

MARSHALL MONTEAGLE PLC REPORT & ACCOUNTS 2022



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Marshall Monteagle PLC

Annual Report and Consolidated Financial Statements For the 18 months ended 31 March 2022

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Directors

R.C. KERR, *Non-Executive Chairman* † *

Rory Kerr joined the Board in 2010 and was appointed Non-Executive Chairman on 15 May 2020. He resides in Dublin and is qualified as a South African attorney, notary and conveyancer, as well as an English solicitor and an Irish solicitor (non-practising). Since 30 April 2015, Rory has been a consultant to the legal services practice of the Maitland Group of which he was a principal and a partner in the legal services practice from 1982 to 30 April 2015. As of 1 February 2022, Maitland Group was acquired by Stonehage Fleming Advisory ("Stonehage") and Rory continues to provide consultancy services to Stonehage. Rory has been a director of a number of public and private companies and investment funds including from 1982 to 2010, Marshall Monteagle Holdings SA and its predecessors. Rory has acted as a trustee of Employee Share Incentive Plans of certain publicly listed companies and continues to act as a director of a publicly held investment company and of a number of private companies as well as a trustee or a protector of a number of family trusts.

D.C. MARSHALL, *Executive Director and 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 1982 he was a founder director of the Company's predecessor which became Marshall Monteagle Holdings SA of which he was also appointed Chief Executive in 1996 and remained on its board until 2010 when it was succeeded and replaced by Marshall Monteagle PLC. In recent years, he has taken a leading role in the reorganisation and development of medium sized listed companies in the UK and overseas. He is also chairman of London Finance & Investment Group PLC and Western Selection PLC.

E. J. BEALE, *Executive Director and Financial Director*

Edward Beale was appointed to the Board on 27th February 2013. 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 London Finance & Investment Group PLC, Western Selection PLC, Brand Architekts Group plc, and Heartstone Inns Limited. He was a member of the Accounting Standards Board, the body responsible for setting accounting standards for the UK for six years to August 2014. He is a Chartered Accountant and a director of City Group PLC, the Company Secretary.

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

Ben Newman is the Managing Director of IQ-EQ (Jersey) Limited ("IQ-EQ") and was appointed to the Board of the Company on 1 August 2013. On 15 May 2020, Ben Newman was appointed as Chairman of the Remuneration Committee. Ben joined IQ-EQ in 2008 and he has over 30 years' experience in the private wealth industry 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.

D.J. DOUGLAS, *Non-Executive Director* † *

Dean Douglas joined the Board on 16 August 2020 and on 15 May 2020 he was appointed as Chairman of the Audit Committee. He is a Director of Private Wealth at IQ-EQ and joined IQ-EQ in 2002 having moved to Jersey from Cape Town, South Africa in 1995. He has over 26 years' experience in the private wealth industry. Dean is FCCA qualified and a full member of the ACCA since 2003. Dean is also a member of the Society of Trust and Estate Practitioners.

† Member of the Audit Committee

* Member of the Remuneration Committee

Results in Brief, Analysis of Assets, Financial Calendar and Share Information

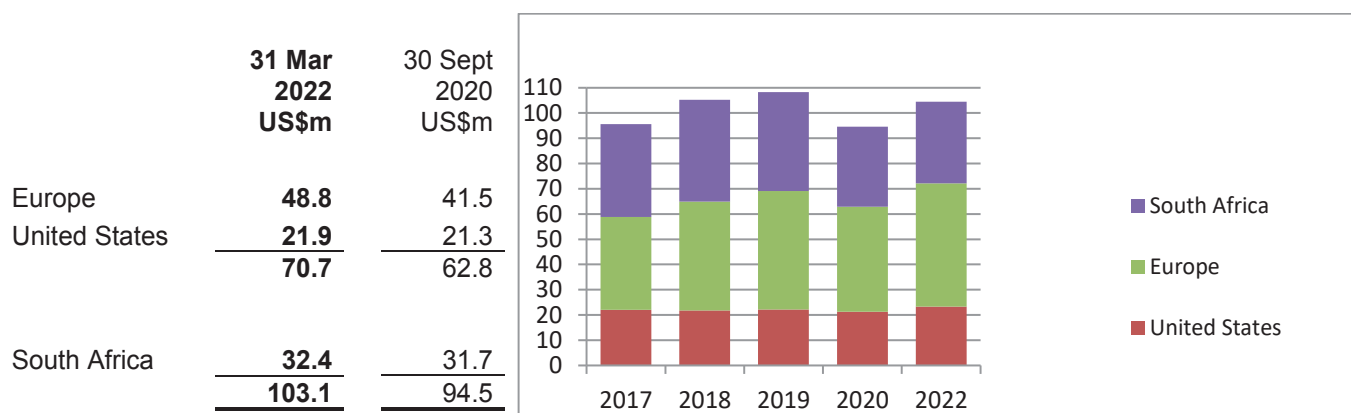
GROUP RESULTS IN BRIEF

	Group	
	18 months to 31 Mar 2022 US\$000	12 months to 30 Sept 2020 US\$000
Revenue including discontinued operations	<u>201,123</u>	<u>120,219</u>
Revenue on continuing operations	<u>201,123</u>	<u>112,519</u>
Profit before tax and non-controlling interests	<u>8,142</u>	<u>3,547</u>
Profit before tax and non-controlling interests on continuing operations	<u>9,179</u>	<u>303</u>
Profit after tax and non-controlling interests	<u>4,589</u>	<u>387</u>
Net assets per share attributable to shareholders	<u>US\$2.53</u>	<u>US\$2.32</u>
Basic earnings per share	<u>US\$12.8c</u>	<u>US\$1.0c</u>
Basic earnings/(loss) per share on continuing operations	<u>US\$16.3c</u>	<u>US\$(1.7)c</u>
Final dividend (paid on 22 January 2021)	<u>US\$1.9c</u>	US\$1.9c
Interim dividend (paid on 30 July 2021)	<u>US\$1.9c</u>	US\$1.9c
Second interim dividend (paid on 21 January 2022)	<u>US\$1.9c</u>	-
	<u>US\$5.7c</u>	<u>US\$3.8c</u>

Results in Brief, Analysis of Assets, Financial Calendar and Share Information (continued)

ANALYSIS OF ASSETS, NET OF CURRENT LIABILITIES

before long term finance and non-controlling interests



	30 Sept 2017	30 Sept 2018	30 Sept 2019	30 Sept 2020	31 Mar 2022
	US\$m	US\$m	US\$m	US\$m	US\$m
Financed by:					
Shareholders' equity	73.3	80.6	85.0	83.3	90.7
Non-controlling interests	9.0	10.4	10.5	4.1	5.4
Long term finance	13.6	14.9	12.8	7.1	7.0
	95.9	105.9	108.3	94.5	103.1

FINANCIAL CALENDAR

Financial period-end: 31 March 2022

Summarised audited results announcement: 24 June 2022

SHARE INFORMATION

The Company has 35,857,512 (2020: 35,857,512) shares in issue which are listed on the JSE Limited ("JSE") and the share price as at 21 June 2022, the latest practicable date prior to the publication of this Annual Report, was ZAR 15.84

Chairman Statement

For the 18 months ended 31 March 2022

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 (note 7). 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.

R. C. Kerr, Chairman

Business Review

For the 18 months ended 31 March 2022

Introduction

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.

Business Review (continued)

For the 18 months ended 31 March 2022

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 (note 7b). 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 (note 13).

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.

R.C. Kerr
Chairman

D.C. Marshall
Chief Executive

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the 18 months ended 31 March 2022	Notes	18 months to 31 Mar 2022 US\$000	*Re-presented 12 months to 30 Sept 2020 US\$000
Continuing operations			
Group revenue	3	201,123	112,519
Other income	4	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	11/12	(795)	(388)
Other expenses	5	(35,697)	(24,052)
Share of associated companies results	13	-	-
Finance expense		(3,383)	(1,656)
Profit before tax		9,179	279
Taxation	6	(2,490)	(633)
Profit/(Loss) for the year on continuing operations		6,689	(354)
Profit from disposal of discontinued operations	7	676	2,559
Realised exchange differences on disposed foreign entities		(1,775)	(1,718)
(Loss)/Profit after tax on discontinued operations	7	(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)			
	8	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	20	3,762	(2,224)
Realised exchange differences on translation into US Dollars of the financial statements of disposed foreign entities	20	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	11	(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.

The notes on pages 12 to 45 form part of these Consolidated Financial Statements.

Consolidated Statement of Changes in Equity

	Called up share capital	Share premium	Other reserves	Retained earnings	Total shareholders' interests	Non-controlling interests	Group Total
	US\$000 (Note 19)	US\$000	US\$000 (Note 20)	US\$000	US\$000	US\$000	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	-	-	1,440	(1,440)	-	-	-
Disposal of subsidiary (note 7)	-	-	-	(2,044)	(2,044)	(205)	(2,249)
Dividends paid (note 9)	-	-	-	52,313	52,313	4,166	87,420
Balances at start of period	8,964	23,606	(1,629)		83,254		
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	-	-	(132)	(309)	(441)	(6,113)	(6,554)
Disposal and loss of subsidiaries (note 7)	-	-	-	(1,364)	(1,364)	(68)	(1,432)
Dividends paid (note 9)	-	-	-	52,687	52,687	10,451	95,417
Balances at start of year	8,964	23,606	(291)		84,966		
Balances at end of year	8,964	23,606	(1,629)	52,313	83,254	4,166	87,420

12 months ended 30 September 2020

The notes on pages 12 to 45 form part of these Consolidated Financial Statements.

Consolidated Statement of Financial Position

at 31 March / 30 September

	Notes	31 Mar 2022 US\$000	30 Sept 2020 US\$000
Assets			
Non-current assets			
Investment property	10	29,793	23,952
Property, plant and equipment	11	6,882	5,328
Right of use asset	12	416	479
Deferred taxation	18	870	749
Accounts receivable in more than one year		274	-
Investments in associated company	13	-	430
Investments	14	33,247	28,112
		<u>71,482</u>	<u>59,050</u>
Current assets			
Inventories	15	32,083	12,422
Accounts receivable	16a	28,091	22,436
Intangible assets	16b	434	444
Trade receivable		531	489
Cash equivalents	22	17,092	29,716
		<u>78,231</u>	<u>65,507</u>
Assets held for sale	7	-	6,128
Total assets		<u>149,713</u>	<u>130,685</u>
Current liabilities			
Bank overdrafts	17a/22	(11,059)	(7,392)
Accounts payable	17a	(25,645)	(19,992)
Lease liabilities	12	(194)	(110)
Other financial liabilities	17b	(1,233)	(122)
Tax payable		(248)	(25)
		<u>(38,379)</u>	<u>(27,641)</u>
Liabilities held for sale	7	-	(1,203)
Net current assets		<u>39,852</u>	<u>42,791</u>
Non-current liabilities			
Financial liabilities	17	(6,711)	(6,679)
Lease liabilities	12	(289)	(427)
Deferred taxation	18	(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	19	8,964	8,964
Share premium account		23,606	23,606
Other reserves	20	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>

The Consolidated Financial Statements on pages 8 to 45 were approved and authorised for issue by the Board of Directors on 24 June 2022 and signed on its behalf by:

R.C. Kerr
Chairman

D.C. Marshall
Chief Executive

The notes on pages 12 to 45 form part of these Consolidated Financial Statements.

Consolidated Statement of Cash Flows

for the 18 months ended 31 March 2022

	Notes	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	13	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
		382	2,334
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		(13,158)	(452)
Interest paid		(3,326)	(1,682)
Taxation paid		(1,782)	(2,970)
Cash outflow from operating activities		(18,266)	(5,104)
Investment activities			
Purchase of and improvements to tangible non-current assets	10/11	(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	7	1,000	9,964
Proceeds of disposal of associates		1,163	-
Dividends received	4/13	1,707	977
Interest received		432	747
Cash inflow from investment activities		3,898	13,345
Cash (outflow)/inflow before financing		(14,368)	8,241
Financing activities			
Repayment of long-term loans	17	(128)	(397)
Lease payments	12	(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		(2,748)	(1,930)
(Decrease)/Increase in cash and cash equivalents		(17,116)	6,311
Cash and cash equivalents at 1 October	22	22,324	16,017
Effect of foreign exchange rate changes		825	217
Cash and cash equivalents at 31 March / 30 September	22	6,033	22,545
Cash and cash equivalents in discontinued operations		-	(221)
Cash and cash equivalents in continuing operations		6,033	22,324

The notes on pages 12 to 45 form part of these Consolidated Financial Statements.

Notes to the Consolidated Financial Statements

For the 18 months ended 31 March 2022

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 rounded to the nearest thousand and presented in United States dollars (US\$), which is the functional currency of the Group because it is the currency used for the selection, and assessment of performance, of investments.

The Group has changed its financial reporting date to 31 March and this first set of consolidated financial statements adopting the new financial reporting date is for the 18 month period ended 31 March 2022. The comparative period presented in these consolidated financial statements was for the year ended 30 September 2020.

