

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

Provisional reviewed results for the year ended 30th September 2020 and proposed dividend declaration

Chairman's Statement

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

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

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

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

The trading environment for the Group's businesses in the second half of this year has been very difficult owing largely to the Covid-19 pandemic which, of course, has affected local economies and businesses around the world. All of our companies have had to adjust to this new and challenging environment and our employees and staff in South Africa and overseas have worked very hard to achieve this year's results.

In October 2019 Marshall Monteagle completed the sale of its 50% interest in Monteagle Africa. By the sale of Marshall Monteagle's investment in Monteagle Africa, the Group has been able to maintain the balance of its investments and provide additional liquidity to support the growth of other trading businesses. The profits from the sale of this investment are included in the current financial year.

Board changes

As was reported on 29th June 2020 by the Group's Chief Executive David Marshall and me in the Interim Report and Dividend Declaration, the AGM in May 2020 saw Alastair Barclay stand down as a Director and the non-Executive Chairman of the Group after having served a term of three years. I was appointed in his stead. For those shareholders who missed the announcement, this was Alastair's second retirement from the Group which he had joined in 1980. In the three years from May 2017 to May this year, he led an increase in the professionalism of the Board's corporate governance processes, and reporting commitments. In particular, he oversaw adaptations required to comply with the JSE's King IV Code on Corporate Governance, including the expansion of the role of the Remuneration Committee to explicitly cover social and ethical issues, and to publish remuneration policy and implementation reports. Whilst a Group Director and the non-executive Chairman, the Group substantially grew its FMCG (Fast Moving Consumer Goods) business and metals and minerals trades, exited peripheral businesses in Australia and Dubai and profitably sold its business as an intermediary in the supply chain for Spar in South Africa, releasing substantial working capital. We again thank him for his contribution and wish Patricia his wife and him a long, healthy and happy life.

The past year has seen significant and increased challenges for the Group, wrought not least by the Covid-19 pandemic, as well as new opportunities. These include choices such as the option (and at times the need) to meet remotely such by 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 to us of preserving our planet.

In his Chairman's Statement of 2019, Alastair Barclay noted that "The conditions which saw the significant growth of Marshall Monteagle over the last twenty years will be different", that "The strategic investment policy of listed investments, property and growing businesses run by ambitious managers, has served all stakeholders well." and then concluded with the observation that "This policy may be led by new faces in the future but with caution and integrity, it should lead to a prosperous future for all".

I endorse those sentiments adding only that such "caution and integrity" will need all of the energies that are released by imagination and courage.

Chairman's Statement (continued)

As Chairman of Marshall Monteagle, it gives me great pleasure to thank every employee and staff member of the Marshall Monteagle Group for the loyalty, the hard work and dedication they have shown throughout the past year and wish them all a merry Christmas and festive season and a joyful, Covid-19 conquering new year.

R. C. Kerr, Chairman

Business Review

The Directors report the following results for the year ended 30th September 2020.

Results of operations

- Net assets per share attributable to shareholders are US\$2.32 (2019 – US\$2.37). Net assets per share have decreased reflecting adverse movements in the value of the South African Rand and decreases in the value of investment portfolios. Net assets outside Africa, net of proposed dividends, stand at US\$68.8m, equal to US\$1.92 per share (2019 - US\$1.92); the balance of US\$13.7m, equal to US\$0.38 per share, is held in South Africa (2019 - US\$0.43per share).
- A final dividend of US\$1.9 cents per share will be paid in January 2021 (2019 – US\$1.9 cents) bringing dividends for the year to US\$3.8 cents (2019 – US\$3.8 cents).
- Revenue on continuing operations decreased by 40.9% to US\$112,519,000 (2019 restated – US\$190,503). In constant currency terms revenue decreased by 36.9%
- Group profit before tax decreased by 76.8% to US\$3,547,000, and in constant currency terms decreased by 74.1% to US\$3,952,000.
- Profit before tax on continuing operations decreased by 94.5% to US\$303,000 (2019 restated – US\$5,534,000) and in constant currency terms decreased by 95.4% to US\$253,000.
- Headline (loss)/earnings of US\$(2.5) cents per share were 113% lower when compared with US\$19.1 cents per share in the same period last year.
- Basic earnings per share of US\$1.0 cents per share were 95.3% lower when compared with US\$21.6 cents per share in the same period last year.

