

**MARSHALL
MONTEAGLE PLC**

INTERIM
REPORT 2015



Marshall
Monteagle

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(Incorporated in Jersey, Registered No. 102785)

Registered Office:
3rd Floor, 37 Esplanade,
St. Helier, Jersey, JE2 3QA
Channel Islands

9th June 2015

Dear Shareholder,

The Directors report the results for the six months to 31st March 2015.

Results

- Group revenue increased by 19% to US\$124,462,000 compared with the same period last year. In constant currency terms sales increased to US\$133,350,000 (33%).
- Operating profit increased by 37% to US\$5,079,000, and in constant currency terms increased by 46% to US\$5,424,000.
- Headline earnings of 5.91 cents per share compare to 4.55 cents per share in the same period last year, reflecting efficiencies achieved by Group operations.
- An interim dividend of 1.8 cents per share is to be paid in July 2015 (2014 – 1.8 cents).
- Net assets per share are US\$1.82 (2014 - US\$1.86). Net assets per share have increased from the 30th September 2014 figure of US\$1.81 per share; unfavourable exchange rate movements being offset by increases in operating profits and the value of the investment portfolios.

Import and Distribution

Our import and distribution business in food and household consumer products posted satisfactory results for the first six months of last year. The economic environment remains challenging with volatile raw material pricing, inconsistent availability of certain raw materials and significant currency movements. This division provides procurement, supply chain and risk management services to multiple retailers, wholesalers and manufacturers in Southern and Central Africa, Indian Ocean Islands and Australia. The business remains committed to working with dedicated producers of quality raw materials, skilled technologists and first world production facilities and now has partnerships in 29 countries. This division continues to further develop its international network and management remains committed to improving supply-chain efficiencies for the benefit of their customers. They also continue to look at opportunities in new markets such as India, China and the Middle East.

Our minerals logistics business which is focused predominantly on Chrome and Manganese made significant progress during the first six months and is well positioned to secure increased volumes during the second half of the year. This division provides fully integrated logistics and shipping services to the Southern African mining industry. We are committed to partnering with producers who require a professional all in solution from ex mine production through to delivery to end users on an international basis.

Our tool and machinery import and distribution businesses achieved results that were considerably better than the first half of 2014 and management are optimistic that they will achieve their budgets for the year. Market conditions remain challenging with little change in discretionary spending trends.

Property Portfolio

Our large multi-tenanted industrial property in San Diego continues to achieve satisfactory returns. The commercial and industrial property market in Southern California remains strong and our property continues to enjoy a low vacancy rate.

The Group's South African commercial and light industrial property portfolio had a satisfactory six months despite tough trading conditions experienced by the majority of its tenants.

Investment Portfolio

Our concentrated list of quality international equities performed well during the six months and we made some additions to existing holdings. The extended period of near zero interest rates and quantitative easing has inflated this asset class substantially and management remain cautious about the near term.

Halogen Holdings P.L.C. (unlisted associate)

The pub group has enjoyed a good start to 2015 with most units performing better than they did at the start of last year. Heartstone Inns is now comprised of nine quality pubs and management have plans to raise further capital to acquire additional units.

Net Assets

Assets outside Africa, net of non-controlling interests and proposed dividends, stand at US\$37,442,000, equal to US\$1.04 per share (30th September 2014: US\$1.01); the balance of US\$27,903,000, equal to US\$0.78 per share, is held in South Africa. Our total net assets, allowing for the proposed dividend, amount to US\$1.80 per share which compares to US\$1.79 per share at 30th September 2014.

Interim Dividend

We are pleased to announce that the Company is to pay an interim dividend of US 1.8 cents per share. The dividend is payable on 10th July 2015 to shareholders on the register at the close of business on 3rd July 2015.

Dividend Policy

Over the past five years your directors have been able to gradually increase distributions made to shareholders. A substantial amount of our profits are earned in developing countries whose currencies have depreciated against an ever strengthening US dollar. The board therefore deem it prudent to endeavour to now maintain and not increase our dividend for the next few years.

Group Staff

Once again we would like to thank all our employees for their hard work and we appreciate their efforts and the contribution that they have made during the period.

