

Marshall Monteagle PLC

(Incorporated in Jersey)

(Registration number: 102785)

(External registration number: 2010/024031/10)

JSE Code: MMP ISIN: JE00B5N88T08

("Marshall Monteagle" or "the Company" or "the Group")

Summarised Audited Results for the year ended 31 March 2022 and dividend declaration

Marshall Monteagle PLC, the Company, is an Investment Company but does not meet the definition of an investment entity under IFRS. It is listed on the Johannesburg Stock Exchange ("JSE") and has a wide and diversified range of investments. The Company and its subsidiaries (collectively referred to as "the Group") is a multinational enterprise that provides procurement, logistics and trading in various hard and soft commodities, industrial raw materials, consumer food and non-food products, as well as other non-operational investments including industrial and commercial properties and listed equities, through multiple investments which fall broadly into the following categories:

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

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

The Group's interests in trading companies are held in subsidiaries, each led by experienced and entrepreneurial executives. The trading companies have made substantial investment in their workforce and continue to diversify the Group's international trading base by linking world-wide suppliers of minerals and consumable goods to growing markets.

The trading environment for the Group's businesses has been very difficult owing largely to the Covid-19 pandemic which, of course, has affected local economies and businesses around the world. More recently, the war in Ukraine has compounded these difficulties but has also created new opportunities for the Group. All our companies have had to adjust to this new and challenging environment and our employees and staff in South Africa and abroad have worked very hard to achieve the results of the current period.

In the period under review, Marshall Monteagle completed the sale of its wholly owned coffee import and distribution businesses and its 50% interest in Monteagle Logistics. These had become non-core investments and their sale has freed up cash for reinvestment elsewhere.

The 18 month period has seen significant and increased challenges for the Group, brought on by the Covid-19 pandemic, but also has brought new opportunities. These include choices such as the option (and at times the need) to meet remotely via Microsoft Teams, Zoom or otherwise. This has led to increased efficiencies at a reduced cost, the virtue of an awareness of climate change and the value of preserving our planet. The pandemic has highlighted the need for companies to be able to adapt to change quickly with minimal disruption to operations and the Group has risen to this challenge admirably throughout this period.

With the increasingly worldwide roll out of vaccines, countries have been able to start opening up and resume normal trade which had been adversely impacted by the pandemic. Although there remains the possibility of new variants arising and knock-on effects of lockdowns in countries with insufficient, if any, vaccines and with "zero covid" strategies, the global outlook is looking positive and the Company has performed well despite all the challenges faced, particularly in the early days of the pandemic and, with the systems put in place, will be better able to face any future challenges.

The pandemic has highlighted the importance of ensuring that Marshall Monteagle maintains a good financial buffer, with the ongoing war in Ukraine reinforcing the need for a strong and prudent investment policy. The Company has both and will continue to re-enforce these areas in the future to ensure that the outlook for Group remains positive.

With the opening of travel, executive directors have been able to start meeting again in person with a meeting of senior management taking place recently in Switzerland. This enabled them to see at first-hand the good work done on the ground in Zug. A trip to South Africa has also been planned for all directors to meet employees in Durban and inspect operations. Trips such as these allow the Board to be able to meet the people who are

contributing to the success of the Company and to understand better the work done in the Company's global locations.

The 18 month financial period under review has seen a number of new challenges, such as the pandemic and the KwaZulu Natal riots as well as opportunities. I have been inspired by how staff and employees have gone above and beyond in their roles, pulling together and adapting quickly to the changing landscapes, to ensure the continued smooth running of the Group. I would like to thank every employee and staff member of the Group for their hard work and dedication over this period and I am proud to be the Chairman of a Group where such outstanding spirit has been shown throughout all areas of the business.

Business Review

Covid-19 caused a major but temporary reduction in stock market valuations, with the war in Ukraine causing further disruption to global markets through March 2022. This reduction in market value has been reversing prior to publication of this Annual Report. Covid-19 also impacted the trading businesses in which we have invested to varying extents, as explained more fully below.

Despite these headwinds the Group's balance sheet remains very strong, reinforced by positive trading cash inflows, and the payment of dividend is being maintained. At 31 March 2022, cash balances were US\$17,092,000.

The success of the Group's businesses is dependent on the efforts of our staff and support from other stakeholders. The disruption caused by Covid-19 has had significant impacts on everyone's working and home lives. We would like to thank our employees in particular, and all other stakeholders, for the flexibility and adaptability that they have demonstrated over the past year. Without their efforts our businesses could not operate. We will continue to support our staff in all ways possible as this virus evolves and impacts on them and their families, both physically and mentally. Employee benefits include a sizeable profit related element, and it is pleasing to see them bounce back after the decline in the previous period.

