

Marshall Monteagle PLC

(Incorporated in Jersey)

(Registration number: 102785)

(External registration number: 2010/024031/10)

JSE Code: MMP ISIN: JE00B5N88T08

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

Summarised Audited Results for the year ended 31 March 2023 and dividend declaration

Chairman's Statement

Marshall Monteagle PLC ("the Company") is an Investment Company but does not meet the definition of an "investment entity" under International Financial Reporting Standards ("IFRS"). It is listed on the JSE Limited ("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 as well as investments in industrial and commercial properties and listed equities provides procurement, logistics and trading in various hard and soft commodities, industrial raw materials, consumer food and non-food products which fall broadly into the following categories:

- Portfolio of stock market investments in blue chip international listed companies;
- Portfolio of Industrial Properties in the United States of America and South Africa; and
- Financing and Trading operations on an international basis.

The Company'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 of directors of the Company ("Board" or "Directors").

The trading environment for the Group's businesses has been very difficult owing to the lingering effects of the Covid-19 pandemic which, of course, has affected local economies and businesses around the world, the war in Ukraine, the energy crisis and inflation, all of which has contributed to these difficulties. All Group 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.

As in the prior 18 month period, this past financial year which ended on 31 March 2023 has continued to see significant and increased challenges for the Group as well as new opportunities. These include the option and choices for groups of staff from managerial to operational, financial and administrative personnel to meet remotely via Microsoft Teams, Zoom or otherwise. As in the earlier period of Covid, this has continued to lead to increased efficiencies at a reduced cost, as well as to enhance awareness of the consequences of climate change and of the importance and value for all of preserving our planet. The war in Ukraine and increased inflation have also continued to highlight the need for companies to be able to adapt to change quickly with minimal disruption to operations. Throughout this period the Group has continued to rise admirably to this challenge.

Notwithstanding, the effects of Covid, the war in Ukraine, the energy crisis, inflation and the risk of recession in certain economies that affect us, aspects of the global outlook is looking positive, and the Group has performed well despite all the challenges faced, particularly in the early days of the pandemic. Now with the systems put in place, we will be better able to face any future challenges.

The difficulties experienced highlighted the importance of ensuring that Marshall Monteagle maintains a good financial buffer, with the ongoing war in Ukraine and rise in inflation 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.

During the year the Directors visited Durban, South Africa to view operations on the ground and meet with the employees of the trading companies, as well as visit the properties held in Durban. The Directors were very encouraged by what they saw and by the dedication and enthusiasm of the employees they met. While meeting in person has been valuable, the Directors are cognisant of the effect of international travel on the Group's carbon footprint and therefore will continue to utilise the use of remote meetings going forwards as well as in person meetings when appropriate.

I remain encouraged and inspired by the way in which staff and employees have adapted to new challenges 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. I remain proud to be the Chairman of a Group where such outstanding spirit continues to be shown throughout all areas of the business.

Business Review

Covid-19 caused a major but temporary reduction in stock market valuations, with the war in Ukraine causing further disruption to global markets through March 2023. This reduction in market value has been reversing prior to publication of this Annual Report. Covid-19 has also had a lingering impact on 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 2023, cash balances were US\$23,225,000 (2022 - US\$17,092,000).

The success of the Group's businesses is dependent on the efforts of our staff and support from other stakeholders. 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 and we will continue to support our staff in all ways possible.

Results of operations

Bullet points below compare the results for the 12 month period to 31 March 2023 against annualised 2022 results derived by dividing the results for the 18 months ended 31 March 2022 by 1.5.