Import and Distribution

The continuing FMCG import and distribution businesses provide a procurement, supply chain and risk management service to multiple retailers, wholesalers and manufacturers throughout Southern and Central Africa and South America. This division continues to constantly review its shipping and supply-chain to ensure that it remains the most cost-effective solution from factory to shelf. The division remains committed to working with suppliers of quality raw materials, skilled technologists and first world production facilities.

The global Covid-19 pandemic has resulted in many challenges throughout the supply-chain and we expect these challenging conditions to continue with limited forward visibility. Currency and raw material markets remain extremely volatile compounded by significantly increased competition which has materially affected volumes and margins. These factors have constrained profitability in the period and are expected to impact on returns for the foreseeable future. We continue to compete strongly for business with existing customers and to broaden our customer and supplier base.

The Tool & Machinery business in South Africa services national chains as well as the independent retail stores. Our product offering is constantly being adapted to meet the ever-changing demand. Lockdown led to a temporary cessation of trade, but full operations have since resumed. Our Tool & Machinery business has had a good year and increased profitability despite the effects of Covid-19 and the national lockdown in South Africa. The "Do it yourself" market in particular has been very buoyant after lockdown. The risk of product price inflation from suppliers into 2021 is a concern. Nonetheless, the business is well positioned to have another year of growth.

The Metals and Minerals business provides a fully integrated marketing, logistics, finance and shipping service to the South African mining industry. It continues to make extremely good progress and is developing new partnerships with miners in Southern Africa and end users on an international basis. This division is committed to partnering with producers who require a professional all-encompassing solution from collection ex mine through to delivery to end users on an international basis. During the last six months of the period under review markets that we trade in have been adversely affected by the global Covid-19 pandemic, initially impacting end users in Asia and subsequently producers in South Africa. This has significantly impacted volumes, and we expect these imbalances will take many months to come back into balance.

In November 2020 the Group sold the controlling stake in the companies involved in importing, processing, and distributing coffee in South Africa (note 4b). The performance, assets and liabilities of these businesses are shown as discontinued in these accounts.

Business Review (continued)

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

Investment Portfolio

We continue to hold a list of quality listed international equities that are expected to outperform the market in the long term. During the year share prices decreased by US\$1,512,000 (2019: increase of US\$39,000) mainly due to unstable market conditions and the impact of Covid-19. With the additional net disposal of investment of US\$2,008,000 and the adverse effect of foreign exchange of \$30,000 the portfolio had a market value at the year-end of US\$28,112,000 (2019 – US\$31,662,000).

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, though rental rates have stabilized and remained level over recent quarters. Covid-19 has not had a significant impact on income although payment of some rents has been deferred for short periods. The Group's South African commercial and light industrial property portfolio has achieved a steady return in a very adverse economic climate, notwithstanding limited forbearance granted to certain tenants who have been struggling to cope with the effects of Covid-19 and lockdown. The Group is maintaining its focus on administrative and operating efficiencies while the demand for premises decreases in light of the uncertainty surrounding the economy. The Group's property portfolio was revalued at US\$23,952,000, a decrease of US\$114,000 compared with the same period last year.

Dividend

The Directors are proposing a final dividend of 1.9 US cents, (2019 – 1.9 US cents) making a total of 3.8 US cents (2019 – 3.8 US cents) for the year. Full details of the dividend will be published later today, Thursday 24th December 2020.

The salient dates are as follows:

Last day to trade	Tuesday 12 th January 2021
Shares trade ex-dividend	Wednesday 13 th January 2021
Record date	Friday 15 th January 2021
Pay date	Friday 22 nd January 2021

No dematerialisation or rematerialisation of share certificates, nor transfer of shares between the registers in Jersey and South Africa will take place between Wednesday 13th January 2021 and Friday 15th January 2021, both dates inclusive.

