United States of America, is a wholly owned subsidiary of Monteagle Properties (UK) Limited	Property
(iii) 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:	
<i>Wholly-Owned:</i>	
Incorporated in Jersey and operating internationally: Monteagle International Limited	Importer
Incorporated and operating in South Africa: Monteagle Property Holdings Limited Monteagle Merchant Group Southern Holdings Limited Monteagle Merchant Group Southern Holdings 2 Limited Global Coffee Exports Limited	Property holding Investment holding Investment holding Coffee roasting
Incorporated in Guernsey and operating internationally High Altitude Coffee Company Limited	Import/export
<i>Owned 50.1%</i>	
Incorporated and operating in South Africa: L & G Tool and Machinery Distributors Limited	Importer and distributor of hand tools and machinery
Incorporated in Dubai and operating internationally: LMA Global DWC LLP	Importer and distributor of hand tools and machinery

Notes to the Consolidated Financial Statements (Continued)

For the year ended 30th September 2015

29. SUBSIDIARIES (Continued)

(iv) 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:	
Marshall's 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%) QTM Property Holdings Ltd (owned 50.1%)	Importers and distributors of hand tools and machinery Property holding
(ii) Incorporated and operating in South Africa: Monteagle Logistics Limited (owned 50.0% and board control) Monteagle Africa Limited (owned 50.0% and board control)	Warehousing and services Distributor

Further information on Monteagle Africa Limited and L&G Tool & Machinery Distributors Limited, which have non-controlling interests which are material to the reporting Group, are given below in aggregate.

The information is aggregated because both businesses undertake operations of a similar nature (i.e. the purchase of goods, warehousing, and delivering to retailers) but of different products and to different customers; and have stable ownership structures that are not anticipated to change. The nature of these interests is consistent with the nature of, and risks associated with, the Group's interests in other entities; and shows the effects of those interests on its financial position, financial performance and cash flows.

	2015	2014
	US\$000	US\$000
Revenue	145,298	130,558
Profit for the year	3,207	3,394
Total comprehensive income	3,083	3,262
Non-controlling interest share of profit	303	1,683
Dividends paid to Non-controlling interests	770	728
Contribution to group cash inflow	2,484	991
Non-current assets	6,082	6,124
Current assets	43,261	25,463
Current liabilities	33,619	32,973
Non-current liabilities	649	976
Accumulated Non-controlling interests	7,562	7,836

30. INTERNATIONAL FINANCIAL REPORTING STANDARDS

a) Standards and Interpretations adopted with no effect on the financial statements

The following new and revised Standards and Interpretations have been adopted in these financial statements. Their adoption has increased the levels of disclosure, but have not had any significant impact on the amounts reported in these financial statements but may affect the accounting for future transactions or arrangements.

IFRS/IFRIC	Title and details	Effective from annual periods beginning on or after
IFRS 3	Business Combinations (Annual Improvements to IFRSs 2010-2012 and 2011 – 2014 Cycles)	1 July 2014
IFRS 9	Financial Instruments (Annual Improvements to IFRSs 2010-2012 Cycle) Finalised version of IFRS 9 which replaces IAS 39 (Financial Instruments: Recognition and Measurement)	1 July 2014
IFRS 10	Consolidated Financial Statements.: exception to the principle that all subsidiaries must be consolidated	1 January 2014
IFRS 12	Disclosure of Interests in Other Entities	1 January 2014
IFRS 13	Fair Value Measurement (Annual Improvements to 2010 – 2012 and 2011-2014 Cycles)	1 July 2014
IAS 16	Property, plant and equipment (Annual Improvements to IFRSs 2010-2012 Cycle)	1 July 2014
IAS 24	Related party disclosures (Annual Improvements to IFRSs 2010-2012 Cycle)	1 July 2014
IAS 36	Impairment of Assets	1 January 2014
IAS 38	Intangible Assets: Amendments to the Revaluation method (Annual Improvements 2010-2012 Cycle) Amendments IAS 16 and IAS 38: depreciation and amortisation principles	1 July 2014
IAS 40	Investment Property (Annual Improvements to IFRSs 2011-2014 Cycle)	1 July 2014

b) Standards in issue, not yet effective

At the date of issue of these financial statements, the following Standards and Interpretations were in issue, but not yet effective.