- Net assets per share attributable to shareholders are US\$2.38 (2022 – US\$2.53). Net assets per share have decreased primarily as a result of the decline in the value of the South African Rand and losses in some South African subsidiaries. Net assets outside Africa, net of proposed dividends, stand at US\$73.5m, equal to US\$2.05 per share (2022 - US\$2.02); the balance of US\$11.1m, equal to US\$0.31 per share, is held in South Africa (2022 - US\$0.49 per share).
- Revenue on continuing operations on annualised basis decreased by 7% (decrease of 38% compared to the 18 month period to 31 Mar 2022) to US\$125,327,000 (2022 – US\$201,123,000). In constant currency terms revenue remains at the same level.
- Group profit before tax on annualised basis decreased by 86% (decreased on 91% compared to 18 month profit before tax to 31 March 2022) to US\$863,000 and in constant currency terms by 90% to US\$611,000. This was due to lower profits on trading and investment portfolios and lower property revaluations.
- Headline loss of US\$4.4 cents per share were 164% lower on an annualised basis (156% compared to headline profit for the 18 month period to 31 March 22) when compared with earnings of US\$7.9 cents per share in Mar 2022.
- Basic earnings of US\$0.6 cents per share were 93% lower on an annualised basis (95% lower compared to 18 month period to 31 March 22) when compared with earnings of US\$12.8 cents per share in Mar 2022.
- A final dividend of US\$1.9 cents per share was paid on 29 July 2022 and an interim dividends of US\$1.9 cents per share each were paid on 27 January 2023 bringing total dividends for the period to US\$3.8 cents (Sept 2022 – US\$5.7 cents). Taking into account the financial statements and the liquidity of the Company, the Directors are comfortable to declare a final dividend of \$1.9 cents per share will be paid to the shareholders on 28 July 2023 to those shareholders on the register at the close of business on 14 July 2023.

Investment Portfolio

We hold a portfolio of quality listed international equities that are expected to outperform the market in the long term. We continue to actively trade these equities to take advantage of the ongoing volatility of stock markets. We have released net additional funds from the portfolio of US\$197,000 over the year; with the decreased investment value of US\$300,000 and the negative effect of foreign exchange of US\$290,000, this has resulted in a lower market value at the year-end of US\$32,461,000 (2022 – US\$33,247,000). Within this, the value of our listed investments have increased by US\$532,000 to US\$29,044,000 (2022- US\$28,998,000) and unlisted investments have decreased by US\$832,000 to US\$3,417,000 (US\$4,249,000). Following the invasion of Ukraine by Russia the investment policy excludes investment in shares of Russian entities and entities trading with Russia other than incidentally.

Property Portfolio

Rental income from our large multi-tenanted industrial property in San Diego, USA has continued to grow. The Group's South African commercial and light industrial property portfolio has delivered a satisfactory return despite a struggling local economy. The US property remains fully let and vacancies in the South African properties remain very low. The Group's property portfolio was revalued at US\$29,016,000 a decrease of US\$777,000. While property values in both USA and South Africa have increased in local currency terms, overall values have decreased as a result of the reduction in value of the South African Rand, compared with March 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. Direct comparisons with prior period are difficult because the comparative period was 18 months and because of seasonality on some product lines. Inflationary pressures on food prices compounded by the significant decline in value of the South African Rand has impacted on FMCG sales in South Africa and South America. This has been partially offset by good growth in manufacturing inputs. Buffer stocks have been unwound as delivery chains have returned to normal operations following Covid-19 induced disruption.

The performance of our Tool & Machinery import and distribution business in South Africa reflects economic conditions in South Africa which continued to retract over this period. Building and home improvement sectors in South Africa have slowed, negatively affecting performance. Due to the energy supply situation in South Africa consumers are investing in alternative energy products which is taking spend away from other categories. We have prioritised our investment into generators and alternative energy products mitigating the effect of a slowdown in traditional categories.

Losses in some South African trading subsidiaries combined with the write off of deferred tax assets held at the end of the prior year in respect of tax losses have resulted in a relatively high tax charge for the Group.

The working capital requirements of these trading businesses are funded from the Group's cash reserves. The Group's cash balances remain high and will support substantial growth in this segment of the business.

Dividend

The Directors have declared a final gross dividend for the year ended 31 March 2023 of US 1.90000 cents per share (34.55625 ZAR cents per share). The dividend will be paid on Friday 28 July 2023 to those shareholders registered at the close of business on Friday 14 July 2023.

Shareholders on the South African register will receive their dividend in South African Rand converted from US Dollars at the closing rate of exchange on Monday, 19 June 2023 which was US\$1 = ZAR 18.18750).