Results of operations

- Net assets per share attributable to shareholders are US\$2.53 (Sept 2020 – US\$2.32). Net assets per share have increased reflecting positive movements in the value of the South African Rand and increase in the value of investment portfolios. Net assets outside Africa, net of proposed dividends, stand at US\$72.6m, equal to US\$2.02 per share (2020 - US\$1.92); the balance of US\$17.4m, equal to US\$0.49 per share, is held in South Africa (2020 - US\$0.38per share).
- Revenue on continuing operations increased by 79% (19% on an annualised basis) to US\$201,123,000 (Sept 2020 – US\$112,519,000). In constant currency terms revenue increased by 71% (6% on an annualised basis).
- Group profit before tax increased by 130% (53% on an annualised basis) to US\$8,142,000, and in constant currency terms increased by 130% (54% on an annualised basis) to US\$8,171,000.
- Profit before tax on continuing operations increased by 3,189% (2,093% on an annualised basis) to US\$9,179,000 (Restated Sept 2020 – US\$279,000) and in constant currency terms increased by 3,169% (2,079% on an annualised basis) to US\$9,123,000.
- Headline earnings of US\$7.9 cents per share were 416% higher (311% on an annualised basis) when compared with loss of US\$(2.5) cents per share in Sept 2020.
- Basic earnings per share of US\$12.8 cents per share were 1,180% higher (753% on an annualised basis) when compared with US\$1.0 cents per share in Sept 2020.
- A final dividend of US\$1.9 cents per share was paid on 22 January 2021 and two interim dividends of US\$1.9 cents per share each were paid on 30 July 2021 and 21 January 2022 (Sept 2020 – US\$1.9 cents) bringing total dividends for the period to US\$5.7 cents (Sept 2020 – US\$3.8 cents). A final dividend of \$1.9 cents per share will be paid to the shareholders on 29 July 2022 to those shareholders on the register at the close of business on 22 July 2022

Import and Distribution

Our international import and distribution businesses originally focused on sourcing and supplying multiple retailers with own label fast moving consumer goods (FMCG). These businesses subsequently diversified into metals and minerals trading and now have further diversified into food ingredients and other inputs to manufacturers.

The import and distribution businesses supply goods to multiple retailers, wholesalers and manufacturers throughout Southern and Central Africa and South America by purchasing goods directly from suppliers and delivering them to the location specified by the customer. This division continues to constantly review its shipping and supply-chain to ensure that it remains the most cost-effective solution from factory to customer. The division remains committed to working with quality suppliers, skilled technologists and first world production facilities.

The global Covid-19 pandemic and the war in Ukraine have resulted in many challenges throughout the supply-chain and we expect these challenging conditions to continue to cause unpredictable disruption to supplies. Currency and raw material markets remain extremely volatile compounded by inflationary pressures throughout the supply chain which has materially affected volumes and margins. Buffer stocks of food ingredients and other inputs to manufacturers have been substantially increased to provide certainty of timely deliveries to our customers. We continue to compete strongly for business with existing customers and to broaden our customer and supplier base. We have achieved strong growth in our sales of manufacturing inputs, more than compensating for continuing pressure on FMCG sales.

Our Tool & Machinery import and distribution business in South Africa had a pleasing result considering market conditions. Our projected inflation, procurement and shipping concerns are now becoming a reality. We are managing the process very carefully so as to make sure we can still service our customers effectively. Consumer demand has dipped and is expected to remain low for the foreseeable future. Our strategy ahead is to have the stock availability at competitive pricing. By doing this we believe we will be able to maintain our momentum.

In the period, the Group sold the companies involved in importing, processing, and distributing coffee in South Africa. The performance, assets and liabilities of these businesses are shown as discontinued in these accounts. The Group also sold its investment in an associated company providing logistics services in South Africa as this service was no longer required. Logistics have been taken in house giving significantly better control and visibility.

The additional working capital requirements of these growing trading businesses are funded by these divestments and from cash recourses. The Group's cash balances remain high and will support continuing growth in this segment of the business.

Investment Portfolio

We continue to hold a portfolio of quality listed international equities that are expected to outperform the market in the long term. We have taken advantage of increased market volatility to substantially increase the volume of trading in the portfolio. We have invested additional funds into the portfolio of US\$2,481,000, and with the increased investment value of US\$2,636,000 and the positive effect of foreign exchange of US\$18,000 this has resulted in the market value at the period end increasing to US\$33,247,000 (2020 – US\$28,112,000). Following the invasion of Ukraine by Russia the investment policy has been changed to exclude investment in shares of Russian entities and entities trading with Russia other than incidentally.

One of our investment companies was the victim of a serious cyber-attack resulting in a major fraud in the period and losses of US\$1.4m have been recorded. Controls designed to prevent and mitigate such frauds did not function correctly, partly due to human error, exacerbated by covid related changes to working practices and the effects of illness to key staff. Controls have been strengthened to reduce the risk of similar losses in the future. Group diversification and asset allocation decisions have been reviewed and amended to further reduce risk.

Property Portfolio

Rental income from our large multi-tenanted industrial property in San Diego, USA has continued to grow and the property remains fully let. Rental rates have stabilised and remained level over recent quarters. Covid-19 has not had a significant impact on income although payment of some amounts were deferred for short periods. Covid-19 has weakened the finances of some tenants and the risk of unanticipated vacancies has increased. The Group's South African commercial and light industrial property portfolio has seen a modest increase in demand for tenancy and an improvement in the collection of rentals as the economy slowly emerges from the effects of Covid-19 and the associated lockdowns. The Group has maintained its focus on improving administrative and operational efficiencies which has resulted in a steady return for the period under review. Vacancies remain very low. The Group's property portfolio was revalued at US\$29,793,000, an increase of US\$6,021,000 compared with September 2020.