IFRS 9	Financial Instruments (Annual Improvements to IFRSs 2010-2012 Cycle) Finalised version of IFRS 9 which replaces IAS 39 (Financial Instruments: Recognition and Measurement)	1 January 2018
IFRS 10	Consolidated Financial Statements.: exception to the principle that all subsidiaries must be consolidated Investment Entities: Applying the Consolidation Exception	1 January 2016
IFRS 11	Joint Arrangements	1 January 2016
IFRS 12	Disclosure of Interests in Other Entities Investment Entities: Applying the Consolidation Exception	1 January 2016
IFRS 14	Regulatory Deferral Accounts	1 January 2016
IFRS 15	Revenue from Contracts with Customers	1 January 2017

Notes to the Consolidated Financial Statements (Continued)

For the year ended 30th September 2015

30. INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

IFRS/IFRIC	Title and details	Effective from annual periods beginning on or after
IAS 1	Presentation of Financial Statements: Disclosure Initiative	1 January 2016
IFRS 16	Leases	1 January 2016
IAS 27	Consolidated and Separate Financial Statements: Requirement to account for investment entities at fair value in parent Equity accounting method to be permitted	1 January 2016
IAS 28	Investments in Associates	1 January 2016
IAS 38	Intangible Assets: Amendments to the Revaluation method (Annual Improvements 2010-2012 Cycle) Amendments IAS 16 and IAS 38: depreciation and amortisation principles	1 January 2016

The Directors have considered the impact of the adoption of these Standards and Interpretations and have determined that while changes may be required to some accounting policies and disclosures, such changes will not be material to an assessment of the business.

31. POST BALANCE SHEET EVENT

On 1 September 2015 the Company announced the disposal of six industrial properties in Durban, South Africa, for an amount of US\$7.5 million. Effective transfer of the properties in the local deeds registry took place on 1 February 2016 and settlement from the Company's attorneys is awaited. After deduction of costs and taxes of approximately US\$2.2 million net proceeds are estimated to be US\$5.3 million.

Directors' Report

For the year ended 30th September 2015

The Directors submit their report for the year ended 30th September 2015.

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, coffee roasting, importing and exporting and trading in metals and minerals

OPERATING REVIEW

The Group profit, after tax and non-controlling interests, was US\$4,819,000, compared to US\$3,297,000 for the previous year. Earnings per share were 13.4 US cents (2014 – 9.2 US cents). A detailed review of the Group's operations is set out in the Business Review on pages 4 and 5. A detailed analysis of the Group's operations is set out in note 3 on pages 15 to 16.

DIVIDENDS

An interim dividend of 1.80 US cents (2014 – 1.80 US cents) was declared payable on 11th July 2015.

A second interim (final) dividend of 1.80 US cents per share for the year ended 30th September 2015 (2014 – 1.80 US cents) will be paid on 5th February 2016 to those shareholders on the register at the close of business on 29th January 2016.

DIRECTORS

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

In accordance with the Company's Articles of Association, Mr R C Kerr and Mr D C Marshall retire and, being eligible, offer themselves for re-election at the Annual General Meeting.

The interests in the shares of the Company of the Directors who held office during the year were as follows:

	30 th September 2015		30 th September 2014	
	Beneficial	Non-beneficial	Beneficial	Non-beneficial
E.J. Beale	-	-	-	-
R.C. Kerr	20,000	10,000	20,000	10,000
D.C. Marshall	-	17,430,846*	140,000	17,184,300*
L.H. Marshall	-	-	-	-
M.A. Pesco	-	-	-	-
B.C.B. Newman	-	-	-	-

* These non-beneficial holdings arise, wholly or partly, because the individual concerned was also a director or trustee of entities that hold shares in the Company.

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

The appointment of each Director is subject to terms and conditions set out in letters of appointment dated 22nd September 2014.

Directors' Report (Continued)

For the year ended 30th September 2015

DIRECTORS (continued)

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

		Parent Company Director's fee US\$000	Other US\$000	2015 Total US\$000	2014 Total US\$000
E.J. Beale	<i>Non-executive</i>	60	-	60	45
R.C. Kerr	<i>Non-executive</i>	41	-	41	41
L.H. Marshall	<i>Executive</i>	41	187	228	200
D.C. Marshall †	<i>Executive</i>	41	179	220	216
M.A. Pesco	<i>Non-executive</i>	41	-	41	38
B.C.B. Newman	<i>Non-executive</i>	41	-	41	38
Total		265	366	631	578

† Mr. D.C. Marshall ceded US\$60,000 of his fees for the year (2014 – US\$31,000) 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 directors of each of them.

No other payments or benefits were paid to, or receivable by, the Directors. All fees paid to companies with which any of the Directors are connected are disclosed in Note 25 on page 30.