In respect of the normal gross cash dividend, and in terms of the South African Tax Act, the following dividend tax ruling only applies to those shareholders who are registered on the South African register on Friday 14 July 2023. All other shareholders are exempt.

- The dividend has been declared from income reserves, which funds are sourced from the Jersey holding company's main bank account in Switzerland.
- The gross dividend in ZAR cents is 34.55625 cents.
- The dividend withholding tax rate is 20% resulting in a net dividend of US 1.52000 cents (27.64500 ZAR cents) per share to those shareholders who are not exempt from the dividend withholding tax.

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

The Company's Jersey tax number is CH4513.

Salient dates for the dividend:

Last day to trade	Tuesday 11 July 2023
Shares trade ex-dividend	Wednesday 12 July 2023
Record date	Friday 14 July 2023
Pay date	Friday, 28 July 2023

No dematerialisation or rematerialisation of share certificates, nor transfer of shares between the registers in Jersey and South Africa will take place between Wednesday 12 July 2023 and Friday 14 July 2023, both dates inclusive.

By order of the Board
City Group PLC,
Company Secretary

21 June 2023

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2023	12 months to 31 Mar 2023 US\$000	18 months to 31 Mar 2022 US\$000
Continuing operations		
Group revenue	125,327	201,123
Other income	4,242	14,112
	129,569	215,235
Change in inventories of finished goods	(10,055)	17,861
Cost of finished goods, raw materials and consumables	(84,919)	(172,089)
Employee benefit expenses	(7,819)	(11,953)
Depreciation expenses	(519)	(795)
Other expenses	(23,254)	(35,697)
Finance expense	(2,140)	(3,383)
Profit before tax	863	9,179
Taxation	(1,046)	(2,490)
(Loss)/Profit for the year on continuing operations	(183)	6,689
Profit from disposal of discontinued operations	-	676
Realised exchange differences on disposed foreign entities	-	(1,775)
Loss after tax on discontinued operations	-	(159)
(Loss)/Profit for the year	(183)	5,431
Profit attributable to owners of the parent	200	4,589
(Loss)/Profit attributable to non-controlling interests	(383)	842
Basic and fully diluted earnings per share on continuing operations (US cents)	0.6c	16.3c
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	(5,079)	3,762
Realised exchange differences on translation into US Dollars of the financial statements of disposed foreign entities	-	1,775
Total of items that may be reclassified	(5,079)	5,537
Items that will not be reclassified subsequently to profit or loss: -		
Commercial property revaluation movements	(64)	(150)
Less changes to tax on commercial property revaluations	17	99
	(47)	(51)
Total Other Comprehensive (Loss)/Income	(5,126)	5,486
Total Comprehensive (Loss)/Income	(5,309)	10,917
Total Comprehensive (Loss)/Income attributable to owners of the parent	(3,966)	9,488
Total Comprehensive (Loss)/Income attributable to non-controlling interests	(1,343)	1,429

Consolidated Statement of Changes in Equity

	Called up share capital	Share premium	Other reserves	Retained earnings	Total shareholders' interests	Non- controlling interests	Group Total
12 months ended 31 March 2023	US\$000	US\$000	US\$000	US\$000	US\$000	US\$000	US\$000
Loss after tax	-	-	-	200	200	(383)	(183)
Other Comprehensive Loss – foreign exchange	-	-	(4,142)	-	(4,142)	(937)	(5,079)
Other Comprehensive Loss - revaluation	-	-	(24)	-	(24)	(23)	(47)
Total Comprehensive Loss			(4,166)	200	(3,966)	(1,343)	(5,309)
Transactions with shareholders							
Acquisition of additional shares in subsidiaries	-	-	-	-	-	(61)	(61)
Dividends paid	-	-	-	(1,362)	(1,362)	(8)	(1,370)
Balances at start of period	8,964	23,606	6,575	51,553	90,698	5,390	96,088
Transfer of revaluation of portfolio investments and investment properties from other reserves to retained earnings	-	-	(13,792)	13,792	-	-	-
Balances at end of period	8,964	23,606	(11,383)	64,183	85,370	3,978	89,348
18 months ended 31 March 2022							
Profit after tax	-	-	1,865	2,724	4,589	842	5,431
Other Comprehensive Income – foreign exchange	-	-	4,925	-	4,925	612	5,537
Other Comprehensive Income - revaluation	-	-	(26)	-	(26)	(25)	(51)
Total Comprehensive Income	-	-	6,764	2,724	9,488	1,429	10,917
Transactions with shareholders							
Disposal of subsidiary	-	-	1,440	(1,440)	-	-	-
Dividends paid	-	-	-	(2,044)	(2,044)	(205)	(2,249)
Balances at start of period	8,964	23,606	(1,629)	52,313	83,254	4,166	87,420
Balances at end of period	8,964	23,606	6,575	51,553	90,698	5,390	96,088