Dividend

The Directors have declared a final gross dividend for the year ended 31 March 2022 of US 1.90000 cents per share (30.10000 ZAR cents per share). The dividend will be paid on Friday 29 July 2022 to those shareholders registered at the close of business on Friday 22 July 2022.

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 Tuesday, 21 June 2022 which was US\$1 = ZAR 15.84000).

In respect of the normal gross cash dividend, and in terms of the South African Tax Act, the following dividend tax ruling only applies to those shareholders who are registered on the South African register on Friday 22 July

2022. All other shareholders are exempt.

- The dividend has been declared from income reserves, which funds are sourced from the Jersey holding company's main bank account in Switzerland.
- The gross dividend in ZAR cents is 30.096 cents.
- The dividend withholding tax rate is 20% resulting in a net dividend of US 1.52000 cents (24.0768 ZAR cents) per share to those shareholders who are not exempt from the dividend withholding tax.

The issued number of shares as at declaration date is 35,857,512.

The Company's Jersey tax number is CH4513.

Salient dates for the dividend:

Last day to trade	Tuesday 19 July 2022
Shares trade ex-dividend	Wednesday 20 July 2022
Record date	Friday 22 July 2022
Pay date	Friday, 29 July 2022

No dematerialisation or rematerialisation of share certificates, nor transfer of shares between the registers in Jersey and South Africa will take place between Wednesday 20 July 2022 and Friday 22 July 2022, both dates inclusive.

By order of the Board
City Group PLC,
Company Secretary

24 June 2022

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the 18 months ended 31 March 2022	18 months to 31 Mar 2022 US\$000	*Re-presented 12 months to 30 Sept 2020 US\$000
Continuing operations		
Group revenue	201,123	112,519
Other income	14,112	3,736
	215,235	116,255
Change in inventories of finished goods	17,861	(6,704)
Cost of finished goods, raw materials and consumables	(172,089)	(76,376)
Employee benefit expenses	(11,953)	(6,800)
Depreciation expenses	(795)	(388)
Other expenses	(35,697)	(24,052)
Share of associated companies results	-	-
Finance expense	(3,383)	(1,656)
Profit before tax	9,179	279
Taxation	(2,490)	(633)
Profit/(Loss) for the year on continuing operations	6,689	(354)
Profit from disposal of discontinued operations	676	2,559
Realised exchange differences on disposed foreign entities	(1,775)	(1,718)
(Loss)/Profit after tax on discontinued operations	(159)	178
Profit for the year	5,431	665
Profit attributable to owners of the parent	4,589	387
Profit attributable to non-controlling interests	842	278
Basic and fully diluted earnings/(loss) per share on continuing operations (US cents)	16.3c	(1.8)c
Other Comprehensive Income/(Expense) on continuing operations: -		
Items that may be reclassified subsequently to profit or loss: -		
Exchange differences on translation into US Dollars of the financial statements of foreign entities	3,762	(2,224)
Realised exchange differences on translation into US Dollars of the financial statements of disposed foreign entities	1,775	1,718
Total of items that may be reclassified	5,537	(506)
Items that will not be reclassified subsequently to profit or loss: -		
Commercial property revaluation movements	(150)	52
Less changes to tax on commercial property revaluations	99	(15)
	(51)	37
Other Comprehensive Expense on discontinued operations	-	(207)
Total Other Comprehensive Income/(Loss)	5,486	(676)
Total Comprehensive Income/(Loss)	10,917	(11)
Total Comprehensive Income attributable to owners of the parent	9,488	649
Total Comprehensive Income/(Loss) attributable to non-controlling interests	1,429	(660)

* Prior year balances have been re-presented to reflect the reclassification of share in associates to discontinued operations during the period.

Consolidated Statement of Changes in Equity

	Called up share capital US\$000	Share premium US\$000	Other reserves US\$000	Retained earnings US\$000	Total shareholders' interests US\$000	Non- controlling interests US\$000	Group Total US\$000
18 months ended 31 March 2022							
Profit after tax	-	-	1,865	2,724	4,589	842	5,431
Other Comprehensive Income – foreign exchange	-	-	4,899	-	4,899	587	5,486
Other Comprehensive Income - revaluation	-	-	-	-	-	-	-
Total Comprehensive Income	-	-	6,764	2,724	9,488	1,429	10,917
Transactions with shareholders							
Disposal of subsidiary	-	-	1,440	(1,440)	-	-	-
Dividends paid	-	-	-	(2,044)	(2,044)	(205)	(2,249)
Balances at start of period	8,964	23,606	(1,629)	52,313	83,254	4,166	87,420
Balances at end of period	8,964	23,606	6,575	51,553	90,698	5,390	96,088
12 months ended 30 September 2020							
Profit/(Loss) after tax	-	-	(912)	1,299	387	278	665
Other Comprehensive Income – foreign exchange	-	-	(312)	-	(312)	(401)	(713)
Other Comprehensive Income - revaluation	-	-	18	-	18	19	37
Total Comprehensive Income/(Expense)	-	-	(1,206)	1,299	93	(104)	(11)
Transactions with shareholders							
Disposal and loss of subsidiaries	-	-	(132)	(309)	(441)	(6,113)	(6,554)
Dividends paid	-	-	-	(1,364)	(1,364)	(68)	(1,432)
Balances at start of year	8,964	23,606	(291)	52,687	84,966	10,451	95,417
Balances at end of year	8,964	23,606	(1,629)	52,313	83,254	4,166	87,420