By order of the Board
City Group PLC, Company Secretary
24th December 2020

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 th September	Notes	Reviewed	Restated for	Audited
		2020	IFRS 5	2019
		US\$000	US\$000	US\$000
Profit or Loss				
Group revenue	1	112,519	190,503	198,599
Other income	2	3,736	3,183	3,323
		116,255	193,686	201,922
Increase/(Decrease) in inventories of finished goods and work in progress		(6,704)	770	939
Cost of finished goods, raw materials and consumables		(76,376)	(139,329)	(143,815)
Employee benefit expenses		(6,800)	(8,081)	(9,036)
Depreciation expenses		(388)	(370)	(520)
Other expenses	3	(24,052)	(39,273)	(41,332)
Share of associated companies results		24	20	20
Finance expense		(1,656)	(1,889)	(1,992)
Profit before tax		303	5,534	6,186
Taxation		(633)	(1,903)	(2,084)
(Loss)/Profit for the year on continuing operations		(330)	3,631	4,102
Profit from disposal of discontinued operations	4a	2,559	-	-
Realised exchange differences on disposed foreign entities		(1,718)	-	-
Profit after tax on discontinued operations	4b	154	7,446	6,975
Profit for the year		665	11,077	11,077
Profit attributable to owners of the parent		387	7,730	7,730
Profit attributable to non-controlling interests		278	3,347	3,347
Basic and fully diluted (loss)/earnings per share on continuing operations (US cents)	6	(1.7)c	9.7c	11.0c
Other Comprehensive (Expense)/Income on continuing operations: -				
Items that may be reclassified subsequently to profit or loss: -				
Exchange differences on translation into US Dollars of the financial statements of foreign entities		(2,224)	(2,647)	(2,800)
Realised exchange differences on translation into US Dollars of the financial statements of disposed foreign entities		1,718	-	-
Total of items that may be reclassified		(506)	(2,647)	(2,800)
Items that will not be reclassified subsequently to profit or loss: -				
Commercial property fair value adjustments		52	137	137
Less applicable tax		(15)	(27)	(27)
		37	110	110
Other Comprehensive Income on discontinued operations		(207)	(137)	16
Total Other Comprehensive Loss		(676)	(2,674)	(2,674)
Total Comprehensive (Loss)/Income		(11)	8,407	8,403
Total Comprehensive Income attributable to owners of the parent		649	5,857	5,857
Total Comprehensive (Loss)/Income attributable to non-controlling interests		(660)	2,546	2,546

Condensed Consolidated Statement of Changes in Equity

	Called up share capital	Share premium	Other reserves	Retained earnings	Total Shareholders' interests	Non- controlling interests	Group Total
	US\$000	US\$000	US\$000	US\$000	US\$000	US\$000	US\$000
Year ended 30th September 2020							
Profit after tax	-	-	(912)	1,299	387	278	665
Other Comprehensive Expense- FX	-	-	(312)	-	(312)	(401)	(713)
Other Comprehensive Expense- revaluation	-	-	18	-	18	19	37
Total Comprehensive (Expense)/ Income	-	-	(1,206)	1,299	93	(104)	(11)
Transactions with shareholders							
Disposal of subsidiary (note 4)	-	-	(132)	(309)	(441)	(6,113)	(6,554)
Dividends paid	-	-	-	(1,364)	(1,364)	(68)	(1,432)
Balances at start of year	8,964	23,606	(291)	52,687	84,966	10,451	95,417
Balances at end of year	8,964	23,606	(1,629)	52,313	83,254	4,166	87,420
Year ended 30th September 2019							
Profit after tax-	-	-	593	7,137	7,730	3,347	11,077
Other Comprehensive Expense	-	-	(936)	(937)	(1,873)	(801)	(2,674)
Total Comprehensive (Expense)/Income	-	-	(343)	6,200	5,857	2,546	8,403
Transactions with shareholders							
Disposal and loss of subsidiaries (note 4)	-	-	-	-	-	(795)	(795)
Dividends paid	-	-	-	(1,364)	(1,364)	(1,719)	(3,083)
Balances at start of year	8,964	23,606	52	47,851	80,473	10,419	90,892
Balances at end of year	8,964	23,606	(291)	52,687	84,966	10,451	95,417