Prospects

The Board are pleased with these interim results and it would appear that the rest of the year will remain at the same level of trading. As explained above under the dividend paragraph, we must emphasise that geo-political and financial uncertainties remain ever present. The days of low interest or no interest rates would appear to be ending. Any reversion to normality in the developed world will have an exaggerated effect on currencies of the developing world in which we operate. Devaluation and inflation stress the necessity for careful management of our working capital. Our conservative policies must prevail for us to continue to enhance shareholder value in the long term.

E.J. Beale
Chairman

D.C. Marshall
Chief Executive

Details of interim dividend

Shareholders on the South African register will receive their dividend in South African Rand converted from US dollars at the closing rate of exchange on 4th June 2015. In order to comply with the requirements of Strate the relevant details are as follows:

In respect of the normal gross cash dividend of US1.8 cents, and in terms of the new South African Tax Act, the following dividend tax ruling only applies to those shareholders who are registered on the South African register, all other shareholders are exempt.

- The dividend has been declared from income reserves.
- The dividend withholding tax rate is 15% resulting in a net dividend of US1.53 cents (18.89611 South African cents) per share to those shareholders who are not exempt from the dividend withholding tax.

The issued number of shares at the declaration date is 35,857,512. The Company's Jersey tax number is CH4513.

Salient dates for dividend

Last day to trade	Friday 26 th June 2015
Shares trade ex dividend	Monday 29 th June 2015
Record date (date shareholders recorded in books)	Friday 3 rd July 2015
Pay date	Friday 10 th July 2015

Shareholders are hereby advised that the exchange rate to be used will be USD 1 = ZAR 12.3504. This has been calculated as the average of the bid/ask spread at 16.00 (United Kingdom time) being the close of business on Thursday, 4th June 2015. Consequently the dividend of US 1.8 cents will be equal to 22.23072 South African cents.

No dematerialisation or rematerialisation of share certificates, nor transfer of shares between the registers in Jersey and South Africa will take place between Monday, 29th June and Friday, 3rd July 2015, both dates inclusive.

Consolidated Statement of Total Comprehensive Income

	Notes	Half years ended 31 st March		Year ended 30 th September
		2015 Unaudited US\$000	2014 Unaudited US\$000	2014 Audited US\$000
Group revenue	2	124,462	104,331	212,339
Operating costs		(119,383)	(100,627)	(205,323)
Operating profit		5,079	3,704	7,016
Share of associated company's and joint venture's results		(25)	206	740
Income from investments - dividends		200	164	504
- interest		127	99	555
Interest paid		(879)	(992)	(2,284)
Exchange gains/(losses)		56	44	(135)
Other expenses		-	(2)	(293)
Other income	3	108	313	1,202
Profit before taxation	2	4,666	3,536	7,305
Taxation		(1,218)	(1,109)	(2,273)
Profit after taxation		3,448	2,427	5,032
Profit attributable to owners of the parent		2,268	1,800	3,297
Profit attributable to non-controlling interests		1,180	627	1,735
Basic and fully diluted earnings per share (US cents)	4	6.33c	5.02c	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		(2,954)	(1,423)	(4,258)
Commercial property revaluations		-	-	227
Unrealised gain on revaluation of available for sale investments		1,123	1,298	1,076
Reclassification of previously recognised profits on disposal of available for sale investments		(149)	(170)	(170)
Total Other Comprehensive Income		(1,980)	(295)	(3,125)
Total Comprehensive Income		1,468	2,132	1,907
Total Comprehensive Income attributable to owners of the parent		1,028	1,915	930
Total Comprehensive Income attributable to non-controlling interests		440	217	977
Interim dividend per share (US cents)		1.8c	1.8c	1.8c
Recommended final dividend (US cents)		-	-	1.8c
Reconciliation between basic and headline earnings				
Basic earnings	4	2,268	1,800	3,297
Adjusted for :				
Investment property revaluations		-	-	(695)
Gain on bargain purchase of joint venture		-	-	(168)
Reclassification of previously recognised gains on disposal of available for sale investments		(149)	(170)	(170)
Loss on disposal of non-current tangible assets		-	2	7
Headline earnings	4	2,119	1,632	2,271