2. ACCOUNTING POLICIES

a) 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.

Changes in accounting policy

Some accounting pronouncements which have become effective from 1 January 2021 and have therefore been adopted do not have a significant impact on the Group's financial results or position.

New standards and interpretations

At the date of authorisation of these consolidated financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the IASB. None of these Standards or amendments to existing Standards have been adopted early by the Group. Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Group's consolidated financial statements (note 30).

b) Estimates and Judgements

The Group is required, in conformity with IFRS, to make estimates and judgements 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.

2. ACCOUNTING POLICIES (continued)

c) Estimates and Judgements (continued)

The critical judgements that the directors have made in the process of applying the Group's accounting policies mainly also involve estimations (which are dealt with separately below).

The main critical judgements, not involving estimation, which has significant effect on the amounts recognised in the consolidated financial statements, are: the use of United States dollars (US\$) as functional and presentational currency as explained in note 1 above; and the consideration of whether there is sufficient control for investment companies to be accounted for as subsidiaries (notes 2(d) and 29).

The most significant estimates relate to: the valuation of properties (notes 2(i) and 27), residual value and useful lives of tangible assets (notes 10 and 2(ii)), valuation of unlisted investments (notes 14 and 2(l)), valuation of inventories (notes 15 and 2 (m)) and recognition of deferred tax assets based on recoverability (notes 18 and 2(n)).

d) Basis of Consolidation

Subsidiaries included in these consolidated financial statements are all 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, and the consequent adjustments are made during the consolidation process.

When the group ceases to consolidate or equity account for an investment because of a loss of control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the Consolidated Statement of Profit or Loss and Other Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Financial Position. When the group ceases to consolidate or equity account for an investment because of a loss of control or significant influence, the carrying amount of any non-controlling interests in the former controlled entity is derecognised directly in the Consolidated Statement of Changes in Equity.

e) 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.

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 are recognised as a reduction in the carrying value of the investment.

Unrealised gains on transactions between the Group and its associates 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.

Notes to the Consolidated Financial Statements (continued)

For the 18 months ended 31 March 2022

2. ACCOUNTING POLICIES (continued)

f) Revenue

The main revenue streams are import, export and distribution of manufacturing inputs, tools, food and household consumer products. For product lines where no stock is carried, the Group purchases goods from manufacturers/suppliers to the specification set by our customer and retains ownership of those goods from point of purchase to point of delivery. Prices are fixed and are determined on a contract by contract basis. Where stock is carried by the Group prices are based off regularly updated price lists.

Revenue from contracts with customers -

Revenue is recognised upon transfer of promised goods to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods.

Rebates and discounts are set off against Revenue on the statement of profit and loss. They are recorded in profit and loss immediately when all conditions related to the rebate and discount are met. These are initially based on expectations and updated when determined.

Contracts contain one performance obligation being a supply of goods to customers. The shipping element of contracts with customers is not distinct and does not create a separate performance obligation. Revenue from sale of goods to customers is recognised when the performance obligation is satisfied at a point in time i.e. when goods are delivered to the location specified by the customer which is the date when control of the goods passes. For international trade that might be the port of loading or discharge, or delivery to the customer's premises. Deliveries to domestic customers are normally to the customer's premises.

Payment terms are typically 60 to 120 days from the date of delivery.

Rental income on properties is recognised on a straight-line basis over the lease term (note 2(o)).

g) Administration costs and Costs of finished goods, raw materials and consumables

Expenses, including costs of finished goods, raw materials and consumables, administration expenses, staff costs and other expenses, are accounted for on an accruals basis and are recognised in Profit or Loss on the transaction date. Costs of raw materials, finished goods and consumables are included in inventory on the Consolidated Statement of Financial Position and expensed when sold.

h) Interest and Dividends

Interest arising on financial instruments measured at amortised cost is recognised on an accruals basis in other income/other expenses and calculated using the effective interest rate

Dividends are recognised when the shareholder's right to receive payment has been established and recorded gross of any withholding tax within other income.

i) Investment Properties

Investment properties are those held to earn rental income and for capital growth. These properties are initially recognised at cost and subsequently measured at fair value. These properties are independently valued on an open market basis at regular intervals. 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. Open market value is considered to approximate to fair value. Changes in fair value are included as part of Profit or Loss. Cumulative changes in fair value are recorded in profit and loss and then transferred to other reserves in shareholders' equity. All maintenance and running costs are charged in operating costs in the year that they occur.

j) Property, plant and equipment

Property, plant and equipment is comprised of plant, equipment, vehicles and commercial property.

An item of Property, plant and equipment is recognised as an asset, if it is probable that future economic benefits associated with the asset will flow to the entity and the cost of the item can be measured reliably. Similarly, it is derecognised on disposal or when no future economic benefit is expected from its use or disposal.

Commercial properties are held for use in the production and supply of goods or services and/or for administrative purposes. They are recognised at cost and carried at fair value under the revaluation model, based on annual valuations by external independent valuers. Improvement costs are capitalised. Increases in the carrying amounts arising on revaluation are recognised, net of depreciation and accumulated in Other reserves in shareholders' equity.

Notes to the Consolidated Financial Statements (continued)

For the 18 months ended 31 March 2022

2. ACCOUNTING POLICIES (continued)

Commercial properties are held for use in the production and supply of goods or services and/or for administrative purposes. They are recognised at cost and carried at fair value under the revaluation model, based on annual valuations by external independent valuers. Improvement costs are capitalised. Increases in the carrying amounts

arising on revaluation are recognised, net of tax, in other comprehensive income and accumulated in Other reserves in shareholders' equity.

To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss.

Residual values of commercial buildings are reviewed annually, and where these have been assessed to be greater than carrying value the depreciation charge on these properties has been determined to be nil. Where residual values are less than carrying values, the difference is recognised as depreciation over the useful life of the property on a straight-line basis. Useful lives are reassessed annually. Land is not depreciated. On disposal of revalued assets, amounts in Other reserves relating to that asset are transferred to Retained earnings.

Depreciation Rate: Commercial property - buildings	2%-5%
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Plant, equipment, and vehicles are initially measured at cost and subsequently carried at cost less depreciation and impairment. The carrying amounts of the Group's plant, equipment and vehicles are reviewed for impairment at each reporting date. If there is any indication that an asset is impaired, a test is done and if determined to be impaired, the carrying value is reduced.

Depreciation is calculated on the straight-line method at the following annual rates:

Plant	10%-20%
Equipment	9%-100%
Vehicles	13%-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 or loss. Residual values and useful lives are reassessed annually.

k) Non-current assets held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit or loss

Notes to the Consolidated Financial Statements (continued)

For the 18 months ended 31 March 2022

2. ACCOUNTING POLICIES (continued)

l) Investments

Investments held by the Group comprise listed and unlisted equities.

Listed equities held by the Group that are traded in an active market are stated at market bid prices (which are considered to be their fair value). Unlisted shares are stated at fair value as explained in more detail in note 14.

In accordance with IFRS 9 these financial assets fall within the financial instrument at fair value through profit or loss category. Changes in the fair values of these financial assets are recorded in Other income/expenses through profit or loss. Gains and losses realised on the sale of these financial assets will be recorded in the profit and loss to the extent of the difference between sale price and fair value previously reported.

m) Inventories

Inventories (non-perishable products such as food, food ingredients, household consumer products, metals and minerals, and tools) 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. The costs are assigned to individual items of inventory on the basis of first-in, first-out (FIFO). 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 and redundant inventories are identified on a regular basis and are written down to their estimated realisable values.

n) 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 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 to the extent that it is probable that they will not reverse in the foreseeable future. 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.

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

o) Leases

Leases are classified as operating leases when they do not transfer substantially all the risks and rewards incidental to ownership of an underlying asset.

The Group as a lessor of investment properties recognises operating lease income on a straight-line basis, based on a pattern reflecting a constant periodic rate of return on the net investment in the lease. Operating lease receivables are recognised in the Statement of Financial Position at the undiscounted cost of the cash flows due under the lease.

The Group as a lessee recognises a right of use asset and a lease liability in the Statement of Financial Position. The right of use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group and estimate of any costs to dismantle and remove the asset at the end of the lease.

Notes to the Consolidated Financial Statements (continued)

For the 18 months ended 31 March 2022

2. ACCOUNTING POLICIES (continued)

The Group depreciates the right of use assets on a straight-line basis from the lease commencement date to the end of the lease term.

The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the Group's incremental borrowing rate. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in finance costs.

Lease payments included in the measurement of the lease liability are made up of fixed payments, payments arising from options to renew or extend which are reasonably certain to be exercised and amounts expected to be payable under a residual value guarantee.

p) Employee Costs

The costs of short-term employee benefits are recognised as an expense 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 in the period to which they relate.

q) Foreign Currencies and Operations

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 profit or loss.

On consolidation, income and expenditure of subsidiaries expressed in a currency other than US\$ is translated at average monthly rates of exchange for the period, unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions.

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 Other Comprehensive Income.

When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss from the Foreign Currency Translation reserve, as part of the gain or loss on sale.

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:		Consolidated Statement of Profit or Loss and Other Comprehensive Income		Statement of Financial Position	
		18 Months to 31 Mar	12 Months to 30 Sept	31 Mar	30 Sept
		2022	2020	2022	2020
South Africa -	USD/ZAR=	15.026	16.367	14.612	16.680
Europe -	€/USD=	1.170	1.125	1.113	1.173
United Kingdom -	£/USD=	1.359	1.284	1.3167	1.292

Notes to the Consolidated Financial Statements (continued)

For the 18 months ended 31 March 2022

2. ACCOUNTING POLICIES (continued)

r) Cash and Cash Equivalents

For the purpose of the Consolidated Statement of Cash Flows, 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.

s) Financial Instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Financial Assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into one of the following categories: amortised cost; fair value through profit or loss (FVTPL), or fair value through other comprehensive income (FVOCI).

In the periods presented the Group does not have any financial assets categorised as FVOCI.

The principal financial assets are the portfolio investments (note 2(**Error! Reference source not found.**)), cash and cash equivalents, and accounts receivable.

Other financial assets, with the exception of foreign exchange contracts which are measured at fair value, are held at amortised cost as they represent contractual commitments to receive payments of principal and interest on specified dates and the Group's business model is to hold these financial assets in order to collect the contractual cash flows.

Cash and cash equivalents are initially recorded at fair value and subsequently held at amortised cost; accounts receivable, excluding operating lease receivables, which are covered under note 2(o), are initially valued at fair value and subsequently held at amortised cost, using the effective interest method less any adjustments required as a result of impairment.

The carrying amounts of trade receivables, that do not have a significant financing component, are reviewed under the expected credit loss model and the simplified approach is used (note 16).

Financial Liabilities

Financial liabilities and Other 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 measured at amortised cost, using the effective interest method. 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.

Derivative Financial Instruments

Derivative financial instruments, which have been entered into to hedge future cash flows but which for accounting purposes are not designated as hedging instruments, consisting of forward 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 or 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 or loss as they arise.

Notes to the Consolidated Financial Statements (continued)

For the 18 months ended 31 March 2022

t) 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 and therefore is the Chief Operating Decision Maker.

u) Earnings per share

Basic earnings per share - Basic earnings per share is calculated by dividing the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares by the weighted average number of ordinary shares outstanding during the period-

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 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>	112,519	1,629
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>		279
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>

Notes to the Consolidated Financial Statements (continued)

For the 18 months ended 31 March 2022

3. SEGMENTAL REPORTING (continued)

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

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	67,429	48,934
Manufacturing inputs - Africa	31,270	3,401
Manufacturing inputs - Other	46,123	32,291
Manufacturing inputs - Total	77,393	35,692
Tool and Machinery	51,129	24,880
	195,951	109,506
<i>Property</i>		
Total	5,172	3,013
	201,123	112,519

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	149,713	(53,625)	96,088	1,533	(795)
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	130,685	(43,265)	87,420	1,548	(554)

Notes to the Consolidated Financial Statements (continued)
For the 18 months ended 31 March 2022

3. SEGMENTAL REPORTING (continued)

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.

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	63,441	(14,688)
United States	2,372	18,401	28,158	(11,557)
Total outside South Africa	87,649	18,494	91,599	(26,245)
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)

4. 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 (see note 10)	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

Notes to the Consolidated Financial Statements (continued)

For the 18 months ended 31 March 2022

5. 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	-	(2,043)
	<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.

6. TAXATION

	18 months to 31 Mar 2022 US\$000	12 months to 30 Sept 2020 US\$000
Corporate tax		
Current year	1,701	264
Prior years	95	(112)
Deferred taxation (Note 18)	694	481
	<u>2,490</u>	<u>633</u>
Taxation on profit of disposal of associate	221	-
Taxation on profit of disposal of subsidiary	-	2,177
Taxation on discontinued operations	-	72
	<u>2,711</u>	<u>2,882</u>

This equates to an effective tax rate on profit before tax of 27.1% (2020 – 209%).