Condensed Consolidated Statement of Financial Position

at 30th September

	Notes	2020 Reviewed US\$000	2019 Audited US\$000
Assets			
Non-current assets			
Investment property		23,952	24,066
Property, plant and equipment		5,328	7,188
Right of use asset		479	-
Deferred taxation		749	999
Investments in associated company	5	430	409
Investments	7	28,112	31,662
		<u>59,050</u>	<u>64,324</u>
Current assets			
Inventories		12,422	24,729
Accounts receivable	8	22,436	22,907
Other current assets		444	662
Tax recoverable		489	372
Cash and cash equivalents	10	29,716	22,654
		<u>65,507</u>	<u>71,324</u>
Assets held for sale	4	6,128	41,488
		<u>130,685</u>	<u>177,136</u>
Total assets			
		<u>130,685</u>	<u>177,136</u>
Current liabilities			
Bank overdrafts	9	(7,392)	(6,637)
Accounts payable		(19,992)	(22,501)
Lease liabilities		(110)	-
Other financial liabilities		(122)	(36)
Tax payable		(25)	(473)
		<u>(27,641)</u>	<u>(29,647)</u>
Liabilities held for sale	4	(1,203)	(31,987)
		<u>42,791</u>	<u>51,178</u>
Net current assets			
		<u>42,791</u>	<u>51,178</u>
Total assets less current liabilities			
		<u>101,841</u>	<u>115,502</u>
Non-current liabilities			
Financial liabilities	8	(6,679)	(12,834)
Lease liabilities		(427)	-
Deferred taxation		(7,315)	(7,251)
Total non-current liabilities		<u>(14,421)</u>	<u>(20,085)</u>
		<u>87,420</u>	<u>95,417</u>
Capital and reserves			
Called up share capital		8,964	8,964
Share premium account		23,606	23,606
Other reserves		(1,629)	(291)
Retained earnings		52,313	52,687
		<u>83,254</u>	<u>84,966</u>
Equity attributable to owners of the parent		83,254	84,966
Non-controlling interests		4,166	10,451
Total Equity		<u>87,420</u>	<u>95,417</u>

Condensed Consolidated Statement of Cash Flows
for the year ended 30th September

	Notes	2020 US\$000	2019 US\$000
Operating Activities			
Profit for the year		665	11,077
Adjustments			
Taxation		2,883	4,329
Depreciation		555	1,048
Share of associated companies' results		(24)	(80)
Interest paid		1,724	2,379
Profit on disposal of subsidiary		(3,018)	-
Other income		(2,145)	(3,303)
Other expense		1,694	1,191
		2,334	16,641
Changes in working capital			
Decrease/(Increase) in inventories		7,098	(3,146)
(Increase)/Decrease in receivables		(1,658)	7,341
(Decrease)/Increase in payables		(8,226)	1,301
Cash (used in)/generated by operations		(452)	22,137
Interest paid		(1,682)	(2,379)
Taxation paid		(2,970)	(3,765)
Cash (outflow)/inflow from operating activities		(5,104)	15,993
Investment activities			
Purchase of and improvements to tangible non-current assets		(950)	(1,445)
Proceeds of disposal of tangible non-current assets		66	227
Purchase of software		-	(13)
Acquisition of investments		(8,544)	(331)
Proceeds of disposal of investments		11,085	-
Proceeds of disposal of subsidiary		9,964	323
Loss of subsidiary		-	(1,046)
Dividends received		977	1,041
Interest received		747	821
Cash inflow/(outflow) from investment activities		13,345	(423)
Cash inflow before financing		8,241	15,570
Financing activities			
Drawdown of new long-term loans		(397)	117
Repayment of long-term loans		-	(119)
Lease		(101)	-
Dividends paid to Group shareholders		(1,364)	(1,364)
Dividends paid to non-controlling interests of subsidiaries		(68)	(1,719)
Cash outflow from financing activities		(1,930)	(3,085)
Increase in cash and cash equivalents		6,311	12,485
Cash and cash equivalents at 1 st October		16,017	5,911
Effect of foreign exchange rate changes		217	(77)
Cash and cash equivalents at 30th September		22,545	18,319
Cash and cash equivalents on discontinued operations		(221)	(2,302)
Cash and cash equivalents on continuing operations		22,324	16,017