Consolidated Statement of Financial Position

at 31 March

	31 Mar 2023 US\$000	31 Mar 2022 US\$000
Assets		
Non-current assets		
Investment property	29,016	29,793
Property, plant and equipment	5,629	6,882
Right of use asset	347	416
Deferred taxation	153	870
Accounts receivable in more than one year	151	274
Investments	32,461	33,247
	67,757	71,482
Current assets		
Inventories	16,932	32,083
Accounts receivable	22,076	28,091
Other current assets	498	434
Tax recoverable	654	531
Cash and cash equivalents	23,225	17,092
	63,385	78,231
Total assets	131,142	149,713
Current liabilities		
Bank overdrafts	(9,418)	(11,059)
Accounts payable	(18,881)	(25,645)
Lease liabilities	(77)	(194)
Other financial liabilities	-	(1,233)
Tax payable	(48)	(248)
	(28,424)	(38,379)
Net current assets	34,961	39,852
Non-current liabilities		
Financial liabilities	(6,171)	(6,711)
Lease liabilities	(255)	(289)
Deferred taxation	(6,944)	(8,246)
Total non-current liabilities	(13,370)	(15,246)
	89,348	96,088
Capital and reserves		
Called up share capital	8,964	8,964
Share premium account	23,606	23,606
Other reserves	(11,383)	6,575
Retained earnings	64,183	51,553
	85,370	90,698
Equity attributable to owners of the parent	85,370	90,698
Non-controlling interests	3,978	5,390
Total Equity	89,348	96,088

Consolidated Statement of Cash Flows

for the year ended 31 March 2023

	31 Mar 2023 US\$000	31 Mar 2022 US\$000
Operating Activities		
(Loss)/Profit for the year	(183)	5,431
Adjustments:		
Taxation	1,046	2,490
Depreciation	519	795
Share of associated company's results	-	159
Interest paid	2,140	3,383
Loss on disposal of subsidiary	-	1,775
Profit on disposal of associates	-	(676)
Net fair value adjustments on investment property	(1,461)	(4,459)
Dividend income	(1,152)	(1,621)
Interest income	(345)	(432)
Net gain on disposal of investments	(505)	(6,913)
Other expense	3,734	450
	3,793	382
Changes in working capital		
Decrease /(Increase) in inventories	9,684	(17,903)
Decrease/(Increase) in receivables	1,732	(3,682)
(Decrease)/Increase in payables	(4,273)	8,045
Cash accumulated/(used) in operations	10,936	(13,158)
Interest paid	(2,111)	(3,326)
Taxation paid	(1,749)	(1,782)
Cash inflow/(outflow) from operating activities	7,076	(18,266)
Investment activities		
Purchase of and improvements to tangible non-current assets	(373)	(1,533)
Proceeds of disposal of tangible non-current assets	243	18
Acquisition of investments	(60,770)	(79,944)
Proceeds of disposal of investments	61,473	81,055
Proceeds of disposal of subsidiary	-	1,000
Acquisition of additional shares in subsidiaries	(61)	-
Proceeds of disposal of associates	-	1,163
Dividends received	1,152	1,707
Interest received	345	432
Cash inflow from investment activities	2,009	3,898
Cash inflow /(outflow) before financing	9,085	(14,368)
Financing activities		
Repayment of long-term loans	(302)	(128)
Lease payments	(273)	(371)
Dividends paid to Group shareholders	(1,362)	(2,044)
Dividends paid to non-controlling interests of subsidiaries	(8)	(205)
Cash outflow from financing activities	(1,945)	(2,748)
Increase /(Decrease) in cash and cash equivalents	7,140	(17,116)
Cash and cash equivalents at 1 April/1 October	6,033	22,324
Effect of foreign exchange rate changes	634	825
Cash and cash equivalents at 31 March	13,807	6,033