South Africa has announced a reduction in Corporate Income Tax rate from 28% to 27% for periods of assessments commencing on or after 1 April 2022. Corporation tax is paid at 19% in UK and at 21% Federal and 8.84% State tax in US.

Notes to the Consolidated Financial Statements (continued)
For the 18 months ended 31 March 2022

6. TAXATION (continued)

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

	18 months to 31 Mar	12 months to 30 Sept Restated 2020 US\$000
	2022	2020
	US\$000	US\$000
Profit before taxation	9,179	303
Weighted average standard statutory tax rate ¹	22%	168%
Expected tax charge at standard statutory rates ²	2,004	508
Withholding taxes	201	179
Effect of non-standard rates of tax ³	209	75
Tax losses unutilised ⁴	6	-
Under/(Over) provisions in prior years	92	(117)
Change in tax rate	(31)	-
Other differences ⁵	9	(12)
	2,490	633

¹ The weighted average standard statutory tax rate is the expected tax charge divided by the profit before tax.

² The expected tax charge is the applicable standard tax rates in each national jurisdiction multiplied by the profit or loss 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 operate.

³ Certain items of income or expenditure are subject to tax at rates which differ from the standard rates in the jurisdiction.

⁴ 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.

Comparative figures for 2020 have been restated to correct an error in the calculation of the expected tax charge using initially incorrect standard statutory rates and a consequent offsetting error in other differences. There is no change to reported profit.

The above reconciling items are expected to reoccur every year.

7. 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	5,228
Profit on disposal	4,736
Consideration received	9,964

Notes to the Consolidated Financial Statements (continued)

For the 18 months ended 31 March 2022

7. 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 (note 16).

	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	(1,203)
	<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 (note 13).

Notes to the Consolidated Financial Statements (continued)

For the 18 months ended 31 March 2022

8. 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	Re-presented 12 months to 30 Sept 2020
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
Basic earnings on continuing and discontinued operations	US\$'000	US\$'000
Share of loss/(profit) on discontinued operations	4,589	387
Basic earnings/(loss) on continuing operations	1,258	(1,019)
	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

	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			(883)

Notes to the Consolidated Financial Statements (continued)
For the 18 months ended 31 March 2022

9. DIVIDENDS

	18 months to 31 Mar 2022 US\$000	12 months to 30 Sept 2020 US\$000
Interim dividends paid		
US\$1.9 cents per share (2020 – US\$1.9c)	681	682
US\$1.9 cents per share (2020 – n/a)	681	-
Final dividend in respect of prior year		
US\$1.9 cents per share (2020 – US\$1.9c)	682	682
Total dividends paid in the period US\$5.7 cents (2020 – US\$3.8c)	2,044	1,364

A final dividend of US\$1.9 cents per share for the period ended 31 March 2022 (Sept 2020 - US\$1.9 cents) has been proposed (note 31).

10. INVESTMENT PROPERTIES

	31 Mar 2022 US\$000	30 Sept 2020 US\$000
Brought forward		
At fair value	23,952	24,066
Translation adjustment	1,364	(970)
	23,316	23,096
Fair value adjustments	4,459	838
Translation adjustment	10	1
Improvement expenditure	8	17
Balance carried forward – at fair value	29,793	23,952
Analysis of net book value:		
United States	18,401	14,316
South Africa	11,392	9,636
	29,793	23,952

Amounts recognised in the Consolidated Statement of Profit or Loss and Other

Comprehensive Income for investment properties:

Rental Income	5,172	3,013
Direct operating expenses from property that generated rental income	(3,667)	(2,184)
	1,505	829
Fair value recognised in other income	4,459	838
	5,964	1,667

Notes to the Consolidated Financial Statements (continued)

For the 18 months ended 31 March 2022

10. INVESTMENT PROPERTIES (continued)

The bases for valuation of properties are set out in note 27. A deduction from the valuation amount is made for the lease receivables recognised in accounts receivable (note 16(b)).

All properties were rent producing. Certain investment properties, valued at US\$18,401,000 (2020 – US\$14,316,000) were mortgaged at 31 March 2022 to secure long-term finance (see note 17).

As lessor, at 31 March 2022 the Group has projected future rental income of:

	31 Mar 2022 US\$000	30 Sept 2020 US\$000
Within one year	2,419	1,983
One to two years	1,634	1,559
Two to three years	832	1,002
Three to four years	337	540
Four to five years	274	235
Later than five years	341	658

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.

The fire insurance policy on one of the investment properties in South Africa, with value of US\$4,360,000, has not yet been renewed due to the reluctance of insurance companies to insure old buildings in Durban city centre. The directors are actively engaging with the municipality and insurers to resolve the matter. This has had no material effect on the value of the property.

11. PROPERTY, PLANT AND EQUIPMENT

	Plant US\$000	Equipment US\$000	Vehicles US\$000	Commercial Property Land US\$000	Buildings US\$000	Total US\$000
18 months ended 31 March 2022						
Brought forward						
At cost or valuation	537	1,326	647	1,767	2,576	6,853
Translation adjustment	74	178	92	190	413	947
	611	1,504	739	1,957	2,989	7,800
Revaluations	-	-	-	-	(150)	(150)
Impairment	-	(2)	-	-	-	(2)
Translation adjustment	-	-	-	-	(4)	(4)
Additions	540	420	155	63	347	1,525
Disposals	(66)	(152)	(67)	-	-	(285)
Balances carried forward	1,085	1,770	827	2,020	3,182	8,884
Depreciation						
Brought forward	(325)	(820)	(380)	-	-	(1,525)
Translation adjustment	(44)	(112)	(53)	-	-	(209)
	(369)	(932)	(433)	-	-	(1,734)
Charge for the year	(120)	(265)	(103)	-	-	(488)
Translation adjustment	(3)	(7)	(3)	-	-	(13)
Disposals	58	121	54	-	-	233
Balances carried forward	(434)	(1,083)	(485)	-	-	(2,002)
Net book value 31 March 2022	651	687	342	2,020	3,182	6,882

Notes to the Consolidated Financial Statements (continued)

For the 18 months ended 31 March 2022

11. PROPERTY, PLANT AND EQUIPMENT (continued)

	Plant US\$000	Equipment US\$000	At cost Vehicles US\$000	Commercial Property Land US\$000	At valuation Buildings US\$000	Total US\$000
12 months ended 30 September 2020						
Brought forward						
At cost or valuation	1,889	1,560	715	2,139	3,351	9,654
Translation adjustment	(171)	(136)	(65)	(192)	(300)	(864)
	1,718	1,424	650	1,947	3,051	8,790
Revaluations	-	-	-	-	52	52
Impairment	-	(7)	-	-	-	(7)
Additions	511	271	151	-	-	933
Disposals	(110)	(305)	(31)	-	-	(446)
Transferred to Held for sale	(1,582)	(57)	(123)	(180)	(527)	(2,469)
Balances carried forward	537	1,326	647	1,767	2,576	6,853
Depreciation						
Brought forward	(1,067)	(1,000)	(399)	-	-	(2,466)
Translation adjustment	96	89	36	-	-	221
	(971)	(911)	(363)	-	-	(2,245)
Charge for the year	(206)	(156)	(72)	-	-	(434)
Translation adjustment	4	3	1	-	-	8
Disposals	49	216	13	-	-	278
Transferred to Held for sale	799	28	41	-	-	868
Balances carried forward	(325)	(820)	(380)	-	-	(1,525)
Net book value 30 September 2020	212	506	267	1,767	2,576	5,328

Revaluations of commercial property include negative fair value adjustment of US\$150,000 (30 Sept 2020 - US\$52,000) recognised in other comprehensive income.

	31 Mar 2022 US\$000	30 Sept 2020 US\$000
Analysis of net book value:		
South Africa		
Commercial property	5,121	4,262
Plant, equipment and vehicles	1,668	957
	6,789	5,219
Other jurisdictions – Commercial property and equipment	93	109
Total	6,882	5,328
Held for sale	-	1,601
	6,882	6,929

Details of commercial property valuation methods and inputs are provided in note 27.

Commercial properties with a carrying value of US\$3,966,000 (30 Sept 2020 – US\$4,206,000) were mortgaged at 31 March 2022 to secure long-term finance (see note 17).

The carrying value of the revalued commercial property under the cost model would have been US\$1,409,000 (30 Sept 2020 – US\$1,205,000).

Notes to the Consolidated Financial Statements (continued)
For the 18 months ended 31 March 2022

12. LEASES (group as a lessee)

The group leases office buildings, motor vehicles and office equipment.

Details pertaining to leasing arrangements, where the group is lessee are presented below:

Right of use asset	31 Mar 2022 US\$000	30 Sept 2020 US\$000
Brought forward:		
Buildings and office equipment	597	597
Translation adjustment	85	-
	<u>682</u>	<u>597</u>
Additions	197	-
Disposals	(36)	-
Balances carried forward	<u>843</u>	<u>597</u>
Depreciation		
Brought forward	(118)	-
Translation adjustment	(17)	-
	<u>(135)</u>	<u>-</u>
Charges for the period	(307)	(120)
Translation adjustment	(9)	2
Disposals	24	-
Balances carried forward	<u>(427)</u>	<u>(118)</u>
Net book value		
Buildings and office equipment	<u>416</u>	<u>479</u>
Lease Liabilities		
Current	(194)	(110)
Non-Current	(289)	(427)
Total Lease Liabilities	<u>(483)</u>	<u>(537)</u>
Interest expense on lease liabilities	57	42
<i>Maturity Analysis</i>		
Within one year	(230)	(162)
Two to five years	(327)	(439)
More than five years	-	(77)
Less finance charge	74	141
	<u>(483)</u>	<u>(537)</u>

The total cash outflow for leases in the period was US\$348,000 (2020 – US\$101,000)

Notes to the Consolidated Financial Statements (continued)

For the 18 months ended 31 March 2022

13. 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 (note 7(c)).

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

14. 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 (note 20)	3,136	(1,175)
Fair value adjustments realised on disposal (note 21)	(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 (note 20)	(500)	(70)
Balance carried forward	<u>4,249</u>	<u>2,542</u>
Net book value	<u>33,247</u>	<u>28,112</u>

Notes to the Consolidated Financial Statements (continued)

For the 18 months ended 31 March 2022

14. INVESTMENTS (continued)

	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
	28,998	25,570
Unlisted in Europe	4,249	2,542
	33,247	28,112

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 (see note 16).

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.

Additional details regarding the fair value of financial instruments are included in notes 25 and 26.

15. INVENTORIES

	31 Mar 2022 US\$000	30 Sept 2020 US\$000
Finished goods	32,083	12,422
	32,083	12,422
Held for sale within disposal group	-	3,059

There were no provisions against obsolete inventories at 31 March 2022 (30 Sept 2020 – no provisions). Inventory with a total value of US\$13,951,000 (30 Sept 2020 - US\$8,728,000) is pledged to First Rand Bank Limited as security for loans and pledged to Gerber Finance Inc. for receivables finance (see note 16). General notarial bonds exist in favour of: FNB Corporate, a division of First Rand Bank Limited to the value of US\$1,026,000 (30 Sept 2020 -US\$899,000) and to eCapital Asset Based Lending to the value of the remainder of inventories pledged US\$12,925,000 (30 Sept 2020 – US\$7,829,000)).

Notes to the Consolidated Financial Statements (continued)
For the 18 months ended 31 March 2022

16. ACCOUNTS RECEIVABLE AND OTHER CURRENT ASSETS

	31 Mar 2022 US\$000	30 Sept 2020 US\$000
a) Accounts receivable		
<i>At amortised cost</i>		
Trade debtors	23,626	19,843
Provision for bad debts (see note 28)	(551)	(323)
Loan – sale of coffee business (note 7b)	812	-
Prepayments	919	231
Other debtors	3,285	2,685
	<u>28,091</u>	<u>22,436</u>
- Held for sale within disposal group	-	1,218
b) Other current assets		
<i>At amortised cost</i>		
Accrued operating lease income on investment properties	434	423
<i>At fair value through profit or loss</i>		
Forward foreign exchange contracts	-	21
	<u>434</u>	<u>444</u>
Held for sale within disposal group	-	28

Trade and other debtors with value of US\$13,022,000 (2019 – US\$4,003,000) are pledged to FNB Corporate (a division of First Rand Bank Limited) and trade debtors with value of US\$4,931,000 (2019 – US\$5,728,000) are pledged to FNB Corporate (a division of First Rand Bank Limited), eCapital Asset Based Lending holds and QTM Holdings Proprietary Limited. (see note 17).