EXPLANATORY NOTES

1. SEGMENTAL REPORTING

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

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

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

Segmental analysis of results	2020		Restated for IFRS 5 2019	
	Revenue US\$000	Profit/(loss) US\$000	Revenue US\$000	Profit/(loss) US\$000
Import and distribution *	109,506	800	187,407	5,572
Property	3,013	829	3,096	891
Share of associated companies results	-	24	-	20
Continuing operations	<u>112,519</u>	<u>1,653</u>	190,503	6,483
Other expenses		(3,430)		(2,243)
Other income		3,736		3,183
Finance expense		<u>(1,656)</u>		<u>(1,889)</u>
Profit on continuing operations before tax		303		5,534
Discontinued operations				
Profit on disposal	-	3,018	-	-
Import and distributions	<u>7,700</u>	<u>226</u>	<u>238,956</u>	<u>9,779</u>
	<u>120,219</u>		<u>429,459</u>	
Profit for the year before tax on continuing and discontinued operations		<u>3,547</u>		<u>15,313</u>

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

	2020 US\$000	2019 US\$000
Customer A	15,289	29,216
Customer B	9,230	36,159

1. SEGMENTAL REPORTING (continued)

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

	Assets US\$000	Liabilities US\$000	Net assets US\$000	Capital expenditure US\$000	Depreciation charge US\$000
Segmental analysis of net assets 30th September 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)

Segmental analysis of net assets 30th September 2019					
Import and distribution	54,059	(21,093)	32,966	623	(493)
Property	25,283	(680)	24,603	29	(4)
Investment in associated companies	409	-	409	-	-
Unallocated (including investments, cash, tax and debt)	55,897	(27,959)	27,938	-	(23)
Consolidated total on continuing operations	135,648	(49,732)	85,916	652	(520)
Discontinued operations – held for sale	41,488	(31,987)	9,501	793	(528)
Consolidated total	177,136	(81,719)	95,417	1,445	(1,048)

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 30 th September 2020	Group revenue US\$000	Non-Current assets US\$000	Assets US\$000	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)
Total	120,219	31,790	130,685	(43,265)

1. SEGMENTAL REPORTING (continued)

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

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

Group revenue for continuing operations disaggregated by product type

		2020 US\$000	Restated for IFRS 5 2019 US\$000
Import & Distribution	FMCG	52,335	94,914
	Metals & Minerals	32,291	64,698
	Tool and Machinery	24,880	27,795
		109,506	187,407
Property		3,013	3,096
Total		112,519	190,503

2. OTHER INCOME

	2020 US\$000	Restated for IFRS 5 2019 US\$000
Fair value adjustments on investment property	838	1,225
Fair value adjustment on investments	-	39
Fair value adjustments on forward foreign exchange contracts	-	28
Dividend income	865	872
Interest income	745	500
Other income	141	247
Legal claim	309	-
Exchange gains	305	272
Profit on disposal of investments	533	-
Total other income in continuing operations	3,736	3,183
Other income in discontinued operations	86	261
	3,822	3,444

3. OTHER EXPENSES

	2020 US\$000	Restated for IFSR 5 2019 US\$000
Fair value adjustment on investments	(1,512)	-
Loss on disposal of non-current tangible assets	(94)	(24)
Impairment	(11)	-
Exchange losses	(909)	(1,164)
Reorganisation costs	-	(57)
Metals and Minerals freight and clearing expenses	(8,176)	(15,879)
Administration and other expenses	(13,350)	(22,149)
Total other expenses on continuing operations	<u>(24,052)</u>	<u>(39,273)</u>
Other expenses in discontinued operations	(2,043)	(14,033)
	<u>(26,095)</u>	<u>(53,306)</u>

	2020 US\$000	Restated for IFSR 5 2019 US\$000
Administration and other expenses include:		
Marketing and sales expenses	1,097	1,498
Legal and professional fees	1,714	624
Lease costs:		
Premises	62	921
Plant, equipment and vehicles	299	267
Auditors' fees of the Company and its subsidiaries		
Audit related	475	424

4. DISCONTINUED OPERATIONS

a) Monteagle Africa Limited

During the previous financial year, the directors took a decision to sell their 50.1% shareholding in Monteagle Africa Limited. Consequently, the investment held in Monteagle Africa Limited as well as indirect investment held via Monteagle Africa, namely Monteagle Merchandising Propriety Limited – 50% and Gayle Henderson Marketing Propriety Limited - 26%, have been disclosed as current assets held for sale at year end and their associated liabilities also classified as held for sale.