Consolidated Statement of Changes in Equity

	Ordinary share capital US\$000	Share Premium US\$000	Other reserves US\$000	Retained Earnings US\$000	Total shareholders US\$000	Non- Controlling Interests US\$000	Group total US\$000
Half year ended 31st March 2014							
Balances at start of period	8,964	23,606	2,812	29,950	65,332	9,199	74,531
Transactions with shareholders							
Dividends paid	-	-	-	(664)	(664)	(482)	(1,146)
Transfer – release of fair value	-	-	(2,608)	2,608	-		
Total comprehensive income	-	-	156	1,759	1,915	217	2,132
Balances at end of period	<u>8,964</u>	<u>23,606</u>	<u>360</u>	<u>33,653</u>	<u>66,583</u>	<u>8,934</u>	<u>75,517</u>
Half year ended 31st March 2015							
Balances at start of period	8,964	23,606	(105)	32,506	64,971	9,448	74,419
Transactions with shareholders							
Dividends paid	-	-	-	(654)	(654)	-	(654)
Total comprehensive (expense)/income	-	-	(24)	1,052	1,028	440	1,468
Balances at end of period	<u>8,964</u>	<u>23,606</u>	<u>(129)</u>	<u>32,904</u>	<u>65,345</u>	<u>9,888</u>	<u>75,233</u>

Consolidated Statement of Financial Position

	31 st March		30 th September
	2015	2014	2014
	Unaudited	Unaudited	Audited
	US\$000	US\$000	US\$000
Non-current assets			
Investment property	27,210	28,750	28,374
Property, plant and equipment	8,808	8,381	8,763
Goodwill	205	224	220
Intangible assets	594	-	637
Deferred taxation	869	302	920
Investments			
Associates	2,331	1,520	2,006
Joint venture	-	453	-
General portfolio – (note 5)	21,416	19,853	19,547
	61,433	59,483	60,467
Current assets			
Inventories	27,618	28,218	28,113
Trade and other receivables	39,773	35,352	37,767
Cash	19,300	14,392	14,438
	86,691	77,962	80,318
Total assets	148,124	137,445	140,785
Current liabilities			
Trade and other payables	(54,959)	(43,492)	(48,897)
Total current liabilities	(54,959)	(43,492)	(48,897)
Net current assets	31,732	34,470	31,421
Total assets less current liabilities	93,165	93,953	91,888
Non-current liabilities			
Accounts payable	(11,349)	(12,556)	(10,872)
Deferred taxation	(6,583)	(5,880)	(6,597)
	75,233	75,517	74,419
Capital and reserves			
Called up share capital	8,964	8,964	8,964
Share premium account	23,606	23,606	23,606
Other reserves	(129)	360	(105)
Retained earnings	32,904	33,653	32,506
Equity attributable to owners of the parent	65,345	66,583	64,971
Non-controlling interests	9,888	8,934	9,448
	75,233	75,517	74,419
Net assets per share US\$ (note 6)	1.82	1.86	1.81

Consolidated Statement of Cash Flow

	Half years ended 31 st March		Year ended 30 th September
	2015	2014	2014
	Unaudited	Unaudited	Audited
	US\$000	US\$000	US\$000
Revenue	124,462	104,331	212,339
Operating costs	(119,383)	(100,627)	(205,323)
Operating activities			
Operating profit	5,079	3,704	7,016
Adjusted for:			
Depreciation	418	408	724
Changes in working capital:			
(Increase)/Decrease in inventories	(1,442)	(523)	(3,647)
(Decrease)/Increase in debtors	(3,747)	(1,807)	(8,792)
(Decrease)/Increase in creditors	8,267	(618)	11,919
Cash generated by operations	8,575	1,164	7,220
Interest paid	(879)	(898)	(2,284)
Taxation paid	(763)	(691)	(1,565)
Net cash inflow/(outflow) from operating activities	6,933	(425)	3,371
Investment activities			
Purchase of, and improvements to, tangible non-current assets	(1,185)	(923)	(1,315)
Proceeds of disposal of tangible assets	61	1,546	36
Acquisition of investments	(1,886)	(1,520)	(1,659)
Acquisition of associated company	-	-	(77)
Purchase of intangible assets	-	-	(310)
Proceeds on disposal of investments	808	1,210	1,349
Dividends received	200	164	504
Interest received	127	99	555
Net cash inflow/(outflow) from investment activities	(1,875)	576	(917)
Cash inflow before financing	5,058	151	2,454
Financing activities			
Net increase/(decrease) in long term debt	611	129	(1,707)
Dividends paid - Group shareholders	(645)	(664)	(1,291)
Dividends paid - non-controlling interests of subsidiaries	-	(482)	(728)
Cash (outflow) from financing activities	(34)	(1,017)	(3,726)
Net increase/(decrease) in funds	5,024	(866)	(1,272)
Net funds at start of period	10,340	12,002	12,002
Effect of foreign exchange rates	(195)	(197)	(390)
Net cash and cash equivalents at end of period	15,169	10,939	10,340