17. ACCOUNTS PAYABLE AND OTHER FINANCIAL LIABILITIES

	31 Mar 2022 US\$000	30 Sept 2020 US\$000
Current:		
a) Accounts payable		
<i>At amortised cost</i>		
Trade creditors	20,407	12,586
Other creditors	2,403	509
Short-term portions of secured loans	737	584
Unsecured loan: - Europe – (US Dollar)	652	5,400
Accruals	1,433	885
	<u>25,632</u>	<u>19,964</u>
Accrued operating lease costs on investment properties	13	28
	<u>25,645</u>	<u>19,992</u>
Bank overdrafts	11,059	7,392
	<u>36,704</u>	<u>27,384</u>
Held for sale within disposal group	-	923
b) Other financial liabilities		
<i>At fair value through profit or loss</i>		
Forward foreign exchange contracts	1,233	122
	<u>1,233</u>	<u>122</u>
Held for sale within disposal group	-	12

The increase in trade creditors is mainly due to the increase in volume of trade and recent increases in buffer stock. US\$6,392,000 (30 Sept 2020 – US\$4,184,000) of the Group's trade creditors relate to amounts owing to eCapital Asset Based Lending and these amounts are secured by trade debtors and inventories.

Notes to the Consolidated Financial Statements (continued)
For the 18 months ended 31 March 2022

17. ACCOUNTS PAYABLE AND OTHER FINANCIAL LIABILITIES (continued)

	31 Mar 2022 US\$000	30 Sept 2020 US\$000	
Non-current:			
Secured loans: - South Africa – (South African Rand)	1,350	1,129	
- United States – (US Dollar)	<u>5,361</u>	<u>5,550</u>	
	<u>6,711</u>	<u>6,679</u>	
Held for sale	-	202	
Financing liabilities reconciliation	Bank Overdraft US\$000	Financing liabilities US\$000	Total US\$000
31 Mar 2022			
Balance brought forward	7,392	6,679	14,071
<i>Cash movements</i>			
Cash flows (excluding bank overdraft)	-	(128)	(128)
Bank overdraft movement	3,593	-	3,593
<i>Non-cash movements</i>			
Foreign exchange adjustments	74	160	234
Balance carried forward	<u>11,059</u>	<u>6,711</u>	<u>17,770</u>
	Bank Overdraft US\$000	Financing liabilities US\$000	Total US\$000
30 Sept 2020			
Balance brought forward	6,637	12,834	19,471
<i>Cash movements</i>			
Cash flows (excluding bank overdraft)	-	(397)	(397)
Bank overdraft movement	1,174	-	1,174
<i>Non-cash movements</i>			
Foreign exchange adjustments	(419)	(156)	(575)
Move to current payables	-	(5,400)	(5,400)
Liabilities held for sale	-	(202)	(202)
Balance carried forward	<u>7,392</u>	<u>6,679</u>	<u>14,071</u>

Long-term finance in the United States and South Africa is repayable by instalments and secured by mortgages on local investment and commercial properties with a value of US\$18,401,000 and US\$3,966,000 respectively (see notes 10 and 11). Certain of these mortgages include standard terms regarding the assignment of lease, rent and payments under insurance policies.

The repayment terms vary from no fixed terms to 60 months.

The principal rates of interest on loans are commercial rates - United States – fixed rate of 3.66% and South Africa – variable between 6.5 % and 8.7%.

Notes to the Consolidated Financial Statements (continued)

For the 18 months ended 31 March 2022

18. DEFERRED TAXATION

	31 Mar 2022 US\$000	30 Sept 2020 US\$000
Deferred tax assets:		
Timing differences arising from: -		
Lease liabilities	5	7
Accruals	452	218
Losses recoverable	505	410
Other	68	114
	<u>1,030</u>	<u>749</u>
Deferred tax liabilities		
Timing differences arising from: -		
Investment property valuations	(6,942)	(5,483)
Commercial property valuations	(627)	(638)
Fair value adjustments to investments	(682)	(1,027)
Lease receivables	(101)	(84)
Other	(54)	(83)
	<u>(8,406)</u>	<u>(7,315)</u>
	31 Mar 2022 US\$000	30 Sept 2020 US\$000
Reconciliation of movement		
Disclosed as asset	749	999
Disclosed as liability	(7,315)	(7,251)
Balance brought forward	(6,566)	(6,252)
Translation adjustment	(217)	148
Transferred to Held for sale	-	65
Deferred taxation credited/(charged) to profit (see below)	(692)	(513)
Deferred tax charged to Other Comprehensive Income: -		
Increase in surplus on revaluation of commercial properties	99	(14)
Balance as at 31 March 2022	<u>(7,376)</u>	<u>(6,566)</u>
Disclosed as asset	870	749
Disclosed as liability	(8,246)	(7,315)
	31 Mar 2022 US\$000	30 Sept 2020 US\$000
Deferred taxation charged to Profit or Loss arises from:		
Decrease/(Increase) in uplifts on revaluation of investment properties	(1,305)	(311)
Increase/(Decrease) in available losses	62	(80)
Decrease in fair value adjustments to investments	344	22
Increase/(Decrease) in accruals	91	(126)
Expense in advance	62	(10)
Other	52	(8)
Transferred to Held for Sale	-	32
	<u>(694)</u>	<u>(481)</u>

19. SHARE CAPITAL

	Number	US\$000
Authorised		
Ordinary shares of US\$25 cents each	40,000,000	10,000
Issued and fully paid at 31 March 2022 and 30 September 2020	35,857,512	8,964

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

Notes to the Consolidated Financial Statements (continued)

For the 18 months ended 31 March 2022

20. OTHER RESERVES

The following table show a breakdown of the Consolidated Statement of Financial Position line item “Other reserves” and the movement in the reserves during the year.

<u>2020-2022</u>	Property Revaluation US\$000	Fair value of investments US\$000	Foreign currency translation US\$000	Total US\$000
Other comprehensive income/(expense)				
Commercial property revaluations	(51)	-	-	(51)
Translation of comprehensive income from average rates of exchange to those at the reporting date	-	-	18	18
Translation differences arising on the conversion of opening balances	-	-	3,744	3,744
Realised exchange differences on disposed foreign entities	-	-	1,775	1,775
Less non-controlling interests	25	-	(612)	(587)
Other Comprehensive Income, net of non-controlling interests	(26)	-	4,925	4,899
Transfers from retained earnings				
Unrealised loss on investments	-	(1,378)	-	(1,378)
Investment property revaluations	4,459	-	-	4,459
Deferred taxation on revaluations	(1,309)	-	-	(1,309)
Other	19	74	-	93
	3,143	(1,304)	4,925	6,764
Disposal of subsidiary	-	1,440	-	1,440
Total movement	3,143	136	4,925	8,204
Balance brought forward 1 October 2020	9,364	7,850	(18,843)	(1,629)
Balance carried forward 31 March 2022	12,507	7,986	(13,918)	6,575
<u>2019-2020</u>	Property Revaluation US\$000	Fair value of investments US\$000	Foreign currency translation US\$000	Total US\$000
Other comprehensive income/(expense)				
Commercial property revaluations	37	-	-	37
Translation of comprehensive income from average rates of exchange to those at the reporting date	-	-	(42)	(42)
Translation of comprehensive income from spot rates of exchange to those at the reporting date	-	-	(188)	(188)
Translation differences arising on the conversion of opening balances	-	-	(2,201)	(2,201)
Realised exchange differences on disposed foreign entities	-	-	1,718	1,718
Less non-controlling interests share of translation differences	(19)	-	401	382
Other Comprehensive Income, net of non-controlling interests	18	-	(312)	(294)
Transfers from retained earnings				
Unrealised gains on investments	-	(1,512)	-	(1,512)
Investment property revaluations	910	-	-	910
Deferred taxation on revaluations	(310)	-	-	(310)
	618	(1,512)	(312)	(1,206)
Disposal of subsidiary	(132)	-	-	(132)
Total movement	486	(1,512)	(312)	(1,338)
Balance brought forward 1 October 2019	8,878	9,362	(18,531)	(291)
Balance carried forward 30 September 2020	9,364	7,850	(18,843)	(1,629)

Notes to the Consolidated Financial Statements (continued)

For the 18 months ended 31 March 2022

21. 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 Consolidated Statement of Profit or Loss and Other Comprehensive Income, excluding Fair Value adjustments to property and investments and exchange arising on the translation of foreign entities.

Capital management

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

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.

To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue or repurchase shares. No changes were made to the objectives, policies or processes for managing share capital during the period ended 31 March 2022.

The Company requires its subsidiaries to pay dividends 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 overseeing the management of its investments.

22. NOTES TO THE CASH FLOW STATEMENT

(a) 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)	-	-
	29,716	899	(13,523)	-	17,092
Bank overdrafts (note 17)	(7,392)	(74)	(3,593)	-	(11,059)
	22,324	825	(17,116)	-	6,033
(b) Analysis of funds by currency	2020	Exchange movements	Cash flow movement	Discontinued Operations	2022
	US\$000	US\$000	US\$000	US\$000	US\$000
United States Dollars	21,584	-	(10,217)	-	11,367
Swiss Francs	35	-	(148)	-	(113)
Australian Dollars	24	-	(5)	-	19
South African Rands	5,225	757	(8,913)	-	(2,931)
Euros	(2,161)	111	1,302	-	(748)
Pounds Sterling	(2,383)	(43)	865	-	(1,561)
	22,324	825	(17,116)	-	6,033

Notes to the Consolidated Financial Statements (continued)

For the 18 months ended 31 March 2022

23. RELATED PARTIES

	18 months to 31 Mar 2022 US\$000	12 months to 30 Sept 2020 US\$000
Related party fees (other than Director's fees) paid to		
City Group PLC	607	315
Stonehage	41	1
IQ EQ	148	43
	796	359
Purchases from (sales to) related parties:		
Monteagle Logistics Limited	-	58
Amounts included in Accounts payable		
City Group PLC	116	103
Monteagle Logistics Ltd	-	8

Related party fees (other than Directors' fees)

Mr. D.C. Marshall and Mr. E.J. Beale are Directors of City Group PLC, the Company Secretary, to which fees of US\$607,000 (30 Sept 2020 – US\$315,000) were paid. At the reporting date, US\$116,029 was due to City Group (30 Sept 2020 – US\$102,787). Fees are agreed at arm's length and settlement is due on receipt of invoice. Neither Mr D.C. Marshall nor Mr E.J. Beale receive any fees from City Group PLC.

Mr. R.C. Kerr is a consultant to Stonehage, to which fees of US\$41,383 were paid in the year (30 Sept 2020 – US\$687). At the reporting date, there were no balances due to or from Stonehage (2020 – nil). Fees are agreed at arm's length and settlement is due on receipt of invoice.

Mr. B.C.B. Newman and Mr. D.J. Douglas are directors of IQ-EQ, to which professional administration fees of US\$148,000 were paid for the year (30 Sept 2020 - US\$43,000). At the reporting date, there were no balances due to IQ-EQ (2020 – US\$Nil). Fees are agreed at arm's length and settlement is within 30 days of invoice.

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

Amounts due to related parties

At the reporting date US\$Nil was due to Monteagle Logistics Limited (30 Sept 2020 – US\$8,000)

Directors' fees

The key management team, including non-executive Directors, of 5 (30 Sept 2020 – 6) consisting of Messrs E.J. Beale, R.C. Kerr, D.C. Marshall, B.C.B. Newman and D.J. Douglas, received total remuneration for the year consisting of short-term benefits of US\$983,000 (30 Sept 2020 – US\$584,000) as detailed in the Directors' report on page 47.

The related companies within the Group are detailed in Note 28.

24. GROUP COMMITMENTS AND CONTINGENT LIABILITIES

At 31 March 2022, the Group had commitments as lessee, as set out in note 11.

Notes to the Consolidated Financial Statements (continued)

For the 18 months ended 31 March 2022

25. 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 (note 14)	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

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.

26. 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 and the Group's maximum exposure is shown in note 28. All of the listed 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 28 and indicates that the Group's risk exposure to expected credit loss 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, with high credit ratings such as HSBC (AA-), Credit Suisse (BBB+) and First National Bank (BB-). 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.

26. RISK MANAGEMENT (continued)

Interest rate risk profile

Exposure to interest rate risk arises in the normal course of the Group's business and applies mainly to cash deposits and financing. The Group's objective is to achieve the best rates available, adopting a policy of ensuring that its exposure to changes in interest rates on surplus funds is short-term. The principal rates on long term borrowings for the year were fixed at 6.5% to 8.7% in South Africa and 3.66% in the United States (30 Sept 2020 – South Africa 9.5% to 11.5%, Europe 3.75% and United States 3.66%). The Group secures short-term finance at variable rates on the best commercial terms, in South Africa based on Prime Rate, which ranges between 7% to 7.75% during the financial period and in Europe at 3.75% (30 Sept 2020 – 10% to 7% and 3.75%).

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 1% would be reasonably possible based on the fluctuation of South Africa's interest rate in the past (from 7% to 7.75%). Based on the variable interest loans held in South Africa, a change of 1% would result in a change in the net charge and the profit or loss in the current year of approximately US\$13,500 (Sept 2020 – US\$38,200). Changes to equity and assets will be immaterial.