Consolidated Statement of Financial Position

at 31 March / 30 September

	31 Mar 2022 US\$000	30 Sept 2020 US\$000
Assets		
Non-current assets		
Investment property	29,793	23,952
Property, plant and equipment	6,882	5,328
Right of use asset	416	479
Deferred taxation	870	749
Accounts receivable in more than one year	274	-
Investments in associated company	-	430
Investments	33,247	28,112
	<u>71,482</u>	<u>59,050</u>
Current assets		
Inventories	32,083	12,422
Accounts receivable	28,091	22,436
Other current assets	434	444
Tax recoverable	531	489
Cash and cash equivalents	17,092	29,716
	<u>78,231</u>	<u>65,507</u>
Assets held for sale	-	6,128
Total assets	<u>149,713</u>	<u>130,685</u>
Current liabilities		
Bank overdrafts	(11,059)	(7,392)
Accounts payable	(25,645)	(19,992)
Lease liabilities	(194)	(110)
Other financial liabilities	(1,233)	(122)
Tax payable	(248)	(25)
	<u>(38,379)</u>	<u>(27,641)</u>
Liabilities held for sale	-	(1,203)
Net current assets	<u>39,852</u>	<u>42,791</u>
Non-current liabilities		
Financial liabilities	(6,711)	(6,679)
Lease liabilities	(289)	(427)
Deferred taxation	(8,246)	(7,315)
Total non-current liabilities	<u>(15,246)</u>	<u>(14,421)</u>
	<u>96,088</u>	<u>87,420</u>
Capital and reserves		
Called up share capital	8,964	8,964
Share premium account	23,606	23,606
Other reserves	6,575	(1,629)
Retained earnings	51,553	52,313
	<u>90,698</u>	<u>83,254</u>
Equity attributable to owners of the parent	90,698	83,254
Non-controlling interests	5,390	4,166
Total Equity	<u>96,088</u>	<u>87,420</u>

Consolidated Statement of Cash Flows

for the 18 months ended 31 March 2022

	31 Mar 2022 US\$000	30 Sept 2020 US\$000
Operating Activities		
Profit for the year	5,431	665
Adjustments:		
Taxation	2,490	2,883
Depreciation	795	555
Share of associated company's results	159	(24)
Interest paid	3,383	1,724
Loss/(Profit) on disposal of subsidiary	1,775	(3,018)
Profit on disposal of associates	(676)	-
Other income	(13,010)	(2,145)
Other expense	35	1,694
	<u>382</u>	<u>2,334</u>
Changes in working capital		
(Increase)/Decrease in inventories	(17,903)	7,098
Increase in receivables	(3,682)	(1,658)
Increase/(Decrease) in payables	8,045	(8,226)
Cash used in operations	<u>(13,158)</u>	<u>(452)</u>
Interest paid	(3,326)	(1,682)
Taxation paid	(1,782)	(2,970)
Cash outflow from operating activities	<u>(18,266)</u>	<u>(5,104)</u>
Investment activities		
Purchase of and improvements to tangible non-current assets	(1,533)	(950)
Proceeds of disposal of tangible non-current assets	18	66
Acquisition of investments	(79,944)	(8,544)
Proceeds of disposal of investments	81,055	11,085
Proceeds of disposal of subsidiary	1,000	9,964
Proceeds of disposal of associates	1,163	-
Dividends received	1,707	977
Interest received	432	747
Cash inflow from investment activities	<u>3,898</u>	<u>13,345</u>
Cash (outflow)/inflow before financing	<u>(14,368)</u>	<u>8,241</u>
Financing activities		
Repayment of long-term loans	(128)	(397)
Lease payments	(371)	(101)
Dividends paid to Group shareholders	(2,044)	(1,364)
Dividends paid to non-controlling interests of subsidiaries	(205)	(68)
Cash outflow from financing activities	<u>(2,748)</u>	<u>(1,930)</u>
(Decrease)/Increase in cash and cash equivalents	<u>(17,116)</u>	<u>6,311</u>
Cash and cash equivalents at 1 October	<u>22,324</u>	<u>16,017</u>
Effect of foreign exchange rate changes	825	217
Cash and cash equivalents at 31 March / 30 September	<u>6,033</u>	<u>22,545</u>
Cash and cash equivalents in discontinued operations	-	(221)
Cash and cash equivalents in continuing operations	<u>6,033</u>	<u>22,324</u>

EXPLANATORY NOTES

1. SEGMENTAL REPORTING

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

Import and distribution	Trade in non-perishable products, such as food, food ingredients, household consumer products, metal and minerals, and tools; primarily imports to South Africa and Latin America, and exports from, South Africa.
Property	Investment properties in USA. and South Africa.
Other activities	Mainly transactions relating to the share portfolios, profits on disposals of tangible non-current assets, local head office costs and interest.