EXPLANATORY NOTES

1. SEGMENTAL REPORTING

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

Import and distribution	Trade in non-perishable products, such as food, food ingredients, household consumer products, metal and minerals, manufacturing inputs 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	12 months to 31 Mar 2023		18 months to 31 Mar 2022	
	Revenue US\$000	Profit/(loss) US\$000	Revenue US\$000	Profit/(loss) US\$000
Import and distribution	121,806	(19)	195,951	2,787
Property	3,521	1,131	5,172	1,505
	<u>125,327</u>	<u>1,112</u>	<u>201,123</u>	<u>4,292</u>
Other activities:				
Other expenses		(2,258)		(4,464)
Fair value adjustment on investments		(300)		(1,378)
Other income		4,449		14,112
Finance expense		(2,140)		(3,383)
Profit on continuing operations before tax		<u>863</u>		<u>9,179</u>
Discontinued operations				
Loss on disposal		-		(878)
Import and distribution- loss from discontinued operations	-	-	-	(159)
	<u>125,327</u>		<u>201,123</u>	
Profit for the year before tax on continuing and discontinued operations		<u>863</u>		<u>8,142</u>

Continuing diversification of products and customers has led to no customers representing 10% or more of the Group sales.

Group revenue disaggregated by product type	12 months to 31 Mar 2023 US\$000	18 months to 31 Mar 2022 US\$000
<i>Import & Distribution</i>		
FMCG - Africa	27,019	44,036
FMCG - South America	10,124	23,393
FMCG - Total	<u>37,143</u>	<u>67,429</u>
Manufacturing inputs - Africa	25,760	31,270
Manufacturing inputs - Other	31,057	46,123
Manufacturing inputs - Total	<u>56,817</u>	<u>77,393</u>
Tool and Machinery	27,846	51,129
	<u>121,806</u>	<u>195,951</u>
<i>Property</i>	3,521	5,172
Total	<u>125,327</u>	<u>201,123</u>

Segment assets consist of investment properties, property, plant and equipment, inventories and receivables and exclude investments, cash and tax balances. Segment liabilities are operating liabilities and exclude items such as taxation and borrowings. Unallocated assets and liabilities are investments,

1. SEGMENTAL REPORTING (continued)

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 2023	Assets US\$000	Liabilities US\$00	Net assets US\$000	Capital Expenditure US\$000	Depreciation/ amortisation US\$000
Import and distribution	43,716	(18,269)	25,447	353	(463)
Property	30,495	(601)	29,894	20	(56)
Unallocated (including investments, cash, tax and debt)	56,931	(22,924)	34,007	-	-
Consolidated total	131,142	(41,794)	89,348	373	(519)
31 March 2022					
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)

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 2023	Group revenue US\$000	Non-Current assets US\$000	Total Assets US\$000	Total Liabilities US\$000
Europe	48,954	82		(9,300)
United States	1,662	19,825	66,269	(10,595)
Total outside South Africa	50,616	19,907	20,225	(19,895)
South Africa	74,711	15,236	86,494	(21,899)
Total	125,327	35,143	131,142	(41,794)
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)

2. OTHER INCOME

	12 months to 31 Mar 2023 US\$000	18 months to 31 Mar 2022 US\$000
Net fair value adjustments on investment property	1,461	4,459
Dividend income	1,152	1,621
Interest income	345	432
Unclaimed dividends provision released	449	-
Other income	330	464
Legal claim	-	223
Net gain on disposal of investments	505	6,913
Total other income	<u>4,242</u>	<u>14,112</u>