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 provide an economic hedge but the Group is not able to apply hedge accounting.

The values of the Group interests in South Africa, 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 (q)). It is impossible to predict how exchange rates will vary in the future. A 18% movement in the exchange rates used to translate those interests in South Africa at the reporting date would be reasonably possible and would reduce or increase asset values and shareholders' funds by US\$3,216,000 and increase or decrease profit for the year by US\$97,000. This percentage has been calculated based on the exchange rate movement ZAR/USD during the Company's financial year.

Market pricing risk

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

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

It is impossible to predict how markets will perform in the future. The Group have accepted the 36% movement in the S&P500 Index over the period as indication of possible future fluctuations in the market value of the listed and unlisted investments. A 36% decrease in the value of the listed investments detailed in note 14 would result in the fair values of investments decreasing by US\$10,439,000 (Sept 2020 – US\$3,324,000) and a corresponding decrease in profits recorded in other reserves. A 36% increase would, on the same basis, increase fair values and increase profits recorded in other reserves.

The values of the Group interests in South Africa, 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 (q). It is impossible to predict how exchange rates will vary in the future. A 18% movement in the exchange rates used to translate those interests in South Africa at the reporting date would be reasonably possible and would reduce or increase asset values and shareholders' funds by US\$3,216,000 (Sept 2020 – US\$4,316,000) and increase or decrease profit for the year by US\$97,000 (Sept 2020 – US\$1,334,000). This percentage has been calculated based on the exchange rate movement ZAR/USD during the Company's financial year.

The value of unlisted investments in Heartstone Inns is stated at fair value which is calculated based on the net asset value per share less a discount of 10% to take into account the illiquidity of this holding in a private company. The value of the investment in GTNS2 is based on the latest share issue price as there have been no more recent transactions in its shares (note 14). A change in these values by 36% would change the fair value of the investments and the profit or loss of the Group by US\$1,530,000 (Sept 2020 – US\$330,000).

Notes to the Consolidated Financial Statements (continued)

For the 18 months ended 31 March 2022

26. RISK MANAGEMENT (continued)

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.

The sensitivities provided above for credit, interest, currency and market pricing risk highlight current and forward looking risks and so no prior period comparatives have been disclosed.

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.

	31 Mar 2022 US\$000	30 Sept 2020 US\$000
Liabilities falling due:		
Bank overdrafts	11,059	7,392
Within twelve months – financial liabilities	25,826	20,074
Between one and five years – financial liabilities	468	343
Over five years- financial liabilities	6,243	6,336
	48,345	34,145

There are no material differences between the discounted liabilities as above and their contractual amounts and they are repayable over the above periods.

Adequate liquid assets and facilities are available to the Group to meet these liabilities as they fall due.

	31 Mar 2022 US\$000	30 Sept 2020 US\$000
Liquid assets:		
Cash and cash equivalents	17,092	29,716
Listed investments	28,998	25,570
Accounts receivable and other current assets	33,273	22,880
	79,363	78,166

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Notes to the Consolidated Financial Statements (continued)

For the 18 months ended 31 March 2022

27. INVESTMENT AND COMMERCIAL PROPERTY VALUATION INPUTS

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

Investment properties

The Group considers the valuation of 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 31 March 2022; in the United States by D. Asaro, Senior Director of Cushman & Wakefield, in San Diego; and in South Africa by Tim Moulder FRICS FIV (SA) of Mills Fitchet Magnus Penny & Wolffs a member of the C.B. Ellis Affiliate Network and A Ridsdale BA of Ridsdale and associates Estates Agents, Lyndon Storer and Jess Searll. All are 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 31 March 2022, different approaches were used. The approach used in the properties in USA is based on the projected net annual income after deducting a 10% vacancy and reserve factor. The adjusted net operating income is then capitalised at a capital rate of 6%. Two different approaches were used for the properties in South Africa. One has been to project income for a 5 or 10-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 or 11 also discounted to present value. The other approach used has been to estimate the gross annual income taking into account the lease agreement, to deduct normal expenses and then capitalise the net income at an appropriate investment rate.

Commercial properties

The Group considers the valuation of all of its commercial properties to fall within Level 3 of the fair value hierarchy. The valuations are based on various unobservable inputs, including older evidence and recent sales of similar properties. The commercial properties were valued on 31 March 2022 by independent valuer Mills Fitchet Magnus Penny & Wolffs. They are 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
		2022	2020	
a) South Africa				
Investment properties	Discount %	14.1	15.0	Decrease
	Reversionary capitalisation %	9.1	10.0	Decrease
	Capitalisation %	10.0	10.2	Decrease
	Expense growth %	6.0	6.0	Decrease
	Rental growth %	6.0	6.0	Increase
Commercial properties				
Commercial properties	Net rent (USD per square metre)	4.8	3.6	Increase
	Capitalisation rate %	8.7	8.9	Decrease
	Open Market selling price (USD per square metre)	606	584	Increase
b) United States				
Investment Properties	Vacancy rate %	10.0	10.0	Decrease
	Capitalisation rate %	6.0	6.7	Decrease

Notes to the Consolidated Financial Statements (continued)

For the 18 months ended 31 March 2022

28. EXPECTED CREDIT LOSS

Customers are subject to credit verification procedures and balances are monitored on an on-going basis. The Group applies the simplified approach for providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime loss provision for all trade receivables. These life-time expected credit losses are estimated using provision matrices for each type of business. The provision matrices have been developed by making use of past default experience of debtors but are flexed to incorporate forward looking information, experience between the period end date and the date accounts are prepared, and general conditions of the industries at the reporting date. The expected loss rates will vary year on year depending on changes in the default rates experienced in each ageing category.

The movement in expected credit losses over the period was as follows:

	2022 US\$000	2020 US\$000
At start of the period	323	231
Translation adjustment	44	(21)
Increase of loss allowance recognised in the Profit or loss in the period	387	134
Receivables written off during the year	(203)	(44)
Transferred to held for sale	-	23
At end of the period	<u>551</u>	<u>323</u>
Trade debtors	23,626	19,843
Provision as a percentage of trade debtors	2.3%	1.6%

The table below sets out the expected credit loss provisions made compared to the amounts receivable by type of business.

	Trade Debtors		Expected Credit Losses			
	2022 US\$000	2020 US\$000	2022 US\$000	2020 US\$000	2022 Rate	2020 Rate
Import and Distribution excluding Tool and Machinery	16,384	13,544	91	10	0.6%	0.01%
Tool & Machinery	6,886	6,000	384	272	5.6%	4.5%
Property	356	299	76	41	21.3%	13.7%
Total	<u>23,626</u>	<u>19,843</u>	<u>551</u>	<u>323</u>	<u>2.3%</u>	<u>1.6%</u>

Historically, losses from import and distribution income streams of the Group other than tool and machinery have been exceptionally low. There are no indications that these customers are likely to cease trading or even enter into financial difficulties. Tool and Machinery credit loss provisions reflect the diversified customer base including a large number of small independent retailers. Provisions are relatively higher in the property businesses due to the nature of their tenants, but still small in absolute terms.

Notes to the Consolidated Financial Statements (continued)

For the 18 months ended 31 March 2022

28. EXPECTED CREDIT LOSS (continued)

Import and Distribution

The provision matrix below is for South African import and distribution receivables excluding tool and machinery. There is no history of credit losses and there are no expected credit losses in the other parts of the Group's import and distribution business excluding tool and machinery.

South Africa excluding Tool and Machinery	<30 days	30-60 days	61-90 days	>90 days	Total
Mar 2022	US\$000	US\$000	US\$000	US\$000	US\$000
Expected loss rate	0.40%	1.07%	1.97%	2.97%	0.83%
Gross carrying amount	6,513	2,859	1,407	232	11,011
Expected loss allowance	25	31	28	7	91

A credit loss of US\$10,000 was provided for in the prior period.

Tool & Machinery

Tool & Machinery customers have continued to trade and purchase from us despite the tougher economic conditions being experienced due to Covid-19. The direct impact of Covid-19 on our Tool & Machinery customers was assessed to be lower than the impact on the economy as a whole. Most of these customers were deemed to be essential services and were able to continue operating throughout applicable lock-down periods, and so the direct effects of lock-down were limited. Supplies have continued to be obtained with limited disruption enabling the business to continue to fulfil customer orders and support their businesses.

The provision matrix for the Tool & Machinery business stream is:

Tool & Machinery	Current	<30 days	30-60 days	61-90 days	>90 days	Total
Mar 2022	US\$000	US\$000	US\$000	US\$000	US\$000	US\$000
Expected loss rate	1.5%	4.6%	11%	29.9%	9.4%	5.6%
Gross carrying amount	3,243	1,677	662	303	1,001	6,886
Expected loss allowance	48	78	73	91	94	384

Tool & Machinery	Current	<30 days	30-60 days	61-90 days	>90 days	Total
Sept 2020	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Expected loss rate	1.0%	3.8%	6.3%	12.9%	11.7%	4.5%
Gross carrying amount	2,747	1,281	843	808	321	6,000
Expected loss allowance	28	49	53	104	38	272

Certain customers have performed better than others during this Covid-19 affected period. Provision rates have been increased against the older payment ageing groups which cover poorer performing customers where we have seen extended payment periods. The increase in the loss allowance is due to adopting a conservative approach and expecting that it is probable that more customers will default on payment due to the increase in debtors.

Property

Tenants of the Property business are very diversified. Industry conditions have been assessed on a tenant by tenant basis. Some of our tenants have experienced cash flow issues due to Covid-19 and, on a case by case basis, we have worked with them to allow them to continue trading by reducing rent for periods of lock-down, and/or allowing longer to pay. This has been factored into the calculation of ECL.

Notes to the Consolidated Financial Statements (continued)

For the 18 months ended 31 March 2022

28. EXPECTED CREDIT LOSS (continued)

The financial standing of tenants is analysed into 3 categories. An “A” grade tenant is a listed company or subsidiary of a listed company. A “B” grade tenant is a large to medium size company and a “C” grade tenant covers the range of small companies to individuals. The risk of loss is assessed individually for each tenant, and these are then combined to arrive at expected loss rates.

The provision matrix for the Property business stream is:

Rental Income Receivable Property Type/grade of Tenant	Gross carrying amount		Expected loss rate	
	Mar 2022 US\$000	Sept 2020 US\$000	Mar 2022 US\$000	Sept 2020 US\$000
A	2	2	14%	14%
B	3	13	14%	13%
C	351	284	21%	14%
Total	<u>356</u>	<u>299</u>	<u>21%</u>	<u>14%</u>

29. SUBSIDIARIES

The following companies, which are the 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. The percentage of voting rights held is the same as the ownership percentage.

Principal activity – Import and distribution companies

Wholly owned

Europe	Monteagle International Limited Monteagle International (UK) Limited <i>High Altitude Coffee Company Limited (Dissolved December 2021)</i>
South Africa	Monteagle Consumer Group Limited <i>Global Coffee Company (until October 2020)</i> <i>Kilimanjaro (until October 2020)</i>
Switzerland <i>Owned 50.1%</i>	Monteagle International AG
South Africa	L&G Tool and Machinery Distributors Limited

Principal activity – Property holding companies

Wholly owned

South Africa	Monteagle Property Holdings Proprietary Limited
United States	Monteagle Inc

Principal activity – Investment holding and intermediate Group holding companies

Wholly owned

Europe	<i>Monteagle Merchant Group Jersey – until Oct 2020</i> Monteagle Property Holdings Jersey Monteagle Tool & Machinery Holdings Jersey
South Africa	Monteagle Merchant Group Southern Holdings Limited Monteagle Merchant Group Southern Holdings 2 Limited

Notes to the Consolidated Financial Statements (continued)

For the 18 months ended 31 March 2022

30. INTERNATIONAL FINANCIAL REPORTING STANDARDS

a) Standards and Interpretations effective since 1 October 2020

The following new and revised standards were adopted in these consolidated financial statements. The impact of the adoption of these standards was not significant.

IAS 1	Presentation of Financial Statements – Definition of material
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors – Definition of material
IFRS 9	Financial Instruments – Interest rate benchmark reform
IFRS 7	Financial Instruments: Disclosures - Interest rate benchmark reform
IFRS 16	Leases – rent concessions
IFRS 3	Business Combinations – Definition of a business

b) Standards in issue, not yet effective

At the date of issue of these consolidated financial statements, the following Standards and Interpretations, which may have impact on the consolidated financial statements, were in issue, but not yet effective.

IFRS/ IFRIC/ IAS	Title	Effective for annual periods beginning on or after
IFRS 7	Financial Instruments: Disclosures, Interest rate benchmark reform #2	1 January 2021
IFRS 9	Financial Instruments - Interest rate benchmark reform #2	1 January 2021
IFRS 3	Business Combinations – Conceptual framework	1 January 2022
IAS 16	Property, Plant and Equipment – Proceeds before intended use	1 January 2022
IAS 1	Presentation of Financial Statements – Classification of liabilities as Current or Non-current	1 January 2023
IAS 12	Income Taxes – Annual improvements	1 January 2023

The Directors have considered the impact of the adoption of these standards and have determined that the impact will not be material.