COMPANY SECRETARY

In accordance with the JSE Listing Requirements, the Board has conducted an annual assessment through a review of the services provided and the individuals providing those services to satisfy itself (i) on the competence, qualifications and experience of City Group P.L.C., the Company Secretary; and (ii) that there is an arm's length relationship between the Board and the Company Secretary and that the Company Secretary is not a director. City Group P.L.C. and the Company have Directors in common, as set out in note 25 to these accounts. 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	%
Lynchwood Nominees Limited	19,840,045	55.3
Corwil Investments Holdings (Pty) Limited	2,056,524	5.7
Mr. J. P. Lobbenberg	1,812,452	5.1

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 37. At the date of this report, the disclosure of public and non-public holdings was as follows:

	Shareholders	Shares	%
Non-public shareholdings	6	21,612,577	60.3
Public shareholdings	668	14,244,935	39.7
	674	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 a Special Resolution (resolution number 6) to its shareholders at the forthcoming annual general meeting which will grant the Company a general authority for the repurchase by the Company or any of its subsidiaries of shares issued by the Company. If the resolution is passed, this authority will be valid until the earlier of the next annual general meeting of the Company or the variation or revocation of the general authority by special resolution at 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 any repurchases under 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.

In accordance with JSE Listings Requirements, the Directors state that:

- the intention of the Directors is to utilise the general authority to repurchase shares in the Company if at some future date the cash resources 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 interests 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 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;
 - In accordance with schedule 25 of the JSE Listing Requirements, the Company's sponsor is required to confirm the adequacy of the Company's working capital prior to the Company entering the market to proceed with the repurchase.

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 37), Directors' interests in securities (page 36) and the share capital of the Company (page 37);
- 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.

Corporate Governance and Directors' Responsibilities

CORPORATE GOVERNANCE

Good corporate governance is understood to require the engagement of people with the requisite skills and experience to meet the objectives of the Group, supported by organisational structures and processes appropriate to the nature of the Group.

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 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 checklist on pages 49 to 51.

Mr E.J. Beale is the non-executive Chairman of the Company. 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. There is a schedule of matters reserved for the Board and its committees. The Audit Committee comprises Mr Newman, who was appointed its Chairman in January 2015, Mr. Kerr and Mr Pesco and its report is set out below. Mr Newman also chairs the Remuneration Committee, the other members being Mr Kerr and Mr Pesco. The Remuneration Committee, 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 Directors' Report on page 36 and 37.

The Board has a majority of non-executive directors who act independently and this structure helps ensure that no one director has unfettered powers of decision making.

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

The Board meets regularly and through an executive committee retains full and effective control over the Group. The Board met on seven occasions during the year following a formal agenda. With the exception of one meeting, when one Director was unable to attend, all the Directors were present at each meeting. During the year Mr D Freitas (an employee of First Names (Jersey) Limited) was appointed to act as an alternate Director to Mr Pesco. He has attended one Board meeting and one Audit Committee meeting.

An annual formal evaluation of the performance of the Board, its committees and individual Directors has been performed.

The nomination of Directors is a matter for the entire Board and there is, therefore, no nomination committee. When appointing new Directors, the Board will take cognisance of its needs in terms of different skills, experience, diversity and size. On appointment a tailored induction programme will be prepared. A brief biography of each Director is included on page 2. At every annual general meeting one third of the directors, or if their number is not three or a multiple of three, the number nearest to one third are required to retire from office; but if any director has at the start of the annual general meeting been in office for three years or more since their last appointment or re-appointment, they are required to retire at that annual general meeting.

The Board as a whole has 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 continuing professional development programmes to remain up to date in their areas of expertise.

Due to the de-centralised structure of the Group, operating subsidiaries are responsible for IT and they are also required to manage IT risk.

Board committees:

Audit Committee

The Audit Committee comprises three independent non-executive Directors. The Finance Director and the external auditors, who have unrestricted access to 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, inter alia, 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 Audit Committee met three times in the financial year and each member of the Committee attended all meetings

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 and 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.

Internal Audit - 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 its 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.. A director of the Company sits on the board of each operating subsidiary. . However, in accordance with the King III Code, the establishment of an internal audit function is re-considered at least annually.

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.

With regard to the above:

- accounting policies, significant estimates and 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 Jeremy Ellis, 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 2016 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;

Corporate Governance and Directors' Responsibilities (Continued)

- 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.

Remuneration Committee

The Remuneration Committee comprises three non-executive directors. The Committee may invite at its discretion such other Directors and external advisers as it deems appropriate. The Committee is responsible for reviewing the remuneration of the Directors and senior executives of the Group. The Committee met once during the year and all members attended the meeting.

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 slowdown 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 vacancy rates and 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.

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 - many of the Group's trading operations and a large number of its properties are based in South Africa and legislative 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 CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for preparing the Report of the Directors and the consolidated 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

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991 and amendments thereto. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware, and each director has taken all reasonable steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of the information.