The sale was effective and finalised during the current year and consideration of ZAR151mln was received in full.

	2020 US\$000	2019 US\$000
Net asset sold	9,501	
Intercompany loan added back	2,409	
Adjustment to prior year closing minority interest	(569)	
Minority interest	<u>(6,113)</u>	
Total net asset sold	5,228	
Profit on disposal	4,736	
Consideration received	<u>9,964</u>	
Assets sold		
Property, plant and equipment		3,281
Deferred taxation		647
Intangible assets		475
Investments in associated company		198
Inventories		5,880
Accounts receivable		28,672
Cash and cash equivalents		2,302
Tax recoverable		7
Derivatives		26
		<u>41,488</u>

4. DISCONTINUED OPERATIONS (continued)

	2019 US\$000
Liabilities sold	
Overdraft	-
Tax payable	(52)
Borrowings	(268)
Lease Liabilities	(65)
Trade and other payables	(31,602)
	<u>(31,987)</u>

b) Global Coffee Exports Limited

In November 2020 the Group sold to a private equity company a controlling stake in the companies involved in importing, processing, and distributing coffee in South Africa for US\$1,500,000. Sales proceeds will be applied within the stock market investment portfolio of the group.

	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>	
	2020 US\$000	2019 US\$000
Comprehensive income		
Revenue	7,700	8,096
Cost of sales	(4,610)	(4,317)
Other Income	86	140
Operating and other expenses	(2,883)	(3,164)
Finance costs	(67)	(103)
Profit before tax	<u>226</u>	<u>652</u>
Taxation	(72)	(181)
Profit after tax	<u>154</u>	<u>471</u>
Cashflows from discontinued operations		
Operating activities	290	
Investing activities	(520)	
Financing activities	81	
Net cash outflows on discontinued operations	<u>(149)</u>	

5. INVESTMENT IN ASSOCIATED COMPANY

	2020 US\$000	2019 US\$000
Investment in associated companies		
Balance brought forward 1 st October	409	192
Translation adjustment on balance brought forward*	(37)	(13)
Share of net asset value of former subsidiary – now accounted for as associate	147	472
Share of results for the year	24	20
Translation adjustment on results for the year*	(1)	(1)
Dividends received	(112)	(82)
Transferred to assets held for sale	-	(179)
Balance carried forward 30 th September	<u>430</u>	<u>409</u>
 Investment in associate held		
Gayle Henderson Marketing Proprietary Limited – Marketing company Incorporated and operating in South Africa, unlisted	-	26%
Monteagle Logistics Limited – Incorporated and operating in South Africa	50%	50%

*Recorded in Foreign Currency Translation Reserve through Other Comprehensive Income.

6. EARNINGS PER SHARE

	2020	Restated for IFSR 5 2019	2019
Basic earnings per share on continuing operations	US\$(1.7)c	US\$9.7c	US\$11.0c
Basic earnings per share on discontinued operations	US\$2.7c	US\$11.9c	US\$10.6c
Basic and fully diluted earnings per share	<u>US\$1.0c</u>	<u>US\$21.6c</u>	<u>US\$21.6c</u>
 Headline basic (loss)/earnings per share on continuing operations	US\$(2.9)c	US\$7.3c	US\$8.5c
Headline basic earnings per share on discontinued operations	US\$0.4c	US\$11.8c	US\$10.6c
Headline basic and fully diluted (loss)/earnings per share on continuing and discontinued operations	<u>US\$(2.5)c</u>	<u>US\$19.1c</u>	<u>US\$19.1c</u>
 Basic earnings on continuing and discontinued operations	387	7,730	7,730
Share of profit on discontinued operations	(995)	(4,260)	(3,789)
Basic earnings on continuing operations	<u>(608)</u>	<u>3,470</u>	<u>3,941</u>

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 (2019 – 35,857,512). There are no dilutive equity instruments in issue.