31. 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.

Directors' Report

For the 18 months ended 31 March 2022

The Directors submit their report for the period ended 31 March 2022

PRINCIPAL ACTIVITIES

The Company is incorporated as a public limited company in Jersey, Channel Islands. It operates in accordance with Jersey Law and its Memorandum and Articles of Association.

Its activities in Jersey comprise the central supervision and control of the Group's investments in its operating subsidiaries and the supervision of property investments and a general investment portfolio. The US dollar is the currency used for investment decision making and the monitoring of the performance of investments. The Company's shares are listed on the JSE Limited. The Group's objective is to invest for the long term and to generate reliable profits, cash flow and dividends for our shareholders, thereby achieving capital growth for the benefit of all stakeholders.

The Group owns a commercial property in the United States of America. In South Africa, the Group owns and manages multi-tenanted rent producing properties. In South Africa, and Europe it operates trading businesses involved in the importation and distribution of hand tools, machinery and non-perishable food products, and trading in a selection of raw materials.

OPERATING REVIEW

The Group profit on continuing and discontinued operations, after tax and non-controlling interests, was US\$4,589,000 compared to US\$387,000 for the previous year. Earnings per share were US\$12.8 cents (2020 – US\$1.0 cents). A detailed review of the Group's operations is set out in the Business Review on pages 6 and 7. A detailed analysis of the Group's operations is set out in note 3 on pages 19 to 21.

DIVIDENDS

A final dividend of \$1.9 cents per share for the year ended 30 September 2020 was paid on 22 January 2021 to those shareholders on the register at the close of business on 15 January 2021.

An interim dividend of US\$1.9 cents (2020 – US\$1.9 cents) was declared and paid on 30 July 2021.

A further interim dividend of US\$1.9 cents per share (2020 final dividend – US\$1.9 cents) was paid on 21 January 2022 to those shareholders on the register at the close of business on 14 January 2022.

DIRECTORS

A list of the Directors of the Company and short biographies for them 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 interest in the shares of the Company of the Directors who held office during the year were as follows:

	31 Mar 2022		30 Sept 2020	
	Beneficial	Non-Beneficial	Beneficial	Non-Beneficial
D.C. Marshall #	-	17,230,846	-	17,230,846
E.J. Beale	-	-	-	-
R.C. Kerr	20,000	-	20,000	-
D.J. Douglas	-	-	-	-
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.

Directors' Report (continued)

For the 18 months ended 31 March 2022

DIRECTORS (continued)

Since the reporting date and at the date of this report there have been no changes in the above holdings. None of the shares held by Directors has been encumbered or pledged as security or by way of guarantee or collateral.

The appointment of each Director is subject to terms and conditions set out in letters of appointment.

The remuneration paid to, or receivable by, the Directors for the 18 month period to 31 March 2022 and the previous year, is as follows: -

18 months to Mar 2022		Fees	Salaries	Annual Bonus	Benefits	Total
Parent Company		US\$000	US\$000	US\$000	US\$000	US\$000
D.C. Marshall	<i>Executive</i>	73	300	20	8	401
E.J. Beale	<i>Executive</i>	73	253	-	19	345
R.C. Kerr	<i>Non-Executive</i>	89	-	-	-	89
D.J. Douglas	<i>Non-Executive</i>	74	-	-	-	74
B.C.B. Newman	<i>Non-Executive</i>	74	-	-	-	74
Total		<u>383</u>	<u>553</u>	<u>20</u>	<u>27</u>	<u>983</u>

12 months to Sept 2020		Fees	Salaries	Annual Bonus	Benefits	Total
Parent Company		US\$000	US\$000	US\$000	US\$000	US\$000
A.R.C. Barclay+	<i>Non-Executive</i>	31	-	-	-	31
D.C. Marshall	<i>Executive</i>	40	192	13	5	250
E.J. Beale	<i>Executive</i>	40	110	-	29	179
R.C. Kerr	<i>Non-Executive</i>	42	-	-	-	42
D.J. Douglas	<i>Non-Executive</i>	41	-	-	-	41
B.C.B. Newman	<i>Non-Executive</i>	41	-	-	-	41
Total		<u>235</u>	<u>302</u>	<u>13</u>	<u>34</u>	<u>584</u>

+ Mr A.R.C. Barclay retired from the Board on 15 May 2020

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 23 on page 37.

COMPANY SECRETARY

In accordance with the JSE Listings 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 PLC, 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 PLC and the Company have Directors in common, as set out in note 23 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	21,901,358	60.4
Corwil Investments Holdings (Proprietary) Limited	2,056,724	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.

Directors' Report

For the 18 months ended 31 March 2022

ANALYSIS OF SHAREHOLDINGS

Details of the Directors' interests can be found on page 46. At the date of this report, the disclosure of public and non-public holdings was as follows:

	Shareholders	Shares	%
Non-public shareholdings	4	22,429,929	62.6
Director – Direct Ownership	1	20,000	
Family Member of Director – Direct Ownership	1	4,670,512	
Director, Associate or Family Member – Indirect Ownership	2	17,739,417	
Public shareholdings	969	13,427,583	37.4
	973	35,857,512	100

SHARE CAPITAL

There have been no changes in the issued share capital during the period and the Company does not have a share incentive scheme. There were no repurchases of the Company's shares during the period under review.

There were no issues of shares for cash during the period under review. The Board is putting a Special Resolution (resolution number 7) 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 capital 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; and
 - 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.

Directors' Report (continued)

For the 18 months ended 31 March 2022

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 47), Directors' interests in securities (page 46) and the share capital of the Company (page 48);
- 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 nor its subsidiaries is involved in any legal or arbitration proceedings, save as described in note 33 to the accounts, nor are any proceedings pending or threatened of which the Company or its subsidiaries 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 Grant Thornton Limited as Auditor, who have indicated their willingness to continue as Auditor, will be proposed at the annual general meeting in accordance with Section 113(3) of the Companies (Jersey) Law 1991.

By order of the Board,

24 June 2022

CITY GROUP PLC
Company Secretary

Corporate Governance and Directors' Responsibilities

The Board recognises that good corporate governance facilitates effective leadership and long-term success. The Board is committed to the application of corporate governance best practices and it subscribes to the values of good corporate governance as set out in The King IV Report on Corporate Governance for South Africa, 2016 ("King IV"). Having reviewed the Group's compliance with the requirements of King IV, the Board is of the opinion that the Group complies with the principles embodied in King IV. Where appropriate, given the nature of the Group and the financial and human resources currently available to the Group, King IV recommended practices are followed.

The Company complies with the provisions of the Companies (Jersey) Law 1991 (Jersey being the Country of incorporation) and is operating in conformity with its Memorandum of Incorporation and constitutional documents.

Mr. R.C. Kerr is the Non-Executive Chairman of the Company. The other Non-Executive Directors are Mr. B.C.B. Newman and Mr. D.J. Douglas. Mr D.C. Marshall is the Chief Executive Officer of the Company and Mr E.J. Beale is the Financial Director.

The nomination of Directors is a matter for the entire Board and the Board as a whole oversees the recruitment process. There is, therefore, no nomination committee. When nominating new Directors, the Board is cognisant of its needs in terms of different skills, experience and field of knowledge as well as gender, race, culture and age diversity, in accordance with the Company's Board Appointment and Diversity policies. Due to the size of the Board, delegation of such matters is not deemed appropriate, however this decision is reviewed on an annual basis. The Board Appointment policy evidences a clear balance of power and authority at Board of Directors' level, to ensure that no one Director has unfettered powers of decision-making.

Directors are appointed through a formal and transparent process, which includes the identification of suitable candidates by the Board and performance and background checks being undertaken prior to each nomination. Curriculum vitae are obtained and circulated to all Board members. Interviews are conducted with potential candidates.

The Board will continue with proactive management of talent and the development of new skills to respond to changing market needs. 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. By following such practices, the process to nominate, elect and appoint members to the Board results in a Board fully equipped to discharge its responsibilities.

Board performance evaluation is a formal process that is internally facilitated with each board member completing a performance evaluation questionnaire each year. The Company Secretary oversees the evaluation process, and the Board is satisfied that the evaluation process improves its performance and effectiveness. Through the Company's performance evaluation practices, the Board is able to evaluate and evolve its performance to ensure that it remains effective.

The Company is satisfied that its Board composition reflects the appropriate mix of knowledge, skills, experience, diversity and independence.

The Board met on twelve occasions during the 18 month period under review and attendance at those meetings is tabled below:

Director	Possible attendance	Attended
D.C. Marshall	12	9
E.J. Beale	12	12
R.C. Kerr	12	12
B.C.B. Newman	12	12
D.J. Douglas	12	11

Appropriate reporting lines and delegations of authorities are in place between the Board and management. Formal delegations of authority have been made pursuant to the charter documents for the Board and its committees. The Company has Executive Directors that serve as the chief link between management and the Board. Each operational subsidiary is responsible for resourcing its key management functions, with the relevant Executive Directors providing oversight and guidance. Such practices allow the Group to resource positions and delegate responsibilities effectively whilst retaining the Group's decentralised structure.

Corporate Governance and Directors' Responsibilities (continued)

Group strategy is prepared by the Board with input from executive management and is reviewed by the Board on a regular basis. The Group's core purpose is to maximise returns for its shareholders through sustainable means, whilst being mindful of the interests and expectations of stakeholders. The Board has oversight of each trading subsidiary's performance, further safeguarding the Group's general viability. Furthermore, prior approval from Group management is required before any significant changes are made to a subsidiary's trading operations, further confirming the Board's oversight and governance of the Group.

The Board reviews its charter documents annually and is satisfied that it has fulfilled its responsibilities in accordance with its charter and the Companies (Jersey) Law relating to its incorporation for the reporting period. The Board oversees the management and governance of the Group, providing effective, entrepreneurial and prudent management that can deliver the long-term success of the Group.

The Board encourages proactive engagement with stakeholders, including engagement at the Annual General Meeting of the Company. The Company Secretary also has a dedicated email address for stakeholders to engage with the Company and responses to stakeholder queries are provided in a timely manner. Due to the composition of the Company's stakeholder base, stakeholder relations are managed without recourse to written policies and procedures.

The Company's stakeholders are kept fully informed with regards to the Group's performance and are able to assess the Group's prospects. Financial reports, announcements and policies as published by the Company are uploaded to the Company Secretary's website for consideration by the Group's stakeholders.

The Board as a whole has a working understanding of the effect of applicable laws, rules, codes and standards applicable to 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. Operating subsidiaries are responsible for the implementation and execution of their own compliance management. Material compliance matters are kept under review by subsidiary company management and reported to the Board.

The Board meets regularly and through its executive Directors retains full and effective control over the Group. Directors undertake individual continuing professional development programmes to remain up to date in their areas of expertise and annual formal evaluations of the performance of the Board and its committees ensure effective leadership. By monitoring effectiveness through annual reviews and questionnaires, the Board ensures that it is able to lead effectively.

Ethics permeates everything that an organisation and its employees do and the Board is committed to ethical leadership. Due to the size, decentralised nature and entrepreneurial management style of the Group, each operating subsidiary is responsible for managing ethics within a framework set by the Board.

South African legislation, in accordance with King IV and the JSE Listing Requirements, requires South African companies to establish a social and ethics committee. Having regard to its annual turnover, the size of its workforce and the nature and extent of its activities, the Board has allocated oversight of, and reporting on, social and ethical matters such as organisational ethics, corporate citizenship, sustainable development and stakeholder relationships to the Remuneration Committee. During the 18 month period, the Remuneration Committee considered social and ethical matters three times and all members were in attendance at each meeting. The responsibilities of the Remuneration Committee with regards to social and ethical matters are:

- To provide oversight of the Group's activities with regards to social and ethical matters, including corporate citizenship, organisational ethics, stakeholder relationships and sustainable development.
- To report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- To make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

Further to the establishment of social & ethics committees by other companies within the group, it has been agreed that the remuneration committee shall consider reports from these committees a minimum of twice a year to ensure continuing oversight.

The Board encourages ethical behaviour throughout the Group's operations which should ensure automatic compliance with sensible regulations.

Policies such as the Company's Board Appointment and Diversity policies and the implementation in respect thereof, provide an ethical approach to Board appointments and composition taking cognisance of the Board's needs in terms of gender, race, age, culture, skills, experience and other factors. Copies of the Company's policies are available on the Company Secretary's website: <http://www.city-group.com/marshall-monteagle-plc/>

Corporate Governance and Directors' Responsibilities (continued)

The Remuneration Committee will monitor and provide feedback on the social and ethics policies and activities reported to it by the Group's principal subsidiaries. These practices enable the Group to govern ethics in a way that supports the establishment of an ethical culture without disrupting the entrepreneurial nature of the Group.