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 consolidated financial statements of Marshall Monteagle PLC on pages 6 to 36 which comprise the Consolidated Statement of Profit or Loss and Other 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 Standards.

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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where The Companies (Jersey) Law 1991 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the company;
- proper returns adequate for our audit have not been received from branches not visited by us;
- the financial statements are not in agreement with the accounting records; or
- we have failed to obtain all the information and explanations, which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

Jeremy Ellis
For and on behalf of Saffery Champness
Chartered Accountants
Guernsey, Channel Islands

2nd February 2016

Contact and addresses

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SPONSOR

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South Africa

Notice of Annual General Meeting

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 Wednesday, 6th April 2016 at 12 noon for the purpose set out below.

The minimum percentage of voting rights that is required for resolutions 1 to 4 (inclusive) to be passed is 50% plus one vote of all votes cast on each such resolution.

1. To receive and adopt the Report of the Directors and Audited Accounts for the year ended 30th September 2015.
2. To re-elect Mr R C Kerr as a Director.
3. To re-elect Mr D C Marshall as a Director.
4. To re-appoint Saffery Champness as auditor and to authorise the Directors to determine their remuneration.

The minimum percentage of voting rights that is required for resolutions 5 and 6 to be passed is 75% plus one vote of all votes cast on the resolution.

5. In accordance with the Listings Requirements of JSE Limited, to grant 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 general authority shall be valid until the Company’s next annual general meeting, provided that it shall not extend beyond fifteen months from the date of the passing of this ordinary resolution (whichever period is shorter)
 - 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;
 - the general issue of shares for cash in the aggregate in any one financial year may not exceed 15% of the Company’s issued share capital of that class being 5,378,627 shares at the date of the notice of annual general meeting.
 - Any securities issued under this general authority during the period which the general authority is valid, must be deducted from the number of securities referred to above;
 - In the event of a sub-division or consolidation of issued shares during the period of the general authority, the existing authority must be adjusted accordingly to represent the same allocation ratio;
 - that in determining the price at which an issue of shares will be made in terms of this general 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 Company 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.

Notice of Annual General Meeting (continued)

6. To approve 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 (or the directors of the subsidiary company as the case may be) may from time to time determine, but subject to the memorandum of incorporation of the Company, the provisions of the Companies (Jersey) Law 1991 as amended, 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 it has 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 of such repurchase has been submitted to the JSE in writing. The Company must instruct an independent third party, which makes its investment decisions in relation to the Company's securities independently of, and uninfluenced by the Company, prior to the commencement of the prohibited period to execute the repurchase programme submitted to the JSE.

Further information about this resolution can be found in the Directors' Report on pages 38 and 39.

Important dates to note:

	Date
Record date for receipt of notice purposes	19 th February 2016
Integrated annual report posted on	25 th February 2016
Last day to trade in order to be eligible to participate in and vote at the annual general meeting.	23 rd March 2016
Record date for voting purposes ["voting record date"]	1 st April 2016
Last day to lodge forms of proxy for the annual general meeting	4 th April 2016
Annual general meeting at 12.00	6 th April 2016
Results of annual general meeting released on SENS	6 th April 2016

37 Esplanade,
St. Helier, Jersey, JE2 3QA
1st February 2016

By order of the Board
CITY GROUP P.L.C.
Company Secretary

Notes:

- (i) A shareholder entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of the shareholder, and a proxy need not also be a shareholder. 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.** If you are a certificated or own-name registered dematerialised shareholder, **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.
- (iv) Shareholders who have dematerialised their ordinary shares through a Central Securities Depository Participant ("CSDP") or broker, other than own-name registered dematerialise shareholders, and who wish to attend the Annual General Meeting must request their CSDP or broker to issue them with a Letter of Representation. Alternatively dematerialised shareholders other than own name registered dematerialised shareholders, who wish to be represented, must provide their CSDP or broker with their voting instructions in terms of the custody agreement between them and their CSDP or broker in the manner and within the time-frame stipulated.
- (v) Any shareholder of the Company may authorise any person to act as its representative at the Annual General Meeting by a properly executed Letter of Representation to be produced at the Annual General 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 45.

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. (See 3 below)	✓
2.7	The Board should be responsible for the governance of risk.	See 4 below
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.	See 8 below
2.12	The Board should ensure the integrity of the company's integrated report.	See 9 below
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.	✓
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.	✓

King III checklist (Continued)

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 non-executive 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.	✓
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 and diverse nature 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.	✓

King III checklist (Continued)

5.1	The Board should be responsible for information technology (IT) governance.	The decentralised structure and diverse nature 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.	
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 affects 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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