Notes to the interim statement

1. The results and the cash flow statement for the half-year ended 31st March 2015 are unaudited and comply with IAS 34 - Interim Financial Reporting. They have been prepared on the basis of accounting policies adopted in the accounts for the year ended 30th September 2014. They comply with International Financial Reporting Standards and JSE listing requirements. The results for the year to 30th September 2014 are an abridged version of the Group's full accounts for that year, which have been filed with the relevant authorities.

These results were prepared under the supervision of Lloyd Marshall, the Company's finance director.

Any reference to the future financial performance of the Group has not been reviewed or reported on by the Group's auditors.

2. The segmental analysis of revenue and operating profit is as follows:

	Half years ended 31 st March				Year ended 30 th September 2014	
	2015		2014		September 2014	
	US\$000		US\$000		US\$000	
	Revenue	Result	Revenue	Result	Revenue	Result
Analysed by activity:-						
Import/distribution	122,582	4,830	102,223	3,499	208,275	6,681
Property	1,880	765	2,108	853	4,064	1,665
Share of associated company's and joint venture results	-	(25)	-	206	-	740
Other	-	(133)	-	(341)	-	(406)
	<u>124,462</u>	<u>5,437</u>	<u>104,331</u>	<u>4,217</u>	<u>212,339</u>	<u>8,680</u>
Interest paid		<u>(879)</u>		<u>(992)</u>		<u>(2,284)</u>
		<u>4,558</u>		<u>3,225</u>		<u>6,396</u>
Other net income/expense (note 3)		<u>108</u>		<u>311</u>		<u>909</u>
Profit before tax		<u>4,666</u>		<u>3,536</u>		<u>7,305</u>

3. The other expense and income arises from the following.

	31 st March		30 th September
	2015	2014	2014
	US\$000	US\$000	US\$000
Other expense			
Impairment of Investment	-	-	(286)
Loss on disposal of non-current tangible assets	-	(2)	(7)
	<u>-</u>	<u>(2)</u>	<u>(293)</u>
Other income			
Investment property revaluations	-	-	887
Profit on disposal of investments	108	310	309
Fair value adjustments on derivative instruments	-	3	6
	<u>108</u>	<u>313</u>	<u>1,202</u>
Net income	<u>108</u>	<u>311</u>	<u>909</u>

4. Basic earnings per share are based on results attributable to members and on 35,857,512 shares in issue (2014 - 35,857,512). A reconciliation of basic and headline earnings is shown above.

5. A geographical analysis of the General Portfolio of investments is as follows:

United Kingdom	4,652	4,577	4,684
United States of America	8,125	6,996	7,080
Europe, excluding the U.K.	4,803	4,228	4,085
Switzerland	2,604	2,692	2,571
Japan	1,232	1,074	1,127
	<u>21,416</u>	<u>19,567</u>	<u>19,547</u>
Unlisted – Europe and other	-	286	-
	<u>21,416</u>	<u>19,853</u>	<u>19,547</u>

6. Net assets per share are based on equity attributable to owners of the Company.

7. There was capital expenditure of US\$1,185,000 during the period (2014 - US\$923,000). There was no contracted or outstanding authorised capital expenditure at the reporting date.