Corporate citizenship issues are devolved to the management of the individual operating businesses of the Group, with the Board considering any matters regarding corporate citizenship that are material to the Group's affairs. Material matters relating to corporate citizenship are kept under review by subsidiary company management and reported to the Board.

Material risks are kept under review by subsidiary company management and reported to the Executive Directors. Details of principal financial risks that the Group is exposed to and how these risks are mitigated can be found on pages 53-54. At least once a year the Audit Committee reviews the Company's risk management processes. By having oversight of the Group's material risks through subsidiary reporting, the Board is able to manage the Company's risk appetite effectively and in line with the Group's strategic objectives.

The decentralised structure and diverse nature of the Group makes common policies and centralised management of technology and information inappropriate. Technology and information matters are devolved to the management of the individual operating businesses within the Group. Material technology and information risks are kept under review by subsidiary company management and reported to the executive Directors. Technology and information risk management processes relating to financial reporting are reviewed by the Audit Committee at least once a year.

The Company's external auditor provides assurance on the summarised financial information. Such assurance arrangements are appropriate, based on the size and complexity of the Group. The Group does not have a separate internal audit function due to the decentralised structure of the Group and the diversity of operations. Each year, the Audit Committee reconsiders the need for an internal audit function.

Board committees:

Audit Committee

The Audit Committee comprises three independent Non-Executive Directors, Mr. D.J. Douglas (Committee Chairman), Mr. B.C.B. Newman and Mr. R.C. Kerr. The Financial Director and the external auditor, 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 eight times in the 18 month period. All Committee members were present at each meeting except for one meeting where one member was unable to attend.

On 27 November 2020, Saffery Champness GAT LLP transferred its business to Grant Thornton Limited and the Directors received a proposal from Saffery Champness GAT LLP to novate the existing letter of engagement to Grant Thornton Limited. The Directors considered and approved the proposal for the novation of the existing letter of engagement and a resolution to appoint Grant Thornton Limited as auditor was put to the Members at the Annual General Meeting held on 14 May 2021.

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.

Corporate Governance and Directors' Responsibilities (continued)

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 the Group auditor and others, and informal oversight by regular discussions with the Group Executive Directors, key management personnel of subsidiaries, and staff of City Group PLC. A director of the Company sits on the board of each operating subsidiary. The establishment of an internal audit function is considered annually.

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

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 regards to the above, the activities of the Committee included:

- review of accounting policies, significant estimates and of judgement, and the extent of disclosures in the accounts;
- review financial reporting procedures and ensuring sufficient access to all financial information, from the Group as a whole, to enable effective preparation of the financial statements;
- review of the scope, independence and objectivity of the external auditor;
- reviewing and approving the fees proposed by the external auditor;
- confirming that 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;
- receiving confirmation from the external auditor that paragraph 22.15(h) of the JSE Listing Requirements has been complied with;
- reviewing the nature and extent of non-audit services provided by the external auditor to ensure that the fees for such services do not become so significant as to call into question their independence;
- pre-approval of the nature and extent of non-audit services;
- confirming that 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 other than the fraud noted elsewhere;
- the Committee is satisfied with the appropriateness of the expertise and experience of the Financial Director and his performance during the year;
- the Group's financial reporting procedures are appropriate and those procedures are operating; and
- at the date of this report, no valid 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.

Risk Factors

The Group is exposed to the following principal operational risks:

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.

Corporate Governance and Directors' Responsibilities (continued)

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.

Exchange Rates - 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 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 regulations, such as lockdowns, tariffs, sanctions and trade embargoes, and how they are applied, may have a material impact on the business environment and adversely affect the Group's operations or cash flow.

Global pandemic risk – the 2020 Covid-19 pandemic has had a significant impact on global economies and healthcare and the Group's operations and the safety of its staff in South Africa and overseas have been similarly affected. Although, with the vaccines, countries have been able to start opening up and Covid disruptions have lessened over the period, new variants still pose a potential risk for the future particularly if countries are required to take non-medical intervention including lock downs or travel restrictions.

Any further precautions implemented may lead to economies weakening and an adverse impact on the Group's investments resulting in lower levels of dividend income.

Trade Related - Covid-19 related disruptions to our supply chains through restrictions on movement and transportation, business closures and the risk of increases in unemployment and the impact on our suppliers and changes in demand from our customers may result in significantly reduced revenues.

The businesses of all companies, including global blue-chip companies, have been affected by Covid-19 and further outbreaks or other pandemics, may cause prolonged outbreaks of such viruses globally, and could result in further lockdowns and movement restrictions being put in place.

In addition, the Group's trading subsidiaries are exposed to a number of operational risks including consumer demand, commodity prices, inflation, reputation and data risks. Such risks are monitored, mitigated and controlled through tailored structures and processes at the individual operating subsidiary level. The exposure of the Group is further mitigated by its investment diversification.

Remuneration Committee

The Remuneration Committee comprises three Non-Executive Directors, Mr. B.C.B. Newman (Chairman), Mr R.C. Kerr and Mr. D.J. Douglas. The Committee, at its discretion, invite to its meetings such other Directors and external advisers as it deems appropriate. The Committee determines and agrees with the Board the framework or broad policy for the remuneration of the Company's Chairman, Chief Executive, Executive Directors, Company Secretary and such other members of the executive management as it is designated to consider from time to time. The remuneration of Non-Executive Directors is a matter for the Chairman and executive members of the Board. No Director or manager is involved in any decisions as to their own remuneration. The Remuneration Committee met five times in the 18 month period. All Committee members were present at each meeting except for one meeting where one member was unable to attend.

Remuneration Policy and Remuneration Implementation Report

The Remuneration Policy and the Remuneration Implementation Report have been prepared in accordance with the JSE Listings Requirements. Separate resolutions will be proposed at the Annual General Meeting of the Company to approve the Company's Remuneration Policy and the Remuneration Implementation Report.

Remuneration Policy Report

In accordance with principle 14 of King IV Report on Corporate Governance for South Africa 2016, the Company's Remuneration Policy (the "**Policy**") aims to ensure that the Group remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term. The objectives of the Policy are:

1. To attract, motivate, reward and retain human capital;
2. Promote the achievement of strategic objectives within the organisation's risk appetite;
3. Promote positive outcomes; and
4. Promote an ethical culture and responsible corporate citizenship.

Through the Policy, members of the board are provided with the appropriate incentives to encourage enhanced performance and are, in a reasonable manner, rewarded for their individual contributions to the success of the company.

The Policy ensures that remuneration of executive directors is fair and reasonable in the context of overall employee remuneration in the organisation by aligning base pay to what is considered market standard as well as linking personal remuneration to company performance.

At present, the Policy is to remunerate directors by way of a fixed fee for their services. Fees are set at a level to attract, motivate and retain talented individuals. The maximum quantum payable to directors is approved by the Board following recommendations from the Remuneration Committee.

Increases will not be higher than inflation unless this can be justified having regard to the performance of the Company or additional responsibilities taken on by directors.

The Board oversees the implementation and execution of the Policy and ensures that the objectives of the Policy are achieved.

In the event that either the Policy or the Implementation Report, or both are voted against by shareholders exercising 25% or more of the voting rights exercised, the Company will include in its voting results announcement the following:

- i. An invitation to dissenting shareholders to engage with the Company; and
- ii. Details of the manner and timing of such engagement.

Remuneration Implementation Report

The purpose of the Remuneration Implementation Report is to set out the actual payments made to Directors in the financial year being reported on. Details of the remuneration paid to, or receivable by each Board member, for the reporting period is shown on the Directors' Report on page 47.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors are responsible for preparing the Annual Report and the Consolidated Financial Statements in accordance with applicable law and regulations.

The Companies (Jersey) Law 1991 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 the Companies (Jersey) Law 1991 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 or 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 or the Group will continue in business.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the Group's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. A fair presentation also requires the Directors to:

- consistently select and apply appropriate accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

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 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.

CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER'S RESPONSIBILITY STATEMENT

STATEMENT BY CHIEF EXECUTIVE OFFICER AND FINANCIAL DIRECTOR

In compliance with paragraph 3.84(k) of the JSE Listing Requirements, the directors, whose names are stated below, hereby confirm that:

- the annual financial statements set out on pages 8 to 11, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;
- no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;
- internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the issuer; and
- the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function within the combined assurance model pursuant to principle 15 of the King IV Code. Where we are not satisfied, we have disclosed to the audit and risk committee and the auditors the deficiencies in the design and operational effectiveness of the internal financial controls and any fraud that involves directors and have taken the necessary remedial action.

D.C Marshall
Chief Executive

E.J. Beale
Finance Director

Independent Auditor's Report

To the Members of Marshall Monteagle PLC

Opinion

We have audited the consolidated financial statements of Marshall Monteagle PLC (the "Parent Company") and its subsidiary (together the "Group"), which comprise the Consolidated Statement of Profit or Loss and Other Comprehensive, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Financial Position, the Consolidated Statement of Cash Flows for the period then ended, and Notes to the consolidated financial statements, including a summary of significant accounting policies. The consolidated financial statements framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ("IFRSs") as issued by the International Standards Board ("IASB").

In our opinion, the accompanying consolidated financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 March 2022 and of the Group's profit for the period then ended;
- have been properly prepared in accordance with IFRSs as issued by the IASB; and
- have been prepared in accordance with the Companies (Jersey) Law, 1991.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the consolidated financial statements' section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Guernsey, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matters

The consolidated financial statements of the Group for the year ended 30 September 2020 were audited by another auditor who expressed an unmodified opinion on those statements on 26 January 2021.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor’s Report (continued)
To the Members of Marshall Monteagle PLC

The key audit matter	How the matter was addressed in our audit
<p>Revenue recognition (excluding other income) US\$201.123 million (2020: US\$112.519 million)</p> <p>Revenue is a material area of the consolidated financial statements and with various trading subsidiaries, revenue recognition is comprised of multiple revenue streams in various industries and geographical areas. Revenue is a key factor in determining the performance of the Group and includes consideration received for the sale of goods, transport of sale of minerals and rental income from properties. As a result, this could be subject to manipulation to enhance the performance of the Group.</p> <p>As a result of our audit risk assessment, including our review of the business and control environment, we identified revenue recognition as a significant risk and a key audit matter and designed and implemented appropriate responses to address this risk.</p> <p><i>Refer to note 3 of the Consolidated Financial Statements.</i></p>	<p>Audit procedures performed:</p> <p>As all group revenue is generated by and recognised within subsidiaries of the Group our audit testing focussed on directing and reviewing the audit work performed by the component auditors. Working with the component auditors we ensured that they:</p> <ul style="list-style-type: none"> • Obtained an understanding of management’s processes, policies and controls in relation to the recognition of revenue and confirmed their understanding by performing walkthrough tests on the design and implementation of key controls; • Compared the revenue recognition policies adopted, to ensure they were in line with the Group policies; and • Performed sufficient and appropriate audit testing to address the completeness, accuracy and occurrence of revenue recorded. <p>In addition to our review of the work performed by the component auditors, we:</p> <ul style="list-style-type: none"> • Compared the revenue recognition policies adopted by the Group against the requirements of IFRS 15; and • Determined if the associated disclosures within the Consolidated Financial Statements are in accordance with IFRS. <p>Key observations</p> <p>There were no material matters arising from our work in relation to revenue recognition that we wished to bring to your attention.</p>
<p>Valuation of investment property held at fair value and commercial property held at market value under a revaluation policy</p> <p>Investment property: US\$ 29,.793 million (US\$ 23.952 million)</p> <p>Commercial property: US\$ 5.202 million (US\$ 4.343 million)</p> <p>The Group owns a diversified portfolio of properties in South Africa and a multi-tenanted light industrial property in San Diego, California. The properties owned within the Group are held at fair value, which requires specialist expertise and the use of significant estimates and judgements giving rise to a higher risk of misstatement.</p> <p>Furthermore, the Group is exposed to risks resulting from major changes in property valuations. If the valuation of property is used to secure borrowing facilities, a fall in price may prevent further borrowing facilities from being secured.</p> <p><i>Refer to notes 10,11 and 27 of the Consolidated Financial Statements.</i></p>	<p>Audit procedures performed:</p> <p>As all investment and commercial properties are held within subsidiaries of the Group, our audit testing focussed on directing and reviewing the audit work performed by the component auditors. Working with the component auditors we ensured that they:</p> <ul style="list-style-type: none"> • Obtained an understanding of the processes, policies and methodologies, and controls in relation to the valuation and measurement of investment and commercial properties and confirmed their understanding by performing walkthrough tests on the design and implementation of key controls; • Performed sufficient and appropriate audit testing to address the risk that the valuation of the properties could be misstated; and • Assessed and challenged the key inputs, estimates and judgements made by management in deriving the estimated property valuations. <p>In addition to our review of the work performed by the component auditors, we performed the following additional procedures:</p>

Independent Auditor’s Report (continued)
To the Members of Marshall Monteagle PLC