3. OTHER EXPENSES

	12 months to 31 Mar 2023 US\$000	18 months to 31 Mar 2022 US\$000
Freight and distribution	(9,857)	(11,739)
Legal and professional fees	(1,091)	(1,982)
Impact of fraud *	-	(1,400)
Net fair value adjustment on investments	(300)	(1,378)
Exchange losses	(717)	(1,214)
Marketing and sales expenses	(1,639)	(3,456)
Premises	(34)	(65)
Plant, equipment and vehicles	(870)	(699)
Loss on disposal of non-current tangible assets	(22)	(33)
Impairment	(1)	(266)
Audit related	(468)	(777)
Administration and other expenses **	(8,255)	(12,688)
Total other expenses	<u>(23,254)</u>	<u>(35,697)</u>

*In the prior period, 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.

**Admin and other expenses consist of various immaterial balances and are therefore not further split in the note.

4. DISCONTINUED OPERATIONS

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. 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 (2(j)) 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\$291,000 (2022 - 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 6.25% p.a.

Monteagle Logistics Limited

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

5. 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 (2022 – 35,857,512). There are no dilutive instruments in issue.

	12 months to 31 Mar 2023	18 months to 31 Mar 2022
Basic earnings per share on continuing operations	US\$0.6c	US\$16.3c
Basic loss per share on discontinued operations	-	US\$(3.5)c
Basic and fully diluted earnings per share	<u>US\$0.6c</u>	<u>US\$12.8c</u>
Headline basic (loss)/earnings per share on continuing operations	US\$(4.4)c	US\$8.3c
Headline basic loss per share on discontinued operations	-	US\$(0.4)c
Headline basic and fully diluted (loss)/earnings per share on continuing and discontinued operations	<u>US\$(4.4)c</u>	<u>US\$7.9c</u>
	US\$'000	US\$'000
Basic earnings on continuing and discontinued operations	200	4,589
Share of loss on discontinued operations	-	1,258
Basic earnings on continuing operations	<u>200</u>	<u>5,847</u>

	Gross US\$000	Tax US\$000	12 months to 31 Mar 2023 Net US\$000
Reconciliation between basic and headline earnings			
Basic earnings on continuing and discontinued operations			200
<i>Adjusted for: -</i>			
Fair value adjustments on investment property revaluation	(1,461)	(264)	(1,725)
Loss on disposal of investment properties	22	(7)	15
Net impairment of non-current asset	1	-	1
Net gain on termination of leases	(57)	-	(57)
Net loss on disposal of non-current tangible assets	(1)	-	(1)
Headline loss			<u>(1,567)</u>

	Gross US\$000	Tax US\$000	18 months to 31 Mar 2022 Net US\$000
Reconciliation between basic and headline earnings			
Basic earnings on continuing and discontinued operations			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			<u>2,834</u>

6. INVESTMENTS

	12 months to 31 Mar 2023 US\$000	18 months to 31 Mar 2022 US\$000
Listed investments		
Balance brought forward	28,998	25,570
Translation adjustment	(289)	18
	28,709	25,588
Additions	60,771	77,739
Disposals	(55,607)	(73,451)
Fair value adjustments	532	3,136
Fair value adjustments realised on disposal	(5,361)	(4,014)
Balance carried forward	29,044	28,998
Unlisted investment		
Balance brought forward	4,249	2,542
Additions	-	2,903
Disposals	-	(696)
Fair value adjustments	(832)	(500)
Balance carried forward	3,417	4,249
Net book value	32,461	33,247
	31 Mar 2023 US\$000	31 Mar 2022 US\$000
Geographical analysis		
Investments listed in:		
UK	7,418	8,431
USA	11,451	10,765
Europe	5,018	5,153
Switzerland	2,183	3,008
South Africa	2,974	1,641
	29,044	28,998
Unlisted in Europe	3,417	4,249
	32,461	33,247

A portion of the parent company's listed portfolio investments, with a value of US\$23,371,000 (2022 – US\$22,222,000) is pledged to secure an overdraft facility of US\$12,364,000 (2022 – US\$13,167,000), of which US\$1,553,000 (2022 – US\$4,210,000) is drawn at the reporting date.