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

Segmental analysis of results	18 months to 31 Mar 2022		Re-presented 12 months to 30 Sept 2020	
	Revenue US\$000	Profit/(loss) US\$000	Revenue US\$000	Profit/(loss) US\$000
Import and distribution *	195,951	2,787	109,506	800
Property	5,172	1,505	3,013	829
	<u>201,123</u>	<u>4,292</u>	<u>112,519</u>	<u>1,629</u>
Other activities				
Other expenses		(4,464)		(1,918)
Fair value adjustment on investments		(1,378)		(1,512)
Other income		14,112		3,736
Finance expense		(3,383)		(1,656)
Profit on continuing operations before tax		<u>9,179</u>		<u>279</u>
Discontinued operations				
(Loss)/Profit on disposal		(878)		3,018
Import and distributions- (loss)/profit from discontinued operations	-	(159)	7,700	250
	<u>201,123</u>		<u>120,219</u>	
Profit for the year before tax on continuing and discontinued operations		<u>8,142</u>		<u>3,547</u>

The below table includes sales from continuing operations to the Group's major customers representing 10% or more of Group revenue in the last two and a half years. Continuing diversification of products and customers has led to no customers representing 10% or more of the Group sales in the current reporting period.

	18 months to 31 Mar 2022 US\$000	12 months to 30 Sept 2020 US\$000
<i>Import and distribution</i>		
Customer A	-	15,289
Customer B	-	9,230

1. SEGMENTAL REPORTING (Continued)

Group revenue disaggregated by product type	18 months to 31 Mar 2022 US\$000	12 months to 30 Sept 2020 US\$000
<i>Import & Distribution</i>		
FMCG - Africa	44,036	38,688
FMCG - South America	23,393	10,246
FMCG - Total	<u>67,429</u>	<u>48,934</u>
Manufacturing inputs - Africa	31,270	3,401
Manufacturing inputs - Other	46,123	32,291
Manufacturing inputs - Total	<u>77,393</u>	<u>35,692</u>
Tool and Machinery	51,129	24,880
	<u>195,951</u>	<u>109,506</u>
<i>Property</i>	5,172	3,013
Total	<u>201,123</u>	<u>112,519</u>

Segment assets consist of investment properties, property, plant and equipment, inventories and receivables and exclude investments, cash and tax balances. Segment liabilities are operating liabilities and exclude items such as taxation and borrowings. Unallocated assets and liabilities are investments, holding company assets and liabilities, cash balances, taxation and borrowings. Capital expenditure comprises improvements and additions to investment properties and property, plant and equipment. The increase in import and distribution net assets reflects the increase in turnover of these businesses and increases in buffer stocks held to minimise disruption to trade.

Segmental analysis of net assets 31 March 2022	Assets US\$000	Liabilities US\$00	Net assets US\$000	Capital Expenditure US\$000	Depreciation/ amortisation US\$000
Import and distribution	65,508	(25,984)	39,524	1,506	(703)
Property	31,491	(593)	30,898	27	(92)
Unallocated (including investments, cash, tax and debt)	52,714	(27,048)	25,666	-	-
Consolidated total	<u>149,713</u>	<u>(53,625)</u>	<u>96,088</u>	<u>1,533</u>	<u>(795)</u>
30 September 2020					
Import and distribution	39,473	(18,832)	20,641	826	(359)
Property	25,195	(794)	24,401	179	(29)
Investment in associated companies	430	-	430	-	-
Unallocated (including investments, cash, tax and debt)	59,459	(22,436)	37,023	-	-
Consolidated total on continuing operations	124,557	(42,062)	82,495	1,005	(388)
Discontinued operations – held for sale	6,128	(1,203)	4,925	543	(166)
Consolidated total	<u>130,685</u>	<u>(43,265)</u>	<u>87,420</u>	<u>1,548</u>	<u>(554)</u>

Secondary reporting format – geographical segments

The Group operates in the following geographic areas:

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

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

1. SEGMENTAL REPORTING (Continued)

Segmental analysis at 31 March 2022	Group revenue US\$000	Non-Current assets US\$000	Total Assets US\$000	Total Liabilities US\$000
Europe	85,277	93		(14,688)
United States	2,372	18,401	63,441	(11,557)
Total outside South Africa	87,649	18,494	28,158	(26,245)
			91,599	
South Africa	113,474	18,871	58,114	(27,380)
Total	201,123	37,365	149,713	(53,625)

Segmental analysis at 30 September 2020	Group revenue US\$000	Non-current assets US\$000	Total Assets US\$000	Total Liabilities US\$000
Europe	57,317	109	56,930	(15,384)
United States	1,492	14,316	26,835	(11,058)
Total outside South Africa	58,809	14,425	83,765	(26,442)
South Africa	53,710	15,764	40,792	(15,620)
Total continuing operations	112,519	30,189	124,557	(42,062)
Discontinued operations – South Africa	7,700	1,601	6,128	(1,203)
	120,219	31,790	130,685	(43,265)

2. OTHER INCOME

	18 months to 31 Mar 2022 US\$000	12 months to 30 Sept 2020 US\$000
Net fair value adjustments on investment property	4,459	838
Net fair value adjustments on forward foreign exchange contracts	3	-
Dividend income	1,621	865
Interest income	432	745
Other income	464	141
Legal claim	223	309
Exchange gains	-	305
Net gain on disposal of investments	6,910	533
Total other income in continuing operations	14,112	3,736
Other income in discontinued operations	-	86
	14,112	3,822

3. OTHER EXPENSES

	18 months to 31 Mar 2022 US\$000	12 months to 30 Sept 2020 US\$000
Freight and distribution	(11,739)	(9,729)
Legal and professional fees	(1,982)	(1,714)
Impact of fraud	(1,400)	-
Net fair value adjustment on investments	(1,378)	(1,512)
Exchange losses	(1,214)	(909)
Marketing and sales expenses	(3,456)	(2,031)
Lease costs:		
Premises	(65)	(62)
Plant, equipment and vehicles	(699)	(299)
Loss on disposal of non-current tangible assets	(33)	(94)
Impairment	(266)	(11)
Audit related	(777)	(475)
Administration and other expenses	(12,688)	(7,216)
Total other expenses on continuing operations	<u>(35,697)</u>	<u>(24,052)</u>
Other expenses in discontinued operations	<u>-</u>	<u>(2,043)</u>
	<u>(35,697)</u>	<u>(26,095)</u>

The increase in audit related costs reflects the additional work for the 18 month period including interim reporting.