	2020	Restated for IFSR 5 2019	2019
Reconciliation between basic and headline earnings per share	US\$000	US\$000	US\$000
Basic earnings on continuing and discontinued operations	387	7,730	7,730
Adjusted for:			
Fair value adjustments on investment property, net of tax effect of US\$294,000 (2019 – US\$354,000)	(544)	(871)	(871)
Recovery of impairment of non-current assets	-	(42)	(42)
Net gain on disposal of subsidiary	(2,559)	(40)	(40)
Foreign currency translation reserve recycled to profit or loss	1,718	-	-
Impairment of non-current tangible asset	11	-	-
Net loss on disposal of non-current tangible assets	103	67	67
Re-measurements included in equity-accounted earnings of associates	1	-	-
Headline (loss)/earnings	<u>(883)</u>	<u>6,844</u>	<u>6,844</u>

6 EARNINGS PER SHARE (continued)

		Restated for IFSR 5	
	2020	2019	2019
	US\$000	US\$000	US\$000
Reconciliation between basic and headline earnings per share on continuing operations			
<i>Basic earnings on continuing operations</i>	(608)	3,470	3,941
<i>Adjusted for:</i>			
Fair value adjustments on investment property, net of tax effect of US\$294,000 (2019 – US\$354,000)	(544)	(871)	(871)
Impairment/(Recovery of impairment) of non-current assets	11	-	(42)
Net loss on disposal of non-current tangible assets	103	24	27
Re-measurements included in equity accounted earnings of associates	1	-	-
Headline (loss)/earnings	(1,037)	2,623	3,055

7. INVESTMENTS

Investments include listed investments with a fair value of US\$25,570,000 (2019 – US\$27,050,000), seven-day treasury bills of US\$Nil (2019 – US\$2,000,000) and an unlisted investment in Heartstone Inns Ltd (“Heartstone”) with a fair value of US\$2,542,000 (2019 – US\$2,612,000). The change in fair value for both listed and unlisted investments in the year has been included in Other Income/Expenses through Profit or Loss. Listed investments have decreased in value by US\$1,442,000 (2019 – increase of US\$238,000) and the value of the investment in Heartstone has decreased by US\$70,000 (2019 – decrease of US\$199,000).

8. FINANCIAL INSTRUMENTS

The categories of financial instruments used by the Group are:

	Level in Fair Value hierarchy	2020 US\$000	2019 US\$000
Financial assets			
<i>At fair value through Profit or Loss</i>			
Investments – listed	1	25,570	27,050
– treasury bills	1	-	2,000
– unlisted	3	2,542	2,612
Forward foreign exchange contracts in Other financial assets	2	21	335
<i>Loans and accounts receivable at amortised cost</i>			
Accounts receivable	n/a	22,436	22,907
Cash at bank in Cash and cash equivalents	n/a	28,084	22,222
Money market funds in Cash and cash equivalents	n/a	1,632	432
Financial liabilities			
<i>At amortised cost</i>			
Trade and other payables - current	n/a	19,964	22,402
Bank loans - non-current secured	n/a	6,679	7,434
Other loans - non-current unsecured	n/a	-	5,400
Bank overdrafts in Current financial liabilities	n/a	7,392	6,637
Lease liability		110	-
<i>At fair value through Profit or Loss</i>			
Forward foreign exchange contracts in Other financial liabilities	2	122	36

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

8. FINANCIAL INSTRUMENTS (continued)

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

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

9. SECURED LIABILITIES

Overdrafts of US\$7,392,000 (2019 - US\$6,637,000) are included in current liabilities. Certain Group long-term financial liabilities are secured on various properties and bear interest at commercial rates.

10. CASH AND CASH EQUIVALENTS

Analysis of net funds	2019	Exchange movements	Cash Flow movement	Discontinued Operations	2020
	US\$000	US\$000	US\$000	US\$000	US\$000
Cash at bank and in hand	22,222	(145)	6,228	(221)	28,084
Money market funds	432	(39)	1,239	-	1,632
	22,654	(184)	7,467	(221)	29,716
Bank overdrafts	(6,637)	401	(1,156)	-	(7,392)
	16,017	217	6,311	(221)	22,324

11. EVENTS AFTER THE REPORTING DATE

The Directors have approved the payment of a final dividend of US\$1.9 cents, (2019 – US\$1.9 cents) making a total of US\$3.8 cents (2019 – US\$3.8 cents) for the year. Details and salient dates of the dividend will be published later today, Thursday 24th December 2020.