The key audit matter	How the matter was addressed in our audit
	<ul style="list-style-type: none"> • We assessed Management’s valuation of the investment property that is disclosed as property, plant and equipment within the respective subsidiary’s individual financial statements (prepared under US GAAP) and reclassified to investment property, in accordance with IFRS, within the Group’s Consolidated Financial Statements. Our assessment included challenging Management on the key estimates and judgements made in determining the valuation and comparing the inputs used to publicly available information; and • Determined if the associated disclosures within the Consolidated Financial Statements are in accordance with IFRS. <p>Key observations</p> <p>There were no material matters arising from our work in relation to valuation of investment and commercial properties that we wished to bring to your attention.</p>
<p>Valuation of inventory US\$ 32.083 million (US\$ 12.422 million)</p> <p>The Group has a substantial proportion of its net assets held as inventories, within several components. Inventories are likely to be held in a number of locations and issues may exist with regard to goods in transit and should be valued at the lower of cost or net realisable value (“NRV”). The calculation of NRV involves estimation and therefore the judgement as to whether NRV is less than cost can be subjective.</p> <p><i>Refer to note 15 of the Consolidated Financial Statements.</i></p>	<p>Audit procedures performed:</p> <p>All inventory held by the Group is located and recognised within the subsidiaries of the Group. Therefore, our audit testing focussed on directing and reviewing the audit work performed by the component auditors. Working with the component auditors we ensured that they:</p> <ul style="list-style-type: none"> • Obtained an understanding of the processes, policies, methodologies and controls in relation to the valuation and measurement of inventory and confirmed their understanding by performing walkthrough tests on the design and implementation of key controls; • Compared the inventory valuation accounting policy adopted, to ensure it was in line with the Group’s policy; • Performed sufficient and appropriate audit testing to address the risk that the valuation of inventory could be misstated; and • Attended period end inventory counts and performed procedures to identify obsolete or impaired inventory items. <p>In addition to our review of the work performed by the component auditors, we:</p> <ul style="list-style-type: none"> • Compared the inventory accounting policy adopted by the Group against the requirements of IFRS; and • Determined if the associated disclosures within the Consolidated Financial Statements are in accordance with IFRS. <p>Key observations</p> <p>We have not identified any matters to report to those charged with governance in relation to valuation of inventory.</p>

Independent Auditor's Report (continued)

To the Members of Marshall Monteagle PLC

The key audit matter	How the matter was addressed in our audit
<p>Accuracy and completeness of the Group's financial statement consolidation</p> <p>Due to the number of components and sub-components within the Group, the frequency of intercompany transactions / balances between these components, foreign currency components and the use of large excel spreadsheet to undertake the consolidation, there is a risk of errors occurring during the consolidation process.</p>	<p>Audit procedures performed:</p> <p>Our audit work comprised of the following key procedures:</p> <ul style="list-style-type: none"> • We agreed each subsidiary/component's reported transactions and balances within the consolidation spreadsheet to audited individual financial statements where available, or other Management accounts or financial information; • We assessed the accuracy of the sums and formulas within the consolidation spreadsheet; • We assessed the accuracy and completeness of the elimination and intercompany adjustments recorded in the consolidation spreadsheet to underlying financial records; • We compared the material journal adjustments recorded to those recorded in the prior year consolidation and our knowledge of the current period activities, to assess the completeness of the consolidation journals; and • Agreed the final balances per the consolidation spreadsheet to the consolidated financial statements. <p>Key observations</p> <p>We have not identified any matters to report to those charged with governance in relation to the accuracy and completeness of the consolidation.</p>

Other information in the Annual Report

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report and Audited consolidated financial statements but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Matters on which we are required to report by exception

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

- proper accounting records have not been kept by the Group; or
- proper returns adequate for the audit have not been received; or
- the Group's Financial Statements are not in agreement with the accounting records and returns.

Independent Auditor's Report (continued)

To the Members of Marshall Monteagle PLC

Responsibilities of the directors for the consolidated financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 56, the Directors are responsible for the preparation of the consolidated financial statements which give a true and fair view in accordance with IFRSs as issued by the International Standards Board (IASB), and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions are taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent Auditor's Report (continued)

To the Members of Marshall Monteagle PLC

Use of our report

This report is made solely to the Company's members, as a body, in accordance with section 113A 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.

Wynand Pretorius
Grant Thornton Limited
Chartered Accountants
St Peter Port
Guernsey

24 June 2022

Contact and Addresses

GROUP OFFICES

REGISTERED OFFICE
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66-72 Esplanade
St Helier
Jersey JE1 1GH

COMPANY SECRETARY
City Group PLC
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REGISTRARS

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13 Castle Street
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Jersey JE1 1ES

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SOUTH AFRICA
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15 Biermann Avenue
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(PO Box 61051) Marshalltown 2107
Tel: +27 11 370 5000

BANKERS

Credit Suisse (Switzerland) Ltd.
Bahnhofstrasse 17
6300 Zug
Switzerland

First National Bank Limited
Shop 116,
1-3 Sunset Crescent
Kwa Zulu Natal, 4320, South Africa

HSBC Bank Plc
City of London Commercial Centre,
28 Borough High Street,
London, SE1 1YB

INDEPENDENT AUDITOR

Grant Thornton Limited
Lefebvre House,
Lefebvre Street,
St. Peter Port
Guernsey, GY1 3TF

SPONSOR

Questco Corporate Advisory Proprietary Limited
Ground Floor
Block C, Investment Place
10th Road, Hyde Park
Johannesburg 2196
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 2nd Floor, Gaspé House, 66-72 Esplanade, St Helier, Jersey, JE1 1GH on Friday 26th August 2022 at 9:00am (UK time) 10:00 am (SA time) for the purposes set out below.

The minimum percentage of voting rights that is required for resolutions 1 to 6 (inclusive) to be passed is 50% plus one vote of all votes cast on the resolution.

1. To receive and adopt the Report of the Directors and Audited Accounts for the period ended 31st March 2022.
2. To approve the Remuneration Policy in the form set out on pages 54 and 55 in the Company’s Annual Report and Accounts for the year ended 31st March 2022.
3. To approve the Remuneration Implementation Report in the form set out on pages 54 and 55 in the Company’s Annual Report and Accounts for the year ended 31 March 2022.
4. To re-elect Mr R.C. Kerr as a Director.
5. To re-elect Mr. D.C. Marshall as a Director.
6. To re-appoint Grant Thornton Limited as Auditor in accordance with Section 113(3) of the Companies (Jersey) Law 1991.

The minimum percentage of voting rights that is required for resolutions 7 to 8 to be passed is 75% plus one vote of all votes cast on the resolution.

7. 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 ordinary 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 Company 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

Notice of Annual General Meeting Marshall Monteagle PLC

announcements that may be required in such regard in terms of the Listings Requirements of the JSE which may be applicable from time to time.

8. 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 or any of its subsidiaries, as the case may be, 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, (whichever period is shorter);
- 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 page 46.

Further information which is required in terms of the JSE Listings Requirements can be found as follows:

- Major shareholders – page 47 of the 2022 Annual Report and Accounts;
- Company's share capital – page **Error! Bookmark not defined.** of the 2022 Annual Report and Accounts;
- Directors' responsibility statement – page 57 of the 2022 Annual Report and Accounts; and
- Material change – page 49 of the 2022 Annual Report and Accounts

Notice of Annual General Meeting Marshall Monteagle PLC

Important dates to note:

Record date for receipt of notice purposes	Wednesday, 15 June 2022
2022 Annual Report and Accounts posted on	Thursday, 30 June 2022
Last day to trade in order to be eligible to participate in and vote at the Annual General Meeting	Tuesday, 16 August 2022
Record date for voting purposes "voting record date"	Friday, 19 August 2022
Last day to lodge forms of proxy for the Annual General Meeting	Wednesday, 24 August 2022
Annual General Meeting at 09:00am (UK Time) 10:00am (SA Time)	Friday, 26 August 2022
Results of Annual General Meeting released on SENS	Friday, 26 August 2022

2nd Floor, Gaspé House,
66-72 Esplanade,
St. Helier,
Jersey, JE1 1GH

24 June 2022

By order of the Board,

CITY GROUP PLC
Company Secretary

Notice of Annual General Meeting Marshall Monteagle PLC

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 proxy form under the hand of a duly authorised officer.

(ii) A proxy form is enclosed with this document. If you are certificated or own-name dematerialised shareholder, you are requested to complete and return the proxy form whether or not you intend to attend the Annual General Meeting.

(iii) Shareholders are encouraged to appoint the Chairman or some other person who will be attending the meeting as their proxy (by submitting their Form of Proxy by post or by email to #JERegistryRMs@computershare.co.je for shareholders on the Jersey register and Proxy@Computershare.co.za for shareholders on the South African register as soon as possible.

(iv) To be effective, the proxy form, duly completed, must arrive at the registered office of the Company not less than forty-eight hours before the time fixed for the meeting, being 9:00am (UK time) 10:00 am (SA time) on 24th August 2022. Proxy forms 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 forty-eight hours before the time fixed for the meeting, being 9:00am (UK time) 10:00 am (SA time) on 24th August 2022 at the following respective addresses:

Jersey/United Kingdom Shareholders: Computershare Investor Services (Jersey) Limited	South African Shareholders: Computershare Investor Services (Proprietary) Limited
13 Castle Street St. Helier Jersey JE1 1ES	15 Biermann Avenue Rosebank 2196 South Africa (PO Box 61051) Marshalltown 2107

(iv) Shareholders who have dematerialised their ordinary shares through a Central Securities Depository Participant ("CSDP") or broker, other than own-name registered dematerialised 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 timeframe stipulated by their CSDP or broker.

(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 (Proprietary) Limited, of any change of address. The addresses of the Registrars can be found on page 64.

MARSHALL MONTEAGLE PLC

Registered Office:
2ndFloor, Gaspé House, 66-72 Esplanade, St Helier, Jersey JE1 1GH
(Registered no. 102785)
(the “Company”)

Proxy Form for Annual General Meeting

Proxy form for the Annual General Meeting of shareholders to be held at the Company’s registered office at 2nd Floor, Gaspé House, 66-72 Esplanade, St Helier, Jersey JE1 1GH on Friday 26th August 2022 at 9:00am (UK time) 10:00 am (SA time) and at any adjournment thereof.

The undersigned being the holder of _____ shares in the Company hereby appoints as their proxy at the above mentioned meeting _____ or the chairman of the meeting to whom they give all powers to represent them at the said meeting, to take part in all deliberations and to vote in their name according to the instructions set out below and to perform all acts necessary to give effect to the resolutions contained in the agenda as follows:-

No.	Resolution	For	Against	Abstention
1.	To receive and adopt the Report of the Directors and Audited Accounts for the year ended 31 March 2022.			
2.	To approve the Remuneration Policy in the form set out in the Company’s 2022 Annual Report and Accounts for the year ended 31 March 2022.			
3.	To approve the Remuneration Implementation Report in the form set out in the Company’s 2022 Annual Report and Accounts.			
4.	To re-elect Mr R.C. Kerr as a Director.			
5.	To re-elect Mr D.C. Marshall as a Director.			
6.	To re-appoint Grant Thornton Limited as auditor and to authorise the Directors to determine their remuneration.			
7.	To grant the Directors general authority to issue shares for cash.			
8.	To grant the Company or any of its subsidiaries general authority to acquire its own shares.			

Name of registered shareholder

Address

Signature

Notes

(i) A shareholder may appoint a proxy who need not be a shareholder of the Company. Any corporation being a shareholder of the Company may execute the proxy form under the hand of a duly authorised officer or attorney.

(ii) To be effective, the proxy form, duly completed, must arrive at the registered office of the Company at 2nd Floor, Gaspé House, 66-72 Esplanade, St Helier, Jersey JE1 1GH not less than forty-eight hours before the time fixed for the meeting being 9:00am (UK time) 10:00 am (SA time) on 24th August 2022. Proxy forms 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 forty-eight hours before the time fixed for the meeting being 9:00am (UK time) 10:00 am (SA time) on 24th August 2022, at the following respective addresses:

Jersey/United Kingdom Shareholders: Computershare Investor Services (Jersey) Limited: 13 Castle Street St. Helier Jersey JE1 1ES	South African Shareholders: Computershare Investor Services (Proprietary) Limited 15 Biermann Avenue Rosebank 2196 South Africa (PO Box 61051) Marshalltown 2107
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- (iii) Shareholders should indicate with a cross (X) in the space provided above how they wish their votes to be cast. In the absence of specific instructions their proxy may vote as he thinks fit.
- (iv) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority is determined by the order in which the names stand in the Register of Members in respect of joint holdings.
- (v) Shareholders who have dematerialised their ordinary shares through a Central Securities Depository Participant (“**CSDP**”) or broker, other than own-name registered dematerialised shareholders, and who wish to attend the Annual General meeting must ask 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 timeframe stipulated by their CSDP or broker.
- (vi) 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.



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