4. DISCONTINUED OPERATIONS

a) Monteagle Africa Limited

During the financial year ended 30 September 2019 Monteagle Africa Limited only had one customer and that customer made an offer to buy our shareholding; following which the Directors took a decision to sell their 50.1% shareholding in Monteagle Africa Limited. Consequently, the investment held in Monteagle Africa Limited as well as indirect investment held via Monteagle Africa, namely Monteagle Merchandising Propriety Limited – 50% and Gayle Henderson Marketing Propriety Limited - 26%, were disclosed as assets held for sale at Sept 2019 year end and their associated liabilities also classified as held for sale.

The sale was effective and finalised during 2020 financial year and consideration of ZAR151,000,000 was received in full.

	30 Sept 2020 US\$000
Net asset sold	9,501
Intercompany loan added back	2,409
Adjustment to prior year closing minority interest	(569)
Minority interest	(6,113)
Total net asset sold	<u>5,228</u>
Profit on disposal	<u>4,736</u>
Consideration received	<u>9,964</u>

4. DISCONTINUED OPERATIONS (continued)

b) Global Coffee Exports Limited

In November 2020, the Group sold, to a private equity company, a controlling stake (68%) in Monteagle Merchant Group Ltd, the holding company owning 100% of Global Coffee Exports Ltd, a company involved in importing, processing, and distributing coffee in South Africa, for US\$1,500,000. From November 2020 the Group no longer had significant influence over Monteagle Merchant Group (including Global Coffee Exports Ltd), therefore the remaining 32% holding was accounted for and presented as an unlisted investment acquired at fair value equal to the "value of interest retained as an investment". Sales proceeds were reinvested within the stock market investment portfolio of the Group.

Subsequently, in February 2022 the remaining 32% holding (which was held as an investment) was sold for \$772,000. As Monteagle Merchant Group Ltd was an unlisted investment at the time of sale the transaction has been accounted for in accordance with the accounting policy for such investments and is not shown here as a disposal of discontinued operations

In accordance with the terms of the share purchase agreements US\$812,000 of the total sale considerations remain outstanding as a current loan with no fixed repayment dates bearing interest at a variable rate, currently 3% p.a.

	30 Sept 2020 US\$000
Assets held for sale	
Property, plant and equipment	1,601
Inventories	3,059
Trade and other receivables	1,247
Cash and cash equivalents	221
	<u>6,128</u>
Liabilities held for sale	
Trade and other payables	<u>(1,203)</u>
	<u>(1,203)</u>
Comprehensive income	
Revenue	7,700
Cost of sales	(4,610)
Other Income	86
Operating and other expenses	(2,883)
Finance costs	(67)
Profit before tax	226
Taxation	(72)
Profit after tax	<u>154</u>
Cashflows from discontinued operations	
Operating activities	290
Investing activities	(520)
Financing activities	81
Net cash outflows on discontinued operations	<u>(149)</u>
Assets held for sale	6,128
Liabilities held for sale	(1,203)
Net assets sold	4,925
Intercompany payables	(2,729)
Total net assets sold	2,196
Value of interest retained as an investment	(696)
Consideration receivable	(1,500)
Profit on disposal	<u>-</u>

c) Monteagle Logistics Limited

Effective 28 January 2022, the group sold its 50% stake in its associate Monteagle Logistics Limited for ZAR 17m (US\$1,138,000) before tax. The group made a gain on disposal before tax of \$897,000.

5. INVESTMENT IN ASSOCIATED COMPANY

Effective 28 January 2022, the group sold its 50% stake in Monteagle Logistics Limited for ZAR 17m (US\$1,138,000) before tax. The group made a gain on disposal before tax of \$897,000.

	31 Mar 2022 US\$000	30 Sept 2020 US\$000
Balance brought forward	430	409
Translation adjustment on balance brought forward	61	(37)
Share of net asset value of former subsidiary – now accounted for as associate	-	147
Share of results for the period	(159)	24
Translation adjustment on results for the period	(5)	(1)
Dividends received	(86)	(112)
Disposal	(241)	-
Balance carried forward	<u>-</u>	<u>430</u>

	31 Mar 2022	30 Sept 2020
Investment in associate held		
Monteagle Logistics Limited – Logistics and warehousing company Incorporated and operating in South Africa	-	50%

6. EARNINGS AND HEADLINE EARNINGS PER SHARE

Earnings per share and headline earnings per share are based on the result attributable to shareholders of the Group and on the weighted average of shares in issue of 35,857,512 (2020 – 35,857,512). There are no dilutive instruments in issue.