Certain companies within the Group have been involved in legal proceedings against former employees and former consultants. The case against one former employee based in the UK has been settled, and a settlement sum of £225,000 has been received after the year end. Two former employees based in South Africa have been found by the South African court to have admitted breaching their employment contracts and were ordered to cease those breaches and return company information. That order was breached and proceedings for contempt of court were pursued. Those proceedings were settled after the year end upon receipt of apologies from the two former employees and a contribution towards costs. Separate 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. The former consultant has not defended that claim and a hearing to grant default judgement in the Group's favour is scheduled for early January 2021. A claim is also being pursued in Jersey against the same former consultant where financial damages are also claimed. It is expected that those Jersey proceedings will only be heard later in 2021 or early 2022 and therefore it is too early to quantify the outcome of the proceedings, however it is not expected it will result in a liability.

12. BASIS OF PREPARATION

This provisional report has been prepared in accordance with the framework, concepts and the measurement and recognition requirements of International Financial Reporting Standards, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council of South Africa, the Listings Requirements of the JSE Limited, the financial reporting guides issued by the Financial Reporting Standards Council, and contains the information required by IAS 34 Interim Financial Reporting. The accounting policies applied in this provisional announcement are consistent with those adopted and disclosed in the Group's annual report for the year ended 30th September 2019, with the exception of the adoption of IFRS 16.

12. BASIS OF PREPARATION (continued)

During the year the Group adopted **IFRS 16 Leases** which specifies how a company reporting under IFRS will recognise, measure, and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessor accounting under IFRS 16 remains substantially unchanged from its predecessor IAS 17. The standard replaces IAS 17 'Leases' and related interpretations. The impact of the adoption of IFRS 16 on the group's consolidated and separate annual financial statements is described below.

The group has applied the practical expedient available in IFRS 16 which provides that for contracts which exist at the initial application date, an entity is not required to reassess whether they contain a lease. This means that the practical expedient allows an entity to apply IFRS 16 to contracts identified by IAS 17 and IFRIC 4 as containing leases; and to not apply IFRS 16 to contracts that were not previously identified by IAS 17 and IFRIC 4 as containing leases. IFRS 16 has been adopted by applying the modified retrospective approach, whereby the comparative figures are not restated. Instead, cumulative adjustments to retained earnings have been recognised in retained earnings as at 1st October 2019.

The right of use asset and lease liability are measured at the present value of the remaining lease payments, discounted at the group incremental borrowing rate (7%). Right of use assets are subsequently measured at cost less accumulated depreciation and impairment losses. 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.

A lease liability and corresponding right of use asset are recognised at the lease commencement date, for all lease agreements for which the group is a lessee, except for short term leases of 12 months or less, or leases of low value assets. For these leases, the group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

The aggregate effect of the changes in accounting policy on the consolidated annual financial statements at 1st Oct 2019 is:

	1 st Oct 2019
Right of use asset	
Opening balance	-
Remeasuring charge	597
	<u>597</u>
Lease liability	
Opening balance	(14)
Remeasuring charge	(583)
	<u>(597)</u>

The application of IFRS 16 requires the Group to make judgements that affect the calculation of the lease. These include: determining the discounting rate of future cashflow, which is based on the costs of capital, and determining the rental costs.

Responsibility Statement

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

Review Report

This provisional report for the year ended 30th September 2020 was prepared under the supervision of the Financial Director, Mr E.J. Beale, and has been reviewed by the Company's auditor, Saffery Champness GAT LLP, which expressed an unmodified review conclusion thereon. The review opinion is available for inspection at the registered office of the Company. The audited Annual Report will be mailed to shareholders in January 2021.

24th December 2020
Johannesburg

Sponsor
Sasfin Capital (a member of the Sasfin Group)