The Group owns 1,641,309 Ordinary Shares in Heartstone Inns Ltd (14.7%) (2022 – 1,641,309 Ordinary shares). This unlisted investment is carried at fair value of US\$1,725,000 (2022 - US\$2,557,000) which is calculated based on the latest internal share trading scheme price of \$1.05 at 31 March 2023 (2022 - based on net asset value less 10% discount, US\$1.73) The properties, owned by Heartstone Inns, 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 Group owns 363 shares in GTNS2 Ltd (2022 – 363 shares). 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 November 2021 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.

7. 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 2023 US\$000	31 Mar 2022 US\$000
Financial assets			
<i>At fair value through Profit or Loss</i>			
Investments – listed	1	29,044	28,998
Investments – unlisted	3	3,417	4,249
Forward foreign exchange contracts in Other financial assets	2	128	-
<i>At amortised cost</i>			
Accounts receivable – non-current	n/a	151	274
Accounts receivable - current	n/a	21,234	27,172
Cash at bank in Cash and cash equivalents	n/a	16,725	17,092
Money market funds in Cash and cash equivalents	n/a	6,500	-
Financial liabilities			
<i>At amortised cost</i>			
Trade and other payables – current –	n/a	18,881	25,632
Bank loans - non-current secured	n/a	6,171	6,711
Bank overdrafts	n/a	9,418	11,059
<i>At fair value through Profit or Loss</i>			
Forward foreign exchange contracts in Other financial liabilities	2	-	1,233

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.

8. CASH AND CASH EQUIVALENTS

Analysis of net funds	2022 US\$000	Exchange movements US\$000	Cash Flow movement US\$000	2023 US\$000
Cash at bank and in hand	17,092	(508)	141	16,725
Money market funds	-	-	6,500	6,500
	17,092	(508)	6,641	23,225
Bank overdrafts	(11,059)	1,142	499	(9,418)
	6,033	634	7,140	13,807

9. EVENTS AFTER THE REPORTING DATE

The Directors have approved the payment of a final dividend of US\$1.9 cents, (2022 – final dividend of US\$1.9 cents) making a total of US\$3.8 cents (2022 – US\$5.7 cents) for the period. Details and salient dates of the final dividend were published on 21 June 2023.

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. A directions hearing has been held with regards to the claim brought in Jersey and it is expected that the discovery process shall be completed by December 2023 with the trial to commence in Q3 of 2024 if no settlement has been agreed. The discovery process in South Africa will mirror the discovery process in Jersey, but the trial date is not expected to be before 2025 due to congestion in the courts. It is too early to determine the outcome of the proceedings, whether there will be a liability, and, if there is a liability, what its quantum will be.

10. BASIS OF PREPARATION

These Consolidated Financial Statements, which give a true and fair view, 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) rate of inflation and rising costs; (iii) the Group's bank covenants and liquidity headroom taking into account expected dividends, shows that the Company and other Group entities would be able to operate with appropriate liquidity and be able to meet their liabilities as they fall due. The Group will also be in a position to meet all its obligations for at least twelve months from the approval of these consolidated financial statements. The Directors therefore believe that the going concern basis is appropriate for the Group.

Responsibility Statement

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

Audit Report

This report for the year ended 31st March 2023 was prepared under the supervision of the Financial Director, Mr E.J. Beale. Although these financial results were themselves not audited they are extracted from the consolidated and company annual financial statements which were audited by Grant Thornton Limited who issued an unmodified audit opinion on the financial statements. Their audit opinion, together with the audited annual financial statements, can be viewed at www.city-group.com/london-finance-investment-group-plc/marshall-monteagle-plc/ which also provides more details on the key audit matters on pages 55 to 60 of the annual financial statements. The audited Annual Report will be mailed to shareholders on 30th June 2023.

21 June 2023
Johannesburg

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Questco Corporate Advisory Proprietary Limited