	18 months to 31 Mar 2022 US\$16.3c	Re-presented 12 months to 30 Sept 2020 US\$(1.8)c
Basic earnings/(loss) per share on continuing operations	US\$16.3c	US\$(1.8)c
Basic (loss)/earnings per share on discontinued operations	US\$(3.5)c	US\$2.8c
Basic and fully diluted earnings per share	US\$12.8c	US\$1.0c
Headline basic earnings/(loss) per share on continuing operations	US\$8.3c	US\$(3.0)c
Headline basic (loss)/earnings per share on discontinued operations	US\$(0.4)c	US\$0.5c
Headline basic and fully diluted earnings per share on continuing and discontinued operations	US\$7.9c	US\$(2.5)c
	US\$'000	US\$'000
Basic earnings on continuing and discontinued operations	4,589	387
Share of loss/(profit) on discontinued operations	1,258	(1,019)
Basic earnings/(loss) on continuing operations	5,847	(632)

	Gross US\$000	Tax US\$000	18 months to 31 Mar 2022 Net US\$000
Reconciliation between basic and headline earnings			
<i>Basic earnings on continuing and discontinued operations</i>			4,589
<i>Adjusted for: -</i>			
Fair value adjustments on investment property revaluation	(4,459)	1,306	(3,153)
Net profit on disposal of an associate	(897)	221	(676)
Foreign currency translation reserve recycled to profit or loss	1,504	-	1,775
Net impairment of non-current asset	266	-	266
Net loss on disposal of non-current tangible assets	33	-	33
Headline earnings			2,834

6. EARNINGS AND HEADLINE EARNINGS PER SHARE (continued)

	Gross US\$000	Tax US\$000	12 months to 30 Sept 2020 Net US\$000
Reconciliation between basic and headline earnings			
<i>Basic earnings on continuing and discontinued operations</i>			387
<i>Adjusted for: -</i>			
Fair value adjustments on investment property revaluation	(838)	294	(544)
Net profit on disposal of a subsidiary	(4,736)	2,177	(2,559)
Foreign currency translation reserve recycled to profit or loss	1,718	-	1,718
Net impairment of non-current tangible asset	-	-	11
Net loss on disposal of non-current tangible assets	-	-	103
Re-measurements included in equity-accounted earnings of associates	-	-	1
Headline loss			<u>(883)</u>

7. INVESTMENTS

	18 months to 31 Mar 2022 US\$000	12 months to 30 Sept 2020 US\$000
Listed investments		
Balance brought forward	25,570	27,050
Translation adjustment	18	(30)
	<u>25,588</u>	<u>27,020</u>
Additions	77,739	8,544
Disposals	(73,451)	(8,552)
Fair value adjustments	3,136	(1,175)
Fair value adjustments realised on disposal	(4,014)	(267)
Balance carried forward	<u>28,998</u>	<u>25,570</u>
Treasury bills		
Balance brought forward	-	2,000
Disposals	-	(2,000)
Balance carried forward	<u>-</u>	<u>-</u>
Unlisted investment		
Balance brought forward	2,542	2,612
Additions	2,903	-
Disposals	(696)	-
Fair value adjustments	(500)	(70)
Balance carried forward	<u>4,249</u>	<u>2,542</u>
Net book value	<u>33,247</u>	<u>28,112</u>
	31 Mar 2022 US\$000	30 Sept 2020 US\$000
Geographical analysis		
Listed investments in:		
UK	8,431	6,190
USA	10,765	9,787
Europe	5,153	4,814
Switzerland	3,008	3,364
Japan	-	1,290
South Africa	1,641	125
	<u>28,998</u>	<u>25,570</u>
Unlisted in Europe	4,249	2,542
	<u>33,247</u>	<u>28,112</u>

7. INVESTMENTS (continued)

A portion of the parent company's listed portfolio investments, with a value of US\$22,222,000 (30 Sept 2020 – US\$17,916,000) is pledged to secure an overdraft facility of US\$3,989,000 (30 Sept 2020 – US\$3,989,000), of which US\$4,210,000 (30 Sept 2020 – US\$1,652,000) is drawn at the reporting date.

The Group owns 1,641,309 Ordinary Shares in Heartstone Inns Ltd (14.7%) (30 Sept 2020 – 1,641,309 Ordinary shares). This unlisted investment is carried at fair value of US\$2,557,000 (30 Sept 2020 - US\$2,542,000) which is calculated based on the net asset value per share (calculated in accordance with UK adopted International Accounting Standards) at 31 March 2022 of US\$1.73 (30 Sept 2020 - US\$1.72) less a discount of 10% to take into account the illiquidity of this holding in a private company, based upon management accounts. The primary drivers for changes in net asset value are changes in the valuations of the properties owned by Heartstone Inns Ltd and exchange rate movements between £ sterling (the currency used by Heartstone Inns Ltd to prepare accounts) and US\$. The properties were last revalued at 31 December 2021 and management believes there have been no significant changes to those property valuations since. Further information about Heartstone Inns is available from its website: www.heartstoneinns.co.uk.

The unlisted investment in GTNS2 Ltd was acquired in October 2020 when 265 shares were acquired at a cost of US\$1,759,000. A further 98 shares were acquired as part of a rights issue in December 2021. This investment is carried at fair value of US\$1,692,000 which is calculated based on the value per share of \$4,661 for the rights issue (which is the most recent fundraising) and the 363 shares held. GTNS2 is the holding company for the Getronics Group, a digital support services business. The value of this business depends on the ability of Getronics to retain and attract new customers for its services, and to price those services profitably. Further information about Getronics is available from its website: www.getronics.com.

8. FINANCIAL INSTRUMENTS

IFRS 13 requires disclosure of fair value measurements under the following hierarchy:

Financial assets and liabilities are classified in their entirety into one of the three levels determined on the basis of the lowest input that is significant to the fair value measurement.

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

Values 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

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

The categories of financial instruments used by the Company are:	Fair Value Hierarchy Level	31 Mar 2022 US\$000	30 Sept 2020 US\$000
Financial assets			
<i>At fair value through Profit or Loss</i>			
Investments – listed	1	28,998	25,570
Investments – unlisted	3	4,249	2,542
Forward foreign exchange contracts in Other financial assets	2	-	21
<i>At amortised cost</i>			
Accounts receivable – non-current	n/a	274	-
Accounts receivable - current	n/a	28,091	22,436
Cash at bank in Cash and cash equivalents	n/a	17,092	28,084
Money market funds in Cash and cash equivalents	n/a	-	1,632
Financial liabilities			
<i>At amortised cost</i>			
Trade and other payables – current –	n/a	25,632	19,964
Bank loans - non-current secured	n/a	6,711	6,679
Bank overdrafts	n/a	11,059	7,392
Lease liability	n/a	194	110
<i>At fair value through Profit or Loss</i>			
Forward foreign exchange contracts in Other financial liabilities	2	1,233	122

8. FINANCIAL INSTRUMENTS (continued)

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

The carrying value of bank loans payable in more than one year and loans receivable 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.

9. CASH AND CASH EQUIVALENTS

Analysis of net funds	2020	Exchange movements	Cash Flow movement	Discontinued Operations	2022
	US\$000	US\$000	US\$000	US\$000	US\$000
Cash at bank and in hand	28,084	668	(11,660)	-	17,092
Money market funds	1,632	231	(1,863)	-	-
	<u>29,716</u>	<u>899</u>	<u>(13,523)</u>	<u>-</u>	<u>17,092</u>
Bank overdrafts	(7,392)	(74)	(3,593)	-	(11,059)
	<u>22,324</u>	<u>825</u>	<u>(17,116)</u>	<u>-</u>	<u>6,033</u>

10. EVENTS AFTER THE REPORTING DATE

The Directors have approved the payment of a final dividend of US\$1.9 cents, (2020 – final dividend of US\$1.9 cents) making a total of US\$5.7 cents (2020 – US\$3.8 cents) for the period. Details and salient dates of the final dividend were published on 24 June 2022.

Certain companies within the Group have been involved in legal proceedings against former employees and former consultants. Proceedings are on-going in South Africa involving a claim from a former consultant and the Group's counter claim for financial damages from him. A claim is also being pursued in Jersey against the same former consultant where financial damages are also claimed by both parties. It is expected that those Jersey proceedings will only be heard later in 2022 or 2023 and the South Africa proceedings in 2025 at the earliest. Therefore, it is too early to quantify the outcome of the proceedings, however it is not expected they will result in a liability.

11. 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 interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), the SAICA Financial Reporting Guides as issued by the Financial Reporting Standards Council and the Financial Pronouncements as issued by the Financial Reporting Council, JSE Listings Requirements and in accordance with Article 105 of the Companies (Jersey) Law, 1991.

The consolidated financial statements have been prepared on the historical cost basis except for the revaluation of certain commercial and investment properties and financial instruments which are measured at fair value. 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.

Going Concern

The Directors have established that: there have been no significant events that are not in the ordinary course of business since the reporting date; all borrowing facilities are still in place; the substantial liquid resources held in cash and in the share portfolios are still available; and that there has been no major capital expenditure nor acquisitions since the reporting date. The forecasts and projections of the entities in the Group, taking account of (i) reasonably possible declines in revenue; (ii) the consequence of the Covid-19 pandemic compared to 2020; (iii) the Group's bank covenants and liquidity headroom taking into account expected dividends, shows that the Company and other Group entities would be able to operate with appropriate liquidity and be able to meet their liabilities as they fall due. The Group will also be in a position to meet all its obligations for at least twelve months from the approval of these consolidated financial statements. The Directors therefore believe that the going concern basis is appropriate for the Group.

Responsibility Statement

The Directors take full responsibility for the preparation of these summarised audited results and confirm and that the financial information therein has been correctly extracted from the underlying audited annual financial statements.

Audit Report

This report for the year ended 31st March 2022 was prepared under the supervision of the Financial Director, Mr E.J. Beale. Although these financial results were themselves not audited they are extracted from the consolidated and company annual financial statements which were audited by Grant Thornton Limited who issued an unmodified audit opinion on the financial statements. Their audit opinion, together with the audited annual financial statements, can be viewed at www.city-group.com/london-finance-investment-group-plc/marshall-monteagle-plc/ which also provides more details on the key audit matters on pages 58 to 63 of the annual financial statements. The audited Annual Report will be mailed to shareholders on 30th June 2022.

24 June 2022
Johannesburg

Sponsor
Questco Corporate Advisory Proprietary Limited